Overview

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."

Douglas Lefever
Representative Director,
Senior Executive Officer,
Group CEO

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.

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."***

Koichi Tsukui

Representative Director,
Senior Executive Officer and President,
Group COO

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 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.”

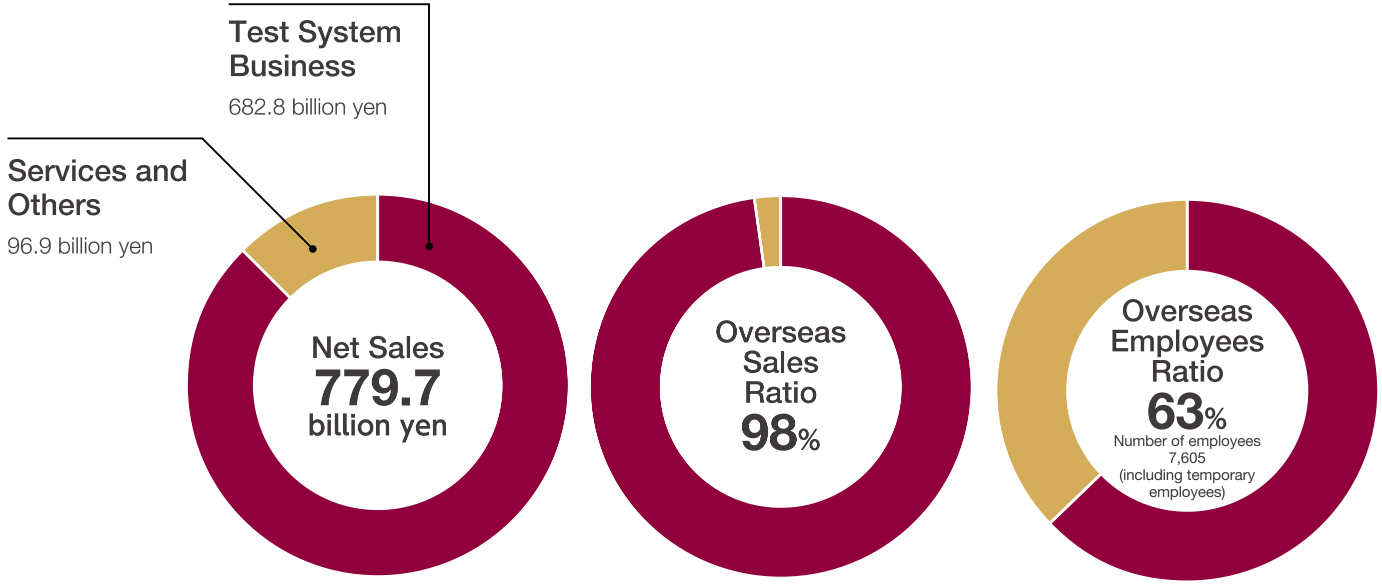
FY2024 Highlights

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.

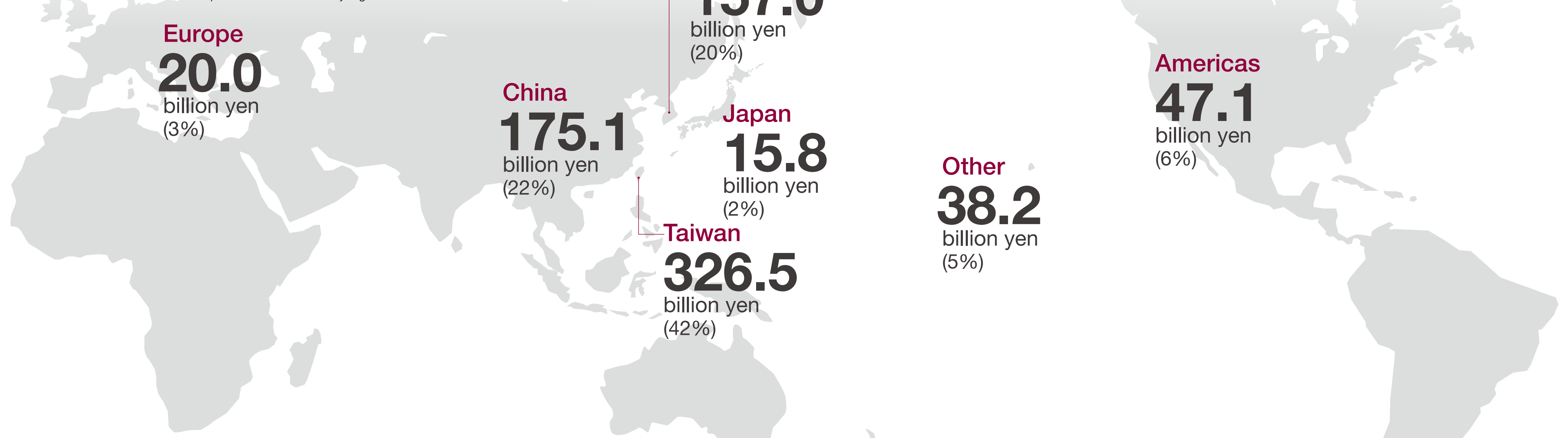
In order to meet our customers' delivery requirements to the greatest extent possible, Advantest worked to ensure the timely procurement of parts and product supply capabilities. As a result of the above, in the consolidated fiscal year ended March 31, 2025, net sales were 779.7 billion yen (60.3% increase 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.

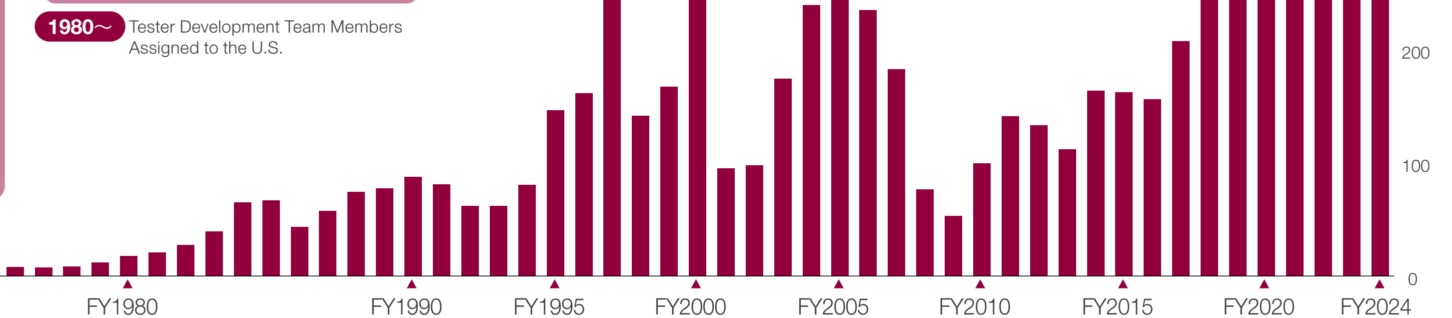
The goal of reaching 400 billion yen in sales by FY2027, as set forth in the Grand Design and 1st Mid-term Management Plan announced in 2018, was achieved ahead of schedule in 2021. Furthermore, with generative AI as a business driver, Advantest is stepping into a new stage of growth.

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.

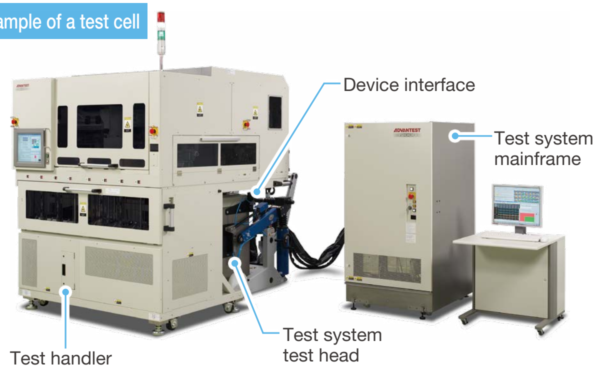
Test System

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

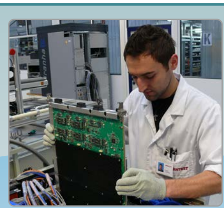
Synergistic Solution Families Centered on Semiconductor Test Systems

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."

Services & Others

Customer Services

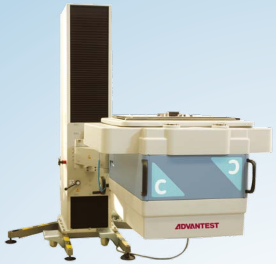


Metrology / SEM

E3660
MASK CD-SEM

Test System

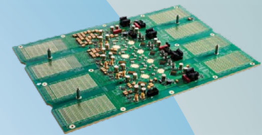
V93000
SoC Test System



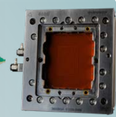
T5801
Memory Test System

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

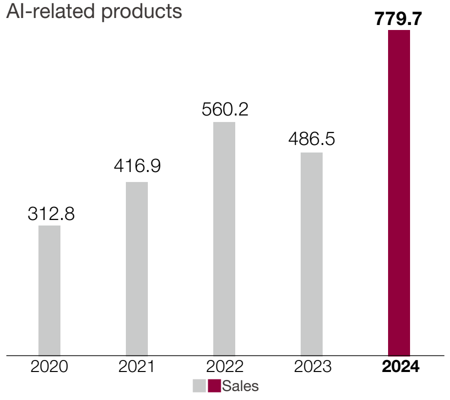
7038
High Parallelism SLT and Burn-in Platform

Test System Business

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

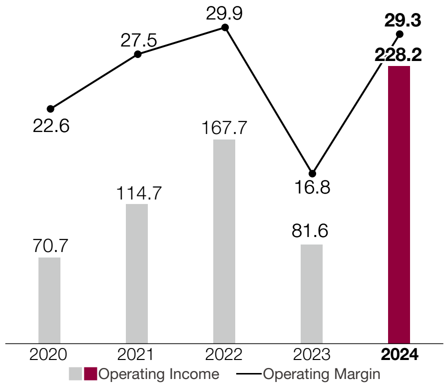
Sales
(Billion yen)

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



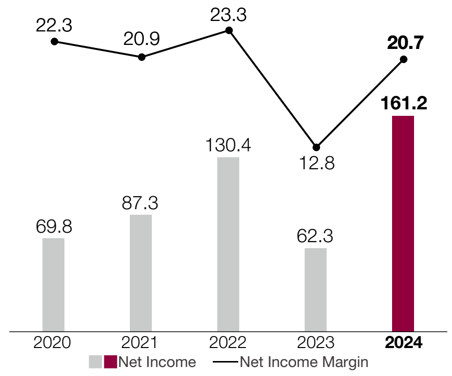
Operating Income / Operating Margin
(Billion yen /%)

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



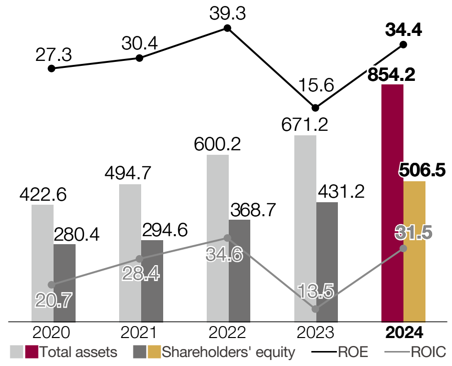
Net Income / Net Income Margin
(Billion yen /%)

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



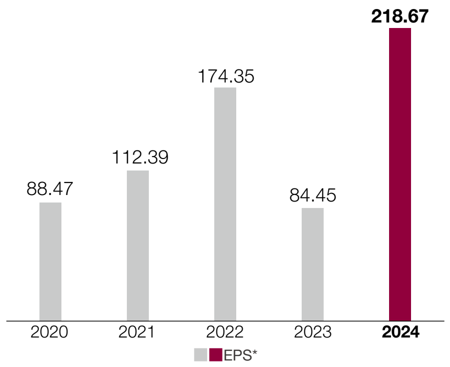
Total Assets / Shareholders' Equity / ROE / ROIC
(Billion yen / Billion yen / % / %)

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



Basic EPS
(Yen)

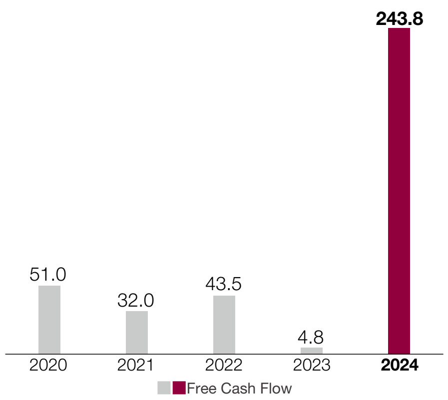
Increased significantly due to record profits



*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.

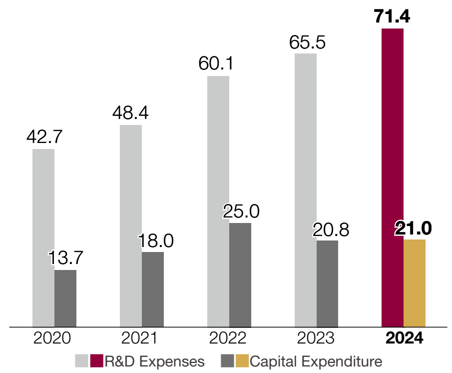
Free Cash Flow
(Billion yen)

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



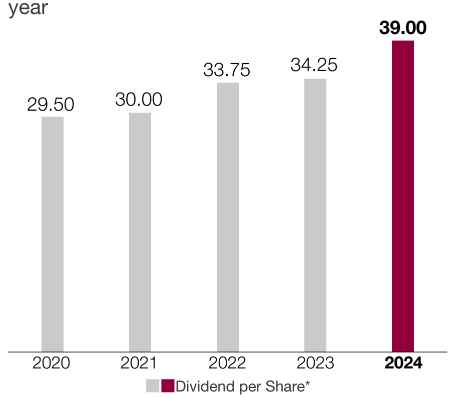
R&D Expenses / Capital Expenditure
(Billion yen)

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



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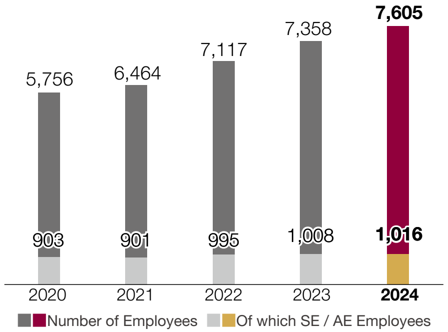
Consolidated Non-Financial Highlights (Each fiscal year starts on April 1st)

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

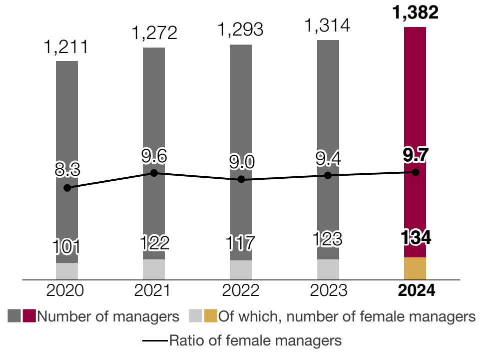
Continuous investment in human capital in anticipation of future business expansion



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

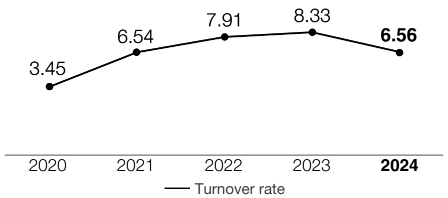
Number of managers / Ratio of female managers
(Number / %))

Another slight upswing in the ratio of female managers



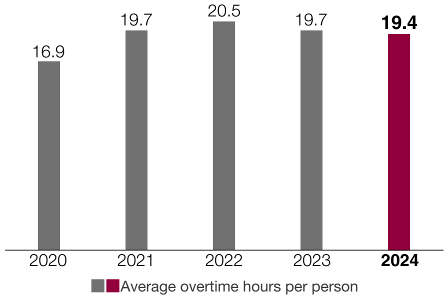
Turnover rate
(%)

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



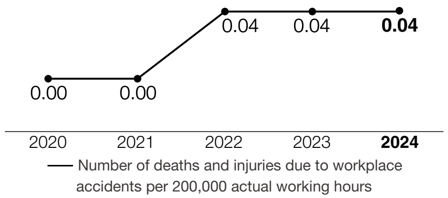
Average overtime hours per person (Japan, China, South Korea)
(Hours / Month)

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



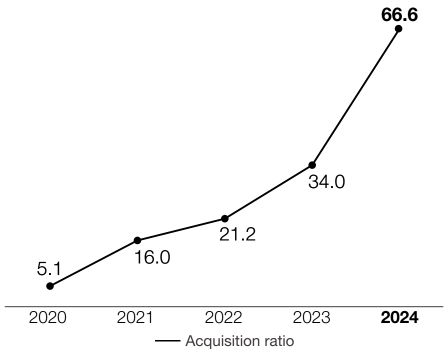
LTIR (number of deaths and injuries due to workplace accidents per 200,000 actual working hours) (Japan)
(Number)

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



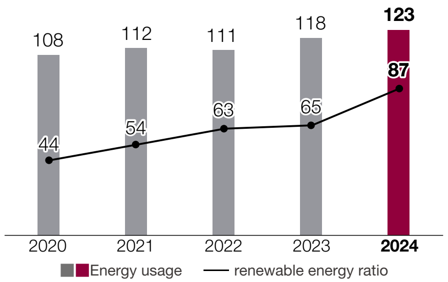
Number of male employees taking paternity or childcare leave (Japan)
(%)

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