ADVANTEST®

# Integrated Annual Report 2025



*Trusted*
***Innovation***

*Navigating*
***Complexity***

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# Editorial Policy

Advantest's Integrated Annual Report presents information that is important to understanding our value creation initiatives—spanning our financial performance, management philosophy, business model, strategy, and governance—in a format that reflects our integrated perspective on corporate value. It aims to provide content useful to a wide range of stakeholders, including shareholders and investors.

Please refer to the table of guideline references on our website for information on our compliance with GRI and SASB (US Sustainability Accounting Standards Board) standards at: https://www.advantest.com/en/about/sustainability/gri-standard/.

## Reporting Period & Scope

This report covers the period of FY2024 (April 1, 2024 to March 31, 2025). And also refers to earlier and later dates as necessary. In addition, the Strategy and Governance sections (P.18-P.48) include data and information as of November 1, 2025. Unless otherwise specified, all data is drawn from consolidated financial statements.

## Disclaimer Regarding Forward-Looking Statements

This report 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. Except as required by law, we do not intend to update or revise any forwardlooking statements as a result of new information, future events or otherwise.

## Information Disclosure Focus

Our corporate value creation initiatives and results are primarily disclosed in our Securities Report, Sustainability Report, and Integrated Report. While the Securities Report is intended primarily for financial professionals and the Sustainability Report for non-financial professionals, the Integrated Annual Report is intended to cover both financial and non-financial areas and to be easy to understand for general readers.



# The Advantest Way

Since its founding in 1954, Advantest has grown to be a leading provider of semiconductor test equipment with over 7,000 employees worldwide. The Advantest Way unites employees across different regions and cultures under an integrated set of guiding principles. The Advantest Way serves not only as our corporate philosophy but also as our commitment to all our stakeholders.




## Purpose & Mission : Why do we exist

### Enabling Leading-Edge Technologies

We will continuously improve ourselves so that we can offer products and services that will satisfy our customers worldwide, and contribute to the development of our society through the development of the most advanced technologies.

## Vision : What we want to be

### "Be the most trusted and valued test solution company in the semiconductor value chain."

By expanding the value it provides, Advantest aims to become the most trusted and most valued test solution company in the semiconductor value chain for all its stakeholders.

## Core Values : What we value most

The value of INTEGRITY can serve as a common thread uniting people of diverse cultures, religions, and viewpoints, and it is Advantest's core value globally.

**I** Innovation is our Lifeblood
**N** Number One is our Aspiration
**T** Trust is our Foundation
**E** Empowerment is our Motivation
**G** Global is our Reach
**R** Respect is our Heart
**I** Inclusion is our Commitment
**T** Teamwork is our Approach
**Y** Yes is our Attitude




# Overview

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# Group CEO Message

*“Ultimately, we want to provide our customers with more than just a tester, a test insertion, or a test cell—we want to offer them an entire test flow tailored to their specific needs.”*

## Looking Back on a Successful Year

It has been a little over a year since I started in my new role as CEO, and I am humbled by the success our global team has achieved.

Over this past year, the demand for Artificial Intelligence and High-Performance Computing (HPC) devices has increased the need for test. Through timely procurement and improved supply chain capabilities, we executed and achieved record highs in sales, operating profit, and net income. We also maintained our leadership position in providing SoC test solutions for AI and HPC devices, while increasing our market share in the memory sector.



**Douglas Lefever**
Representative Director,
Senior Executive Officer,
Group CEO

## Strengthening Global Leadership Through Collaboration

We have also seen great success with the new management structure. Working closely over this last year, Group COO Tsukui-san and I have built a great synergy. With his support, I can travel and meet with key customers while he focuses on internal operations. We talk often, and I am happy that we can rely on each other to cover all the responsibilities that come with managing a global company like Advantest.
Moreover, we work closely with the entire Chief Executive team to make critical decisions and ensure that Advantest is on the right track to success. In particular, we have seen great benefit from expanding the Chief Technology Officer (CTO) function to oversee product units, which provides a unique, cross-functional perspective that allows us to build solutions utilizing technology and products from different teams across the organization. We are also happy to welcome four new members to the executive team this year. This includes the appointments of Hisako Takada as Chief Financial Officer and Kesa Yorozu as Global General Counsel. Their expertise and diverse perspectives will be invaluable as we continue to grow and strengthen our leadership.
Together, our executive team keeps in close contact with key customers to gain insights into the latest trends and technologies. To be frank, if I do not talk to key customers at least once a week, I feel like I am not doing my job. The insights we gather from these conversations are vital and shared across our leadership team to guide strategic discussions. The most difficult challenge for me is making decisions without perfect information, so learning and gathering as much information as possible through our executive network is key to my decision-making.

## Navigating Complexity

The rapid growth of AI technology shows no signs of slowing. As demands for higher performance push AI closer to the edge, engineers are employing advanced semiconductor technology to keep pace with evolving industry needs. Trends such as 3D packaging, heterogeneous integration, chiplets, and silicon photonics are expected to continue into 2026 and beyond.
The convergence of these trends introduces a compounding chain of complexity. Modern AI chips contain hundreds of billions of transistors and integrate multiple types of devices within a single package. High-bandwidth memory (HBM) dies are stacked on top of logic dies, which are placed alongside chiplets. Although this architecture improves performance and scalability, it also introduces an interrelated set of challenges. For example, the different dielets require precise thermal management in different zones across the package, the interconnect bandwidth required between the dielets to fuel AI workloads affects signal integrity, and utilizing high-bandwidth memory needed for data-intensive AI tasks drives up cost.
None of the challenges our customers face exist in a vacuum. As a test company, we must develop a holistic approach that addresses all of these issues. In line with the strategies outlined in our Mid-term Management Plan 3 (MTP3), Advantest is working to offer a comprehensive solution that covers multiple test insertions. Ultimately, we want to provide our customers with more than just a tester, a test insertion, or a test cell—we want to offer them an entire test flow tailored to their specific needs.

## What it Takes to Keep Winning

At this point, I believe the biggest challenge to Advantest's leadership position is to avoid complacency. Although we achieved a lot over this past year, we should proceed with cautious optimism. As we continue down the road of success, we must remain vigilant, keeping a watchful eye on our rearview mirror for the competition and regularly checking our blind spots for emerging technologies that could disrupt the industry. As I said before, I frequently meet with key customers and suppliers, and our CTO meets several times a year with market analysts and leading technology experts to monitor the industry for possible disruptions. We have to stay informed, agile, and hungry to further our success.
Additionally, building trust and strong relationships within the industry are essential for maintaining our leadership position. Our customers rely on us to deliver quality, reliability, and efficiency, and meeting their needs is critical to establishing strong partnerships. We are committed to providing high-performance, superior-quality products while ensuring a reliable supply to meet our customers' capacity requirements. We are also looking to automate test tasks and content to provide customers with better efficiency. Maintaining strong customer relationships is key—not only for navigating current challenges but also for anticipating those that lie ahead.

## A Long-Term Vision for Sustainable Growth

Last year, Advantest celebrated its 70th anniversary. This was a huge milestone for us. What started off as a small handful of

engineers has since grown into the world's leading provider of semiconductor test solutions. And, as you can see from our record sales last year, we have no intention of slowing down. Part of our strategy for longevity involves predicting trends and challenges before they emerge, enabling us to invest in the right technologies for long-term success. Implementing a three-year management plan structure has helped us plan for the future effectively, striking a balance between identifying long-term megatrends and remaining agile and competitive in the short term. In our mid-term plans, we have outlined key strategies and established tangible goals that we have executed time and time again.

Advantest has grown a lot in recent years, but we must make sure our growth is sustainable. With the rise of AI, the role of test is evolving, and Advantest, as a provider of test solutions, is becoming increasingly important to the development of advanced technology. As such, we need to ensure that the investments we make today do not compromise our ability to grow tomorrow. Although a short-term decision may increase our bottom line, we must consider whether it is beneficial in the long term. At Advantest, sustainability is not just a goal—it is a guiding principle that has enabled us to thrive for over 70 years and navigate the decades to come as we strive for our 100th anniversary.

## Moving Toward the Future

Looking ahead, we expect to see continuing demand for semiconductor test, fueled by the growth of data centers and the development of advanced AI applications. We are looking closely at the growing capacity of new packaging technology.

To support new technologies, we are making early investments in R&D, developing new products and features that meet future market needs. We are also making strides to strengthen our global supply chain, ensuring agility in responding to changes in global trade policy and other geopolitical factors.

Going forward, we must be willing to take risks. I want to build a company culture that is not afraid to fail. I have learned firsthand that failing and failing fast is the best way to learn. In the leadership position we have established for ourselves, our company has earned the right to try new things, learn from failures, and grow. This is the mindset I would like to see embraced by our global team.

As the challenges we face become more and more complex, we need creative solutions to drive future growth. Personally, my best ideas come when I am taking a walk or just finished a bike ride. That is why I encourage all our employees to take time to recharge and make space for fresh ideas. Creativity drives innovation, and our unique approach to problem-solving distinguishes Advantest as an industry leader.

Many challenges cloud our horizons, but Advantest will continue to work closely with its customers and partners to navigate complexity and seize opportunities for growth. Our hunger to learn and innovate, without fear of failure, will set us apart from the competition and drive us toward a bright future.

***"Maintaining strong customer relationships is key —not only for navigating current challenges but also for anticipating those that lie ahead."***



# Group COO Message

*“Advantest is a company that provides value through advanced measurement technology. Our uncompromising commitment and sense of responsibility to provide accurate measurements have nurtured our technical capabilities and earned the trust of customers around the world.”*

## A Strong Start Under the New Global Management Structure

It has been just over a year since I took office as Group COO of Advantest in April 2024. It has been an excellent first year, and I am truly grateful for the unwavering trust of our customers and the tireless efforts of each employee in the Advantest family.
During the past twelve months, we have faced many challenges, including the need to ramp up production capacity in response to growing demand for testers, but we were able to achieve success through cross-departmental, cross-regional teamwork. I am very pleased that this has also strengthened the unity and engagement of our employees.
Currently, Group CEO Doug Lefever is based in the United States and leads our international business, while I am based in Japan, overseeing internal operations, supporting customers



Koichi Tsukui

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

and managing our supply chain in Asia. This division of responsibilities has enabled us to achieve a well-balanced global management structure.

## Building Our Competitive Edge on Measurement and INTEGRITY

In dialogue with stakeholders, I have noticed growing interest in our unique management structure and corporate culture. When someone asks me, "Why does Advantest's management structure work?" I tell them that the secret is our core measurement technologies and our INTEGRITY core values. Advantest is a company that provides value through advanced measurement technology. This technology can be likened to a "ruler" that is capable of measuring even the most complex systems with accuracy and precision, fostering innovation that drives the industry forward. Our uncompromising commitment and sense of responsibility to provide accurate measurements have nurtured our technical capabilities and earned the trust of customers around the world. This sense of INTEGRITY is ingrained in our corporate DNA and shared by every employee.

Throughout our 71-year history, our company has undergone various changes and business transformations, including our shift from measurement instruments to semiconductor test systems, our global expansion to markets outside of Japan, and multiple mergers and acquisitions. This history of evolution is shaped by the integration of a diverse global team, which serves as one of our greatest strengths. Our unique capacity for global teamwork allows us to optimize our workflow while respecting each other's values. I believe that our competitive advantage lies in our ability to solve local issues globally.

## Rising to the Challenge of Velocity and Scale

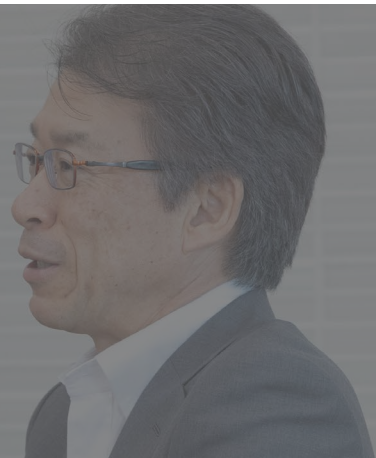
Technological innovation and changes in our market environment will likely accelerate even faster in the future. The expansion of the semiconductor market is advancing at a velocity and scale far beyond what we anticipated when we formulated our "Grand Design" mid- to long-term management policy in 2018. Now more than ever before, we must respond flexibly, quickly and boldly to these changes, looking toward the future while remaining untethered by the past.

Operational excellence is one of the key strategies set forth in our mid-term management plan. I believe that building a highly competent, agile and efficient operational structure through the proactive use of digital tools and IT is key to enhancing our ability to adapt to change.

The velocity and scale of these ongoing changes are a challenge for us, but also a welcome opportunity for further growth. Historically, we have evolved by overcoming challenges and we will continue to do so,  utilizing our unique on-site capabilities to achieve global success.

In closing, Advantest is a company that has embraced change for 71 years. We remain committed to evolving with a constant sense of urgency—never complacent about our current performance, market share, or achievements. We reject the illusion that our systems and operations are ever “good enough,” knowing that such thinking leads to stagnation. Moving forward, we will continue to be a company that relentlessly pursues innovation and takes on new challenges without fearing change.

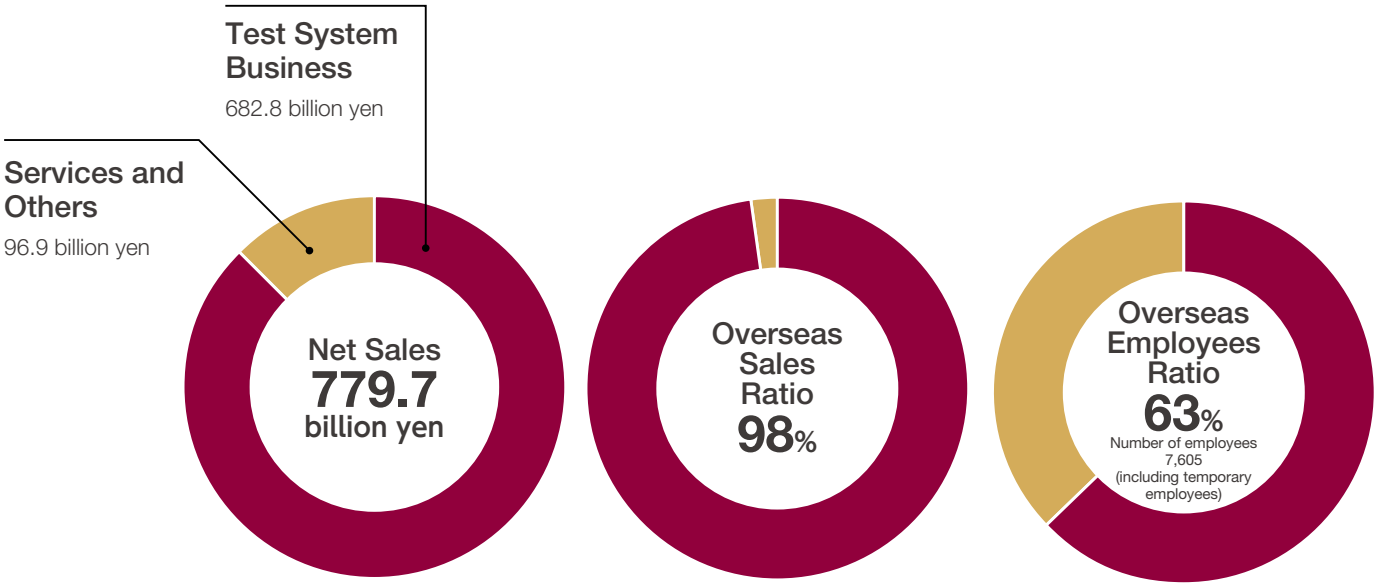
***“The expansion of the semiconductor market is advancing at a velocity and scale far beyond what we anticipated when we formulated our "Grand Design" mid- to long-term management policy in 2018. Now more than ever before, we must respond flexibly, quickly, and boldly to these changes, looking toward the future while remaining untethered by the past.”***



# FY2024 Highlights

## Overview of Financial Results

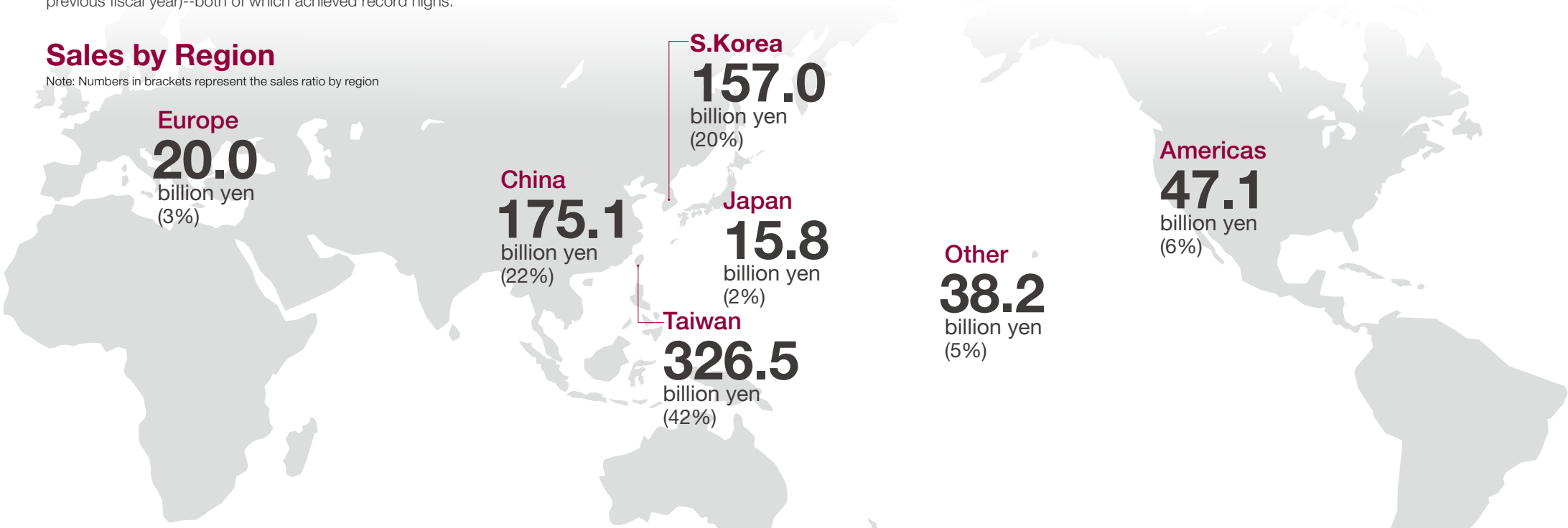
The semiconductor market was driven by demand related to the proliferation of AI, shifting to a recovery trend after a downturn in the previous fiscal year.
In Advantest's semiconductor test equipment business, demand for high-performance semiconductors increased significantly as AI-related semiconductors are more complex and require greater performance improvements than conventional devices.
In order to meet our customers' delivery requirements to the greatest extent possible, Advantest worked to ensure the timely procurement of parts and product supply capabilities. As a result of the above, in the consolidated fiscal year ended March 31, 2025, net sales were 779.7 billion yen (60.3% increase in comparison to the previous fiscal year), and net income was 161.2 billion yen (2.6 times increase in comparison to the previous fiscal year)--both of which achieved record highs.




(As of March 31, 2025)

## Sales by Region

Note: Numbers in brackets represent the sales ratio by region



# History

Advantest was founded in 1954. The company developed electronic measuring instruments, such as frequency counters and current/voltage meters, utilizing digital measurement technology. It built the foundation of its business by riding the wave of Japan's rapid economic growth and the growth of the electronics industry. In the mid-1960s, the company invested a large amount of development funds to shift from single measuring instruments to measurement systems. At the time, the oil crisis posed challenges to the company, and it faced a period of financial difficulty. However, while developing several other products, Advantest succeeded in commercializing a “semiconductor tester” that capitalized on the emerging Japanese semiconductor industry.

In 1979, the company expanded into overseas markets with the world's fastest semiconductor test system, and by 1985, it had the largest share of the global tester market. In the 1990s, the semiconductor industry grew significantly against the backdrop of the widespread adoption of personal computers and the Internet. Despite being affected by market cycles, the company achieved robust growth. In particular, it established a dominant position in the memory tester market, which contributed to its current competitive advantage.

In the 2000s, the semiconductor market continued to expand while growth in the tester market slowed. Advantest also faced a change in market structure with the division of labor between design and manufacturing. In 2011, the company acquired Verigy, which had a new business model tailored to the foundry model and ranked third in the tester market. Through this acquisition, Advantest achieved strong partnerships with a wide range of customers. The semiconductor market accelerated its growth in the latter half of the 2010s, driven by the increasing in digital data traffic volume and rising demand for 5G-related services. As the semiconductor device market's renewed growth is driven by the increasing speed and complexity of semiconductor devices, the strengthening of our customer base that we have pursued has now manifested in our business performance.

The goal of reaching 400 billion yen in sales by FY2027, as set forth in the Grand Design and 1st Mid-term Management Plan announced in 2018, was achieved ahead of schedule in 2021. Furthermore, with generative AI as a business driver, Advantest is stepping into a new stage of growth.



**1960～** Electronic Measuring Instrument Development Site



**1980～** Tester Development Team Members Assigned to the U.S.



**2011** Verigy Acquisition Press Conference



**2020～** User Group Conference VOICE

## Sales Trends (FY1954 ～ FY2024)

# What We Do

For over 70 years since our founding, Advantest has supported our customers' innovations with advanced measurement technology, as embodied in The Advantest Way. Through providing customer value, we strive to be the most trusted provider of test solutions in the semiconductor value chain.
The foundation of Advantest's business is built on a deep understanding of the challenges its customers face. From there, we develop and propose optimal solutions that enable customers to develop cutting-edge technology across the globe, deliver products on time, and earn high satisfaction and trust from customers, which has led to many new business opportunities. This robust customer base and global support infrastructure, firmly established across the semiconductor value chain, serve as a strong selling point when new customers consider adopting Advantest's test solutions.
Advantest has received global recognition for its customer support, ranking first for six consecutive years in TechInsights' "Customer Satisfaction Survey," a survey conducted by semiconductor market research firm TechInsights comparing leading equipment supplier companies.
A major commercial opportunity for semiconductor test systems comes when semiconductor manufacturers release new products. Test systems are used from the device design stage but are most often deployed at the initial stages of the manufacturing process. Semiconductor devices are manufactured using nanometer-scale microtechnology, making it difficult to ensure a consistent yield of good products, especially during the initial stages of process launch. Therefore, semiconductor manufacturers strive to improve processes by collecting and analyzing substantial amounts of test data using multiple test systems, aiming to quickly raise the yield rate to a level where devices can be supplied stably. Once the yield rate improves and the business is established, more test systems are introduced for mass production.
As the demand for high-performance semiconductors has continued to rise in recent years, so has the demand for comprehensive test solutions that meet the needs of next-generation devices. Advantest has been working to meet this demand by developing a broad portfolio of cutting-edge products that offer one-stop, turnkey solutions optimized for each customer's specific needs. As the complexity of semiconductor devices continues to increase, Advantest works to employ new test methodologies such as AI-driven data analytics to automate the test flow and introduce innovations across the supply chain.



# Business Segment

Advantest's business segments are broadly divided into the Test Systems Segment and the Services and Others Segment. The test solutions, which integrate our core products, test systems, with peripheral devices and other equipment, meet the needs of our industry as semiconductor devices become increasingly complex and contribute to solving a variety of customer issues.

## Test System Segment

The Test Systems Segment includes our core products, test systems, as well as test handlers that transfer semiconductor devices to the systems, device interfaces that electrically connect the devices to the systems, and solutions for system-level testing of semiconductors and modules.

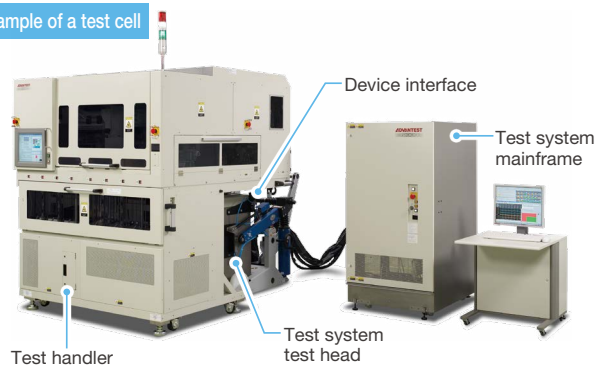
### Test System

Test systems are primarily used in the wafer or package testing stages of the semiconductor process, testing a large number of semiconductor devices automatically and simultaneously. Test data not only determines whether a test result is a pass or fail but also provides various insights that lead to improvements in semiconductor processes.
Semiconductor devices are broadly categorized into System-on-Chip (SoC) and memory, and Advantest offers test systems that can handle both. For SoC test systems, we adopt a modular structure with interchangeable functional boards, enabling flexible adaptation to various types of semiconductor devices. For memory, we offer specialized equipment that can simultaneously test large quantities of memory devices with the same specifications.

### Test Handlers & Device Interfaces

In semiconductor testing, automation is key to improving productivity and throughput. To achieve this, Advantest offers test handlers and device interfaces. Handlers transport devices to the test systems and work to ensure device functionality under varying conditions, such as fluctuations in temperature and voltage. Device interfaces are the tools that are electrically connected to the test system to ensure compatibility based on the specifications and shapes of the devices. Advantest provides a one-stop solution of devices integrated into a comprehensive "test cell".

Example of a test cell




### System Level Test System

As semiconductor devices become increasingly complex, defects can occur when devices are incorporated into final products even if individual devices have undergone earlier testing phases. System-level test systems expand test coverage by testing devices in an environment similar to that of the final product, thereby contributing to improved device quality and reliability.

## Services and Others Segment

The Services and Others Segment consists of providing comprehensive customer solutions support services, offering nanotechnology-related products Scanning Electron Microscope (SEM) for photomask inspection, and support services and sales of consumables.

### Support Service

To achieve greater accuracy and reliability in highly technical semiconductor testing, Advantest's field service engineers work from locations around the world to support all aspects of the testing process including rapid test system start-up and uptime improvement.

### Metrology / SEM

Advantest's SEM products measure and review tiny circuit patterns in photomasks with high precision and stability. It is utilized in processes for advanced devices that require fine line widths and structures.

### Advantest Interconnect Solutions™

Advantest Interconnect Solutions™ (AIS) is a new product unit that integrates solutions from Essai, acquired in 2020, and R&D Altanova, acquired in 2021. By combining high-level interconnect solutions that encompass interface boards, substrates, sockets, and thermal control units with our test systems, we provide more enhanced end-to-end test solutions.

Business Segment

# Synergistic Solution Families Centered on Semiconductor Test Systems

## Services & Others

### Customer Services



### Business Segment Change

Advantest's previous organizational structure consisted of three business segments, which were "Semiconductor and Component Test System Business," "Mechatronics System Business" and "Services, Support and Others." From FY2025, Advantest decided to reclassify the sources of revenue in management approach perspectives and to change business segments into two reportable segments, which are "Test System Business" and "Services and Others."

### Metrology / SEM

**E3660**
MASK CD-SEM



### Test System

**V93000**
SoC Test System

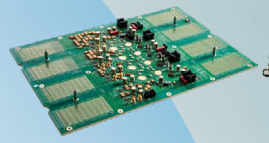


**T5801**
Memory Test System

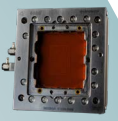


### Advantest Interconnect Solutions™

Test Interface Boards



Test Sockets



### Test Handlers

**M6242**
Memory Test Handler



### Device Interface

**HiFIX**
For Package Test



### System Level Test (SLT) System

**7038**
High Parallelism SLT and Burn-in Platform

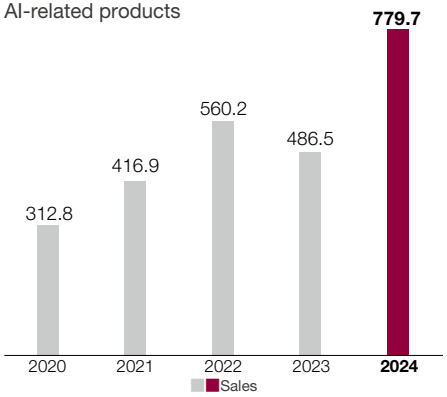


## Test System Business

# Consolidated Financial Highlights (Each fiscal year starts on April 1st)

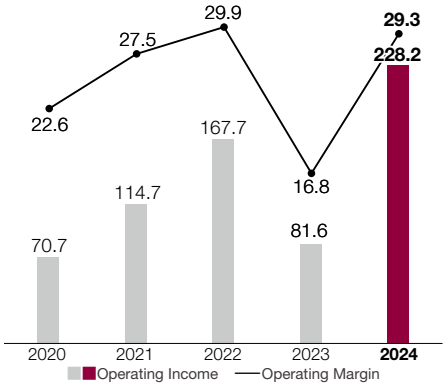
## Sales
(Billion yen)

Significantly higher than the previous record, backed by strong demand for AI-related products



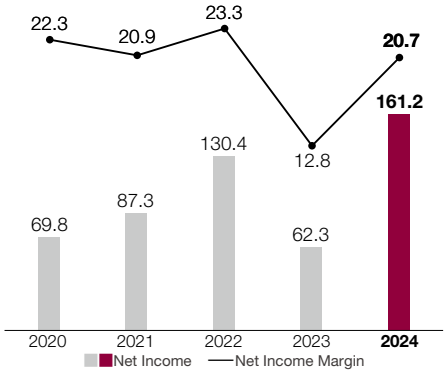

## Operating Income / Operating Margin
(Billion yen /%)

Achieved record highs despite large impairment losses on goodwill and in tangible assets



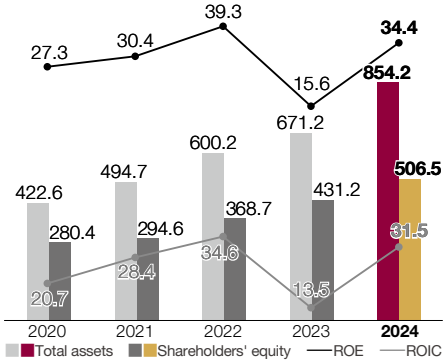

## Net Income / Net Income Margin
(Billion yen /%)

Achieved record high sales and returned to a profit margin in the 20% range



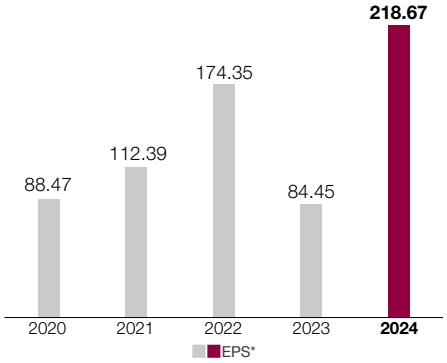

## Total Assets / Shareholders' Equity / ROE / ROIC
(Billion yen / Billion yen / % / %)

Total assets and shareholder's equity increased significantly with profitable growth resulting in over 30% of ROE and ROIC




## Basic EPS
(Yen)

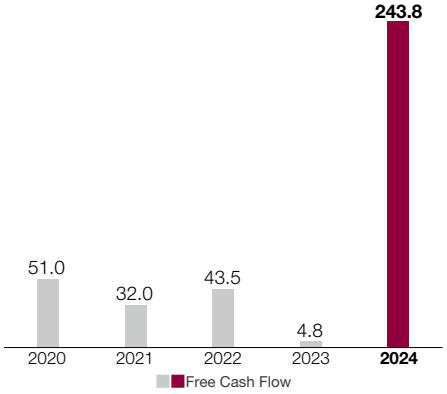
Increased significantly due to record profits




*Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above EPS figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2020.

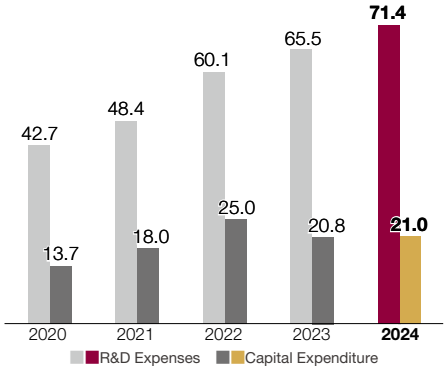
## Free Cash Flow
(Billion yen)

Record-high profits led to a significant improvement in cash flow



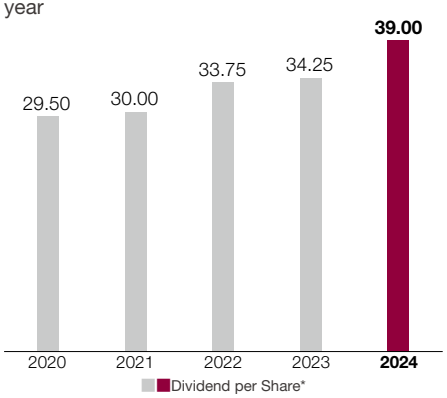

## R&D Expenses / Capital Expenditure
(Billion yen)

Advantest continues to strengthen R&D to facilitate future growth




## Dividend per Share
(Yen)

Advantest marked an annual dividend increase of 4.75 yen per share for the fifth consecutive year

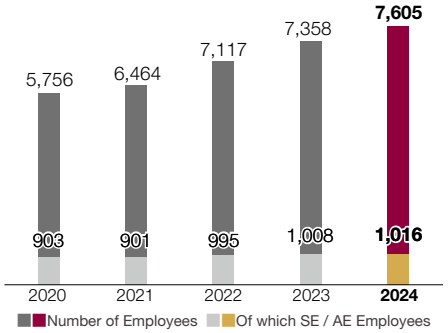



*Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023. The above dividend per share figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2020.

# Consolidated Non-Financial Highlights (Each fiscal year starts on April 1st)

## Number of employees*1 / Number of SE*2 / AE*3 employees
(Number)

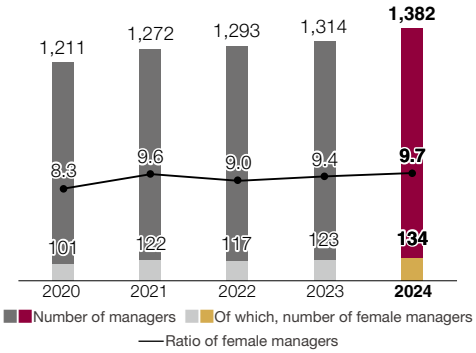
Continuous investment in human capital in anticipation of future business expansion




*1 Including temporary employees
*2 System Engineer
*3 Application Engineer

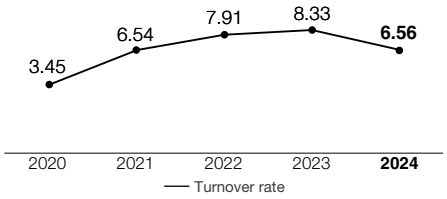
## Number of managers / Ratio of female managers
(Number / %))

Another slight upswing in the ratio of female managers



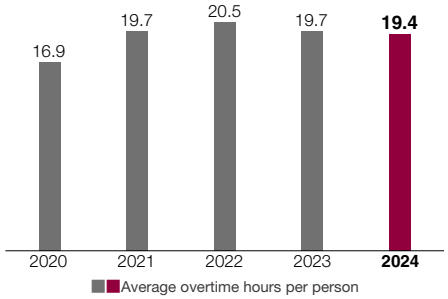

## Turnover rate
(%)

Acquired a North American company in 2021 where the production department had a high turnover rate relative to the overall labor market



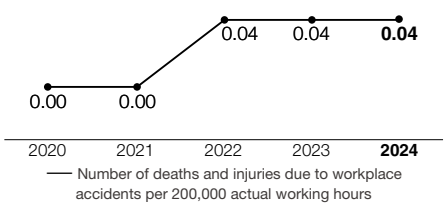

## Average overtime hours per person (Japan, China, South Korea)
(Hours / Month)

Overtime hours slightly decreased as production increases and delivery time pressure slowed down



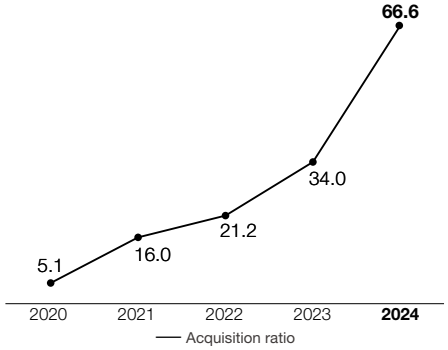

## LTIR (number of deaths and injuries due to workplace accidents per 200,000 actual working hours) (Japan)
(Number)

Working to identify causes, prevent recurrence, and further improve our work environments with the aim of achieving zero accidents



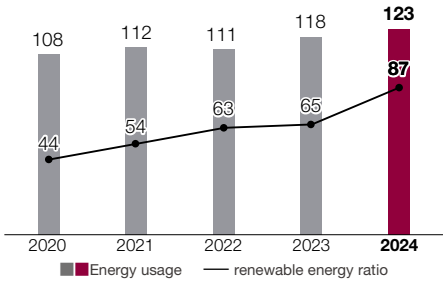

## Number of male employees taking paternity or childcare leave (Japan)
(%)

Years of employee awareness activities have borne fruit, resulting in a significant increase



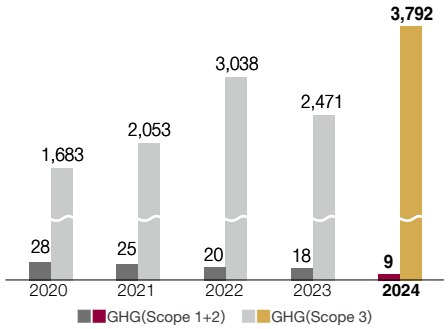

## Energy usage / renewable energy ratio
(GWh / %)

The renewable energy ratio exceeded the FY2026 target of 80%, achieving it ahead of schedule




## GHG(Scope 1 + 2, and Scope 3) emissions
(kt-$CO_2$)

GHG emissions have increased in step with increasing tester production volume



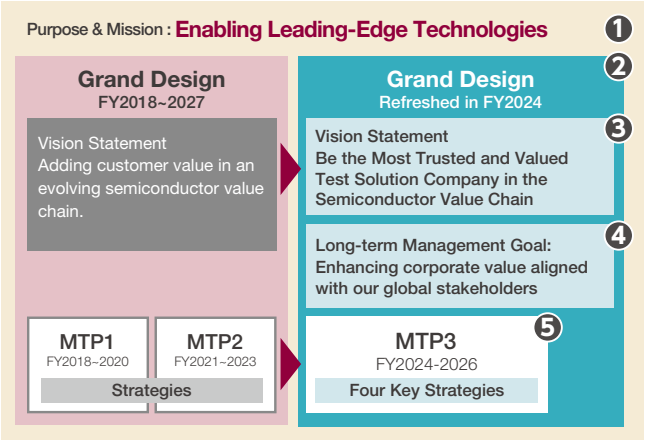


# Strategy


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# Mid- to Long-term Management Policy: the “Grand Design”

Advantest’s corporate purpose and mission is “Enabling Leading-Edge Technologies.” The “Grand Design” defines the commitments and strategies needed for Advantest to fully strive as a company that embodies this corporate mission and purpose. In FY2018, we formulated this management policy for the first time, and in 2024, we updated it based on our latest long-term business environment forecast.
Under the “Grand Design,” we formulate a three-year management plan, and we are now executing the third Mid-term Management Plan (MTP3).




## Components of our mid- to long-term management policy

### ❶ Purpose & Mission

Since 1990, Advantest has held “Enabling Leading-Edge Technologies” to be our raison d'être. Advantest continuously strives to improve so that it can offer products and services that satisfy customers around the world and contribute to the future of society through the development of the most advanced technologies.

### ❷ Grand Design

This long-term management policy defines the commitments and strategies needed for Advantest to thrive as a company that embodies its corporate mission and purpose. This helps employees around the world work together to create customer value and improve corporate value.

### ❸ Vision Statement

**“Be the Most Trusted and Valued Test Solution Company in the Semiconductor Value Chain”**

Our Vision Statement describes what we want Advantest to be in the future.
Rather than just providing customers with semiconductor testing hardware, we are becoming an essential hub and partner for the entire semiconductor value chain. We achieve this by delivering value in the form of innovative test solutions that enhance efficiency and address the increasingly complex challenges of semiconductor test. By expanding the economic and social benefits it provides, Advantest aims to become the most trusted and valued test solution company in the semiconductor value chain for all our stakeholders.

### ❹ Long-Term Goal:

“Enhancing Stakeholder Values” is our long-term management goal.
We will promote various initiatives that help to create a sustainable future for the world in an integrated manner while focusing on solving customer issues. Simultaneously, we aim to incorporate the needs and expectations of our stakeholders into our business activities. This approach will expand the significance of our purpose and mission and the value we provide in a balanced, multifaceted way, both economically and socially.

### ❺ Mid-Term Management Plan

This three-year management plan outlines strategies and targeted management metrics aligned with the vision described in the Grand Design.
We have already executed two mid-term management plans, and we have been executing our third Mid-term Management Plan (MTP3) since 2024.

## ●Value to Stakeholders

We will strive to earn the trust of our stakeholders.



# Overview of the Third Mid-Term Management Plan [MTP3, FY2024-FY2026]

Advantest expects that the semiconductor test market will continue to grow in the medium- to long-term, while experiencing short-term down cycles. In addition, Advantest believes that its business opportunities will expand over the medium- to long-term, not only as the semiconductor market grows, but also as the industry faces the structural challenges of managing the increasing complexity of semiconductors. Against such an industry landscape, Advantest will strive to expand the value it provides to stakeholders over the medium- to long-term by promoting its Third Mid-term Management Plan, which was formulated in accordance with the refreshed “Grand Design.”

## Targeted Management Metrics

In MTP3, Advantest will strive to enhance its corporate value by increasing sales, improving profitability, and improving capital efficiency through the four strategies. Given this framework, the management metrics that are emphasized in MTP3 are sales, operating profit margin, net income, return on invested capital (ROIC), and basic earnings per share (EPS). Advantest has been endeavoring to grow all these numbers. In order to evaluate the progress of the plan from a medium- to long-term perspective, Advantest uses three-year averages for the metrics on the right to level the impact of industry cycles.
In FY2024, the first year of MTP3, Advantest delivered record-breaking results, driven by robust tester demand for HPC/AI-related semiconductors. Furthermore, in October 2025, because it appeared that Advantest was more likely than before to exceed the numerical targets set forth at the time of MTP3 formulation, Advantest revised MTP3 management targets based upon developments to date and the recognition on business environment at that time.

| | FY2024 - FY2026 Avg.*1,2 (Revised in Oct. 2025)*2 | FY2024 results*2 | Announcement in Jun. 2024*1 |
|---|---|---|---|
| **Sales** | **JPY 835 - 930B** | **JPY 779.7B** | JPY 560 - 700B |
| **Operating Profit Margin** | **33 - 36%** | **29.3%** | 22 - 28% |
| **Net Income** | **JPY 207 - 248B** | **JPY 161.2B** | JPY 93 - 147B |
| **Return on Invested Capital*3 (ROIC)** | **34 - 39%** | **31.5%** | 18 - 28% |
| **Basic EPS** | **JPY 284 - 341** | **JPY 218.67** | JPY 127 - 202 |

*1 The exchange rates used in the June 2024 announcement were 140 yen to the US dollar and 155 yen to the Euro. The revised targets in October 2025 use the same exchange rates for FY2025 3Q-4Q and FY2026.
*2 Actual rates in FY2024 were 153 yen to the US dollar and 164 yen to the Euro, FY2025 1Q were 146 yen to the US dollar and 162 yen to the Euro, and FY2025 2Q were 146 yen to the US dollar and 170 yen to the Euro.
*3 Return on Invested Capital = NOPAT / Invested capital (average at beginning and end of period). NOPAT = Operating income x (1 - tax ratio 25%). Invested Capital = Borrowings + Corporate bonds + Total equity, with excluding Lease liabilities.

**Please refer to the IR Library website for more information about MTP3 updates in October. 2025.**

Overview of the third mid-term management plan [MTP3, FY2024-FY2026]

# Four strategies of MTP3: **Backgrounds and Progress in FY2024**

## 1 Outpace the growth in our core market

In the core market, Advantest expects new growth opportunities to arise from increased semiconductor production volumes, high-performance semiconductors, and the increasing complexity of semiconductors. To seize these opportunities, Advantest will create new value that brings "Automation of Test," or improved efficiency in semiconductor testing, to its customers. Advantest can achieve automation not only by improving the performance of individual test solutions but also through the organic integration of its diverse portfolio of products and solutions, as well as collaborations with external partners. Through these efforts, Advantest will strive to grow faster than its core market.

- Succeeded in maintaining a majority share in the semiconductor tester (ATE) market by expanding products with strong customer appeal that address changes in technology and test trends, as well as through key customer and regional strategies.
- Launched several pioneering new key test solutions, such as a new power supply for AI/HPC applications and several new memory test systems to address next-generation memory devices.
- Aggressively implemented R&D investments and marketing initiatives in emerging growth areas, addressing future developments in semiconductor technology.



Overall Market Share CY2024

**58%**

P.22-27 CxO Message

## 2 Expand adjacently / new businesses

As semiconductors continue to become more high-performance and complex, there is demand for broader and more integrated test solutions. Advantest has been expanding its business into system-level test and test peripherals and will continue to increase the value it provides to customers. More specifically, Advantest will utilize its installed base of products to promote its field services, Advantest Cloud Solutions™ and Applied Research & Venture Team to create business opportunities.

- Expanded opportunities in the semiconductor design verification and silicon validation process with the launch of SiConic™, a groundbreaking automated silicon validation solution.
- Established strategic partnerships with probe card manufacturers, including Technoprobe S.p.A. (Italy), FormFactor, Inc. (U.S.), and Micronics Japan Co., Ltd. (Japan), to develop high-performance and comprehensive testing solutions that meet customers' future testing needs.
- Strengthened test engineering services by acquiring Salland Engineering International B.V. (Netherlands).

"SiConic: a Solution for Automated Silicon Validation" released in December 2024

SiConic™



## 3 Drive operational excellence

Advantest will continue to solve testing issues in the semiconductor industry by utilizing in-house technologies, expertise, and resources on a cross-functional basis. In addition to the above, to become a company that is valuable to all stakeholders, Advantest believes that it needs to improve not only the excellence of its products and technologies but also the efficiency and effectiveness of all its operations. To this end, Advantest is committed to accelerating internal operations and streamlining resources by using DX (digital transformation), building a resilient supply chain, strengthening human capital through recruiting qualified talent and expanding employee training, and improving internal productivity through the use of AI and data analytics.

- Reinforced our capabilities to respond to robust test demands by enhancing our supply chain management.
- Proactively executed IT investments to enhance the agility and efficiency of internal operations.
- Made various initiatives to improve employee engagement to strengthen human capital, the source of value creation.

P.30-32 CHO Message

**Production Capacity**

**3x**

in last several years

## 4 Enhance sustainability

Advantest will further strengthen its foundation for enhancing corporate value through proactive and positive action on a variety of sustainability issues. This includes climate change and human rights, the execution of responsible business activities, such as legal compliance and adherence to ethical business practices, and the reinforcement of risk management and enhancement of corporate governance. By taking these steps, Advantest seeks to earn greater trust from each stakeholder. Advantest will also strive to cultivate and instill a common culture and shared values within the company, as these are the starting points for promoting initiatives related to sustainability.

- Renewed our basic policy and action plan on sustainability and established new mid-term KPIs to expand the value provided to stakeholders.

P.49-50 CSRO Message




Sustainability Policy

Interview with CxOs

# Trusted Innovation, Navigating Complexity



*As the industry enters a new era characterized by the rapid development of AI technology and increasing complexity, Advantest's global CxO team is working together closely to determine the best strategies for navigating today's market. We spoke with Chief Technology Officer Juergen Serrer, Chief Supply Chain Officer Richard Junger, and Chief Customer Relations Officer Sanjeev Mohan about their collaborative process and their plans to drive future success.*

## Q What is complexity, and where do we see it in the semiconductor industry today?

**Serrer**: Our customers are now faced with the fact that multiple new technologies are stacking up. For example, chiplets are small integrated circuits designed for a specific function and are paired with multiple other chiplets in a single package. Chiplets enable higher performance, scalability, and yield. However, with stacking and integration, chiplets also present unique thermal challenges, which are significant factors in failure mechanisms. Additionally, new technologies in various fields are driving the evolution of semiconductors, such as silicon photonics and enormous amounts of memory with HBM, all of which are accelerating simultaneously. Not to mention, our customers are in a time-to-market race. All of these challenges are combined under the term "complexity."

**Junger**: The complexity of devices designed and manufactured by our customers adds complexity to their supply chains, which in turn increases the complexity of our own supply chains. Additionally, the supply side of the market is also experiencing complexity due to geopolitical challenges stemming from the evolving dynamics of the AI industry.

So, we are essentially facing complexity on both ends: on the customer side and on the supply chain side.

## Q What does growing complexity mean for the industry, and for Advantest?

**Mohan**: As complexity grows, our customers are expecting more from Advantest. In the past, we have been leaders in ATE. But now, as these devices become increasingly complex, customers are seeking a comprehensive solution and our total expertise regarding a variety of subjects such as parts management, device handling, thermal power challenges, and any other concerns they may have.

**Serrer**: The problems we are seeing in the industry right now are interdisciplinary. Years ago, a design problem could only be solved in design. Problems with test were addressed by the test team. However, the issues we face today can only be resolved through collaboration between



all disciplines. The Era of Complexity needs solutions along all insertions, and the solutions need to be interdisciplinary. That is why we are talking to EDA companies and have partnerships with probe card companies. We are working to ensure that we not only deliver a tester but also provide a comprehensive solution, including interfaces and peripherals that they need.
As for what complexity means for Advantest, this complexity is good for us because it drives the need for more tests, additional test capabilities, and new test methodologies. So, rather than a threat, I think it presents a unique opportunity for Advantest.

## Q How is the role of test evolving, and how must Advantest transform to keep pace with the rising complexity in customer needs?

**Serrer**: Like I said before, the issues our customers see are interdisciplinary. All technologies are stacking, and they are asking us for more efficiency. So, how do you do that? Unlike in the past when test was a binary go/no-go decision, today's role of test involves device trimming that adjusts the underlying design, so devices are calibrated properly and perform as intended. This enables engineers to feed back data to improve both design and manufacturing processes. As semiconductors have become increasingly complex, featuring multiple chiplets and memory ICs stacked and packaged into a single device, testing has evolved to employ a wide range of test methodologies and capabilities, adapting to the diverse needs of different devices and test scenarios. Our strategy is to innovate the entire flow, linking all test insertions from design to wafer sort, final test, and system-level test, into one unified flow. With that in mind, our newly released product SiConic™ plays a significant role because it allows us to bridge the gap between ATE and EDA or design. We want to make sure that test content is debugged, reusable, and that the data acquired during testing is analyzed and fed back to improve the design and manufacturing process. This approach aligns with our "Automation of Test" strategy, which aims to increase efficiency and enable our customers to accelerate their time-to-market and enhance product quality.

## Q What do you think has enabled the company to increase its market share in recent years?

**Serrer**: Well, I think Advantest is uniquely positioned. We have a proven approach that allows us to anticipate future trends, resulting in a high success rate in investing in the right areas and delivering superior solutions at the right time. It all starts with understanding the industry's problems—really diving deep into the challenges our customers are facing, both technically and operationally. We also have a passionate global team that executes, whether that is in R&D or in servicing our customers through application and uptime support.
**Mohan**: Much of our success stems from years of hard work. Achieving a 58% market share is not something that happened overnight.
As a company, we really value our customer relationships, and we strive to build long-term partnerships, some of which have lasted for decades. We do not just focus on what our customers need today—we also consider what our customers need tomorrow. With this mindset, we have strong processes in place to understand the evolving needs of our customers, meaning our sales teams are deeply engaged with customers to understand their current challenges and future needs. Our relationships have allowed us to build industry-leading solutions and maintain a leading market share.

## Q What sets Advantest apart? What specific strengths does the company have in testing AI/HPC applications?

**Mohan**: Advantest's growth over the last year has come as a result of our market position in the AI-related business segment. There are many reasons for this success. It starts with our V93000 product line, which has been an industry leader in the high-performance compute space for many, many years. With our V93000, we have been testing GPUs for decades, and we have learned a lot in terms of how to test these types of devices. Because of our technical expertise, we have also had strong relationships with leading manufacturers of HPC devices for a very long period of time. As I mentioned earlier, we value our relationships with our customers and we cater to a diverse set of needs, ranging from technical to business and commercial aspects. That has really allowed us to develop products in line with our customers' offerings, so we can evolve together and set ourselves apart in this space.




## Q How does Advantest maintain agility in response to sudden demand changes in this dynamic industry?

**Junger**: In our industry, the ability to ship is key to ensuring our customers can ramp up their test capacity when needed. If you can not deliver, you can not compete. Moreover, our test systems consist of over one million components, each serving a critical role in the functionality of the final product. If even one component is missing, the final product can not be shipped. That is why we have made a fundamental shift from a “just-in-time” model to a “just-in-case” approach. We conduct detailed scenario planning—developing strategies for high, expected, and low cases. Working closely with our suppliers, we leverage buffer strategies and visibility tools so they can respond quickly to market fluctuations. With this approach, we have been able to expand our production capacity by approximately three times in the last several years. By building strategic buffers, we can respond immediately to demand surges. Additionally, careful inventory management is required to oversee product rollovers. We work closely with business units to ensure we are prepared for growth while minimizing the risk of inventory obsolescence.

We also adopt a hybrid production approach that combines outsourced and in-house manufacturing. Our supply chain model is tailored to each product, striking an effective balance between the two.

For high-volume, low-mix or highly configurable products, we utilize fully outsourced manufacturing through Electronics Manufacturing Services (EMS) partners, leveraging their scale and manufacturing expertise. On the other hand, for low-volume, high-complexity products, we rely on in-house production. These products require a higher level of sophistication in both design and production, so close coordination across design, engineering, and supply chain teams is essential to ensure precision and quality. These approaches allow us to flexibly scale production in response to business cycles and shifting market demands. Proactive investment is key. We always want to be ahead of the curve, so we are making upfront investments to be well-positioned as this industry growth materializes.

**Serrer**: We also consider the dynamic nature of the semiconductor industry when planning the development of new technologies. At Advantest, we use a three-stage planning horizon when developing new products. We look at future trends five to eight years out and identify future disruptive technologies. Then, we start to pre-develop technology for future solutions and features three to five years in advance. Last, over the remaining three years, we will develop the actual solutions, including preparing the ramp of our supply chain and support. This structured, forward-thinking approach ensures that we stay ahead of industry shifts and continue delivering innovative solutions that meet our customers' evolving needs.

## Q How is Advantest catering to its global customer base?

**Mohan**: Advantest is a global company with a footprint in every major region and country. What this means is we have built very strong applications engineering teams and sales teams in all of our regions. We have also strategically

allocated R&D resources across all major areas, enabling them to maintain close contact with our customers. Most of our customers are global, and they have engineering and manufacturing sites all over the world to keep up with their evolving needs.
When I think about serving our global customer base, I also think about our culture of INTEGRITY, with “T” standing for “Teamwork.” We have tried to build a very global team. Working closely with our colleagues allows us to respond quickly to our customers' evolving needs, adapting and growing together as a team. Moreover, our compensation system is unique in that the sales team at Advantest is not commission-based. Because of this, our culture is oriented towards shared success and market share growth. Together, we work as one team, committed to serving our customers’ needs.

## Q Looking ahead, what future trends do you see affecting Advantest’s business in the future? What investments are key to maintaining a competitive edge?

**Serrer**: I think we have been pretty good in recent years at predicting trends—something that is reflected in our market leadership in high-performance computing, AI, and high-bandwidth memory. Key trends we are seeing now include more test content, higher speeds, thermal, and power, also resulting in changing test methodologies. We will continue to invest in efficiency and optimization, for sure. Second, we will continue to invest in technology leadership, whether that is ASIC development, high-speed interfacing technology, or die-level handling solutions. There is also silicon photonic testing—something we have been investing in for a long time.
Internally, we must become more efficient to keep pace with the rapid growth in the AI market. We have structured the test system business group in a way that allows us to have business units for every market segment, enabling us to learn quickly and respond effectively. Under my leadership, I ensure that the views and components of each business unit are aligned to create a cohesive test strategy along all insertions for our customers.
**Junger**: Based on our MTP3 strategy to promote operational excellence, we are driving a digital transformation of our entire supply chain. This is something I will manage in my integrated roles of Chief Supply Chain Officer, Chief Information Officer, and Chief Digitalization Officer. Our focus now is on building a “Connected Supply Chain”—a fully integrated, data-driven ecosystem that provides real-time visibility across demand, order status, production, and delivery. This digital infrastructure allows us to share data with our partners, empowering them to make quick decisions and respond flexibly to market changes.
To unlock further value, we are applying AI and advanced analytics to identify and resolve issues that were previously undetectable, paving the way for significant improvements in quality, productivity, and responsiveness.
We consider digital transformation to be essential to future competitiveness.



## Q How is Advantest integrating environmental and social responsibility to ensure its growth is sustainable?

**Junger**: There are multiple measures to do that, one of them being in the product design cycle. As we develop products, we consider the processes involved in building products—their turnaround time, effectiveness, efficiency, and energy consumption measures. We account for rules such as PFAS (Per- and Polyfluoroalkyl Substance) and others when building new products as well.

We also consider these sustainability-related conditions when we are selecting our suppliers. On a regular basis, we review sustainability requirements with our core suppliers at least once a year to ensure compliance with our internal procurement policies and external legal requirements.

**Serrer**: In general, semiconductor equipment is very energy-hungry, so ATE is no exception. That being said, we are taking steps to support our sustainability initiatives by making the most out of the power our systems consume. So, if you look at our history, we are driving channel densities, from 64 channels to 128 to 256. With that, we can provide our customers with more test capacity over time, adding features that make tests more efficient. In that sense, we use the power we pull more efficiently to provide more to our customers during the testing process.

## Q How does long-term trust contribute to resilient partnerships across the value chain?

**Junger**: In the supply chain, trust and communication are key. We communicate at multiple stages and levels. At a logistical level, we strive to be as automated as possible to provide easy access to information and facilitate information flows. Then we have the more strategic level, where we collaborate with our suppliers and even their suppliers to align on strategic long-term plans to make sure that we are all synchronized when it comes to ramping the supply chain up and down.

Trust is crucial. In establishing long-term trust with our partners, we can create win-win situations and navigate the stormy weather ahead. That is why trust is a key theme in our company's vision.

**Mohan**: Trends and companies can change very, very quickly in our industry. In building trusting relationships with our partners, we can see these changes before they take shape. We always make it a point to partner with industry leaders and look at things strategically from a long-term perspective. It is less important to us who is winning in the moment. Rather, we are always on the lookout for new, innovative technologies, and we work to be the first to identify and partner with those companies. We aim to develop products that enable our customers to leverage the latest and greatest technologies, and trust plays a key role in that.

### Let's talk about your leadership philosophies. What does it take to succeed in this industry?

I believe that human curiosity is one of the key drivers of success. You need to have the passion to dive deep into very difficult problems, technically and economically. You need to have fun working with a lot of different people from various functions—whether it is hardware, software, sales, customers, management, or engineering colleagues such as application engineers and system engineers. That is what you need to be successful.



Serrer



Junger

It does not matter whether the glass is half full or half empty. It is all you have got, so try to make the best of it. If you start arguing, it will evaporate. So, you need to decide quickly on the assets you have and how to make use of them to create value.

I am a fierce competitor. From sports to work to everything in between, I like to compete, and I hate to lose. That being said, even when you lose, you learn, and then you can go back and turn the situation around. So having that long-term persistence is key for us, not only personally, but as a company. We are always working to make progress and improve.



Mohan

# CFO Message




## *Building a Financial Structure That Balances Stability and Growth by Utilizing Our Diverse Experiences*

### Stepping Into My Role as CFO

I was appointed as CFO of Advantest in April 2025. I am honored to have been entrusted with this important role and am committed to performing my duties with a sense of responsibility and fulfillment every day. I have experience at investment banks and corporations. I also have a long history with Advantest, having been involved in several acquisitions when I worked as a financial advisor. During that time, I had the chance to view our business objectively from an outsider's perspective. The individuals I met when I was an advisor are still part of our management team today. Because of this, I was able to transition smoothly into my role as a member of the management team. Needless to say, our business has changed dramatically since then, and I have been trying to deepen my understanding of our internal operations and control processes since my appointment in April. I will continue to contribute to the Company's development and the sustainable enhancement of its corporate value by leveraging the professional perspective in corporate finance gained from my past work experiences, while supporting not only the business divisions but also all other functions across the Company, including supply chain and R&D.

### Status of Assets

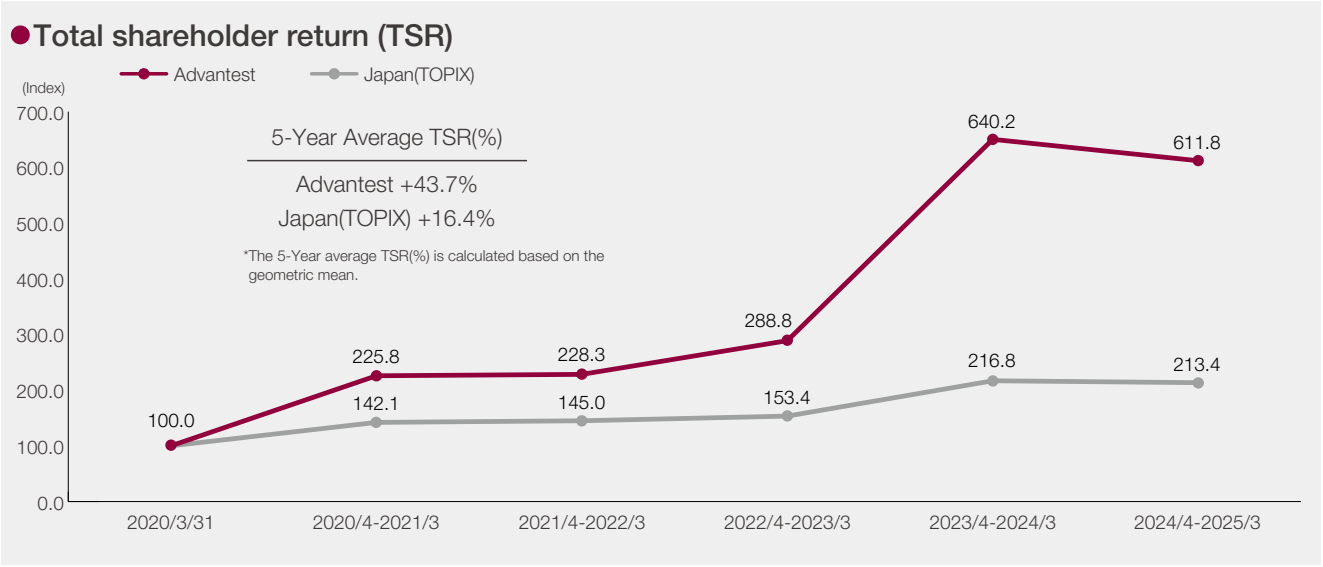
The minimum cash reserve was assumed to be between \100 and \120 billion at the time when the Third Mid-term Management Plan (MTP3) was formulated. However, the current business performance has significantly exceeded the initial plan, and the cash reserve has accumulated to a level exceeding that assumption. We continue to prioritize growth investments, including R&D and capital investments, and implement them as planned.

On the other hand, in FY2024, the Company achieved record-high sales and profits, and as a result, cash and cash equivalents remained at a high level. Considering risk factors such as semiconductor regulations and geopolitical issues, our cash position will be significantly influenced by our response to rapid changes in customer demand and M&A strategies. The Company has committed lines of credit and overdraft facilities with financial institutions. By utilizing not

only cash on hand but also debt as necessary, we will continue to maintain liquidity that enables us to respond quickly to such fluctuations and seize opportunities for growth. At the same time, we intend to take flexible measures, such as returning any cash deemed surplus to shareholders after considering the balance between investment opportunities, working capital required for our business, and financial soundness.

## Shareholder Returns

MTP3 outlines a policy of aiming for a cumulative total return ratio* of 50% or more over a three-year period, combining dividends and share buybacks. This is a change from the single-year target set in the 2nd Mid-term Management Plan (MTP2) to a three-year cumulative target in order to respond more flexibly to the increasingly volatile business environment. In fiscal 2024, in addition to an annual dividend of ¥39, we repurchased ¥50 billion of our own shares, resulting in a total return ratio of 49%. As the first year of MTP3, we believe we have made a solid start. Regarding dividends, we will maintain a minimum annual dividend of \30 as a basic policy, while also striving to pay stable and continuous dividends and increase dividends on a regular basis. In fact, even when our performance declined in FY2023, we increased the dividend for five consecutive years through FY2024. Although we operate in a cyclical industry that often fluctuates, we strive to achieve profit growth that will allow us to continue to increase dividends. In addition to continuing to increase dividends, we intend to determine the level of dividends by taking into consideration the “DOE” and “dividend payout ratio,” which is the dividend amount relative to retained earnings and net income for the current period.




| TSR(%) for each period | 2020/4-2021/3 | 2021/4-2022/3 | 2022/4-2023/3 | 2023/4-2024/3 | 2024/4-2025/3 |
|---|---|---|---|---|---|
| Advantest | +125.8% | +2.5% | +60.5% | +351.4% | -28.4% |
| Japan(TOPIX) | +42.1% | +2.9% | +8.4% | +63.4% | -3.4% |

*TSR stock prices are based on fiscal year-end index data from March 31, 2020 to March 31, 2025.

## Total Shareholder Return (TSR)

Looking at FY2024 alone, TSR was negative. Given the high volatility of demand in our industry, we use a three-year average rather than a single-year figure as management indicators in our Mid-term Management Plan. We believe that it is also appropriate to evaluate TSR over a three- to five-year period rather than on a single-year basis. I will continue to devote my utmost efforts as CFO to consistently delivering financial performance that meets the expectations of our investors.

## Ending Remarks

We will continue to pursue financial strategies that will strongly support business growth and encourage shareholders to hold our shares for a long time, with the aim of further enhancing corporate value. We look forward to your continued understanding and support.

*Total return ratio: (Dividend + share repurchase) / consolidated net income

# CHO Message




***We want people to build long-term careers at Advantest, so we have been working to create an environment that facilitates sustained growth over years of development.***

## Responding to Industry Needs

At Advantest, we believe that our employees are our greatest asset, and we deeply value the unique contributions each person brings. They drive the innovation and growth that pushes our company towards the future. As Chief Human Officer (CHO), I work closely with the rest of the Human Capital (HC) team to connect people's work to the company's vision so that we can achieve our goals as a global team.

The growing complexity of the semiconductor industry affects how we support our employees. Advantest's global operations span various business units, functional units, and regional units—all of which need tailored support to remain efficient and productive. As part of our Global Human Capital Transformation initiative to standardize our HC systems and processes, we met with leaders across these units, and they expressed a clear need for a dedicated Human Capital partner. With a representative from HC in various business units, we can provide more support throughout the company, helping our global team remain agile in responding to dynamic changes within the industry.

## Strengthening Employee Engagement to Drive Growth

Since March 2022, we have welcomed over 1,500 new employees through both recruitment and M&A. We want people to build long-term careers at Advantest, so we have been working to create an environment that facilitates sustained growth over years of development. That is why employee engagement is one of our top priorities.

In FY2024, we conducted a global survey using the Gallup model. Our ratio of engaged employees improved by six points compared to the previous survey, though we are still working toward our MTP3 target. A majority of the plans we put in place to address engagement focus on strengthening communication between managers and their teams to better define goals and expectations, which was a key area for improvement. We will also continue to build on our strengths, which include providing employees with the resources they need to grow and elevating their voices within the company.

## Empowering Our Global Team Through INTEGRITY

When we think about employee engagement, one of the primary tools we employ to engage employees across our global organization is INTEGRITY. At Advantest, INTEGRITY is not just a set of values; it is the foundation that supports our long-term value creation and unites our global team. Introduced six years ago, INTEGRITY was created by identifying the key traits shared by our most successful employees.

With 98% of our revenue and over 60% of our workforce based outside Japan, INTEGRITY plays a vital role in building trust and fostering effective collaboration across diverse teams, regions, and functions worldwide. Our customers are global, and so are we. For example, a customer in the U.S. may rely on a support team in Taiwan, which in turn works closely with colleagues in Korea. Being global, collaborative, and team-oriented is fundamental to our success. This shared commitment ensures that our global organization moves cohesively, presenting a unified message in delivering high-quality service to customers worldwide. When you are talking to someone from Advantest, you are getting the same message no matter where your location is.

Moreover, Advantest's strong corporate culture creates an appealing workplace. We make it a point to highlight INTEGRITY at recruiting events and train all new hires on our core values. With INTEGRITY, we unite all employees under a shared set of values that resonates strongly with the work we do, encouraging growth and driving organizational success.

In thinking about the future, we are committed to upholding the core spirit of INTEGRITY, but our values must continue to evolve to keep pace with the growth of our industry. Moving forward, we plan to focus on the key values that resonate the most in today's environment. For example, "I" being "innovation" represents the need for innovative solutions to address the growing complexity of modern semiconductor devices. Furthermore, although Advantest is already "Number One" (symbolized by the "N" in INTEGRITY) in terms of market share, we can emphasize this value to motivate our employees and prevent complacency. To be "Number One," we must remain humble and hungry, and we can use our INTEGRITY principles to remind ourselves of this commitment. As INTEGRITY continues to evolve, the meaning it represents for our employees will deepen, enriching our corporate identity and the values we hold dear.

## Developing Talent to Ensure a Future-Ready Organization

In today's rapidly evolving semiconductor industry, building a future-ready organization is essential for sustained success. At

### ●Advantest Employee Lifecycle



Advantest, we recognize that navigating rising complexity requires a workforce equipped with the skills, agility, and a mindset to drive innovation forward.

First, attracting and retaining the right talent is paramount. Beyond recruitment, we cultivate an environment that encourages mentorship, knowledge transfer, and collaboration across global teams. This approach not only enhances employee engagement but also solidifies our resilience in this competitive market.

At Advantest, we believe in supporting our employees throughout their entire journey with us. To achieve this, we have established the "Advantest Employee Lifecycle," a comprehensive strategy that starts with "attracting" the right talent through effective "recruitment." This is followed by an "onboarding" process that includes introducing new hires to our corporate culture, along with other aspects of our business, and then "developing" their skills through curated training exercises. "Rewards" and engagement ensure employee "retention," and succession planning paves the way for a smooth “transition” out of the company. This lifecycle ensures that employees are supported at every stage of their journey, fostering continuous growth that is aligned with our business goals.

Our investments in FY2024 expanded this strategy through leveraging the “Advantest Development Framework,” which provides clear career pathways and targeted learning programs for both technical and non-technical roles. By enabling employees to build critical skills and leadership capabilities, we are preparing the next generation of talent who will drive future growth.

Investing in skill development is part of our two-part strategy to boost both individual and organizational strength. By elevating the strengths of our individual employees, we build a strong foundation for our organization to grow from. With this, human capital can leverage the “two wheels" of organizational strength and individual strength to enhance employee engagement and create value.

Through these strategic investments in our people, Advantest is actively shaping a workforce that is ready to meet the challenges of tomorrow. Our human capital initiatives are a cornerstone of our long-term value creation and a key differentiator in sustaining our industry leadership.

## Advantest Development Framework




* The implementation will be adapted to local rules and practices

# Risk Management

Each of Advantest's locations around the world has diverse functions, so in order to carry out effective risk management, each unit (each division, regional headquarters, etc.) operates autonomous risk management during normal conditions. We also have a top-down risk response structure to be activated in the event of an emergency.

## Our Basic Risk Management Philosophy

It is essential to identify present and future risks, prepare for them, and take appropriate countermeasures in order to seize business opportunities and tackle challenges amidst the upheavals affecting our business environment. Examples of such upheavals include the data explosion, the digital revolution, which is further accelerated by the rise of new applications that leverage AI, and ever-faster social change. By linking management strategy with risk management, we aim to comprehensively identify existing and anticipated risks. Each unit identifies risks from a bird's-eye view, defining risks as factors that may hinder the achievement of management strategies, and takes appropriate countermeasures according to the magnitude of the risks.

In addition, we have prioritized the creation of a system that can promptly respond to these risks if and when they materialize. Each unit strives to coordinate with the so-called second line (i.e., administration group) and third line (internal audit division) of defense to be fully prepared to respond to risks.

Thus, autonomous risk management by each unit, combined with management oversight, forms the basis of our risk management system.

## Risk Management Structure

### 1. Organization

Under the risk management policy set by the Internal Control Committee, each unit manages its own risks while the Internal Control Committee supervises and evaluates the situation and provides feedback.

Compliance-related risks are tracked by the Chief Compliance Officer (CCO). In addition, certain types of risk information are reported directly to the Board of Directors and the Executive Management Committee.

A Crisis Management Group, headed by the Group CEO, has also been set up to act promptly in the event of an emergency.

### 2. Process

Each unit incorporates the management plan formulated by the Board of Directors and the Management Committee into its own priority measures. The Internal Control Committee defines the factors (risks) that may hinder the achievement of these priority measures and requests that individual units identify risks and report on their risk responses. In this manner, the Internal Control Committee supports and reviews the risk analyses of individual units and promotes information sharing between units from a companywide perspective. Each unit reports its risk management status to the Internal Control Committee twice a year. The Internal Control Committee then checks the risk management status of individual units and provides feedback. The Secretariat of the Internal Control Committee also supports each unit in various ways, as appropriate, such as providing proposals for risk analysis and countermeasures and providing necessary information.

Compliance-related risks are tracked by the CCO and reported regularly to the Board of Directors and the Executive Management Committee. In the event of a compliance-related incident, the CCO promptly instructs the relevant unit to take action and reports the status of the response to the Board of Directors and the Executive Management Committee.

Depending on the nature of the risk, risk information may be reported directly to the Board of Directors or the Executive Management Committee. The Board of Directors or the Executive Management Committee handles risks at the corporate level by making timely decisions and giving instructions to related units.

In the event of an emergency or a serious matter, a faster response is possible under the direction of the Crisis Management Group.

## Key Risks & Countermeasures

In FY2024, approximately 370 risks were identified by divisions, business departments, and overseas locations. Among these, we are focusing on specific risks that are key to successfully implementing the four strategies outlined in our third mid-term management plan.

**Four Key Strategies of MTP3**

1. Outpace the growth in our core market
2. Expand adjacently / new businesses
3. Drive operational excellence
4. Enhance sustainability

| | Key Risks | Strategy Affected by Risk | Primary countermeasure(s) | Executive in Charge* |
|---|---|---|---|---|
| 1 | Significant demand fluctuations in the semiconductor industry | ❶❸ | • Expand into adjacent markets<br>• Outsource production and diversify suppliers<br>• Strengthen services and other businesses, including recurring businesses and new businesses<br>• Deepen customer communication and internal communication to acquire the most accurate information | CSCO<br>CCRO |
| 2 | Market share losses due to inability to deliver new products in a timely manner resulting from delays in development and design, failure to achieve performance targets | ❶❷❸ | • Strengthen relationships with leading customers, collect information<br>• Reduce waste of development resources through early analysis and design reviews at each phase<br>• Research new products by analyzing data from semiconductor manufacturing processes | CTO |
| 3 | Market share losses due to inability to procure parts and deliver products in a timely manner | ❶❸ | • Reduce excessive dependence on specific suppliers by measures such as selecting alternative parts and using standard parts<br>• Continuously evaluate and review suppliers | CSCO<br>CDO |
| 4 | Weaker profitability due to competition and price pressure | ❶ | • Understand customer needs<br>• Provide unique functions and high-value-added solutions | CCRO<br>CTO |
| 5 | Business continuity impacts in the event of damage to our major facilities or those of our suppliers from natural disasters or other causes | ❶❸❹ | • Formulate BCP and obtain relevant information<br>• Check suppliers' BCP compliance status<br>• Disperse production locations and external suppliers geographically | CEO<br>CSCO |
| 6 | Impacts of global economic and political factors on global business expansion | ❸ | • Rapidly collect risk information<br>• Strengthen relationships with customers and suppliers<br>• Establish new shipping processes and alternative procurement routes and production bases to enhance flexibility<br>• Establish basic procurement policies and encourage suppliers to understand human rights and occupational safety | CEO<br>CFO |
| 7 | Significant remedial costs due to stricter environmental laws and regulations | ❶❹ | • Monitor environmental legislation trends<br>• Consider the adoption of alternative technologies | CSRO<br>CTO |
| 8 | Shortage of highly specialized human capital | ❹ | • Formulate mid- to long-term recruitment plans<br>• Improve work environments and increase employee engagement<br>• Introduce a retention system for key engineers<br>• Invest in employee training and create a system for transferring knowledge and skills | CHO |
| 9 | Loss of credibility due to violations of laws, regulations, social ethics, or product reliability / safety issues | ❹ | • Set up and monitor appropriate internal processes<br>• Strengthen employee compliance education<br>• Ensure regular product quality reviews, quality checks during production, and cross-checks by the quality assurance department | COO<br>CCO<br>CTO |
| 10 | Business continuity impacts / reputational damage owing to IT network and systems failures | ❹ | • Strengthen cyber-attack detection capabilities<br>• Conduct regular information security training<br>• Establish a quick response system for information security incidents | CDO<br>CIO |

*CxO Roles (As of November 1, 2025)

| | |
|---|---|
| Group CEO(Chief Executive Officer) | Douglas Lefever |
| Group COO(Chief Operating Officer) | Tsukui Koichi |
| CHO(Chief Human Capital Officer)&<br>CCO(Chief Compliance Officer) | Keith Hardwick |
| CSRO(Chief Stakeholder Relations Officer) | Yasuo Mihashi |
| CTO(Chief Technology Officer) | Juergen Serrer |
| CCRO(Chief Customer Relations Officer) | Sanjeev Mohan |
| CSCO(Chief Supply Chain Officer),<br>CDO(Chief Digital Officer) &<br>CIO(Chief Information Technology Officer) | Richard Junger |
| CFO(Chief Financial Officer) | Hisako Takada |



# Governance


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# Chairperson's Message




## Reflections Since Assuming my New Role as Chairperson

In April 2024, I stepped down from my position as Representative Director, President, Group CEO and assumed the role of Chairperson of the Board of Directors in a non-executive position. Prior to this, I had served as both the head of the executive side and the chairperson of the Board of Directors. However, from a corporate governance perspective, we believed it was best to more clearly separate the executive and supervisory functions. Thus, I handed over the position of Group CEO to Douglas Lefever and the role of President to Group COO Koichi Tsukui. At the same time, I assumed the role of Chairperson of the Board of Directors, responsible for monitoring the executive side. This change enables me, together with the outside directors, to monitor and the appropriateness of executive decision-making and its execution more objectively. I believe the transition Advantest enacted in 2015 to an Audit and Supervisory Committee structure marked a pivotal shift toward a board of directors that is focused on stronger monitoring and governance. Additionally, by making the Chairperson a non-executive position, and dividing the executive responsibilities previously handled by one individual among two persons, we have observed further improvements in the speed of executive decision-making.

Starting the first year of our third mid-term management plan with the highest-ever sales and profits is a testament to the new management team's capability to demonstrate its full potential under the newly established governance structure.

## Operation of the Board of Directors in FY2024

The Board of Directors meets once a month for several hours to report on monthly financial results and important topics. In addition to M&A and strategic investments, we also report on matters such as the annual budget and executive compensation to the Board at an early stage, rather than presenting them to the Board at the final resolution stage. This approach enabled the Board to make informed decisions based on thorough consideration.

The executive team takes matters raised at the Board of Directors meetings seriously. It holds separate meetings after each Board meeting to identify issues, discuss, and decide on measures to address them. The results are documented and reported at the next Board meeting, where outside director can raise additional issues or suggest other agenda items.

Through these ongoing efforts, we strive to improve the effectiveness of the Board.

The Board of Directors must be fully functional without becoming a mere formality. To this end, we conduct an annual survey of all directors to gather their candid opinions and evaluate the effectiveness of the Board. The survey results are distributed to all directors and are also discussed at the Board meeting.

The effectiveness evaluation for FY2024 revealed that, in addition to the increased neutrality of the Chairperson of the Board of Directors, more constructive discussions that contribute to mid- to long-term corporate value enhancement are taking place. We believe that this evaluation was driven by the fact that reports on the formulation and progress of the Third Mid-term Management Plan (MTP3) and explanations of investments aligned with the MTP3 strategy were presented at the Board of Directors meetings.

## How Would You Like to Manage the Board of Directors in the Future (Your Intention as Chairperson)?

We believe that it is an important duty of the Chairperson of the Board of Directors to enhance the effectiveness of the Board and contribute to the enhancement of corporate value. Since the majority of our Board of Directors consists of outside directors, we believe that it is not necessary for discussions to delve into the details of business execution.

On the other hand, we are grateful for the advice provided by our outside directors, who draw on their wealth of experience to offer a broad perspective on management policies and issues from a shareholder's perspective. It is one of my key roles as Chairperson of the Board of Directors to elicit such advice and perspectives as much as possible. It is important to ensure transparency in basic governance matters such as management succession and the executive compensation system.

To that end, it is also imperative to build good relationships with outside directors so that they can obtain necessary information from management in an appropriate manner. From my part, I intend to play this role as a bridge between outside directors and the management.

At the same time, we believe that maintaining an arm's length relationship between outside directors and the management team is also necessary. This is why we solicit ideas for the agenda, or for internal analysis, from the outside directors, and include in the board agenda a range of items that allow them to appropriately monitor management. In addition to important management policies, we will continue to work to ensure that audit reports, compliance reports, and sustainability-related issues are regularly discussed at Board of Directors meetings.

There are various stakeholders in a company, and MTP3 is committed to providing value to all of them in a balanced manner. We will operate the Board of Directors to support and encourage the management's bold and disciplined decision-making and execution, while ensuring that the company continues to earn the trust of its diverse range of stakeholders.

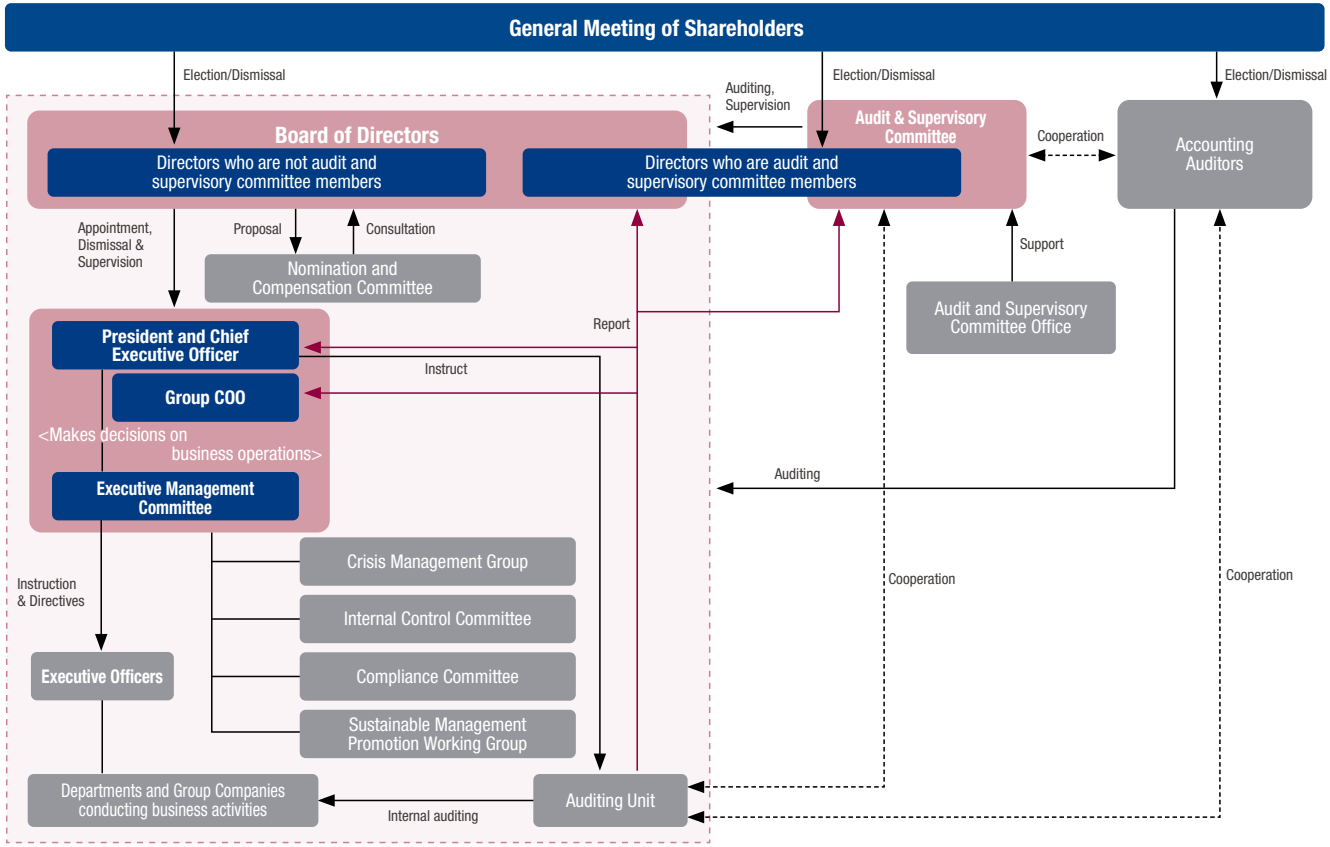
# Corporate Governance

## Corporate Governance Basic Policy

Advantest's corporate mission is "Enabling Leading-Edge Technologies." Advantest constantly strives to improve so that we can offer products and services that will satisfy customers around the world and contribute to the future of society through the development of the most advanced technologies. In accordance with this corporate mission and in response to our mandate from stakeholders, Advantest emphasizes open, honest, and respectful dialogue with all stakeholders at all times, aiming to achieve a sustainable level of business development for the Advantest Group and to enhance corporate value over the mid/long-term. We consistently seek the sources of issues to identify their essence and find optimal solutions. To that end, the Advantest Group strives to operate a fair, effective, transparent governance system as our basic approach to corporate governance.
Our Corporate Governance Basic Policy is published on our website.

**Advantest Corporate Governance Policy**

## Corporate Governance Structure




## Initiatives to Strengthen the Corporate Governance Structure

**2003**
- Introduction of executive officer system

**2006**
- 1st meeting of the Nomination and Compensation Committee
- Abolition of retirement allowance system
- Appointment of first outside directors

**2011**
- Appointment of first foreign directors

**2015**
- Transitioned to the "company with audit and supervisory committee" format

**2017**
- A majority of the members of the Nomination and Compensation Committee became outside directors
- First appointment of an outside director as the chair of the Nomination and Compensation Committee

**2018**
- First appointment of a female director
- Established stock compensation system and reviewed stock option compensation system

**2020**
- Abolition of advisor system

**2021**
- General Review of Executive Compensation System, CxO System

**2023**
- Multiple female directors appointed
- Outside directors reach majority of board members

**2024**
- Introduction of a stock compensation plan for outside directors and directors who are members of the Audit and Supervisory Committee.
- Separation of roles of the Group CEO and the Chairperson of the Board

## Shareholders' Meeting

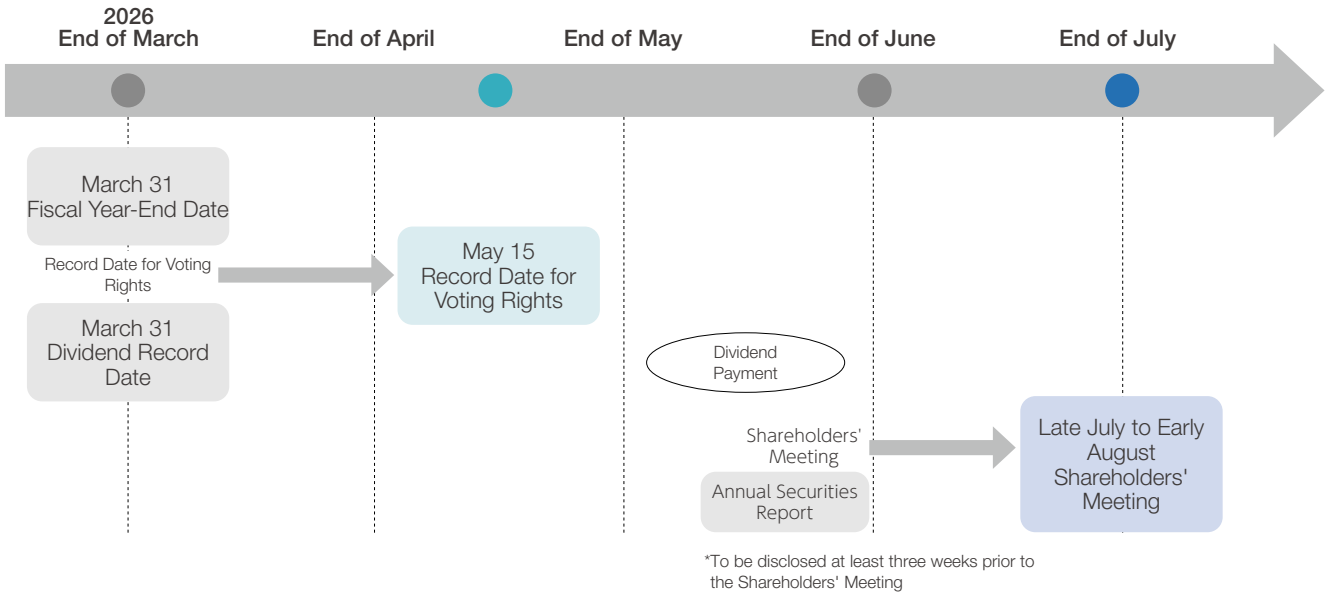
Advantest regards the annual General Meeting of Shareholders as an important opportunity for dialogue with shareholders.
The 2025 General Meeting of Shareholders was held in Chiyoda-ku, Tokyo, where our head office is located, for the convenience of our shareholders. Furthermore, this year's meeting was also livestreamed, enabling shareholders to watch the meeting in real time wherever they were and message us online during the livestream.
To enhance dialogue with shareholders, we accepted questions online in advance of the meeting. At this shareholders' meeting, we received four questions in advance, seventeen questions on the floor, and one comment from the livestreaming audience, and answered all of them.
The Group CEO gave a presentation on the progress of the Third Mid-term Management Plan, and there was a question-and-answer session with shareholders regarding the Company's strategies, providing a good opportunity for shareholders to deepen their understanding of the Company's mid-to long-term management direction. After the shareholders' meeting, we held a roundtable discussion with shareholders on the floor, allowing us to engage in interactive communication.




## Efforts to Change the Schedule of the General Meeting of Shareholders by Amending the Articles of Incorporation

Advantest believes that in order to foster construction and effective engagement with our shareholders, it is important to provide sufficient information in an appropriate period of time prior to the General Meeting of Shareholders. Based on this idea, in addition to considering the integrated disclosure of the Annual Securities Report and the Business Report, a proposal to partially amend the Articles of Incorporation to change the record date for exercising voting rights from the current March 31 to May 15 was proposed at the Ordinary General Meeting of Shareholders held on June 27, 2025, in order to enable the Company to convene the Ordinary General Meeting of Shareholders in late July or early August. The proposal was approved and passed.
Please note that there will be no change in the record date for dividend payment, and dividends will continue to be paid to shareholders at the end of March and September.
As a result of this amendment to the Articles of Incorporation, the date of the General Meeting of Shareholders will be postponed by approximately one month. Meanwhile, the Annual Securities Report will be disclosed by the end of June, enabling shareholders to exercise their voting rights after reviewing the Report.

### ●Schedule for the 2026 Shareholders' Meeting

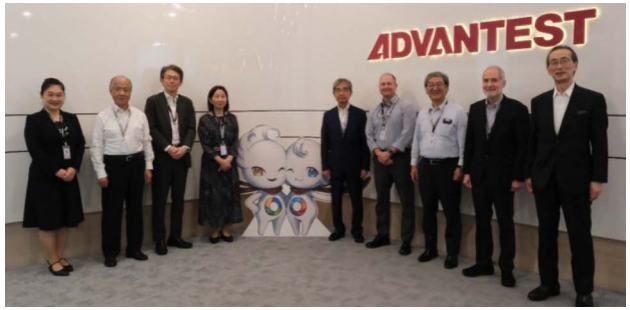


## Board of Directors

The Board of Directors of Advantest, as our management decision-making body, makes decisions on significant matters with respect to the management policies and management strategies for the whole Advantest group, and in its capacity to supervise management, it also monitors and supervises Executive Officers in the exercise of their duties. Advantest has strengthened the oversight and supervision functions of the Board of Directors by appointing a majority of outside directors on the Board. Furthermore, effective April 2024, the Group CEO and the Chairman of the Board of Directors have been separated, with Mr. Yoshida, a non-executive director, serving as Chairman of the Board of Directors. In addition, our Board of Directors maintains a certain degree of diversity, with two non-Japanese (U.S. nationals) directors and two female directors. In order to maintain seamless communication, Advantest has arranged for simultaneous interpretation at the Board of Directors meetings so that Board members can speak freely in both Japanese and English. Materials and minutes are also prepared in both English and Japanese.

In FY2024, the Board of Directors held 13 regular Board of Directors meetings, spending three to five hours at a time to discuss important matters. Off-site meetings were also held in Singapore to discuss mid/long-term issues that cannot be adequately addressed within the time limits of the Board of Directors meetings. In addition, we visited our affiliated company in Malaysia as well as our manufacturing contractor for key products.

We also held online briefings on individual businesses and business strategies as an opportunity to provide more detailed business explanations to Outside Directors.

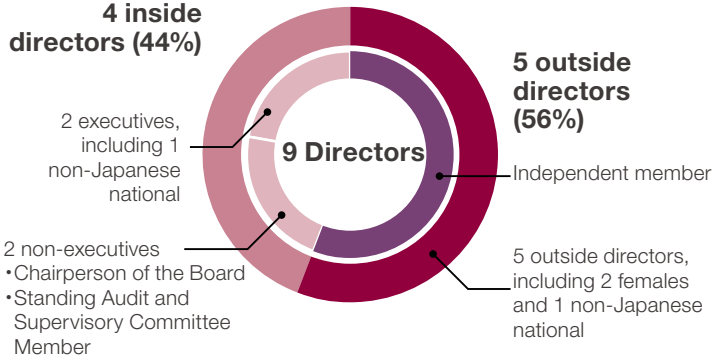


Off-site meeting held in Singapore

### Major Items Discussed and Reported at Board of Directors Meetings and Off-Site Meeting in FY2024

- To further develop the Advantest group, the mid- to long-term management policy, “Grand Design,” was revised to a management policy based on a longer-term perspective, and the Third Mid-term Management Plan (FY2024-FY2026) formulated in accordance with the revised Grand Design was resolved.
- Based on the Third Mid-term Management Plan, the Nomination and Compensation Committee proposed revisions to the executive compensation system to provide sound incentives that contribute to enhancing the corporate value of the Group and to enhancing global competitiveness. These revisions were resolved at a meeting of the Board of Directors.
- Recognizing that building partnerships with key companies in the semiconductor supply chain is essential to delivering high-performance and comprehensive test solutions that meet future customer needs, the executive side proposed several strategic partnerships, which were discussed by the Board of Directors.
- Due to the expected increase in cash flow resulting from strong business performance, Advantest has resolved to implement a share repurchase program for the purpose of improving shareholder returns and capital efficiency.
- Monthly reports were presented to the Board of Directors on the status of sales, profits, cash flow, inventory balances, and other matters.
- The status of communication with investors and the shareholding status of shareholders were reported to the Board of Directors as part of IR reporting.
- In addition to review results of the ESG Action Plan 2021-2023, reports were made on the Sustainability Action Plan 2024-2026 linked to the Third Mid-term Management Plan.
- Reports were made on the results of the company-wide employee engagement survey conducted in FY 2024 and future initiatives to improve engagement.
- Compliance reports were made four times a year, and internal audit reports were made twice a year, informing the Board of Directors about compliance incidents including reports made through a helpline, and about the internal audit system and items pointed out by internal audits.

### ●Composition of the Board (As of July 1, 2025)



## Initiatives to Enhance Effectiveness of the Board of Directors

### Documentation of Items Raised at Board Meetings

We believe that in order to enhance the effectiveness of the Board of Directors, it is important to ensure that the content discussed at Board meetings is accurately reflected in the operations of the executive management. Based on this belief, we document the issues raised during Board discussions on a monthly basis and share them with the executive management. The executive directors then report on the measures taken or the status of such measures at the following month's Board meeting.

### Effectiveness Assessment of the Board of Directors

Once a year, a questionnaire-based evaluation is conducted to assess the effectiveness of the Board of Directors. The questionnaire covers four items: composition of the Board of Directors, deliberation and operation, response of the executive team, and the support system for the Board of Directors. We collect and analyze opinions on the operation of the Board of Directors and the states of discussion.

The effectiveness evaluation for FY2024 showed that the transition to a new management structure was facilitated by the separation of the roles of Group CEO and Chairperson of the Board of Directors, resulting in greater neutrality for the Chairperson and more appropriate operation of the Board of Directors. It was also confirmed that the Board of Directors will hold discussions that will contribute to the enhancement of the Group's corporate value over the mid- to long-term.

On the other hand, as improvements to enhance the effectiveness of the Board of Directors, it was suggested that it would be desirable to quickly grasp changes in the external environment and consider analyses and countermeasures, including potential downside scenarios.

The results of the effectiveness assessment and areas for improvement were reported to the Board of Directors, and opinions were exchanged on how to improve the effectiveness of the system. Going forward, we will continue to make improvements to ensure higher effectiveness in the future.

## Audit and Supervisory Committee

The Audit and Supervisory Committee consists of one internal and two outside Audit and Supervisory Committee members and is chaired by Sayaka Sumida, an external Audit Committee member. In order to enhance the effectiveness of auditing and supervisory functions, an internal Audit and Supervisory Committee member is appointed as a full-time member.

Pursuant to our audit policies, audit plans, priority audit items, allocation of duties, etc., and in coordination with the Auditing Group and other relevant departments with jurisdiction over internal control, each Audit and Supervisory Committee member, led by the full-time member, attends important meetings such as Executive Management Committee, Business Plan Meeting (Budget Meeting), and Internal Control Committee. Additionally, members receive reports from Directors, Executive Officers and business execution divisions, including units and affiliated companies. Members also review important approval-granting documents and inspect the state of business operations and assets. Outside Audit and Supervisory Committee members attend as necessary, in on-site inspections conducted by the full-time Audit and Supervisory Committee members, actively auditing and monitoring the status of business execution at the Company.

Following these investigations and audit activities, the Audit and Supervisory Committee members and the Committee itself shared their views with the Board of Directors and department heads regarding issues that required feedback.

In FY2024, the Audit and Supervisory Committee met 14 times. All meetings were attended by all Audit and Supervisory Committee members.

## Nomination and Compensation Committee

Advantest has established our Nomination and Compensation Committee as a non-mandatory organization complementary to the Board of Directors, which decides on the appointment/dismissal of Directors and Executive Officers and their compensation. The Nomination and Compensation Committee is responsible for improving the fairness, rationality, and transparency of the appointment/dismissal of Directors and Executive Officers and their compensation. The Nomination and Compensation Committee is composed of members selected from among the company's directors by a resolution of the Board of Directors, and the majority of the committee members are outside directors. The committee is chaired by Mr. Toshimitsu Urabe, an outside director. In FY2024, the Nomination and Compensation Committee met 14 times with all members attending all meetings. The main activities of the Nomination and Compensation Committee in FY2024 were as follows:

- Candidates for Directors and Executive Officers and the management structure
- Knowledge and skills required for Directors and Senior Executive Officers (skill matrix)
- Review and Operation of Executive compensation

Regarding the selection of directors and executive officers, the Nomination and Compensation Committee submits reports to the Board of Directors on candidates who, in their view, will contribute to a sustainable level of business development and enhancement of corporate value over the mid/long-term in accordance with the "Directors and Executive Officers Nomination/Dismissal Policy and Procedures" prescribed by the Board of Directors as regards Directors and Executive Officers. The Nomination and Compensation Committee also considers the most appropriate composition for our Board of Directors and executive team, including gender and national diversity, as well as the size of the respective organizations. In addition, regarding independent outside directors, the "Independence Criteria of Independent Outside Directors" prescribed by the Board of Directors applies alongside the "Directors and Executive Officers Nomination/Dismissal Policy and Procedures" mentioned previously. Candidates recommended to the Board of Directors should possess a wealth of knowledge that enables them to contribute actively to the Board.

**Directors and Executive Officers Nomination/ Dismissal Policy and Procedures**

**Independence Criteria of Independent Outside Directors**

## Executive Compensation

Based on our Purpose & Mission and vision, our executive compensation system aims to be a system that contributes to the enhancement of corporate value, and is based on the following three concepts:
(1) a compensation mix and level that attracts international human resources who can support our global business development,
(2) well-balanced bonuses linked to performance, and
(3) compensation that encourages executives to share the shareholder perspective and promotes a medium- to long-term perspective on management.

Based on this concept, we made some changes to our executive compensation system in June 2025.

- Executive officers: Based on changes to benchmark partners and compensation comparisons with peer groups, we have revised the standard model and reviewed the compensation structure to enhance incentives, increasing the ratio of stock compensation (restricted stock compensation and performance-linked stock compensation).
- Outside directors and Audit and Supervisory Committee members: To further advance value alignment with shareholders and address the increase in compensation levels for outside directors and Audit and Supervisory Committee members, we have revised the compensation structure and increased the amount and ratio of restricted stock compensation.

### Compensation Composition

| | | Monetary compensation | | Stock compensation | |
|---|---|---|---|---|---|
| | | Fixed compensation | Performance-linked bonuses | Restricted stock compensation | Performance Share Unit compensation |
| Business Executives | Group CEO | 1 | 1 | 1 | 3 |
| | Group COO | 1 | 1 | 1 | 1 |
| | Senior Executive Officer | 1 | 1 | 0.5 to 0.75 | 0.5 to 0.75 |
| | Executive Officer | 1 | 1 | 0.5 | 0.5 |
| Non-business Executives | Chairperson of the Board | 1 | – | 1 | – |
| | Audit & Supervisory Committee Member | 1 | – | Up to one-third of total compensation | – |
| | Outside Directors (excluding Audit & Supervisory Committee Members) | 1 | – | Up to one-third of total compensation | – |

* Guideline for the standard amount
* Executive officers who are also directors will be compensated separately as directors.

### Stock Ownership Guideline

The Company recommends that Executive Officers hold the Company's shares (including RS/RSUs) as follows. The Company will set the criteria for the amount and the number of shares based on the amount of base compensation and the stock price at the start of the Mid-term Management Plan, and one of them shall be satisfied with a grace period of five years until the achievement of the criteria.

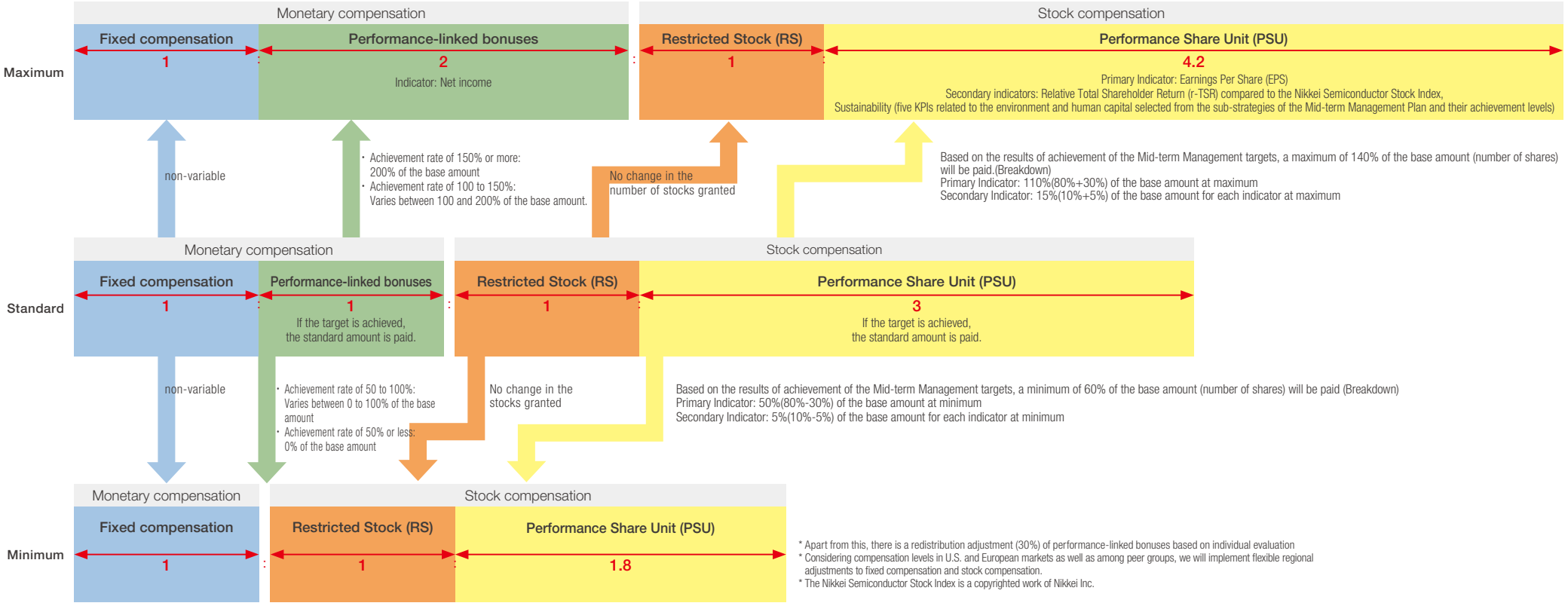
| | |
|---|---|
| Group CEO | 4 years of base compensation |
| Executive officers other than Group CEO | 2 years of base compensation |

### Reduction of Compensation (Clawbacks)

The Company may reduce future compensation or claw back past compensation by resolution of the Board of Directors in the event of certain circumstances, such as violation of relevant laws and regulations or internal rules, or material restatement due to errors discovered in the consolidated financial statements.

Policies and Procedures for Determining Compensation for Directors and Executive Officers

## ●Visualization of compensation for the Group CEO




* Apart from this, there is a redistribution adjustment (30%) of performance-linked bonuses based on individual evaluation
* Considering compensation levels in U.S. and European markets as well as among peer groups, we will implement flexible regional adjustments to fixed compensation and stock compensation.
* The Nikkei Semiconductor Stock Index is a copyrighted work of Nikkei Inc.

# Board of Directors, Skill Matrix



Representative Director, Senior Executive Officer, Group CEO

**Douglas Lefever**



Representative Director, Senior Executive Officer and President, Group COO

**Koichi Tsukui**



Director, Chairperson of the Board

**Yoshiaki Yoshida**



Director, Audit and Supervisory Committee Member

**Yuichi Kurita**



Outside Director

**Toshimitsu Urabe**



Outside Director

**Nicholas Benes**



Outside Director

**Naoto Nishida**



Outside Director, Audit and Supervisory Committee Member

**Sayaka Sumida**



Outside Director, Audit and Supervisory Committee Member

**Tomoko Nakada**

## Skill Matrix for the Board of Directors following the General Meeting of Shareholders

In nomination and selection of Directors and Senior Executive Officers, the Company recognizes that noteworthy issues around the corporate management and communication with stakeholders have to be taken into consideration, in addition to our Purpose & Mission, management strategies, and business strategies. Our business is indispensable for the manufacturing of semiconductors, which support the development of our society, and also assumes the important function of supporting the stable operation of the facilities and systems in our society and industries, creating great opportunities for growth even in the surrounding areas. The Company has selected the following nine areas of management activities which are considered important for the Company to grow the business in the medium to long term and realize the improvement of our corporate value: "Management & Corporate Strategy," "Semiconductor," "Technology," "Sales & Marketing," "Finance & Accounting," "Legal & Compliance," "Human Capital Management," "Global Business," and "Digital Transformation". The Board of Directors and the Nomination and Compensation Committee have discussed the essential "insight and experiences" required for the execution of duties and the fulfilment of the responsibly of supervision in the nine areas, and established the required skill sets for Senior Executive Officers and Directors. If the election of all of the candidates presented in this convocation notice of is approved as originally proposed, the skills of the Directors will be as shown in the table on the next page.

## Details of Skill

| Areas for management activities | Items | Experience, knowledge, and abilities expected |
|---|---|---|
| ❶ Management & Corporate Strategy | Top management | Management experience at a company or legal entity (as a chairperson, president, representative director or equivalents) |
| | Management strategy | Experience and knowledge as a head of a management strategies department *1,2 |
| | Business investment and M&A | Experience and knowledge of business investment and M&A |
| ❷ Semiconductor | Semiconductor related industries | Experience in semiconductor-related industries and knowledge of the semiconductor industry |
| ❸ Technology | Industries & technologies (incl. Environment and Energy) | Knowledge of the electrical/electronics related industry and ICT technologies |
| | Research & development | Experience and knowledge as a head of an R&D department *1,2 |
| | SCM*3, production, and quality assurance | Experience and knowledge as a head of SCM *3, production, production engineering, and quality assurance departments*1,2 |
| ❹ Sales & Marketing | Sales and marketing | Experience and knowledge as a head of a sales and marketing department*1,2 |
| ❺ Finance & Accounting | Finance, accounting and audit | Experience and knowledge as a head of a finance, accounting and audit department *1,2 or as a certified public accountant and auditor |
| | Communication with the capital market | Experience and knowledge as a head of the department responsible for communicating with investors and shareholders *1,2, such as a head of IR (Investor Relations) or SR (Shareholder Relations) department |
| ❻ Legal & Compliance | Legal affairs, risk management, and compliance | Experience and knowledge as a head of a legal affairs, risk management, or compliance department *1,2 or as an attorney at law |
| ❼ Human Capital Management | Human capital management | Experience and knowledge as a head of an HR department *1,2 or in recruiting & developing human capital, and talent management |
| ❽ Global Business | Global business | Experience at a global organization or experience working in a foreign country |
| ❾ Digital Transformation | IT & DX | Experience and knowledge as a head of an IT department1 ., and as a head of a DX promotion department *1,2 |

*1 : The head of a large company or a company with complicated businesses or operations
*2 : The executive of a specialized service company in the relevant field
*3 : Supply Chain Management

## Skill Matrix

| | | | Attribute | | | | Fundamental managerial activities deemed essential for carrying out management duties and guiding/supervising our management team | | | | | | | | | | | Key areas of our immediate management issues | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ❶ Management & Corporate Strategy | | | ❷ Semiconductor | ❸ Technology | | | ❹ Sales & Marketing | ❺ Finance & Accounting | | ❻ Legal & Compliance | ❼ Human Capital Management | ❽ Global Business | ❾ Digital Transformation |
| | | | | | | | Management | | | R&D, Semiconductor, Industries & Technologies | | | | | Finance & Accounting, Communication with Capital Market | | | | | |
| | | | Nationality | Member of the Audit and Supervisory Committee | Member of Nomination and Compensation Committee | Independent member | Top management | Management strategy | Business investment and M&A | Semiconductor-related industries | Industries & technologies (incl. Environment and Energy) | Research & development | SCM, production, and quality assurance | Sales and marketing | Finance, accounting and audit | Communication with the capital market | Legal affairs, risk management, and compliance | Human capital management | Global business | IT & DX |
| Inside Directors | Douglas Lefever | Male | American | | | | ○ | ○ | ○ | ○ | ○ | ○ | | ○ | | ○ | | | ○ | |
| Inside Directors | Koichi Tsukui | Male | Japanese | | | | ○ | ○ | | ○ | | ○ | ○ | ○ | | ○ | | | ○ | |
| Inside Directors | Yoshiaki Yoshida | Male | Japanese | | ■ | | ○ | ○ | ○ | ○ | | | | ○ | | ○ | | | ○ | |
| Inside Directors | Yuichi Kurita | Male | Japanese | ■ | | | | ○ | ○ | ○ | | | | | ○ | ○ | | | ○ | |
| Outside Directors | Toshimitsu Urabe | Male | Japanese | | Chairperson | ■ | ○ | ○ | ○ | | | | | | | | | ○ | ○ | ○ |
| Outside Directors | Nicolas Benes | Male | American | | | ■ | | ○ | ○ | | | | | | | ○ | ○ | | ○ | |
| Outside Directors | Naoto Nishida | Male | Japanese | | | ■ | | | | ○ | ○ | ○ | ○ | | | | | | ○ | |
| Outside Directors | Sayaka Sumida | Female | Japanese | Chairperson | ■ | ■ | | | | | | | | | ○ | | ○ | | ○ | |
| Outside Directors | Tomoko Nakada | Female | Japanese | ■ | | ■ | | | | | | | | | | | ○ | | ○ | |

*Skills of the Senior Executive Officers (excluding those concurrently serving as directors) are as follows.

| | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Senior Executive Officers | Keith Hardwick | Male | American | | | | | | ○ | ○ | | | | | ○ | | ○ | ○ | ○ | |
| Senior Executive Officers | Yasuo Mihashi | Male | Japanese | | | | | ○ | ○ | ○ | | | | ○ | | ○ | | | ○ | |
| Senior Executive Officers | Juergen Serrer | Male | German | | | | | ○ | | ○ | ○ | ○ | | | | | | | ○ | |
| Senior Executive Officers | Makoto Nakahara | Male | Japanese | | | | | | | ○ | | | ○ | ○ | | | | | ○ | |
| Senior Executive Officers | Sanjeev Mohan | Male | American | | | | | ○ | | ○ | ○ | | | ○ | | | | | ○ | |
| Senior Executive Officers | Richard Junger | Male | German | | | | | | | ○ | | | ○ | | | | | | ○ | ○ |
| Senior Executive Officers | Yong Xu | Male | Chinese | | | | | | | ○ | | | | ○ | | | | | ○ | |
| Senior Executive Officers | Toshiaki Adachi | Male | Japanese | | | | | | | ○ | | ○ | | | | | | | ○ | ○ |
| Senior Executive Officers | Hisako Takada | Female | Japanese | | | | | ○ | ○ | | ○ | | | | ○ | ○ | | | ○ | |

# Interview with Outside Directors

## Effective Board of Directors Through Diversity and Dialogue

In order to achieve effective governance, it is important not only to establish institutional frameworks but also to foster a lens through which to understand our corporate culture and the workplace. With this in mind, we asked Mr. Nishida and Ms. Nakada, who joined the Board of Directors as outside directors in 2023, to share their insights into the role of the Board of Directors, their interactions with the workplace, and their expectations for enhancing corporate value.




(Interviewer: Toshiyuki Ishii, Department Manager, BoD Administrative Office, CEO Office)

### Q How do you assess the effectiveness of your Board of Directors ?

**Nishida** I feel that the Board of Directors, the Audit and Supervisory Committee, and the Nomination and Compensation Committee each fulfill their respective roles while working together to closely monitor the decision-making of the executive team. The Board of Directors consists of nine members, which is the ideal size for discussions, and there is an atmosphere where each director can freely express their opinions. The board members come from diverse backgrounds in terms of gender, nationality, and expertise, enabling constructive discussions from a wide range of perspectives. Recently, two new female executive officers have joined the management team, and I feel that efforts to incorporate diverse perspectives into organizational operations are steadily progressing.

I also believe that the separation of the roles of Group CEO and Chairperson of the Board of Directors since last year has clarified the relationship between management and supervision, thereby enhancing the effectiveness of the Board of Directors. On the other hand, I recognize areas for improvement, such as insufficient response to issues that were pointed out, parts of reports that appear to be merely formalities, and a somewhat weak response to areas where downside risks have emerged despite overall business performance being strong.

**Nakada** I feel that the Board of Directors is functioning appropriately, as the suggestions and proposals made by outside directors are taken seriously and reflected in actual measures. For example, at this year's General Meeting of Shareholders, a proposal was approved to allow the General Meeting of Shareholders to be held in July or later, enabling shareholders to exercise their voting rights at the meeting after

fully understanding the contents of the Annual Securities Report. This initiative was implemented following advice from our outside director, Mr. Benes, and other directors, followed by various discussions within the management team. I believe this is a pioneering and highly significant step forward within Japan.

## Q How would you describe your relationship with the Group CEO ?

**Nakada** I believe that Doug-san is a leader who takes the initiative in promoting business, and I feel that he has extraordinary leadership skills. At the same time, as an outside director, I recognize that we must provide opinions from a different perspective than the management team and encourage careful consideration when necessary. In fact, there have been cases where outside directors have offered a variety of opinions on proposals made by the management team, leading to better decisions in the end. Looking at these processes, I feel that the Board of Directors is functioning soundly.

**Nishida** I highly value Doug-san's wealth of experience, knowledge, and network cultivated at Advantest, which he is leveraging to make significant contributions to the company's performance. In particular, he has built strong, trusting relationships with key customers' management teams and is driving the business forward through close communication, which I believe is an irreplaceable strength. At the same time, I believe it is critically important for the Board of Directors to maintain an appropriate level of "constructive tension" with the Group CEO. Whenever there is a sense of misalignment regarding proposals presented by the CEO to the Board, I make it a point to clearly express such concerns and engage in deeper discussions to ensure robust deliberation.

## Q How do you feel about our corporate culture and atmosphere ?

**Nakada** Advantest is a global company with more than 60% of its employees from countries outside of Japan. The company has a warm, welcoming atmosphere that makes you feel at home. The first time I realized this was at a reception I attended shortly after being appointed as an outside director in 2023. Everyone except Doug-san was Japanese, but as soon as he entered the room, everyone started speaking English. The moderator's remarks and all the speeches were in English, and Doug-san said that he felt this company was more like a "family" than a "company." These get-togethers are held several times a year and are attended not only by board members but also by executive officers and senior employees. I feel that these opportunities for communication that go beyond organizational boundaries are extremely meaningful and contribute to building trust in our daily work. Last year, I also participated in the "Employee Appreciation Day" held to commemorate the company's 70th anniversary. It was a family-oriented event where everyone felt like part of a large family. This warm, family-like atmosphere also serves as a foundation for open and positive discussions at board meetings.

**Nishida** What impresses me most about Advantest's corporate culture is its diversity and integrity, which is truly authentic. Even in terms of language, English has become the common language used at board meetings, and even among Japanese speakers, there is the flexibility to naturally switch to English when an English speaker joins the group. This is



unique in that it is not forced but rather is a natural result of working in a global company.
In addition, the fusion of technical cultures between Verigy and Advantest, and the mutual respect for each other's strengths, are also signs of the company's maturity. Furthermore, during off-site meetings in Korea and Singapore, I felt that the corporate philosophy of "INTEGRITY" had permeated down to the workplace level. This cultural unity is a major advantage for a global company like Advantest.

## Q What are some of the most memorable discussions/events you have had ?

**Nakada** Some of the most memorable experiences for me

are the annual off-site meetings. During the meeting held at our Korean headquarters in the fall of 2023, I had the opportunity to speak with senior executives on an individual level. My time there was very meaningful; I could directly experience the atmosphere and perspectives of the onsite employees, something that documents alone could not convey. Upon returning to Japan, I made a suggestion for improvements to Mr. Yoshida, the then-CEO, with Ms. Sumida, who was also an outside director and member of the Audit and Supervisory Committee. When this suggestion was implemented, I felt that I had made a small contribution to governance in my role. In the fall of 2024, I visited our offices in Singapore and Malaysia and participated in the employee all-hands meeting. The management team's sincere and thoughtful responses to various questions about the future left a strong impression on me. Visiting our business partners and confirming the strong trust we have built with them was also very beneficial. Through these on-site experiences, I am now better equipped to fulfill my supervisory role as a board member in a more effective manner.



**Nishida** There are two things that left a strong impression on me. The first is the decision to postpone the shareholders' meeting until after the disclosure of the Annual Securities Report, as Ms. Nakada mentioned earlier. This shift, which is ahead of other competitors, is still rare in Japan, and I feel like the fact that this decision was made by the Board of Directors is commendable from the standpoint of governance.
Another thing that may come as a surprise is that Advantest participated in the "Corporate Song Contest" hosted by the Nikkei Shimbun in February 2025. Although this was not discussed at the Board of Directors meeting, we eventually made it to the finals and received a special award from singer/songwriter Ai Kawashima, who was the chair of the judging committee. There is actually a video of employees from various countries singing together, conveying a sense of warmth and unity that symbolizes the character of Advantest.

## Q What are your particular focuses and expectations for increasing corporate value ?

**Nakada** I am particularly mindful of the shareholders' perspective. For example, when I received direct feedback from individual investors at gathering with shareholders following the General Meeting of Shareholders, I was reminded of my mission and responsibilities as a director. The information we gain from dialogue with shareholders is invaluable. There are also cases where we have incorporated feedback from shareholders into internal response measures. In this way, I aim to contribute to enhancing corporate value by faithfully fulfilling my role as an outside director.

**Nishida** The semiconductor market is undergoing rapid changes, requiring both short-term responsiveness and long-term vision. In this regard, I strongly identify with the direction of evolving into a "Test Solution Company" set forth in the new vision statement of the Grand Design. I believe that Advantest's approach to strategically expanding its business domain through in-house development, M&A, and partnerships with other companies, with the aim of contributing to the entire value chain, will also differentiate it from its competitors.
From a sustainability perspective, I am impressed by the steady progress being made towards achieving the clearly defined KPIs in the Sustainability Action Plan, and I am looking forward to seeing further initiatives in this area. I also hope to see the development of mechanisms for personnel exchanges between locations and cross-border career development in the future. As it is becoming increasingly difficult to recruit talent in Japan, this will pave the way for young employees to grow in a global environment and will also enable the company to broaden the perspective of the entire organization.



# Sustainability


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# CSRO Message



**Yasuo Mihashi**
Chief Stakeholder Relations Officer (CSRO)

***Sustainability challenges span a wide range of issues, including climate change, human rights, and supply chain management. These issues are interconnected just like the gears in a machine, and if any one of them stops, the entire system will be compromised. We will ensure that our sustainability efforts remain effective and ongoing—steadily driving the gears of sustainability forward.***

## Practicing Sustainability with Empathy

In recent years, the growing intensity and frequency of natural disasters have made the effects of climate change feel increasingly real.  I am deeply concerned by the rapid pace of environmental change. While our lives have certainly become more convenient, I feel that it is time to reflect on whether this truly leads to sustainable development.

Within the global efforts toward sustainability, relevant laws and regulations have been developed. While these trends are welcome, simply complying with regulations is not enough for us to truly contribute to a sustainable environment and society, or to remain a sustainable company. What matters most is that we genuinely empathize with the need for sustainability and take proactive steps to address it.
By expanding this shared sense of empathy both within and beyond our company, we aim to inspire positive awareness and action among stakeholders and take on new challenges to improve society. This is the core attitude that Advantest believes should underpin our sustainability efforts.

## Driving the Gears of Sustainability Through Connections

We consider the semiconductor industry to be an extremely sensitive business domain, characterized by the rapid pace of technological advancement and complex geopolitical constraints. Even in such a challenging environment, our customers in the semiconductor industry continue to pursue innovation and strive to improve society through technology. Since our founding, Advantest has centered its business around measurement solutions. Guided by our belief in

delivering reliable products to the world and contributing to a "safe, secure, and comfortable" society, we have fulfilled our vital responsibility of ensuring quality and reliability across the semiconductor supply chain. Through the provision of advanced measurement solutions for cutting-edge semiconductors and support for efficient mass production, we aim to contribute to the sustainable development of society.
Sustainability challenges span a wide range of issues, including climate change, human rights, and supply chain management. These issues are interconnected just like the gears in a machine, and if any one of them stops, the entire system will be compromised.
Advantest addresses these challenges in a holistic manner, working closely with our customers and suppliers throughout the semiconductor supply chain. In addition to climate-related initiatives, we aim to uphold our human rights responsibilities in collaboration with our suppliers. By working in tandem with our human capital and procurement departments, we will ensure that our sustainability efforts remain effective and ongoing—steadily driving the gears of sustainability forward.

## Building on Our Journey and Embracing Future Challenges

Over the years, Advantest has steadily built its sustainability initiatives, driven by growing environmental awareness and increasing attention to corporate social responsibility (CSR). Regarding global sustainability, the demands placed on companies have become more sophisticated and complex. We have responded to these changes with sincerity and persistence. The driving force behind these efforts has been our employees, each bringing their own unique experiences and diverse perspectives from across the company's departments and global offices. While not all of our employees have a specialized background in sustainability, they have approached sustainability with integrity and diligently work to advance our initiatives. As a result, we have received high recognition from external stakeholders for our sustainability activities, which serve as a significant source of encouragement to expand our efforts.
At the same time, we are becoming increasingly aware of the challenges ahead. For example, despite our various environmental initiatives, it will not be easy to reduce the total amount of greenhouse gas emissions amid the rapid growth of the semiconductor industry, but we remain committed to these efforts nonetheless. Under Advantest's corporate culture of INTEGRITY, we will continue to face each challenge earnestly and deepen our efforts toward realizing a sustainable society.

## Building a Sustainable Future Through Technology

We believe that the time has come for us to reassess what we are doing and what we need to do in regards to future sustainability initiatives
By 2030, AI data centers are predicted to consume nearly 1 petawatt-hour of electricity. This is an enormous amount of energy, exceeding the total electricity consumption of Japan today. Some estimates suggest that the adoption of silicon photonics could reduce this consumption by approximately 10%. We believe that the key to achieving this will be our ability to provide measurement systems that can accurately guarantee the operation of new technologies.
Looking further ahead to 2050, resource shortages and energy issues are expected to become more serious due to population growth. To achieve sustainable development in such a society, technological advancements that support efficient social infrastructure will be essential. We aim to continue supporting the sustainability of society while maintaining our focus on technology.
As climate change accelerates, we recognize the urgent need to promote energy-saving and efficiency-enhancing initiatives. At the same time, we must address pressing social issues, such as human rights, labor conditions, and fair trade throughout the entire supply chain. To implement and continuously improve these efforts, we must maintain a transparent governance structure, manage risks appropriately, and fulfill our accountability to stakeholders. As a responsible corporate citizen, we are committed to advancing these initiatives with determination and perseverance.
In an era of rapid technological progress, another critical responsibility we are called upon is to continue providing testing solutions that enable the reliable implementation of innovative technologies in society. We believe that this role for Advantest is essential.
With technology and INTEGRITY, Advantest will continue to contribute to the realization of a sustainable future.

# Advantest's Sustainability Initiatives

Advantest strives to align our management priorities with our corporate philosophy as codified in the Advantest Way, and with our Grand Design mid/long-term management policy. We believe that sustainability is fundamentally a matter of meeting current needs without compromising our ability to meet future needs. From the perspective of expanding our Group's social contributions and creating further value for stakeholders, we have formulated our Basic Sustainability Policy as a component of the Advantest Way. This policy serves as the basis of our sustainable management efforts.

## Our Approach to Sustainability Issues

Currently, nearly all of Advantest's business activities are related to semiconductors, which are essential to a wide range of industries and contribute to a more sustainable future for humanity. Our business activities, in line with our purpose and mission, contribute to the development of semiconductors with superior performance. We believe that enabling new advancements in semiconductor technology will contribute directly to the safety, security, and comfort of people worldwide, as well as to our own growth as a company. Therefore, under our recently updated mid/long-term management policy and Grand Design, we set forth a vision statement that is aligned with our greater goals as a company: "Be the most trusted and valued test solution company in the semiconductor value chain." To embody this vision, Advantest will continue to promote various initiatives that contribute to a more sustainable society, with a focus on addressing customers' issues. At the same time, by appropriately reflecting the expectations and requests of the various stakeholders who support our business activities, we aim to expand the Group's purpose and the value we provide in a well-balanced and multifaceted manner, both economically and socially.

We have positioned "Enhance Sustainability" as one of the four key strategies outlined in our third mid-term management plan. We conduct materiality assessments for mid/long-term risk analysis and issues related to sustainability and discuss them at management meetings. We are also promoting business growth strategies and initiatives that address social issues in an integrated manner by creating medium-term action plans that incorporate specific goals and standards.

Specifically, we identify important issues from the perspectives of both our stakeholders and our company, such as issues related to business value creation, (e.g., increasing customer value), issues related to strengthening our business foundation (e.g., upgrading our human capital), issues related to strengthening our management foundation (e.g., reviewing our management execution system), issues related to regulations and social/environmental risk management, and trends in international disclosure standards related to sustainability. We organize these issues into a "Sustainability Action Plan," a sub-plan of our mid-term management plan. Furthermore, we strategically promote activities to achieve the goals set for each issue in the Sustainability Action Plan. The activities and goals outlined in the Sustainability Action Plan are regularly reviewed in response to their changing relevance to the Advantest Group.

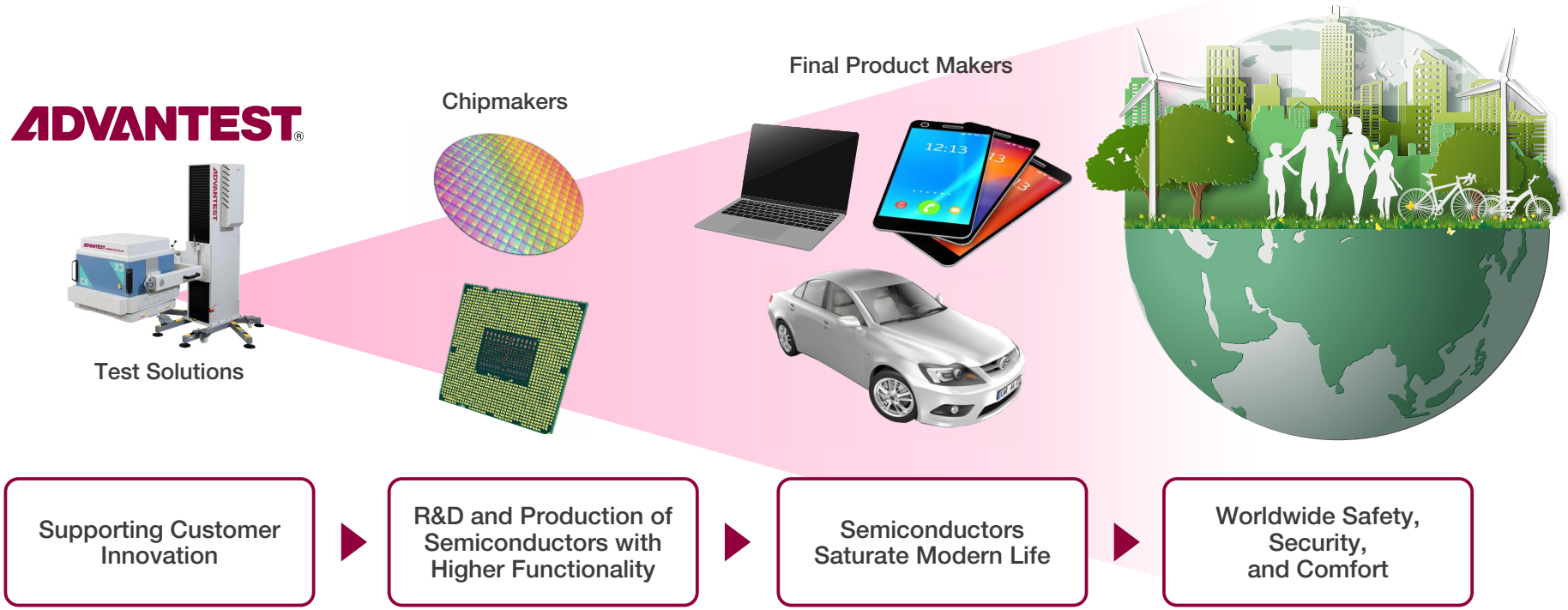



● The Advantest Way



## Semiconductors and Sustainability

At Advantest, we believe that semiconductors play a crucial role in supporting global sustainability.
Semiconductors have become essential components in nearly every aspect of our lives, from personal computers and smartphones to home appliances, automobiles, and industrial equipment. Nowadays, everything is connected to the internet, and the amount of data generated worldwide is increasing year by year alongside the growing number of electronic devices connected to the internet.
However, semiconductor production is faced with demands for lower environmental impact. To meet these demands, advances in miniaturization, performance, and energy efficiency are mitigating the rising power consumption resulting from the increased use of semiconductors. Notably, power semiconductors have also seen remarkable performance improvements and widespread adoption. Advantest plays a role in energy conservation by providing test solutions that enable semiconductor manufacturers to develop semiconductors with improved performance and energy efficiency. Our mission is to address the challenges our customers face, including high quality and performance assurance, as well as the rapid ramp-up of production volumes. We aim to respond effectively to the evolving semiconductor landscape shaped by the dual drivers of digital transformation (DX) and green transformation (GX). In carrying out this mission, all executives and employees act in accordance with the Advantest Way. We strive to respect all stakeholders and contribute to global sustainability, while also working to achieve sustainable growth for our company and increase our corporate value in the medium to long term.



# Sustainability Action Plan 2024-2026

## Providing Value and Creating Stakeholder Impact

Our Sustainability Action Plan 2024-2026 was formulated as an overall picture of the Advantest Group's mid-term sustainability initiatives from FY2024 onwards, along with the mid-term goals associated with these initiatives.

In formulating the Sustainability Action Plan, we have established priority themes, targets, responsible officers, KPIs, and target values (for FY2026) for each stakeholder to be addressed in conjunction with our Grand Design mid/long-term management policy and our third mid-term management plan (MTP3). We aim to achieve these targets (FY2026) to create value and impact for our stakeholders.

### ●Sustainability Action Plan 2024-2026

| Stakeholders | Priority Themes | Target | CxO in charge*1 | KPIs | KPI Target (FY2026) | Progress (FY2024) |
|---|---|---|---|---|---|---|
| Shareholders and capital market | Mid-/long-term and sustainable enhancement of corporate value | Aiming to further sales growth, improve profitability, and use capital more efficiently | CFO | In accordance with MTP3 Management Indicator | In accordance with MTP3 Management Indicator | Exceeding the target figures for all management indicators set as averages over the three-year period of the medium-term plan |
| | Enhancement of sustainability information disclosure | Timely and appropriate disclosure of financial and non-financial information | CFO | ESG evaluation by rating agencies | Maintaining and improving evaluations by major ESG evaluation by rating agencies | Maintaining high standards of evaluation by major rating agencies |
| Employees | Respect for diversity | Promoting gender diversity | CHO | Ratio of female managers*2 | 11% | 9.7% |
| | | | CHO | Ratio of female employees among candidates (Level 6) for executive and managerial positions*3 | 16% | 15.5% |
| | Employee engagement | Fostering and instilling an attractive corporate culture | CHO | Turnover rate | Voluntary turnover rate is below average of the period of MTP2 (5.9%) | 4.4% |
| | | | CHO | Gallup Survey Scores*4 | 3.8 | 3.76 |
| | | | CHO | The INTEGRITY Award nominations/year*5 | 400 | 465 activities |
| | Investment in human capital | Promoting health and wellbeing management and work-life balance | CHO | Japan: White 500 Certified (Japan)*6 | Japan: Certified as White 500 | Certification obtained |
| | | Promoting human capital development based on the Advantest Development Framework | CHO | Education and training expenses | 0.8 (Billions of yen) | 0.68 (Billions of yen) |
| Customers | Providing superior solutions | Provision of new products and integrated solutions that solve customer issues | CTO | Market position | Maintaining 'No.1 position in the focus markets' | Maintaining the status |
| | Customer satisfaction and trust | Provision of more value added and comprehensive customer support quickly and accurately | CCRO | Market position | Maintaining 'No.1 position in the focus markets' | Maintaining the status |
| | Climate change countermeasures and reduction of environmental impact | Improving the environmental performance of our products | CTO | "GHG emission per AT innovations" reduction rate*7 | 86% reduction when comparing Ave. (FY2021-FY2023) and Ave. (FY2024-FY2026) | 84% reduction |
| | | | CCRO | Market Share of ATE products, including those with enhanced environmental performance | 58% or more | 58% |
| | | | CSRO | Enhanced Product Life Cycle Assessment | Expansion of the life cycle assessment management scope and data refinement | Initiatives for improvement started |

## Sustainability Action Plan 2024-2026

| Stakeholders | Priority Themes | Target | CxO in charge*1 | KPIs | KPI Target (FY2026) | Progress (FY2024) |
|---|---|---|---|---|---|---|
| Suppliers | Respect for human rights and fair deals in the supply chain | Responsible Mineral Procurement | CSCO | Supplier response rate to conflict minerals survey | 99% | 99% |
| | | Penetrating Sustainability in the Supply Chain | CSCO | Due diligence implementation rate for designated business partners*8 | 100% | 100% |
| | | | CSCO | Number of designated business partners*8 | 50 suppliers (Designated 42 suppliers as business partners in FY2023)*8 | 44 companies |
| | Greenhouse Gas Emission Reduction (Scope 3) | Supply chain decarbonization | CSCO | Percentage of main business partners that have introduced renewable energy sources*9 | 60% | 52% |
| Partners | Creation of innovation and contribution to local communities and global society | Implementation of activities related to innovation and social good | CSRO | The number of strategic partnerships | Maintain the same level as FY2023 | Maintaining the status |
| | | | CCO | The number of employees' activities contributing to local communities (both inside and outside of work) | 180 (FY2024-FY2026 Cumulative Total) | 90 activities |
| Global Environment | Greenhouse gas emission reductions (Scope 1+2) | Reducing GHG emissions from Scope 1+2 | CSRO | GHG emissions reduction rate | 65% (vs. FY2018) | 76% reduction |
| | | Raising renewable energy usage | CSRO | Renewable energy coverage rate | 80% | 87% |
| | | Reducing energy consumption by shortening the production period of major products | CSCO | Reduction of production period by reviewing production processes | Reducing production period by 20% (vs. FY2020) | 40% reduction |
| | Contribution to the Circular Economy | Improvement of recycling rate through promotion of 3Rs (Reduce, Reuse and Recycle) | CSRO | Waste recycling rate (Japan and overseas) | Japan: 90% or more<br>Other regions: 73% or more | 94%<br>67% |
| | | Maintaining company-wide water consumption at FY2016 levels | CSRO | Water resource usage | Less than 288,000 $m^3$/year | 297,771$m^3$/year |
| | Conservation of biodiversity and natural capital | Preservation of biodiversity, promotion of nature conservation activities (protection of endangered species in biotopes, tree planting, beach cleanups, etc.) | CSRO | Total number of participants in social contribution activities related to natural capital | 600<br>(FY2024-FY2026 Cumulative Total) | 2,449 participants |

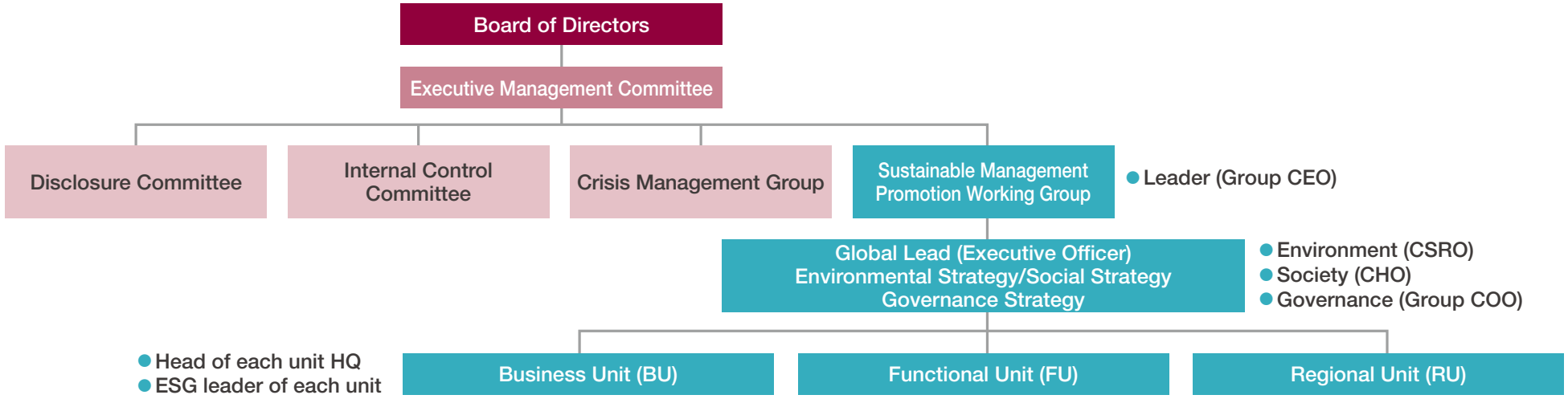
| | Priority Themes | Target | CxO in charge*1 | KPIs | KPI Target (FY2026) | Progress (FY2024) |
|---|---|---|---|---|---|---|
| Governance | Promoting ethical management and business | Compliance with international/industry standards | CSRO | Compliance with business codes of conduct and management system standards | Maintain and recertify ISO certification and pass RBA(Responsible Business Alliance) audit | Maintained and recertified ISO certification, and passed RBA audit |
| | | Implementation of Global Compliance Education Program (GCEP) e-learning for all employees | CCO | e-learning participation rate | 100% | 96.4% |
| | | Fair and Transparent Workplace | CCO | Percentage of respondents*11 who answered that 'the convenience of internal reporting channels has improved' in the compliance survey*10 | 50% or more | 82.8% |
| | | Maintaining and improving occupational health and safety | CHO | Incidence of serious occupational accidents which result in absence from work (LTIR: Lost Time Incident Rate) | 0 | 0.35 |
| | | Fostering internal understanding of sustainability | CSRO | Implementation of measures for different levels of the organization to promote understanding of sustainability | Implementation of the measures for different levels | Implemented |
| | Continued enhancement of Corporate Governance structure | Enhancement of board structure and governance to increase effectiveness of corporate governance | COO | Ensuring the effectiveness of the Board of Directors | Enhancement of disclosure of effectiveness evaluation results | The results of the effectiveness evaluation will be disclosed in the CG report |
| | | | COO | The board composition that satisfies the skill set required in line with management strategy and the business environment, and also ensures diversity | Periodic review by the Board of Directors and review and revision as necessary | Reviewed by the Board of Directors |
| | Enhancing risk management | Strengthening internal control | CCO | Risk clarification and response based on twice-yearly risk reviews | Implementation of risk review twice yearly | Implementated the risk review twice a year |

*1 Please refer to P.34 for the list of CxOs.
*2 The non-consolidated Female manager ratio is described in the Securities Report under " Item 1. Company Overview 5. Status of Employee."
*3 Advantest's qualification system is a 10-level system which is globally standardized, with Level 6 being the highest level of qualification for general employees.
*4 A group-wide survey is conducted every three years.
*5 This award system honors employees who embody INTEGRITY through nominations from other employees.
*6 As the White 500 is a certification system in Japan, the Company and its subsidiaries in Japan are subject to certification.
*7 GHG emission per AT innovations is calculated by dividing Scope 3 Category 11 GHG emission by AT innovation (number of transistors based on Advantest's market share, pins, frequency, DPS current in systems that account for 80% of annual sales, and number of the systems).
*8Tier 1 suppliers, which represent the top 85% of suppliers in terms of transaction value, and Tier 2 suppliers, which are the main suppliers of the Tier 1 suppliers, are subject to due diligence. These suppliers are defined as designated business partners.
*9 The top 85% of suppliers by transaction value are defined as main business partners.
*10 A group-wide compliance survey is conducted every three years.
*11 Considering that not all employees wish to use the internal reporting system, the percentage of employees who answered that they would use the internal reporting system was calculated excluding those who answered 'I don't know' regarding the improvement of the convenience of the internal reporting system.

## Sustainability Management

Based on our Basic Sustainability Policy, the Advantest Group promotes activities at the corporate level, assigning specific issues to individual CxOs, including the Group CEO. Furthermore, by incorporating the Sustainability Action Plan into each business unit's annual business plan, we strive to make steady overall progress.
In addition, to flexibly promote sustainability initiatives throughout the Group, we established the Sustainable Management Working Group (SMWG), an organization directly supervised by the Executive Management Committee, in FY2020. The SMWG is a cross-functional organization led by the Group CEO, with leaders from all business units, functional units, and regional units as members. Based on an analysis of the importance of ESG issues in each unit, the SMWG regularly discusses sustainability issues that should be addressed across the entire company and updates them as necessary, further promoting and deepening our sustainable management.
The Board of Directors is also closely involved in Advantest's sustainability initiatives, with each project being reported to the Board, which may oversee individual projects directly depending on their importance. In accordance with the sustainability disclosure standards established by the Sustainability Standards Board Japan (SSBJ), we conducted a materiality assessment covering the entire Group, which was also discussed and reviewed by the Executive Management Committee and reported to the Board of Directors.
In addition, in June 2024, our executive compensation system was partially revised to adopt sustainability evaluation as one of the criteria for performance-linked stock compensation, with the aim of making the system more conducive to enhancing corporate value under the Group's management philosophy and vision.

### ●Sustainability Promotion System



# Materiality Assessment

## Identifying Materiality

Advantest has identified sustainability-related risks and opportunities that may have a material impact on its financial position, business performance, and cash flow, and that could reasonably be expected to influence investor decision-making, with reference to the Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (SSBJ). In conducting the materiality assessment, scenario analysis was partially incorporated in consideration of climate change.

As part of the assessment, Advantest reviewed its value chain and compiled a list of sustainability-related risks and opportunities that may be material to Advantest, referencing the SASB (Sustainability Accounting Standards Board) Standards, the European Sustainability Reporting Standards (ESRS) established under the EU Corporate Sustainability Reporting Directive (CSRD), along with other relevant frameworks and standards, as well as the disclosure practices of companies operating in the same industry. The significance of each identified risk and opportunity was evaluated based on its likelihood of occurrence and potential financial impact, through engagement with external stakeholders and discussions with relevant CxOs and departments. The sustainability-related risks and opportunities determined to be material, along with the materiality assessment process, were deliberated at the Executive Management Committee Meeting and reported to the Board of Directors. The materiality assessment is planned to be conducted annually, with specific targets to be incorporated into the Sustainability Action Plan.

Based on the results of our materiality assessment, we have identified the following items as areas of particular importance for our Group.

### ●Sustainability-Related Risks and Opportunities

| Topic | Risk | Opportunity |
|---|---|---|
| **Climate change** | **Transition risk**<br>- Business costs may rise as a result of future compliance with climate regulations and the growing adoption of renewable energy.<br>- An impact on our sales may arise if our products fail to meet customer expectations for energy efficiency.<br>**Physical risk**<br>- Disasters driven by climate change may disrupt logistics and production, potentially resulting in substantial losses and lost revenue opportunities. | - Enhanced customer trust through the development of products with superior environmental performance could lead to competitive advantages and business growth.<br>- Reducing energy consumption through the shortening of construction periods, logistics optimization, and supply chain localization for key products could lead to lower operational costs and improved environmental performance. |
| **Pollution** | - Future costs may arise from responding to environmental incidents involving the discharge of untreated water and hazardous substances, as well as from meeting regulatory requirements for pollution prevention. | – |
| **Circular economy** | – | - Promoting product reuse strategies could lead to the creation of new sustainability-driven business models, enhanced brand image, and the acquisition of environmentally conscious customers. |
| **Own workforce** | - A decline in corporate attractiveness could lead to talent outflow and recruitment challenges, resulting in reduced labor productivity and a loss of technological competitiveness.<br>- Inadequate or negligent Occupational Health and Safety management may result in workplace accidents, posing risks to employee well-being and business continuity.<br>- Compliance violations or human rights violations could negatively impact business operations and erode corporate credibility.<br>- A lack of progress in promoting gender equity could lower employee engagement and motivation, potentially hindering efficient business operations. | - Enhancing training systems and promoting work-life balance could lead to expanded recruitment opportunities, while continuous employee development could strengthen competitiveness.<br>- Utilizing a diverse workforce could lead to greater innovation, improved performance, and enhanced problem-solving capabilities.<br>- Promoting a positive workplace environment and fostering open communication between labor and management could lead to increased employee commitment and improved performance. |
| **Workers in the value chain** | - Incidents involving human rights violations in the supply chain, such as child labor, poor working conditions, and the use of conflict minerals, could lead to negative impacts on business operations and a loss of corporate credibility. | – |

# Planet Sustainability Action Plan 2024-2026 Environment Progress

Advantest is pursuing initiatives in the area of Environment according to our Sustainability Action Plan (2024-2026), which was formulated in line with our Third Mid-term Management Plan (MTP3).

## Review of Sustainability Action Plan (2024-2026) Stakeholder: Global Environment Initiatives

Advantest is promoting environmental initiatives, contributing to climate change mitigation and the realization of a decarbonized society. The progress of these initiatives in FY2024 is as follows.
We successfully achieved all three targets associated with our priority theme of "Greenhouse Gas Emissions Reduction" (Scope 1 and 2) ahead of schedule. These targets included:
1. Reducing GHG emissions from Scope 1 and 2
2. Introducing renewable energy
3. Reducing energy consumption by shortening the production period of our major products.
Originally, these goals were set for completion in FY2026, but we successfully met them in FY2024.
Regarding our initiatives related to the priority theme of “Contribution to the Circular Economy,” progress in FY2024 was as follows.Under the target of “Improving the recycling rate through promotion of the 3Rs (Reduce, Reuse, and Recycle),” the domestic waste recycling rate achieved the FY2026 target ahead of schedule. In contrast, progress in improving the overseas recycling rate remained stagnant. We have analyzed that the relatively low recycling rates at our acquired U.S. sites are the main factor behind this gap. We are working to improve the situation by conducting a detailed review of the local recycling practices.
As for the target of “Maintaining company-wide water consumption at the FY2016 level,” total water usage increased in FY2024 compared with the previous year. The increase was mainly due to the inclusion of water consumption data from sites of companies acquired in recent years. We will continue our efforts to conserve water through both individual employee initiatives and more effective utilization of water resources.
Regarding our initiatives related to the priority theme of “Conservation of Biodiversity and Natural Capital,” we achieved the FY2026 target ahead of schedule in FY2024. As with our initiatives for greenhouse gas (GHG) emissions reduction (Scope 1+2), we will consider resetting the target values to further drive progress.

### ●Key Themes of Sustainability Action Plan 2024-2026

| Stakeholders | Priority Themes | Target | CxO in charge*1 | KPIs | KPI Target (FY2026) | Result(FY2024) |
|---|---|---|---|---|---|---|
| Global Environment | Greenhouse gas emission reductions (Scope 1+2) | Reducing GHG emissions from Scope 1+2 | CSRO | GHG emissions reduction rate | 65% reduction (vs. FY2018) | 76% reduction |
| | | Raising renewable energy usage | CSRO | Renewable energy coverage rate | 80% | 87% |
| | | Reducing energy consumption by shortening the production period of major products | CSCO | Reduction of production period by reviewing production processes | Reducing production period by 20% (vs. FY2020) | 40% reduction |
| | Contribution to the Circular Economy | Improvement of recycling rate through promotion of 3Rs (Reduce, Reuse and Recycle) | CSRO | Waste recycling rate (Japan)<br>Waste recycling rate (overseas) | Japan: 90% or more<br>Other regions: 73% or more | 94%<br>67% |
| | | Maintaining company-wide water consumption at FY2016 levels | | Water resource usage | Less than 288,000 $m^3$/year | 297,771 $m^3$/year |
| | Conservation of biodiversity and natural capital | Preservation of biodiversity, promotion of nature conservation activities (protection of endangered species in biotopes, tree planting, beach cleanups, etc.) | CSRO | Total number of participants in social contribution activities related to natural capital | 600 participants<br>(FY2024-FY2026 Cumulative Total) | 2,449 participants |

*1 Please refer to P.34 for the list of CxOs.

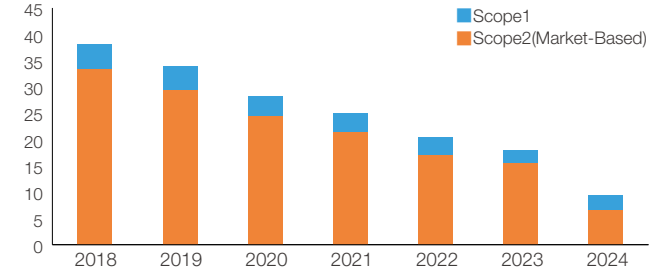
# Planet Reduction of GHG Emissions

## Trends and Challenges of GHG Emissions

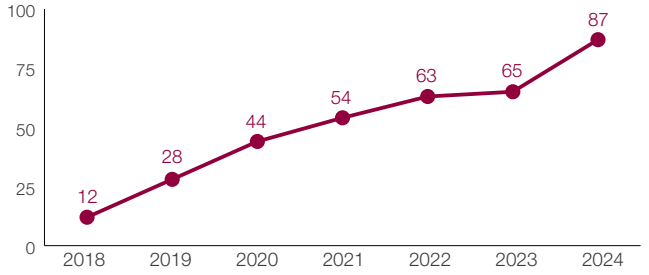
**<Scope 1+2>**

We have made steady progress in reducing emissions from Scope 1 and 2 through the adoption of renewable energy and other measures. In particular, we have been able to significantly reduce Scope 2 emissions by achieving a nearly 100% renewable energy adoption rate at our domestic sites. In addition, we began introducing renewable energy at our South Korean site in FY2024. In order to further reduce emissions, the adoption of renewable energy will be necessary in our overseas sites. However, procuring renewable energy in countries and regions such as South Korea, Taiwan, and Singapore, where renewable energy itself is scarce and difficult to purchase, will present a challenge. As a member of the RE100 initiative, we expect to encourage governments to increase the supply of renewable energy, while continuing to review the status of renewable energy usage in each country with the aim of finding ways to promote further adoption.

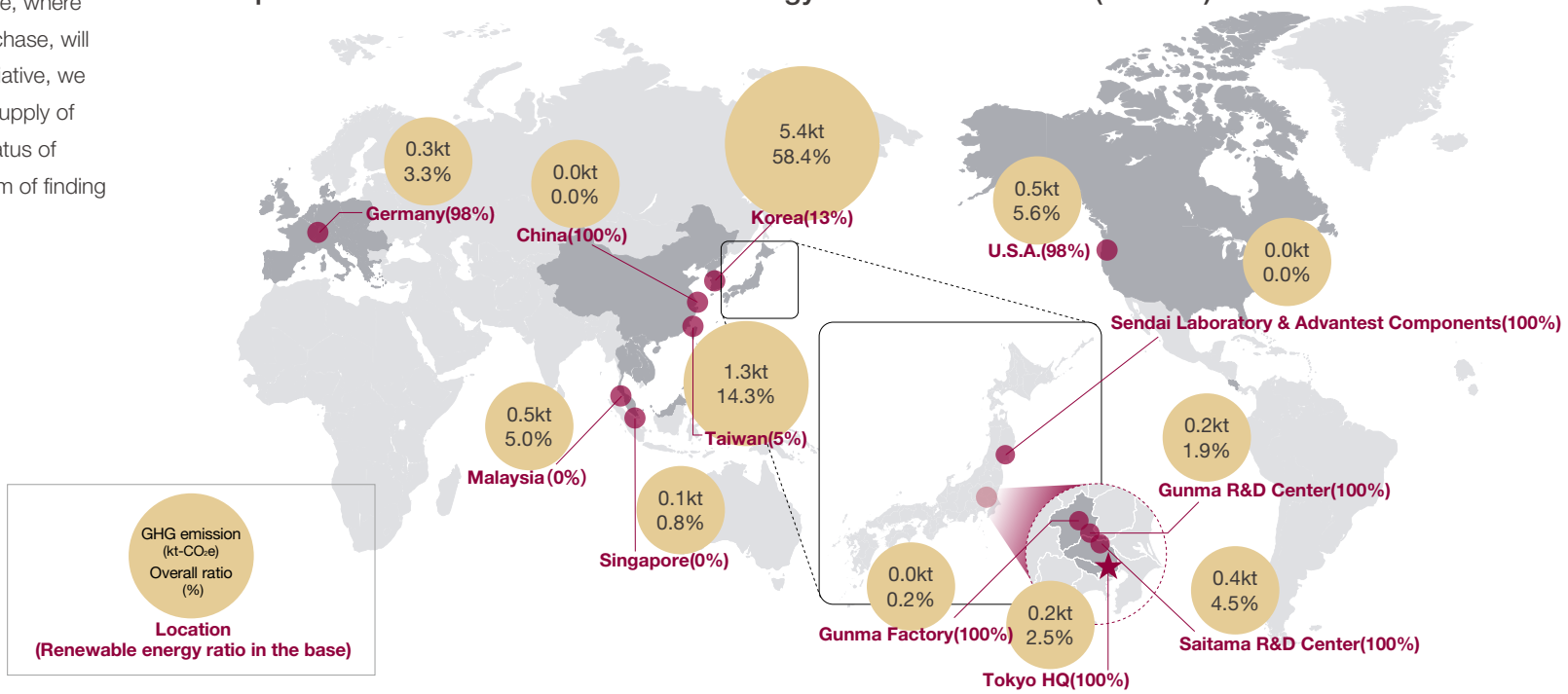
### Scope 1+2 Emissions




### Renewable energy penetration rate



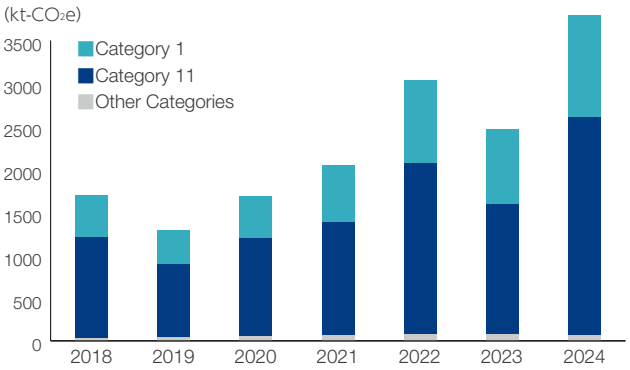

### Advantest Group
### Scope 1+2 Emissions and Renewable Energy Introduction Status (FY2024)



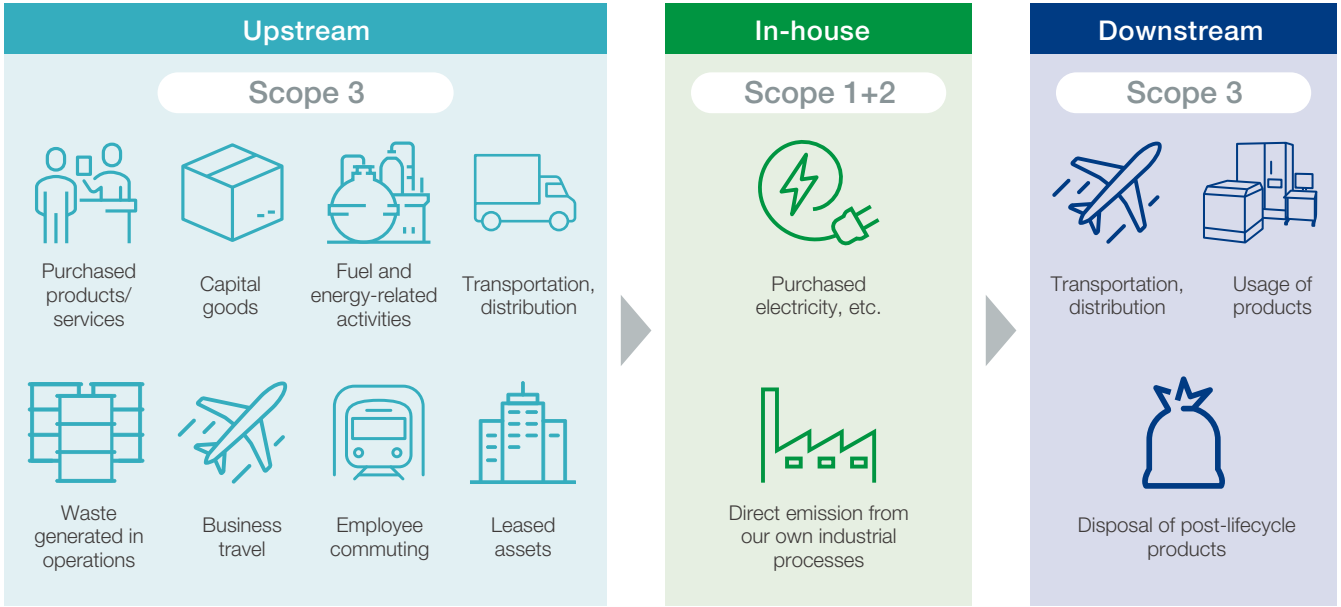
**<Scope 3>**

Progress on Scope 3 is lagging our target as of FY2023 due to a significant increase in sales compared to our expectations at the time the target was set. "Category 1 (C1): Purchased goods/services " and "Category 11 (C11): Usage of products" account for the majority of GHG emissions in Scope 3.
For C1, the method of calculating emissions, where C1 increases in proportion to the purchase price, poses a challenge. We will promote the reduction of GHG emissions by establishing a calculation method that reflects the values of Scopes 1, 2, and 3 of our suppliers in C1, and by requesting our suppliers' support in reducing Scope 1, 2, and 3 values.
For C11, likewise, the method of calculating emissions where C1 increases in proportion to sales value poses a challenge. We will promote the reduction of GHG emissions by establishing a calculation method that reflects our customers' renewable energy values in C11, and by seeking cooperation from our customers to increase their renewable energy sourcing rates.

## ●Scope 3 Emissions

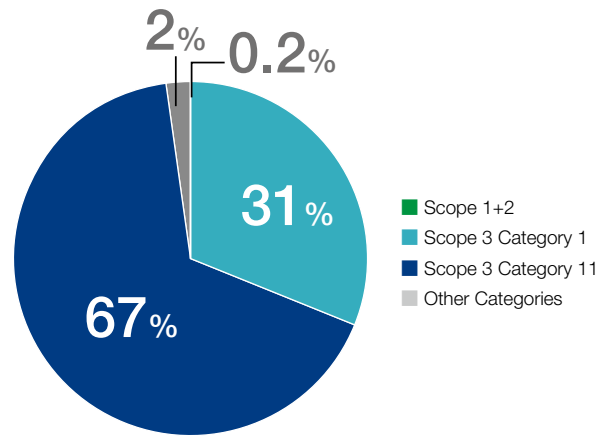



## ●GHG Emissions in Advantest's Supply Chain




## Advantest GHG emissions ratio

(FY2024 results)



# Planet Advantest's Participation in Major Initiatives

In response to the needs of the international community and expectations for the semiconductor industry to play a significant role in combating climate change, the Advantest Group supports international climate initiatives. Through sponsorship and participation, Advantest is working with domestic and international stakeholders to drive our shared goal of creating a sustainable future.

## ●Participation in International Climate Change Initiatives

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

EPA GREEN POWER PARTNER

RE100

Semiconductor Climate Consortium
Founding Member

30by30

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CDP
DRIVING SUSTAINABLE ECONOMIES

WE SUPPORT
UN GLOBAL COMPACT

# Planet Biodiversity

## Initiatives for Biodiversity

As stated in the “Third Mid-term Management Plan (MTP3, FY2024-2026),” Advantest is developing initiatives for biodiversity with a focus on contributing to a sustainable global environment. Having recognized the importance of biodiversity in supporting a prosperous and healthy society, we will work to meet the needs of the present without compromising the ability of future generations to meet their own needs, based on the “Advantest Group's Guidelines of Action for Biodiversity.” In addition, through our biotope established at the Gunma R&D Center, we will strive to communicate with local residents while learning about the importance of the global environment, and further strengthening our awareness of our contribution to a sustainable global environment.

**The Advantest Group's Guidelines of Action for BiodiversityAction for Biodiversity**



An owl that lives in the biotope and has become a symbol of the community



hyothemis fuliginosa ("Butterfly Dragonfly"), an indicator species of good water quality and wetland environment

## Co-creation of Nature with the Community Through the Gunma Biotope Forum

Advantest has been continuously participating in the Gunma Biotope Forum, led by Gunma University, since 2017. This forum serves as a medium for companies and organizations in Gunma Prefecture that are engaged in biodiversity conservation gather to collaborate, share information, and exchange opinions. The fiscal 2024 forum was held on October 28 with a total of 20 representatives from member companies, organizations, and Gunma University participating. Advantest made a presentation on our activities aimed at balancing the natural environment and social values, including plant and animal monitoring survey in our biotope, use of fallen leaves and dead branches, initiatives at our own farm, and the role of employment for people with disabilities. We will continue to work for the conservation of ecosystems and their sustainable use through collaboration with local communities.

## Monitoring the Floral Biodiversity in Joint Research Project with Gunma University

Advantest has maintained a biotope on the grounds of our Gunma R&D Center with a total area of 17,000 m2, which is one of the largest of its kind established by any private company in Japan. Since its establishment in 2001, we have been committed to creating spaces that are mindful of the surrounding natural environment, with a focus on ponds, marshes, and streams. This effort has contributed to the formation of ecosystems that attract a variety of living creatures such as insects and small birds. In addition, we conduct annual monitoring surveys as part of a joint research project with Gunma University. By protecting and nurturing endangered species based on academic knowledge and estimating the rate of carbon fixation in biotopes, we play vital roles not only in realizing a stable natural environment in the region, but also in addressing climate change issues.



Our biotope celebrates its 25th anniversary in 2026 and is one of the largest of its kind

Total biotope area
**17,000 m²**

**119**
Native plant species identified in the biotope

**40**
Exotic plant species identified in the biotope

Carbon fixation rate (estimated)
**2.46 tons of $CO_2$ retained/year**

# People Sustainability Action Plan 2024-2026 Social Progress

Advantest strategically promotes activities to achieve the targets set for each issue in our Sustainability Action Plan 2024-2026. We set forth five key themes and 11 KPIs for social issues, which represent the value we provide to our stakeholders, including our employees, customers, and suppliers. A brief look back reveals significant achievements and future challenges.
Going forward, the content of the Sustainability Action Plan will be updated as needed based on the Group's materiality assessment.

## Sustainability Action Plan 2024-2026 (Social) Challenges and Achievements

We have been continuously committed to our efforts to promote gender diversity and have achieved a 9.7% ratio of female managers and a 15.5% ratio of female candidates for management positions at Level 6, the highest level of qualification for general employees.
In terms of customer satisfaction, Advantest achieved the industry's highest ratings from customers in the TechInsights Customer Satisfaction Survey for the sixth consecutive year in 2025.
Advantest has made steady progress in terms of "Fostering and instilling an attractive corporate culture." In the Gallup Survey conducted in 2024, the score improved from the previous survey to 3.76 out of a score of 5. The number of nominations for "The INTEGRITY Award," a peer-to-peer program that offers Advantest employees worldwide a platform to recognize and express appreciation for colleagues who have demonstrated the INTEGRITY Core Values in exceptional ways, has reached 465 in the last year. In terms of human resource development, we promoted various development measures in accordance with the "Advantest Development Framework." In terms of promoting health, Advantest was certified as one of METI's "White 500," recognizing the company for demonstrating excellence in health and productivity management.
We have achieved a 99% response rate from suppliers regarding the Conflict Minerals Survey for Responsible Mineral Procurement and a 100% due diligence implementation rate for designated suppliers.

### ●Key Themes of Sustainability Action Plan 2024-2026

| Stakeholders | Priority Themes | Target | CxO in charge*1 | KPIs | KPI Target (FY2026) | Result(FY2024) |
|---|---|---|---|---|---|---|
| Employees | Respect for diversity | Promoting gender diversity | CHO | Ratio of female managers*2 | 11% | 9.7% |
| | | | CHO | Ratio of female employees among candidates (Level6) for executive and managerial positions*3 | 16% | 15.5% |
| | Employee Engagement | Fostering and instilling an attractive corporate culture | CHO | Turnover rate | Voluntary turnover rate is below average of the period of MTP2 (5.9%) | 4.4% |
| | | | CHO | Gallup Survey Scores*4 | 3.80 | 3.76 |
| | | | CHO | The INTEGRITY Award nominations/year*5 | 400 activities | 465 activities |
| | Investment in human capital | Promoting health and wellbeing management and work-life balance | CHO | Japan: White 500 Certified (Japan)*6 | Japan: Certified as White 500 | Certification obtained |
| | | Promoting human capital development based on the Advantest Development Framework | CHO | Education and training expenses | 0.8 (Billions of yen) | 0.68 (Billions of yen) |
| Customers | Customer satisfaction and trust | Provision of more value added and comprehensive customer support quickly and accurately | CCRO | Market position | Maintaining 'No.1 position in the focus markets' | Maintaining the status |
| Suppliers | Respect for human rights and fair deals in the supply chain | Responsible Mineral Procurement | CSCO | Supplier response rate to conflict minerals survey | 99% | 99% |
| | | Penetrating Sustainability in the Supply Chain | CSCO | Due diligence implementation rate for designated business partners*7 | 100% | 100% |
| | | | CSCO | Number of designated business partners*7 | 50 suppliers (Designated 42 suppliers as business partners in FY2023)*7 | 44 companies |

*1 Please refer to P.34 for the list of CxOs.
*2 The non-consolidated Female manager ratio is described in the Securities Report under under " Item 1. Company Overview 5. Status of Employee."
*3 Advantest's qualification system is a 10-level system which is globally standardized, with Level 6 being the highest level of qualification for general employees.
*4 A group-wide survey is conducted every three years.
*5 This award system honors employees who embody INTEGRITY through nominations from other employees.
*6 As the White 500 is a certification system in Japan, the Company and its subsidiaries in Japan are subject to certification.
*7 Tier 1 suppliers, which represent the top 85% of suppliers in terms of transaction value, and Tier 2 suppliers, which are the main suppliers of the Tier 1 suppliers, are subject to due diligence. These suppliers are defined as designated business partners.

# People Respect for Human Rights

## Advantest Group Human Rights Policy

As a global business provider, we recognize that respect for the human rights of people all around the world is essential for our business to achieve sustainable growth. We support and respect internationally recognized human rights principles, including the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights (UNGP), and are committed to making these standards of conduct the foundation of our business activities.
With the appointment of our new Group CEO in April 2024, we have once again reviewed the Advantest Group Human Rights Policy based on international norms. In revising the policy, we interviewed not only relevant departments within the company, including the labor union, but also external human rights experts, and drafted a proposal based on their opinions and advice, which was then discussed and approved by the Executive Management Committee.
In addition, since it is necessary to comply with the laws and regulations of each country or region with regard to human rights, we work closely with the Legal Department to ensure compliance with human rights laws and regulations.

**Advantest Group Human Rights Policy**

## Advantest Group Priority Issues Related to Human Rights

We have identified the following six priority human rights issues based on their relevance to our business. Within the framework of these priority issues, we have begun to assess and identify human rights risks and undertake human rights due diligence in a variety of ways to prevent and mitigate adverse human rights impacts.

**(1) Elimination of discrimination**
**(2) Prohibition of child labor and forced labor**
**(3) Respect for basic labor rights**
**(4) Fair wages and management of working hours**
**(5) Safe working environments and health management**
**(6) Prohibition of discriminatory behavior, violence, and harassment**

**Please see our website for the details for the priority issues related to human rights.**

## Human Rights Due Diligence Assessment by an External Sustainability Rating Provider

In order to understand whether our business activities have adverse impacts on people, including stakeholders in our supply chain, Advantest has adopted an assessment mechanism to identify and evaluate human rights risks and to prevent and mitigate them. We have established a global corporate ethics helpline and a system for reporting and consulting with the Corporate Ethics Office on human rights issues and concerns that are difficult to resolve in the workplace alone. The system allows anonymous reporting and consultation and also accepts reports in 16 major languages.
We also undergo regular assessments by external sustainability organizations to ensure that our human rights initiatives meet internationally required standards. Beginning in FY2023, we responded to a self-assessment provided by EcoVadis to determine the gap between our human rights efforts and international standards. This assessment is based on four themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. Many global companies refer to this assessment as an important criterion in selecting their suppliers. Based on our performance, EcoVadis awarded Advantest their Bronze Medal in FY2023 and FY2024, which is reserved for companies that rank in the top 35% of the companies on their scoreboard. Going forward, we will continue to promote our human rights initiatives with the goal of receiving a more favorable assessment in the future.

### ●Advantest's Responses to Priority Human Rights Issues

| Priority Human Rights Issues | Employee | Supplier | Business Partner (Community) | Customer | Advantest's Response |
|---|---|---|---|---|---|
| 1 Discrimination | ● | ● | ● | ● | ・Internal Dissemination of The Advantest Way (e-learning, etc.)<br>・Fostering a corporate culture based on our INTEGRITY core values<br>・Employee Compliance Awareness Survey |
| 2 Child labor, forced labor | ● | ● | ● | — | ・Supplier CSR surveys<br>・Implementation of assessments by external evaluation organizations (RBA SAQ*1/VAP*2 audits, Ecovadis) |
| 3 Basic labor rights | ● | ● | ● | — | ・Compliance Education<br>・Implementation of assessments by external evaluation organizations (RBA SAQ/VAP audits, Ecovadis) |
| 4 Fair wages, working hours | ● | ● | — | — | ・Implementation of assessments by external evaluation organizations (RBA SAQ/VAP audits, Ecovadis) |
| 5 Safe working environments, health management | ● | ● | ● | — | ・Implementation of occupational health and safety education<br>・CSR surveys of subcontractors<br>・Implementation of assessments by external evaluation organizations (RBA SAQ/VAP audits, Ecovadis)<br>・Health checkups<br>・Stress surveys |
| 6 Violence, harassment | ● | ● | — | — | ・Employee Compliance Awareness Survey<br>・Implementation of harassment training<br>・Establishment of compliance contact points (remedial measures) |

*…A system for identifying human rights risks associated with our business activities and preventing and mitigating any negative impacts.
*1 Self-Assessment Questionnaire
*2 Validated Assessment Program

# People Respecting Human Rights in the Supply Chain

The Advantest group recognizes the human rights of our employees and the workers in our value chain as material items that should be prioritized. To ensure that our business activities are conducted with due respect for human rights, not only within Advantest but also in our supply chain, we incorporate human rights into our supplier selection process and trade terms and encourage our suppliers to embrace responsible corporate behaviors.

## Supply Chain Due Diligence

As part of our supply chain due diligence, Advantest employs various approaches to risk-based assessment and monitoring. In particular, we recognize that some raw materials for semiconductors and manufacturing equipment contain minerals that are implicated in conflict, environmental issues, and human-rights violations. To help stem the circulation of conflict minerals from upstream to downstream in the semiconductor industry supply chain, we have been investigating our partners for any use of the conflict minerals. We have expanded our 3TG (tantalum, tin, tungsten, and gold) investigation, which we have been conducting since 2013, to include additional minerals such as cobalt and mica in FY2024.

### ●Supplier Assessment Methodology

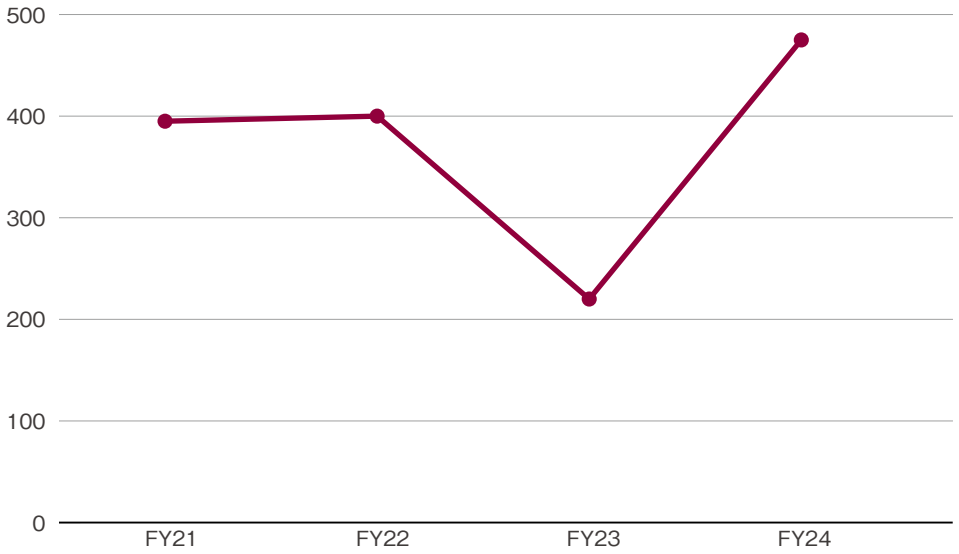
| | Target | Details | Assessment & Response: |
|---|---|---|---|
| **Supply Chain CSR Questionnaire** (suppliers in general) | Suppliers accounting for 85% of the Advantest Group's total transaction value | Based on the RBA Code of Conduct, this questionnaire checks supplier status with regard to human rights and labor, occupational safety, environmental conservation, fair trade and ethics, business continuity planning, supply chain management, etc. | Score, check for significant risks, conduct individual interviews and seminars as necessary |
| **Supplier Performance Management Evaluation** (strategic suppliers) | Approximately 25 strategic suppliers identified based on sales and procurement risks | This evaluation addresses TQRDCEB (Technology, Quality, Responsiveness, Delivery, Cost, ESG, Business) | Independent evaluation on a scale of 0 to 4 points<br>Provides feedback on assessment results (scores and reasons, requests for improvement, etc.) and joint creation of action plans for the following year |
| **Conflict Mineral Investigation** (specific suppliers) | Check for 3TG, cobalt, mica | In this investigation we utilize the Responsible Minerals Initiative (RMI) templates (Conflict Minerals Reporting Templates) | Confirm number of smelters that are compliant with the relevant standards/ certifications. If significant risks are identified, request remediation. |

# People Fostering Corporate Culture: The Source of Our Corporate Strength

## Growth Fostered by INTEGRITY - Turning Individual Strength into Organizational Strength

Advantest considers human capital to be the foundation of all capital essential to overcoming the challenges we face. In order to achieve sustainable growth in corporate value, it is crucial to strengthen human capital through leveraging individual strengths and organizational strengths, which are the two “wheels” of value creation.
To this end, we are committed to creating a workplace environment where employees can work comfortably and actively engage in their roles. We focus on enhancing our employees’ individual capabilities through a well-developed education and training system, aiming to transform these capabilities into the collective strength of the entire organization. Central to these efforts are our core values of "INTEGRITY," a set of principles shared by our employees that transcend borders, cultures, and job classifications, guiding our daily efforts. By fostering a corporate culture centered around INTEGRITY, we strive to enhance individual and organizational growth, ultimately driving the creation of sustainable corporate value.

### Number of The INTEGRITY Award Nominations




## Our INTEGRITY Core Values Support Our Growth

As the Advantest Group expands globally, we believe that our corporate culture is integral to our business activities. With this mindset, we established our core value of "INTEGRITY" in 2019, which was shared throughout the company. Since then, we have pursued various initiatives that align with these values,  including INTEGRITY workshops and Leading with INTEGRITY workshops, which we have been offering to new employees since 2020. Through these activities, we are translating INTEGRITY into tangible action plans tailored to the circumstances of each site and division around the world. These initiatives are supported by the Culture Council, which is a group headed by the Group CEO and composed of several executive officers and 44 INTEGRITY Ambassadors (IAs) around the world (as of May 2025). Through these efforts, we have successfully expanded our INTEGRITY activities year over year, transcending national and cultural boundaries. Specifically, there has been a concerted effort from FY2024 onwards to make INTEGRITY more familiar and accessible, involving a more dynamic range of activities.

## Development of a Culture of INTEGRITY Based on Mutual Recognition and Respect

In 2021, we launched the “The INTEGRITY Award” to recognize employees who have demonstrated INTEGRITY, as nominated by their peers. The number of nominations for the The INTEGRITY Award has increased each year, reaching a record high of 465 in 2024. The INTEGRITY Award has fostered a culture of mutual respect and appreciation, and there is a growing trend toward establishing unique awards in each region The culture of INTEGRITY is not just a philosophy, but a set of practical values rooted in daily dialogue and actions that permeate throughout workplaces across the world.

**Please refer to the Sustainability website for more information.**

## Major Initiatives to Foster A Culture of INTEGRITY







Award ceremony in South Korea




Photo from Ethnic Day

**2019**
- Renewed The Advantest Way
- Established INTEGRITY Core Values
- Held our first coffee talk event in China

**2020**
- INTEGRITY workshops launched globally
- Cross-organizational mentoring program

"Cross 1on1" launched by volunteers

**2021**
- Launched “Leading with INTEGRITY” workshops for managers
- Established The INTEGRITY Award*

**2022**
- Launched Culture Council under the leadership of our Group CEO
- 38 INTEGRITY Ambassadors appointed

**2023**
- Advantest Europe GmbH (Germany) and Advantest Korea Co., Ltd. (Korea) received "Great Place to Work" certification

**2024**
- Achieved the goal of 400 nominations for The INTEGRITY Award
- Launched “Advantest Forest” Sponsored Tree Initiative and reached 300 digital trees
- Expansion of luncheon social event (Japan, South Korea)
- First RAKUICHI held in Japan
- Reached Finals of Nikkei Corporate Song Contest

**2025**
- Simultaneous Ethnic Day events at locations around the world

INTEGRITY

70th Facing the future together



Coffee talk in China



INTEGRITY Ambassadors






Luncheon social event held in South Korea



The Advantest Forest: in commemoration of 300 digital trees






***The INTEGRITY Award:**
An award system that recognizes employees who practice INTEGRITY culture in their daily work.

# People Developing Innovative Human Capital

## Advantest Launches the "RAKUICHI" Project From "Weak Ties" to Creating Innovation

In the spirit of our corporate mission statement, “Enabling Leading-edge Technologies,” Advantest has always pursued advanced technological development. In addition to technical exchanges with customers, academic institutions, and industry organizations, we also explore a variety of technologies within our own company.
To this end, we have launched the "RAKUICHI” project (*), which aims to expand technological exchange and innovation within through the exchange of ideas and knowledge.
RAKUICHI is a vibrant internal event, where various departments, ranging from engineers and R&D to Administrative teams, showcase their projects through booths, live demos, posters, and more. Originally held as a technical conference, RAKUICHI has grown over the years from a small R&D initiative to an exciting platform for collaboration, creativity, and innovation. RAKUICHI provides the perfect opportunity for colleagues to network, establish new connections, exchange ideas and expertise, elevate talent within the company, and celebrate the incredible work being done across the organization.
Following positive reactions and feedback from the participants, we decided to hold RAKUICHI as a regular event. RAKUICHI is also open to employees from non-engineering departments who are encouraged to actively participate in fostering new ideas.
At the 2nd RAKUICHI in July 2025, there were about 30 kiosk exhibits, offering a wide variety of presentations on technical introductions, skill improvement, and communication.
We will deepen our efforts to promote interaction among a diverse range of talents and continue our challenge of enabling leading-edge technologies through engagement across Advantest.



***About RAKUICHI**

Four centuries ago, during Japan's "Warring States" period, the country's most powerful lords implemented an economic stimulation policy known as "Rakuichi Rakuza," which created free markets and dissolved the guilds, enabling merchants to trade freely. Inspired by this system, Advantest's RAKUICHI concept aims to foster broad technology and knowledge acquisition and accelerate innovation by opening our technology exchange spaces and leveraging the power of “weak ties,” as defined by Stanford University sociologist Mark Granovetter in his 1973 paper, “The Strength of Weak Ties.” His theory, which has become commonly cited in sociology, stresses the importance of small interactions for building a strong network and driving career development. In many ways, this concept inspired RAKUICHI and continues to serve as the foundational theme of this initiative.

Granovetter, M. S. (1973). The Strength of Weak Ties. American Journal of Sociology, 78(6), 1360–1380. http://www.jstor.org/stable/2776392

## Experience Sustainability with “from Me” Card Game

Advantest strives to improve employee engagement and seeks greater internal buy-in to sustainability concepts with the card game "from Me.” "From Me" is a card game created by the nonprofit Japan Fundraising Association. Through various ways of using play money, such as donating, investing, spending, and saving, players experience a simulation of the relationship between quality of life, how we use money, and social trends. We believe that when everyone enjoys themselves and actively participates, it contributes to improving the value of Advantest's human capital in line with our Sustainability Action Plan.
Two of our employees are registered as certified "from Me" facilitators and have conducted about five in-house workshops. Most recently, a workshop was held during new employee training. We have also expanded the scope of our activities to external training and have received requests for workshops from educational institutions and several other companies.
Together with the "RAKUICHI” Project, we aim to foster a corporate culture that continues our mission of enabling leading-edge technologies.

### Voice from Participants



**Human Capital Department**
**(First-year employee)**

Through "from Me," I was able to enjoyably learn about the relationship between economic behavior, well-being, and social issues.
I also gained a systematic understanding of how individual decision-making impacts society as a whole, which served as a valuable opportunity to reflect on my own seemingly minor actions.



**Sales Support Department**
**(First-year employee)**

I learned that even small actions by individuals can accumulate and become a powerful force for societal change.
Through the game, I was able to experience simulated activities such as donations and investments, and I enjoyed seeing how the collective actions of all participants significantly influenced the state of the game—representing society.

# People Occupational Health and Safety

## Occupational Health and Safety Policy

The Advantest Group recognizes that occupational health and safety management is an important aspect of all our business activities. We proactively and continuously implement occupational health and safety initiatives based on the Advantest Group Occupational Safety and Health Policy.

**Advantest Group Occupational Safety and Health Policy**

## Sustainability Action Plan (2024-2026)

As part of our mid-term sustainability action plan, we are working to eliminate workplace accidents by setting a target Lost Time Incident Rate (LTIR)* of zero, with the goal of preventing workplace accidents that result in death or injury, resulting in absence from work.

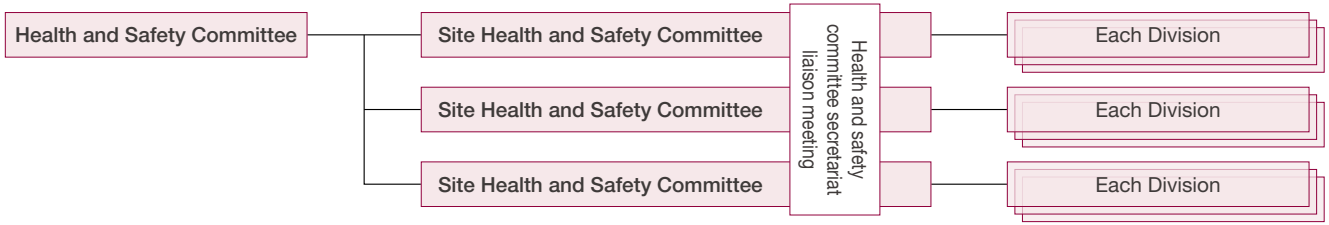
***LTIR (Lost Time Incident Rate)** : Rate of lost-time incidents per 200,000 working hours

P.53 Sustainability Action Plan 2024-2026

## Health and Safety Committee (Japan)

Every year, we convene a Health and Safety Committee Meeting that decides the health and safety direction and policy for the whole Group. Our approach to health and safety is based on the main activity themes decided on at this meeting. Based on these themes, the health and safety committees at each location set their annual targets and plans and implement activities.

### ●Health and Safety Committee Organization and Roles



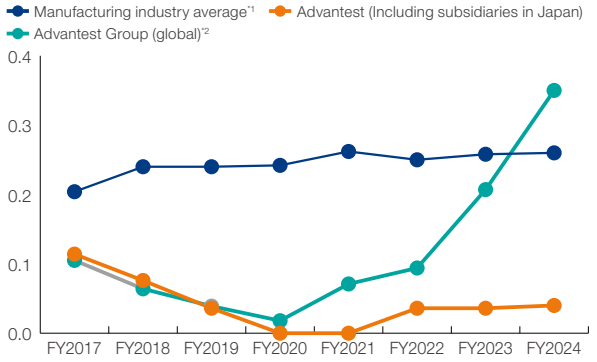

| Health and Safety Committee | Site Health and Safety Committee | Health and Safety Committee Secretariat Liaison Meeting | Each Division |
|---|---|---|---|
| • Decisions on important H&S issues<br>• Evaluation of activity results<br>• Determination of key activity themes<br>• Information sharing on occupational accidents | • Managing the progress of targets<br>• Trends in legal amendments<br>• Investigation into the causes and set the measures to prevent recurrence.<br>• Safety management measures<br>• Other matters relating to the promotion of H&S | • Sharing of targets and activities of each office<br>• Progress management of activity themes<br>• Sharing of common issues to be addressed<br>• Sharing of accident cases and measures to prevent recurrence | • Dissemination of targets and activities to employees<br>• Promotion of H&S activities<br>• Reporting of issues and case studies<br>• Safety management measures in the workplace<br>• Other matters relating to the promotion of health and safety |

## Promoting Stronger Cooperation with Overseas Locations

The Advantest Group has begun to reinforce health and safety information sharing and collaboration between the Japanese headquarters and its overseas affiliates. To promote health and safety activities based on global standards, we are conducting situation analyses at each overseas location with reference to the RBA(*) Code of Conduct (B. Safety and Health), setting specific goals and key themes, and promoting related activities. In addition, by sharing the unique activities, safety and health measures, and improvement measures at each site, we aim to raise the level of safe and secure working environments on a global level.

***RBA (Responsible Business Alliance)**: As the world's largest industry coalition dedicated to responsible business conduct in global supply chains, RBA publishes a Code of Conduct covering labor, safety and health, environmental conservation, and corporate ethics.

### ●LTIR Trends




*1: **Manufacturing industry average**
The average frequency rate for the Japanese manufacturing sector, published by the Ministry of Health, Labour and Welfare, is converted into LTIR here.

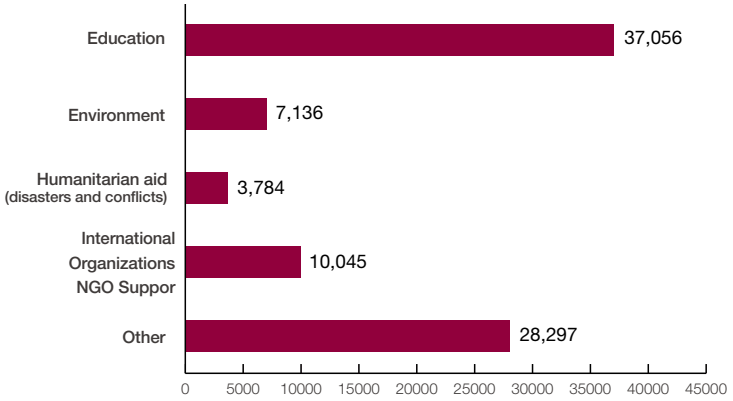
*2: **Advantest Group (global)**
For countries and regions that do not track working hours, total actual working hours are calculated approximately from the standard number of working days and the average number of employees.

# People Community Contributions

Based on our corporate philosophy, the Advantest Way, Advantest is committed to being a responsible corporate citizen that contributes to the realization of a sustainable and better society through a wide range of social contribution activities around the world. We go beyond simple donations, emphasizing activities that address the needs of our local communities. These activities include educational support, humanitarian aid, and environmental conservation efforts. Each of our employee volunteers is dedicated to addressing social issues, serving those less fortunate in the countries and regions where Advantest operates. In addition to donations to international organizations, our activities have expanded to include multifaceted support such as partnerships with local educational institutions, assistance to disaster-stricken areas, tree planting activities, and beach cleanups. These activities have also led to enhanced employee engagement, respect for diversity, and the cultivation of a global perspective. Going forward, we will continue to engage in dialogue with local communities as we carry out more sustainable and meaningful activities in the future.

## ●Community Contributions (FY2024)

Unit:1,000 yen




* Totals do not include volunteer activity, other employee activities, or donations in kind.



Volunteers who participated in the beach clean-up (USA)



Volunteer planting tree stems in plastic bags (Malaysia)

## Contributing to the local community through the restoration of historic buildings

Advantest America, in partnership with Habitat for Humanity, continues to participate in housing construction and renovation projects in San Jose, California In October 2024 and June 2025, employee volunteers contributed to the restoration of the historic, century-old Pallesen Apartments, thereby fulfilling their commitment to the local community. This project is an effort to preserve buildings that were slated for demolition due to redevelopment and convert them into affordable homeownership opportunities.

Advantest employees worked to prepare the roof shingles and window frames for painting and interior construction, helping to create a safe home for local families. Employees who had participated in past activities also had a valuable opportunity to deepen their connection with the community as they witnessed the progress of the project. We will continue to fulfill our corporate responsibilities in terms of both sustainable social development and social contribution through collaboration with local communities.







Volunteers who participated in the project

# 11 Year Financial Highlights

Advantest corporation and its consolidated subsidiaries. Each fiscal year beginning on April 1

| | | IFRS | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | FY2014 (2015/3) | FY2015 (2016/3) | FY2016 (2017/3) | FY2017 (2018/3) | FY2018 (2019/3) | FY2019 (2020/3) | FY2020 (2021/3) | FY2021 (2022/3) | FY2022 (2023/3) | FY2023 (2024/3) | **FY2024 (2025/3)** |
| **Financial Results** | | | | | | | | | | | | |
| **Fiscal year** | (Unit) | | | | | | | | | | | |
| Net sales | Million yen | 163,803 | 162,111 | 155,916 | 207,223 | 282,456 | 275,894 | 312,789 | 416,901 | 560,191 | 486,507 | **779,707** |
| Gross profit | Million yen | 91,755 | 91,475 | 89,740 | 106,588 | 154,039 | 156,497 | 168,291 | 235,907 | 319,061 | 246,030 | **445,085** |
| Selling, general and administrative expenses*1 | Million yen | 74,897 | 78,878 | 75,835 | 82,101 | 89,377 | 97,789 | 97,565 | 121,173 | 151,374 | 164,402 | **216,924** |
| Operating income | Million yen | 16,858 | 12,597 | 13,905 | 24,487 | 64,662 | 58,708 | 70,726 | 114,734 | 167,687 | 81,628 | **228,161** |
| EBITDA*2 | Million yen | 21,588 | 17,562 | 19,063 | 29,511 | 69,629 | 69,600 | 82,482 | 129,702 | 189,083 | 107,732 | **255,236** |
| Income (loss) before income taxes | Million yen | 20,767 | 11,767 | 15,022 | 24,282 | 66,211 | 58,574 | 69,618 | 116,343 | 171,270 | 78,170 | **224,774** |
| Net income (loss) attributable to owners of the parent | Million yen | 16,753 | 6,694 | 14,201 | 18,103 | 56,993 | 53,532 | 69,787 | 87,301 | 130,400 | 62,290 | **161,177** |
| Cash flows from operating activities | Million yen | 24,481 | 7,728 | 15,833 | 28,254 | 44,792 | 66,475 | 67,830 | 78,889 | 70,224 | 32,668 | **285,971** |
| Cash flows from investing activities | Million yen | -1,310 | -2,395 | -3,521 | -2,329 | -15,915 | -38,819 | -16,831 | -46,907 | -26,706 | -27,940 | **-42,189** |
| Cash flows from financing activities | Million yen | -1,298 | -13,531 | -1,002 | -15,237 | -13,724 | -17,916 | -30,415 | -68,736 | -77,434 | 10,760 | **-82,818** |
| Free cash flows*3 | Million yen | 23,171 | 5,333 | 12,312 | 25,925 | 28,877 | 27,656 | 50,999 | 31,982 | 43,518 | 4,728 | **243,782** |
| Cash and cash equivalents at end of year | Million yen | 97,574 | 85,430 | 95,324 | 103,973 | 119,943 | 127,703 | 149,164 | 116,582 | 85,537 | 106,702 | **262,544** |
| **Fiscal year-end** | (Unit) | | | | | | | | | | | |
| Shareholders' equity | Million yen | 101,810 | 93,619 | 109,517 | 124,610 | 198,731 | 231,452 | 280,369 | 294,621 | 368,694 | 431,178 | **506,539** |
| Total assets | Million yen | 233,237 | 210,451 | 231,603 | 254,559 | 304,580 | 355,777 | 422,641 | 494,696 | 600,224 | 671,229 | **854,210** |
| **Information per share*4** | (Unit) | | | | | | | | | | | |
| Basic earnings (loss) per share | ¥ | 24.04 | 9.59 | 20.27 | 25.49 | 75.59 | 67.53 | 88.47 | 112.39 | 174.35 | 84.45 | **218.67** |
| Diluted earnings (loss) per share | ¥ | 21.92 | 8.85 | 18.49 | 23.17 | 71.84 | 67.24 | 87.96 | 111.82 | 173.68 | 84.16 | **218.01** |
| Shareholders' equity per share | ¥ | 145.82 | 134.07 | 154.83 | 174.01 | 251.13 | 291.63 | 356.82 | 387.93 | 500.61 | 584.25 | **690.80** |
| Dividend per share | ¥ | 3.75 | 5.00 | 6.25 | 8.00 | 23.00 | 20.50 | 29.50 | 30.00 | 33.75 | 34.25 | **39.00** |
| Number of shares issued at year-end | | 798,267,080 | 798,267,080 | 798,267,080 | 798,267,080 | 798,267,080 | 798,267,080 | 798,267,080 | 798,169,060 | 766,169,060 | 766,141,256 | **766,141,256** |
| **Management indicator** | (Unit) | | | | | | | | | | | |
| Overseas net sales as a % of total net sales | % | 92.0 | 92.0 | 88.2 | 93.2 | 94.7 | 94.6 | 95.5 | 96.1 | 96.3 | 95.9 | **98.0** |
| Net sales per employee | Million yen | 35.9 | 36.1 | 35.3 | 46.5 | 61.0 | 54.7 | 59.5 | 70.2 | 85.6 | 71.9 | **111.4** |
| Gross profit margin | % | 56.0 | 56.4 | 57.6 | 51.4 | 54.5 | 56.7 | 53.8 | 56.6 | 57.0 | 50.6 | **57.1** |
| Operating Income Margin | % | 10.3 | 7.8 | 8.9 | 11.8 | 22.9 | 21.3 | 22.6 | 27.5 | 29.9 | 16.8 | **29.3** |
| Net income ratio | % | 10.2 | 4.1 | 9.1 | 8.7 | 20.2 | 19.4 | 22.3 | 20.9 | 23.3 | 12.8 | **20.7** |
| SG&A ratio to sales | % | 45.7 | 48.6 | 48.7 | 39.6 | 31.6 | 35.4 | 31.2 | 29.1 | 27.0 | 33.8 | **27.8** |
| R&D Expenses | Million yen | 29,507 | 31,298 | 31,170 | 33,540 | 37,852 | 40,070 | 42,678 | 48,367 | 60,094 | 65,492 | **71,399** |
| R&D as a % of total net sales | % | 18.0 | 19.3 | 20.0 | 16.2 | 13.4 | 14.5 | 13.6 | 11.6 | 10.7 | 13.5 | **9.2** |
| Capital Expenditures | ¥100 million | 42 | 40 | 48 | 54 | 66 | 99 | 137 | 180 | 250 | 208 | **210** |
| Depreciation and Amortization | ¥100 million | 47 | 50 | 52 | 50 | 50 | 109 | 118 | 150 | 214 | 261 | **271** |
| EBITDA margin*2 | % | 13.2 | 10.8 | 12.2 | 14.2 | 24.7 | 25.2 | 26.4 | 31.1 | 33.8 | 22.1 | **32.7** |
| Cash conversion cycle | Day | 143 | 163 | 186 | 137 | 132 | 162 | 134 | 136 | 178 | 272 | **207** |
| Shareholders' equity ratio | % | 43.7 | 44.5 | 47.3 | 49.0 | 65.2 | 65.1 | 66.3 | 59.6 | 61.4 | 64.2 | **59.3** |
| ROE | % | 18.5 | 6.9 | 14.0 | 15.5 | 35.3 | 24.9 | 27.3 | 30.4 | 39.3 | 15.6 | **34.4** |
| ROIC*5 | % | 8.7 | 6.4 | 7.1 | 11.9 | 27.5 | 20.5 | 20.7 | 28.4 | 34.6 | 13.5 | **31.5** |
| Dividend payout ratio | % | 15.6 | 52.2 | 30.8 | 31.4 | 30.4 | 30.4 | 33.3 | 26.7 | 19.4 | 40.6 | **17.8** |
| Yen exchange rate | US Dollar | 108 | 121 | 108 | 111 | 110 | 109 | 106 | 112 | 134 | 143 | **153** |
| | Euro | 140 | 133 | 119 | 129 | 129 | 121 | 123 | 130 | 140 | 155 | **164** |

*1 Selling, general and administrative expenses from the fiscal year ended March 31, 2015 are composed of selling, general and administrative expenses, other income/expenses. Figures for the fiscal year ended March 31, 2014 consist of research and development expenses, selling, general and administrative expenses, and impairment charges.
*2 EBITDA= Operating income + Depreciation and amortization, EBITDA margin = EBITDA/Sales
*3 Free cash flows= Cash flows from operating activities + Cash flows from investing activities
*4 Advantest has issued a 4-for-1 stock split of common stock, effective October 1, 2023.The information per share figures are based on the assumption that the stock split had been issued at the beginning of fiscal 2014.
*5 Return on Invested Capital = NOPAT / Invested capital (average at beginning and end of period). NOPAT = Operating income x (1 - tax ratio 25%). Invested Capital = Borrowings + Corporate bonds + Total equity, with excluding Lease liabilities.

| | (Unit) | CY2014 | CY2015 | CY2016 | CY2017 | CY2018 | CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | **CY2024** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Global real GDP growth (Source: IMF) | % | 3.5 | 3.4 | 3.3 | 3.8 | 3.6 | 2.9 | -2.7 | 6.6 | 3.8 | 3.5 | **3.3** |
| Worldwide semiconductor sales (Source: WSTS) | Billion US dollar | 336 | 335 | 339 | 412 | 469 | 412 | 440 | 556 | 574 | 527 | **631** |
| SoC tester market size (Source: Advantest) | Million US dollar | 1,950 | 1,650 | 2,000 | 2,200 | 2,550 | 2,700 | 3,000 | 4,300 | 4,000 | 3,300 | **4,100** |
| Memory tester market size (Source: Advantest) | Million US dollar | 420 | 470 | 470 | 750 | 1,150 | 650 | 1,200 | 1,300 | 1,200 | 1,100 | **1,900** |




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