Strategy

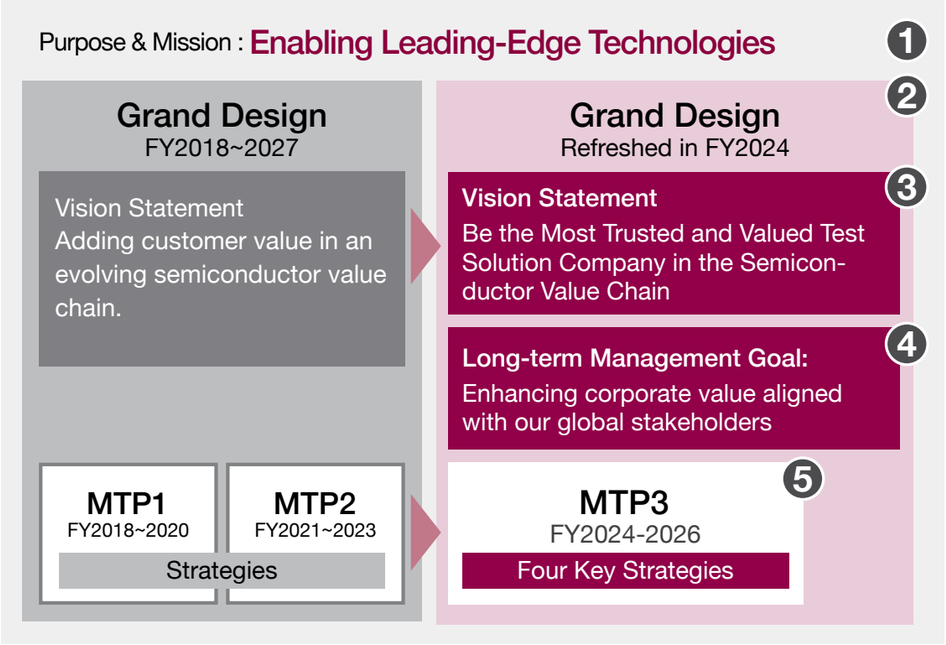
Mid- to Long-term Management Policy: the “Grand Design” 20
Overview of the Third Mid-Term Management Plan [MTP3, FY2024-FY2026] 21
CFO Message 23
Our R&D 25
Our Customer Relations 27
Our Strategy for Building a Scalable and Resilient Supply Chain 29
Frameworks and Initiatives Supporting Our Human Capital Strategy 32
Risk Management 34

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 cut thrive 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 Management 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.

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

Advantest expects the semiconductor test-related market to 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 complexity of semiconductors.

Against this industry landscape, Advantest Group has been implementing its three-year Third Mid-term Management Plan (MTP3) since FY2024, which was formulated in accordance with the refreshed "Grand Design."

Advantest believes that the strategic initiatives under MTP3 are, overall, progressing ahead of expectations, led by efforts to realize the provision of "Automation of Test" and to build the industry ecosystem that will serve as its foundation. In FY2026, the final year of the mid-term plan, Advantest will continue to advance various initiatives aimed at enhancing corporate value over the medium- to long-term.

Four Strategies of MTP3: Backgrounds and Progress in FY2025

1 Outpace the growth in our core market

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

Progress in FY2025

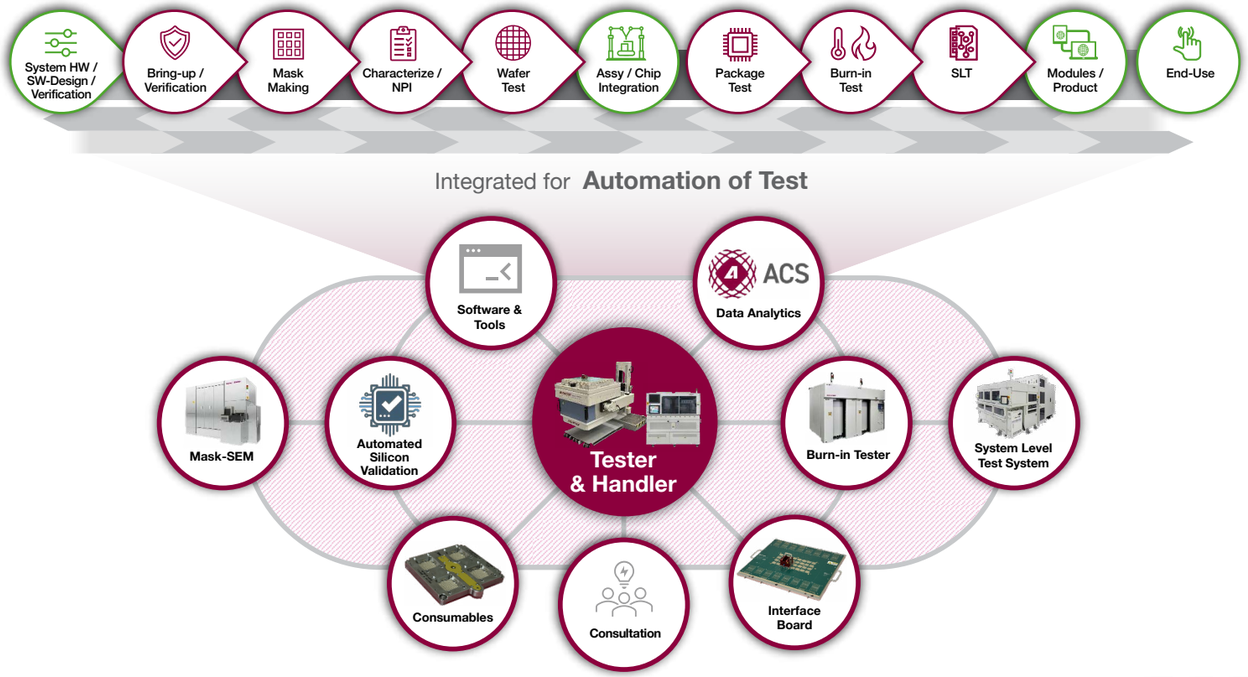
- Further expanded our market share in the semiconductor tester (ATE) market (CY2024: 58%; CY2025: 65%) by expanding sales of products with strong customer appeal that anticipate changes in test demand, as well as through key customer and regional strategies.
- Launched several next-generation test solutions.
- Strengthened R&D capabilities to address medium- to long-term industry challenges. Advanced preparations for the market introduction of high-value-added test solutions in high-growth areas such as next-generation DRAM and silicon photonics, securing the first large ATE order for volume production in the latter.

2 Expand adjacently / new businesses

As semiconductors continue to become more sophisticated and complex, there is growing demand for more comprehensive and more integrated test solutions. Advantest has been expanding its business into system-level test and test peripherals, and will continue to further increase the value it provides to customers. More specifically, Advantest will utilize its installed-base products to promote its field services and Advantest® Cloud Solutions, while also pursuing new initiatives aimed at enhancing customer value in markets adjacent to its core business.

Progress in FY2025

- Successfully expanded industry awareness of SiConic®, a groundbreaking automated silicon validation solution, in the semiconductor value chain.
- Expanded cross-industry collaborative initiatives—such as the opening of the "Advantest Innovation Center" and participation in Applied Materials, Inc.'s EPIC (Equipment and Process Innovation and Commercialization) platform—aimed at driving further test value creation.
- Deepened strategic partnerships with three probe card manufacturers, aiming to develop high-performance total testing solutions that will meet customers' future testing needs.



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

3 Drive operational excellence

Advantest will continue to solve testing issues in the semiconductor industry by utilizing in-house technologies, know-how, and resources on a cross-functional basis. In addition to the above, to become a company that is valuable to all of its 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 of its operations. To this end, Advantest is committed to accelerating internal operations and streamlining resources through DX (digital transformation), building a resilient supply chain, strengthening human capital through recruiting competent talent and expanding employee training, and improving internal productivity through the use of AI and data analytics.

Progress in FY2025

- Fulfilled surging customer demand through advanced supply chain management and strong supplier collaboration.
- Expanded the governed use of AI internally to accelerate operations and improve efficiency.
- Enhanced talent acquisition, development, and retention capabilities, and developed attractive workspaces to support future growth.

4 Enhance sustainability

Advantest will further strengthen its foundation for enhancing corporate value through proactive and positive measures on sustainability issues such as climate change and human rights, the execution of responsible business activities, including legal compliance and adherence to ethical business practices, and the reinforcement of risk management and enhancement of corporate governance. In doing so, Advantest aims to earn greater trust from its stakeholders. Advantest will also continue to cultivate a common culture and shared values within the company, as these are the starting points for promoting initiatives related to sustainability.

Progress in FY2025

- Despite business expansion, GHG emissions (Scope 1 and 2) were successfully held flat year over year.
- Strengthened management execution capacity and enhanced the ability to respond to the increasing complexity of the business environment by appointing multiple executives with deep semiconductor industry knowledge and diverse, advanced expertise and experience.

Targeted Management Metrics

In MTP3, Advantest will strive to enhance its corporate value by increasing sales, improving profitability, and improving capital efficiency through the aforementioned 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), and Advantest will strive to improve each of these metrics. In order to evaluate the progress of the plan from a medium- to long-term perspective, Advantest uses three-year averages for the following management metrics to smooth out the impact of industry cycles.

Furthermore, in October 2025, Advantest revised all indicators upward from its initial announcement in June 2024, reflecting a stronger-than-expected outlook for AI/HPC semiconductor testing demand and progress in internal strategic initiatives such as market share expansion.

	MTP3 targets*1 (FY2024-FY2026 Avg.)	FY2024 Results*2	FY2025 Results*2
Sales	**JPY 835 - 930B**	JPY 779.7B	JPY 1,128.6B
Operating profit margin	**33 - 36%**	29.3%	44.2%
Net income	**JPY 207 - 248B**	JPY 161.2B	JPY 375.4B
Return on Invested Capital*3 (ROIC)	**34 - 39%**	31.5%	54.4%
Basic EPS	**JPY 284 - 341B**	JPY 218.67B	JPY 515.15B

*1 Revised targets as of October 2025. The revised targets combine actual results through FY2025 H1 with performance forecasts for FY2025 H2 and FY2026 as of that time. The forecast exchange rate assumptions were 140 yen to the US dollar and 155 yen to the euro.

*2 Actual exchange rates were 153 yen to the US dollar and 164 yen to the euro in FY2024, and 150 yen to the US dollar and 173 yen to the euro in FY2025.

*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, excluding lease liabilities.

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

CFO Message

Hisako Takada
Chief Financial Officer (CFO)

Reflecting on My First Year as CFO

It has been one year since I joined Advantest and assumed the role of CFO. Over the course of this year, one of the management challenges I have come to recognize most strongly is the high degree of volatility inherent in the semiconductor industry. In addition to sales and profits, share prices also fluctuate significantly.

Preparing for such volatility requires us to maintain buffer inventory to accommodate sudden increases in future demand, while also preserving sufficient liquidity and stability on the balance sheet. At the same time, these measures entail various additional costs, making it essential to strike an appropriate balance with capital efficiency. I have come to see the need to enhance efficiency while maintaining financial stability as an extremely important management priority for Advantest.

Over the past year, we have held extensive discussions on these challenges, including at meetings of the Board of Directors. With regard to inventories, for example, we have established a basic framework and policy under which we clearly define the required level of buffer inventory and the rationale behind it, review that level regularly, and take prompt action when inventory exceeds the appropriate threshold.

We have also completed a one-year share repurchase program, while working to optimize the balance sheet as a whole, including our capital structure and capital levels.

Specific Initiatives Underway

The term “optimization” may suggest little more than adjustment. However, given the currently favorable market environment, I believe Advantest has reached a stage at which we must address both growth investment and shareholder returns.

In particular, responding to the demand fluctuations characteristic of the semiconductor market and making strategic investments at the right time are essential not only to capture near-term business opportunities, but also to secure Advantest’s sustainable growth. We are currently establishing a framework that will enable us to make such decisions with both agility and discipline.

More specifically, our focus is on the following three areas:
* Establishing appropriate levels of inventory and liquidity
* Managing the balance between capital efficiency and financial stability
* Making scenario-based management decisions that assume fluctuations in market conditions

Through these initiatives, our policy is to consistently execute the necessary strategic investments steadily, while understanding volatility as a given, thereby maintaining a stable financial foundation over the medium to long term.

In recent years, indicators such as profit margins and ROE have remained at high levels, while sales have grown substantially. As a result, total assets exceeded ¥1 trillion for the first time in fiscal 2025. From the perspective of the scale of our assets and capital as well, Advantest is entering a new stage of growth.

I understand that this was also one of the factors considered when Rating and Investment Information, Inc. (R&I) upgraded our issuer credit rating from “A+” to “AA–” in July. Our strong business performance in recent years has further strengthened our financial soundness and has placed us in a position to make proactive investments in future growth.

Issuance of Convertible Bonds

In April 2026, Advantest issued ¥100 billion in convertible bonds. There were three principal considerations behind this decision.

1. Responding Promptly to Further Growth in Future Demand
Of the funds raised, ¥70 billion is scheduled to be allocated to expanding production capacity and securing inventory.

As we look ahead to medium- and long-term demand growth, there is a possibility that, if we are unable to provide the products required by our customers, Advantest itself could become a bottleneck to the growth of the semiconductor market. We therefore determined that it was important to secure the necessary funds in advance and execute investments promptly, both to support the sound development of the semiconductor market and to maintain and strengthen our competitiveness.

2. Utilizing Debt
The semiconductor sector is characterized by significant fluctuations in business performance, and I believe it is an industry in which companies should remain cautious about the continuous use of substantial financial leverage.

At the same time, Advantest’s financial soundness has improved considerably as a result of its strong performance in recent years, creating greater capacity to utilize debt. In considering our financing options, we compared convertible bonds with alternatives including straight bonds and bank borrowings. In the current environment of rising interest rates, the ability to raise funds at a zero coupon was a key feature of convertible bonds and an important factor that ultimately determined our choice.

Although the amount issued was limited in relation to our market capitalization, we also considered the potential for a lower cost of capital by incorporating convertible bonds into our capital structure.

CFO Message

3. Making Effective Use of the Rise in Our Share Price

Another major reason for selecting convertible bonds was that, against a backdrop of high market expectations, our share price had risen to a level at which dilution could be kept extremely low, even if all of the bonds were converted into shares.

The convertible bonds issued in 2014 were fully converted into shares, and the estimated dilution ratio at the time of issuance was 8.3%. By contrast, the dilution ratio for the latest issuance is expected to be approximately 0.4%, enabling us to limit the impact on existing shareholders to a very low level. In addition, we incorporated restrictions on conversion so that dilution would be less likely to occur over a short period of time.

Given the high volatility of Advantest's shares, the conversion premium* was set at a high level of 60%. Nevertheless, I understand that investor demand was approximately eight times the issue amount, once again demonstrating the market's strong expectations for Advantest's future.

Although our business performance and cash flow were both strong, we anticipate continued substantial funding requirements, including timely growth investment and shareholder returns. The issuance of these convertible bonds was therefore intended to preserve our future strategic options and enhance the flexibility of our financial strategy.

* Conversion premium (%) = (Conversion price ÷ share price at the time of issuance – 1) × 100

Publication of the Annual Securities Report and Business Report

On June 26, 2026, Advantest disclosed its Annual Securities Report and Business Report as a single combined document. We believe this was the first initiative of its kind undertaken by a Japanese company.

For the past four years, Advantest has disclosed its Annual Securities Report before the Annual General Meeting. However, taking into account the audit process and the simultaneous filings of the English translation, which we have traditionally provided, disclosure two business days before the Annual General Meeting represented the practical limit.

Against this backdrop, we amended our Articles of Incorporation at last year's Annual General Meeting, establishing a framework that enables us to hold the meeting in July. This made it possible to provide shareholders with sufficient time to read the Annual Securities Report before exercising their voting rights.

The team responsible for disclosure then proposed combining the Annual Securities Report and the Business Report, saying:

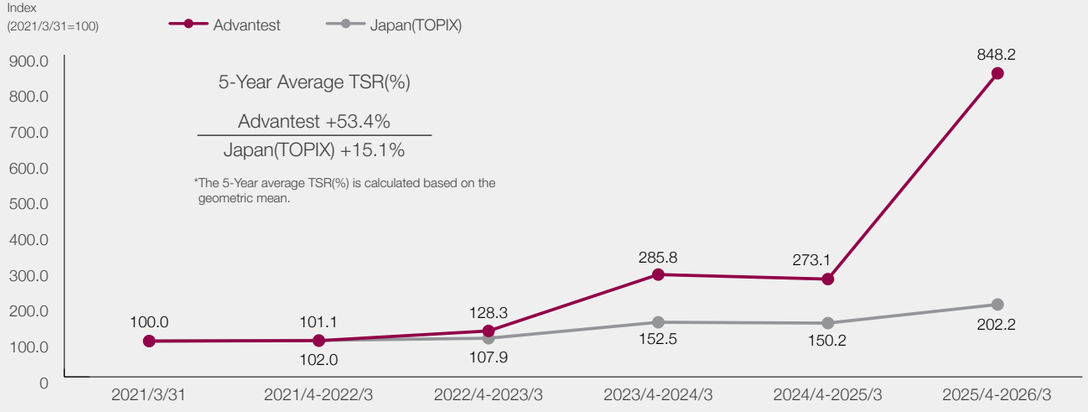
"The first year will undoubtedly be challenging. However, once we establish the process, we will be able to eliminate duplicated work in subsequent years and make the overall process more efficient. We would very much like the opportunity to take on this challenge as a way of embodying operational excellence."

In response to this forward-looking proposal, we decided as a company to pursue the combined disclosure.

To make it a reality, we worked not only with departments across the company, but also maintained close communication with external stakeholders, including regulatory authorities such as the Financial Services Agency and the Ministry of Justice, disclosure support providers, and our independent auditors. Through a series of study sessions and extensive discussions, we addressed one by one the issues that arose precisely because there was no precedent, and ultimately brought the combined report to publication with the knowledge and cooperation of all those involved.

We do not regard this publication as an end in itself. We will continue to make improvements so that we can provide investors and other stakeholders with information that is even more useful and easier to understand.

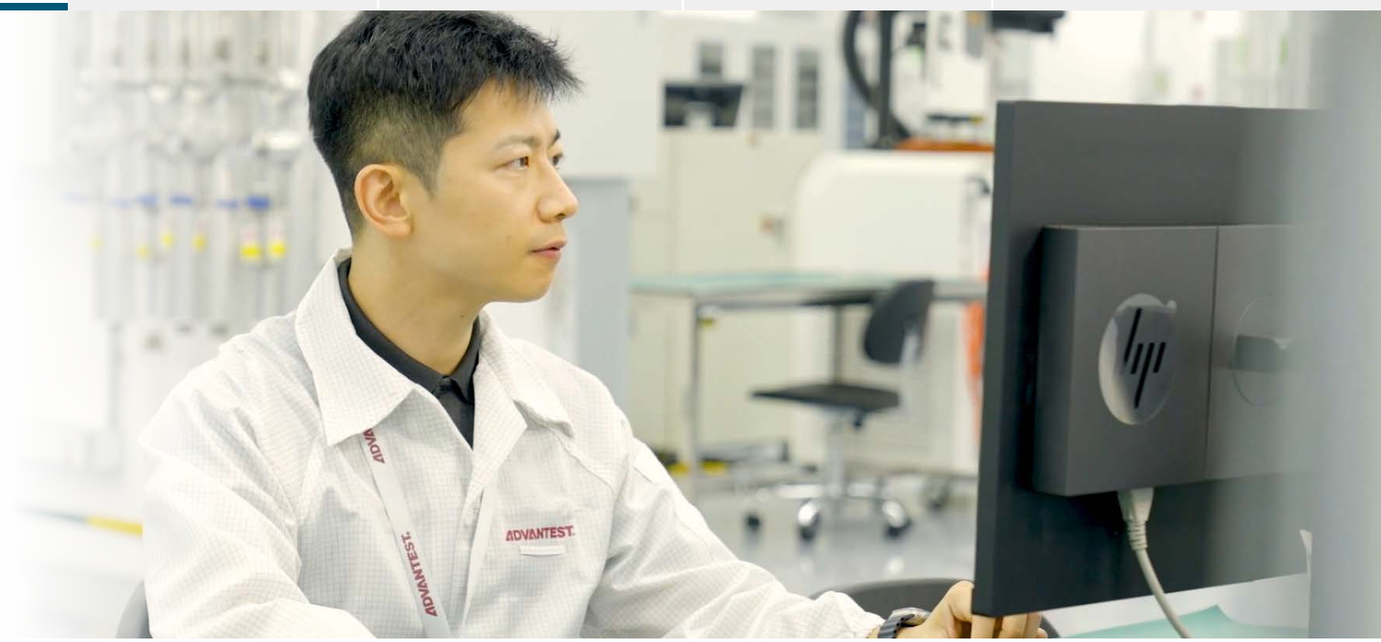
Total shareholder return (TSR)



TSR(%) for each period	2021/4-2022/3	2022/4-2023/3	2023/4-2024/3	2024/4-2025/3	2025/4-2026/3
Advantest	+1.1%	+27.2%	+157.5%	-12.7%	+575.1%
Japan(TOPIX)	+2.0%	+5.9%	+44.6%	-2.3%	+52.0%

*TSR stock prices are based on fiscal year-end index data from March 31, 2021 to March 31, 2026.

Our R&D



Anticipating next-generation test challenges through global collaboration

Advantest's advanced measurement technology is supported by a global R&D structure that combines deep technical expertise with close alignment to customer roadmaps. As semiconductor devices become more complex, test requirements continue to expand in accuracy, performance, coverage, speed, and efficiency. Advantest's role is to anticipate these evolving requirements and develop technologies that help customers address increasingly complex challenges across the semiconductor value chain.

An integrated approach to innovation

As semiconductor architectures evolve, test challenges are no longer limited to a single device, process, or test insertion. Technologies such as chiplets, advanced packaging, high-bandwidth memory, and silicon photonics are creating new requirements that span thermal behavior, signal integrity, power management, data volume, and system-level performance. Addressing these challenges requires an integrated approach to solution development, combining multiple technical perspectives to respond to increasingly complex customer requirements.

At the same time, the pace of change in the semiconductor industry continues to accelerate, making shorter and more agile development cycles increasingly important. Advantest is strengthening its ability to respond to market windows through initiatives such as advanced development tools, parallel development, and technology pre-development.

Delivering value through customer-driven R&D

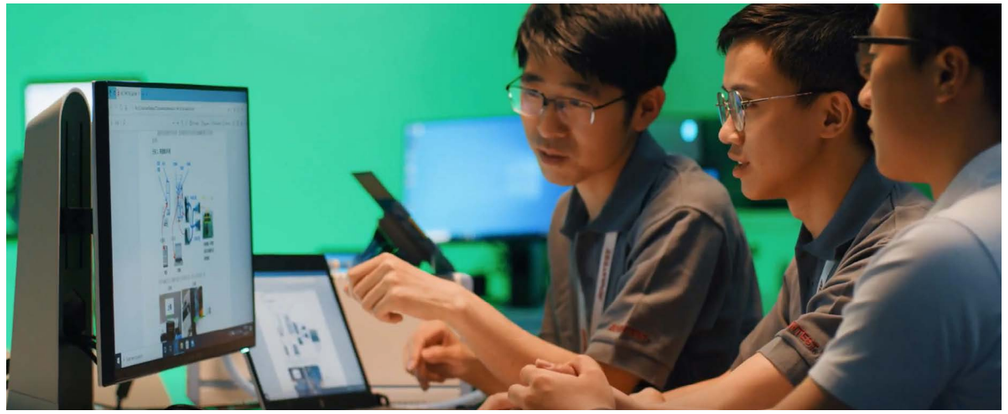
Through R&D that is closely connected to customer needs and future technology trends, Advantest continues to strengthen the measurement technologies and integrated test capabilities that form the foundation of its business. This commitment enables Advantest to support the development and production of leading-edge semiconductor devices and contribute to innovation across the semiconductor ecosystem.

Our R&D

Global collaboration across development centers

A key strength of Advantest's R&D lies in the collaboration between its major development centers in Böblingen, Germany, and Gunma, Japan. Each site brings distinctive expertise, experience, and product development capabilities. By leveraging the complementary strengths of these two locations and promoting close collaboration between them, Advantest is able to bring together global engineering knowledge and development resources across regions. This collaboration also supports shorter development cycles by enabling teams to share expertise early and pursue parallel development more effectively.

Cross-functional collaboration



A key strength of our R&D lies in cross-functional collaboration across hardware, software, applications, product engineering, and customer-facing teams. This collaboration enables us to incorporate customer needs early in the development process and leverage diverse technical expertise to create integrated solutions that deliver long-term value to customers.

"Advantest's R&D is built on deep expertise in advanced measurement technologies and a global development structure that is closely aligned with customers' future technology roadmaps. As the pace of change in the semiconductor industry continues to accelerate, shorter development cycles are essential to hit the right market windows and keep pace with technological evolution. To achieve this, we are leveraging advanced development tools, promoting parallel development and technology pre-development, and strengthening collaboration across our global development sites. Through these initiatives, we create solutions that anticipate next-generation test challenges and support customers as they work to bring leading-edge semiconductors to the world as quickly as possible."

Juergen Serrer
Senior Executive Officer
Chief Technology Officer (CTO)

Our Customer Relations

Building trust through close engagement with customers

Trusted customer relationships are central to Advantest's business. In a semiconductor industry where technology, market conditions, and customer requirements are changing rapidly, customer relations are not limited to introducing products or responding to immediate demand—they are a critical means of understanding customers' technology roadmaps, production priorities, business models, and strategic challenges at an early stage.

Understanding customers' current and future needs

Advantest works closely with leading semiconductor companies around the world to understand the issues they face as devices become more complex. Our customer base spans the semiconductor value chain, including fabless companies, IDMs, foundries, and OSATs. This broad customer reach enables Advantest to understand diverse requirements across design, manufacturing, assembly, packaging, and test, and to provide solutions that address challenges at multiple points in the semiconductor ecosystem.

In particular, Advantest has built strong relationships with leading customers driving AI and HPC-related semiconductor innovation. As AI devices become more complex and performance requirements continue to rise, these customers require solutions that go beyond individual test systems. They seek comprehensive expertise that spans test content, device handling, thermal and power challenges, production ramp-up, supply capabilities, field support, and data-driven improvements.

By maintaining close and continuous dialogue with customers, Advantest seeks to understand not only what customers need today, but also what they will need tomorrow. This customer engagement allows us to identify emerging requirements early and align our solutions with customers' long-term technology and business priorities.

Deepening trust as a long-term partner

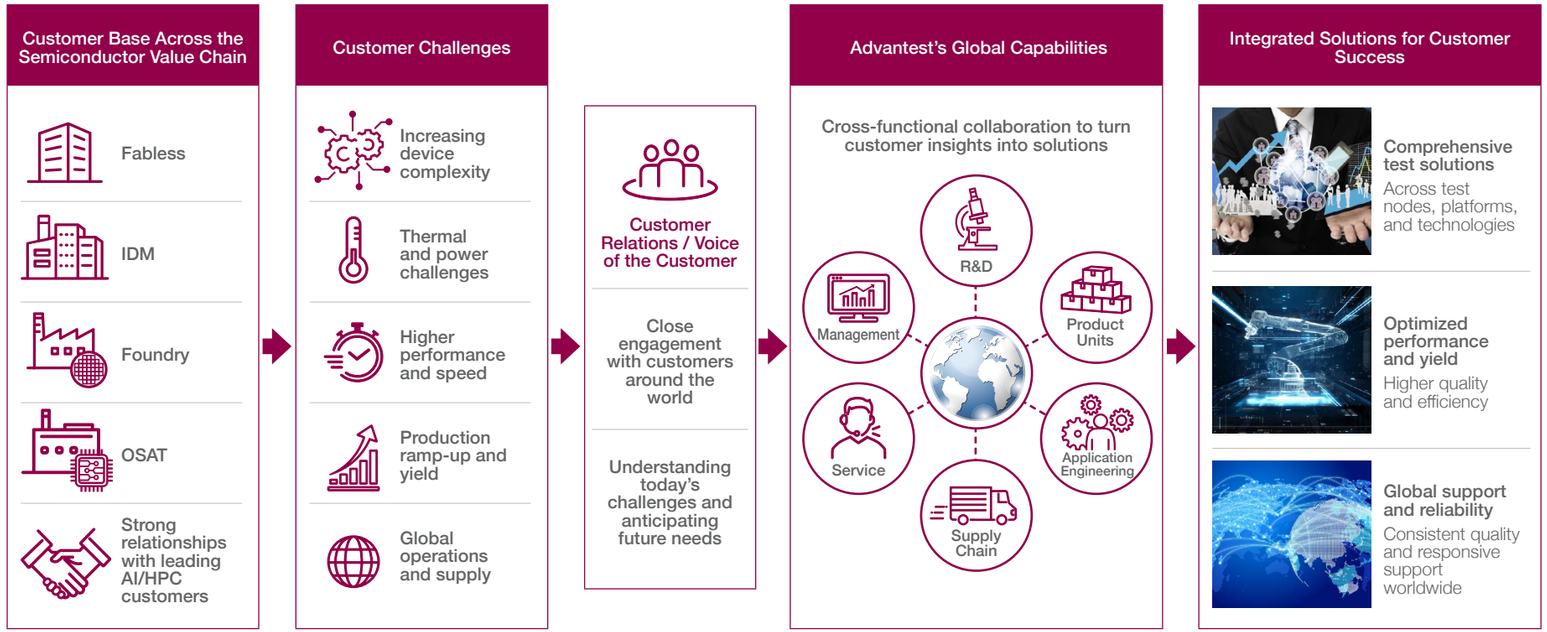
Long-term trust enables Advantest to engage with customers not only on current projects, but also on future opportunities. By maintaining close relationships with industry leaders and monitoring changes in technology and market direction, Advantest can identify emerging needs early and support customers as a strategic partner.

Through trusted customer relationships, Advantest strengthens its ability to solve customer challenges, support semiconductor innovation, and continue expanding its role across the semiconductor value chain.

Our Customer Relations

Aligning with Customer Priorities

A key responsibility of our customer-facing teams is ensuring that Advantest's strategic priorities remain closely aligned with the evolving needs of our customers. Through ongoing engagement and close collaboration, our Sales team develops deep insight into customers' technology roadmaps, manufacturing requirements, and the challenges facing both individual companies and the broader industry. These insights are shared across Advantest, enabling teams throughout the organization—from R&D and application engineering to supply chain management, customer support, and executive leadership—to make informed decisions and work toward a common objective: develop integrated, superior test solutions that help our customers achieve success. This cross-functional alignment enables us to leverage expertise from across our global organization to address increasingly complex challenges and create lasting value for our customers.



Trust is built through continuous dialogue and a deep understanding of where our customers are heading. By engaging with customers from the early stages of their technology development, we can anticipate their emerging needs and connect them with Advantest's global technologies and solutions. This enables us to contribute to solving the challenges customers face today, while also supporting them as a long-term partner in the next generation of semiconductor innovation.

Sanjeev Mohan
Senior Executive Officer
Chief Customer Relations Officer (CCRO)

Our Strategy for Building a Scalable and Resilient Supply Chain

Strategic Supply Chain Transformation Enables Future Growth and Delivers a Competitive Advantage.

In FY2025, we saw demand for testers for AI-related high-performance semiconductors grow significantly, and we achieved record-high sales. With a focus on mid- to long-term growth trends, we have made upfront investments to expand our supply capabilities rather than reacting after demand materializes. We believe these efforts have enabled us to ensure reliable supply during periods of rapid demand growth.

As we deepen relationships with a growing number of customers amid an increasingly complex semiconductor value chain, our supply capabilities have become more important than ever before. Against this backdrop, we recognize that the ability to capture customer demand and ship products reliably when needed is itself a competitive advantage, and we are continuing to expand our supply chain capacity and scalability to support this.

An achievement I am particularly proud of in FY2025 is the progress we have made in implementing digital transformation across our supply chain. After taking a closer look at our business processes, we utilized digital technologies and methods to enhance the speed and effectiveness of our decision-making.

I would also like to highlight the continued adoption of advanced Sales and Operations Planning (S&OP) and strategic scenario planning, as well as enhanced inventory management in support of our “just-in-case” strategy. Through these efforts, we have built a strong cross-functional structure that helps us quickly grasp changes across our customer and supplier base, turn those insights into actions, and respond with greater agility and flexibility to evolving market conditions. As we continue to integrate information flows across our supply chain network, we will further enhance our agility and readiness for whatever comes next.

Through these efforts and working closely with our suppliers over time, we have built strong, long-term relationships based on trust that support sustainable growth for both parties. We believe that this trust will enable us to navigate the challenges that lie ahead, while we continue to strengthen the resilience of our supply chain by expanding and diversifying our supplier network.

Increasing Complexity in the Business Environment

We can look at the challenges facing our supply structure from three perspectives: technology, customers, and our supply chain.

From a technology perspective, against the backdrop of the rapid evolution of the AI industry, efforts to achieve higher performance in AI-related semiconductors are gaining momentum. In addition, the adoption of advanced packaging technologies, such as 3D integration, has enabled the integration of heterogeneous chips, including logic and memory, making semiconductors increasingly complex. As semiconductors continue to evolve, the challenges involved in semiconductor design and manufacturing are growing, while customers are working with shorter product development cycles.

From a customer perspective, as semiconductors become more advanced and complex, managing the supply chain is becoming increasingly challenging. Geopolitical shifts are prompting customers to diversify and optimize their regional supply chains, requiring them to restructure procurement, production, and supply frameworks. Moreover, as semiconductor design and manufacturing become more challenging, it is increasingly difficult for customers to estimate the number of testers they need. This is especially true during the ramp-up of next-generation semiconductors when uncertainty is high and manufacturing conditions, such as yield rates and test times, can vary significantly.

We also face challenges within our own supply chain. Our testers consist of a wide variety of components, and the absence of even a single part can prevent

Richard Junger
Senior Executive Officer
Chief Supply Chain Officer (CSCO)

Our Strategy for Building a Scalable and Resilient Supply Chain

completion of the final product. Moreover, supply and demand for the materials required to manufacture our products have tightened across the industry, leading, in some cases, to more competition for component procurement. As a result, ensuring both stable and agile sourcing has become an increasingly demanding task, requiring new ways to orchestrate the supply chain.

Supply Chain Transformation Strategy

In response to this evolving business environment, we are advancing our supply chain transformation strategy with a focus on three priorities: pursuit of scale, resilience, and speed.

First, in terms of scale, shipment capability is a key source of competitive advantage in our industry. We take a "just-in-case" approach in preparing our end-to-end supply chain. At the core of this approach is "strategic scenario planning", which draws on a broad range of market indicators — customer demand, industry trends, wafer loading, technology trends, supply capabilities — to develop and refine upside, base, and downside scenarios. By working closely with our cross-functional teams and suppliers and by leveraging buffer strategies and visibility tools, we are enhancing our ability to respond quickly and effectively to changing market conditions.

From a resilience perspective, we are continuing to diversify our supply base and supply chain footprint. To enhance the stability of our supply structure, we are implementing measures such as multi-sourcing for key components, multi-site manufacturing, long-term supply agreements, and multi-tier buffer strategies. These initiatives are not merely measures to mitigate risk, but strategic investments aimed at ensuring that we can fulfill our commitments to customers even in highly uncertain environments. Strategic inventory plays a particularly important role, serving both as a buffer against potential supply disruptions and as a means of responding quickly to unexpected increases in demand. Of course, this means that product rollovers require careful inventory management to minimize the risk of obsolescence, and we work closely with our business units to manage this balance.

Finally, speed is becoming increasingly important as our customers' product development cycles continue to shorten. To keep pace with their technology development and capture new growth opportunities, we identify the optimal supply chain structure for each product from the early stages of the design process and build in scalability throughout the production ramp-up phase. We are also working to shorten time-to-market and accelerate time-to-volume, while building the supply capabilities needed to respond quickly and effectively to periods of rapid demand growth.

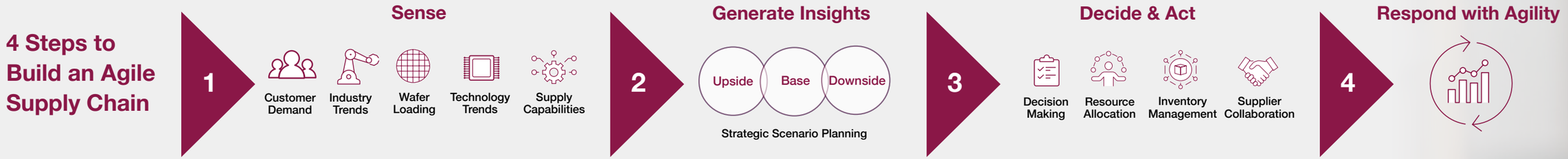
Strengthening competitive advantage through cross-functional collaboration and partnerships

Two key elements underline the supply chain transformation strategy detailed above.

First, we have established a cross-functional collaboration framework that brings together our R&D, business units, supply chain, and sales teams to work as one to create value. By making decisions based on what is best for the business as a whole, rather than a function-by-function perspective, we can respond more quickly and flexibly to changes in the market environment.

This collaboration begins early in the product lifecycle. Quality, cost, and delivery are considered from the initial design stage through production ramp-up and customer support. Rather than waiting until the final stage, we believe in embedding quality throughout all phases, from product design to procurement to manufacturing. This integrated approach enables us to expand supply while maintaining the high quality our customers expect from us.

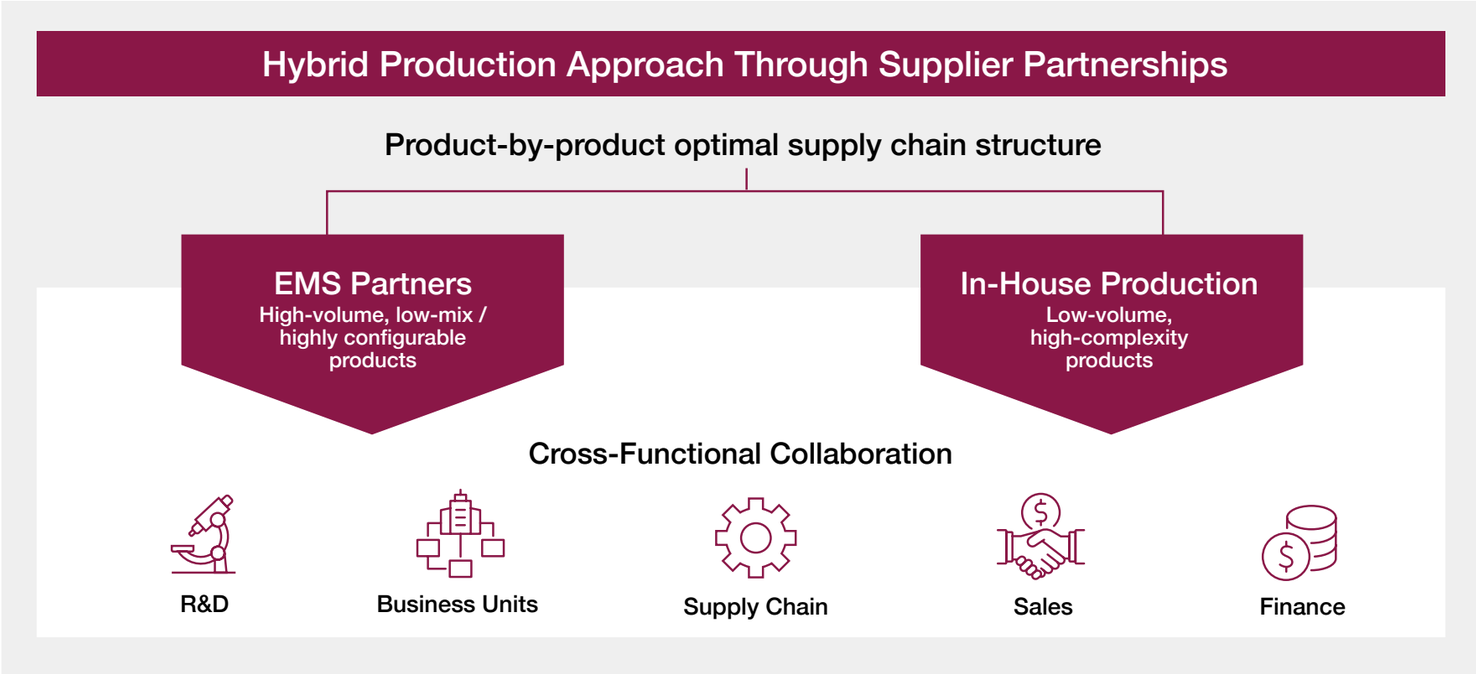
With the rapid pace of technological innovation, demand fluctuations, and supply constraints, our business environment has grown increasingly uncertain. Faced with this uncertainty, we use the integrated "strategic scenario planning" mentioned earlier, working cross-functionally to share



Our Strategy for Building a Scalable and Resilient Supply Chain

information, assess multiple scenarios, and adjust our supply chain quickly in response to changes in our business and the broader market environment. This collaboration goes beyond simple coordination between departments; it strengthens our ability to execute and remain competitive.

The second element is to deepen collaboration with our suppliers. We take a hybrid approach to production that combines outsourced and in-house manufacturing. For each product, we design an optimal supply chain structure and balance these two manufacturing modes. 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. Conversely, for low-volume, high-complexity products, we handle the production in-house. Both types of products require a higher level of sophistication in both design and manufacturing, which makes close coordination across design, engineering, and supply chain teams essential to ensure precision and quality. By strategically combining outsourced and in-house manufacturing, we can flexibly scale production in response to business cycles and changing market demands, while also strengthening our risk diversification against potential supply disruptions. As such, this approach serves as a strong foundation for scalability and supply chain resilience.



Value Propositions (Outcomes)

Finally, Advantest's value propositions. We have positioned customers and suppliers as important stakeholders and have analyzed the value to be provided to each as follows.

Customers

- Contributing to customer business growth by solving customer issues
- Contributing to improving customers' environmental issues

Suppliers

- Expanding business growth opportunities
- Co-creation of sustainable social value

To deliver these value propositions, Advantest must be a company that enables sustainable growth. To this end, we remain committed to providing our customers with leading-edge test solutions in a timely and reliable manner, addressing the challenges they face and supporting their evolving needs. In doing so, we will support innovation in semiconductors that contributes to a more sustainable society and a better future for all.

Furthermore, we will continue to strengthen our relationships with suppliers to create a more sustainable procurement and supply ecosystem. By creating stable demand, sharing mid- to long-term growth opportunities, and working together to generate social value, we aim to foster partnerships built on mutual success. Through the value we build together, we strive for further trust from both our customers and suppliers.

Frameworks and Initiatives Supporting Our Human Capital Strategy

Building on INTEGRITY, our shared core value, Advantest implements human capital initiatives globally to support the growth of each employee and build organizational strength.

We are working to create an environment where diverse talent can continuously demonstrate their capabilities. This means establishing structures that support our business units and tailoring skill development to each person's roles and career stages. From recruitment to training to retention and career transitions, we see the entire employee life cycle as a single, integrated process.

1. A Global HC Structure that Supports the Business

As our business expands globally and our organization becomes increasingly diverse, our approach to human capital must also evolve. In addition to responding to the legal systems and labor markets of each region, we must identify the talent and skills required by each function and effectively leverage the expertise and human capital practices developed across our global organization.

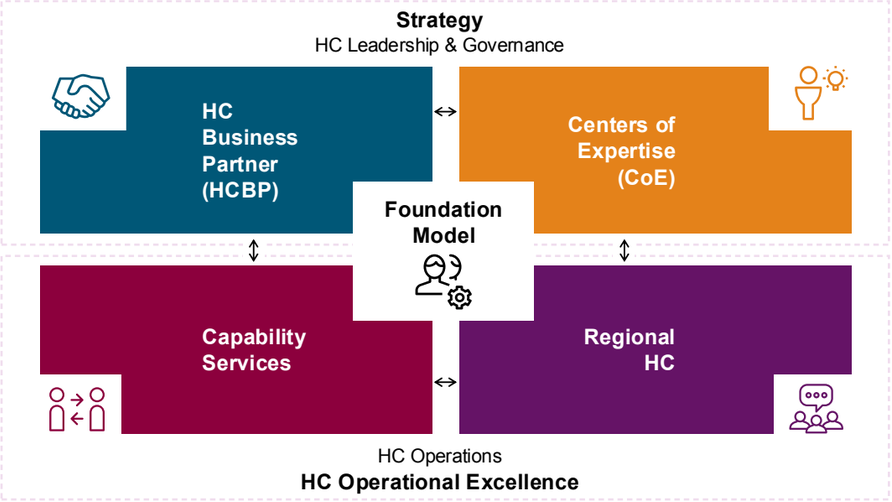
Traditionally, the support that human capital provided business functions was limited to a regional scope. Going forward, we are transitioning toward a more global support structure that enables the entire organization to leverage talent and expertise available in each region as needed, while being mindful of varying needs and cultural differences.

To strengthen the collaboration between the business and human capital functions, Advantest established the new role of Human Capital Business Partner (HCBP) in September 2026, based on the concept of Global Human Capital Transformation (GHCX). HCBPs understand the strategies of the BUs and FUs, and they bridge the needs of business and human capital in each region. In addition, by participating in BU and FU meetings and strategic discussions, they also clarify the direction of the business and identify the talent and capabilities that will be required in the future.

Within the global HC structure, HCBPs work in collaboration with the Center of Expertise, which is responsible for specialized areas of human capital; Capability Service, which oversees global operations; and Regional HC, which manages operations in each region.

The Center of Expertise provides human capital management with specialized insights and global policy. Capability Service manages globally standardized operations while pursuing further efficiency and creating additional value. Regional HC supports local employees and organizations based on the systems, cultures, business environments, and labor markets of each region. By connecting the business needs identified by HCBPs with these functions, we support the development and implementation of the human capital initiatives required by the business.

Global Human Capital Transformation (GHCX) Framework



Frameworks and Initiatives Supporting the Execution of Our Human Capital Strategy

2. Systematic Talent Development and the Enhancement of Expertise

Advantest's fundamental approach to talent development is to enhance individual strengths, or the abilities of each employee, and organizational strengths, which embody the collective knowledge and experience of the entire organization. By strengthening both, we seek to build human capital, enhance employee engagement, and contribute to value creation over the medium to long term.

We develop talent based on the Advantest Development Framework so that employees can acquire the skills required for their respective roles and career stages. The framework systematically organizes the capabilities that are expected of each employee, ranging from foundational skills common to all employees to advanced skills, leadership skills, and the skills required of senior leaders and executives. It provides clear career paths for both technical and non-technical employees, while offering learning opportunities suited to their individual objectives and stages of development.

Skill development combines structured learning opportunities, such as training programs, with development through practical work experience. In technical fields in particular, employees expand the knowledge and expertise required for their work through on-the-job training, working alongside experienced colleagues to address actual customer challenges.

We also place importance on sharing the knowledge and experience gained by individuals through their work across teams, functions, and regions. We not only strengthen individual expertise but also capture and apply that knowledge across the organization, using it to support the development of other employees and drive operational improvements. In this way, individual strengths become organizational strength.

Through these initiatives, we support the continuous growth of employees while strengthening talent and organizational capacity to drive future business growth.

For more information on the Advantest Development Framework, please visit our website.

3. Supporting Growth and Engagement Throughout the Employee Lifecycle

We view our relationship with employees as a continuous lifecycle that spans from pre-hire interactions through onboarding, skill development, retention, and career transitions. Based on the Advantest Employee Lifecycle, we provide seamless initiatives tailored to each stage, supporting the growth of every employee and creating an environment in which individual growth is aligned with the Company's business objectives.

At the Attraction stage, we communicate information about our business, job responsibilities, corporate culture, and working environment to engage with prospective talent. During recruitment, we seek to attract talent with the capabilities and expertise our business needs.

During the Onboarding stage after joining the company, we help new employees understand our corporate culture, business operations, organizational structure, work processes, and internal policies. We also provide opportunities to learn about The Advantest Way and INTEGRITY, supporting employees so they can contribute effectively as members of the organization.

During the Development stage, we foster skill development tailored to each employee's roles and career stages through learning programs and on-the-job training based on the Advantest Development Framework. We also provide employees opportunities to review business objectives, skill development, and future career aspirations through ongoing dialogue and feedback with their managers.

At the Rewards and Retention stages, we strive to appropriately recognize employee contributions while working to enhance engagement and provide a workplace environment in which they consistently perform at their best. We conduct employee engagement surveys on an ongoing basis and analyze the results at global, regional, and organizational levels, linking the findings to improvement activities tailored to the issues identified in each area.

We also position Transition, including offboarding, as an important stage of the Employee Lifecycle, ensuring that employees can transition to their next role or career stage smoothly. By supporting employees throughout every stage of their careers, we help each individual grow while strengthening the organization as a whole.

We are also working to instill INTEGRITY throughout every stage of the Employee Lifecycle, including recruitment, onboarding, skill development, performance evaluation, and day-to-day management. Through employee workshops and training programs for managers, we connect INTEGRITY with daily decision-making and behavior, leadership, and teamwork.

Advantest Employee Lifecycle

Risk Management

Our Basic Risk Management Philosophy

Advantest defines risk factors as uncertainties that may hinder the realization of its corporate vision: “Be the most trusted and valued test solution company in the semiconductor value chain.” Advantest seeks to enhance corporate value over the medium- to long-term by mitigating such risks. Advantest takes a strict stance and maintains a zero-tolerance approach toward conduct that violates applicable laws and regulations or conflicts with “The Advantest Way,” as such conduct may impair Advantest’s fundamental value foundation. On the other hand, with respect to risks that contribute to the achievement of strategic objectives and value creation, Advantest places importance on translating stakeholder expectations into growth initiatives through deliberations at the Executive Management Committee, while taking into account acceptable risk levels, in order to realize Advantest’s corporate vision.

Risk Universe

Advantest has established a “Risk Universe,” which comprehensively organizes risk factors that may hinder the realization of its corporate vision. The Risk Universe is formulated based on information such as macroeconomic conditions, industry trends, laws and regulations, and stakeholder expectations, and systematically organizes the risks recognized by Advantest, regardless of whether such risks arise from internal or external factors. It consists of four risk categories: “Strategic Risk,” “Operational Risk,” “Financial Risk,” and “Legal, Compliance, Group Governance, and Intellectual Property Rights Risk.” Strategic Risk refers to “risks that affect corporate value creation and the achievement of growth strategies, such as changes in the external environment and critical business decisions,” while the other categories refer to “risks that affect the maintenance of the management foundation and the smooth execution of management policies and strategies.” In addition, in light of the rapidly changing business environment, Advantest includes in its Risk Universe extreme risks—events that are currently considered to have a low probability of occurrence in the short-term but may have a significant impact should they materialize—and seeks to strengthen preparedness for such events.

For details on each risk included in the Risk Universe, please refer to the “Item 2. Business Overview 3. Risk Factors,” section of the Annual Securities Report and Business Report for the fiscal year ended March 2026.

Risk Universe

1. Strategic Risk

a. Market Fluctuations	b. Trust from Customers	c. Politics & Geopolitics	d. Growth Investments	e. Customer Portfolio

2. Operational Risk	3. Financial Risk	4. Legal, Compliance, Group Governance, and Intellectual Property Rights Risk
a. Information Security & Operational Efficiency	a. Foreign Exchange Fluctuations	a. Human Rights, Harassment & DEI*
b. Supply Chain	b. Credit Ratings	b. Ethics & Compliance
c. Product Lifecycles	c. Taxation	c. Responsible Operations
d. Own Business Continuity		d. Trade Compliance
e. Human Capital		e. Group Governance & Internal Control
		f. Intellectual Property Rights
		g. Litigation

*Diversity, Equity & Inclusion

Risk Management

To mitigate strategic risks, our company is implementing the following measures to reduce such risks.

Risk Description	Risk Mitigation Measures
a. Market Fluctuations Potential significant impact on current and future business performance due to fluctuations in semiconductor capital expenditure levels	• Advantest mitigates the impact of fluctuations in the semiconductor and related equipment markets through the development of a product portfolio that covers semiconductor testing demand from the development phase through the mass production phase, as well as the strengthening of its service business, including recurring revenue offerings. • In addition, Advantest works to enhance its ability to respond to market fluctuations by continuously monitoring semiconductor market trends, technology trends, and outlooks for demand for test equipment. Based on these factors, Advantest also flexibly optimizes the allocation of service engineers and R&D engineers. Furthermore, Advantest continues to improve its sales processes, supply chain management, and coordination between sales and production through the utilization of digital tools. In addition, Advantest works to appropriately manage customer credit risk and risks related to the recovery of trade receivables. • Moreover, to enhance its supply responsiveness in the event of a sharp increase in demand for its products and based on medium- to long-term demand growth outlooks, Advantest undertakes initiatives, including maintaining strategic inventory buffers and steadily expanding production capacity. • From a financial perspective, based on a business environment in which fluctuations in the semiconductor and equipment markets may materialize in a complex manner over a short period, Advantest works on a routine basis to strengthen downside resilience in business performance during semiconductor market downturns and to ensure financial soundness by increasing the proportion of variable costs in its cost structure, entering into financing facilities agreements, and improving the cash conversion cycle.
b. Trust from Customers If Advantest's customer responsiveness fails to meet customers' expected levels, there is a risk that trust in Advantest may decline, which could restrict the continuation of business relationships and the acquisition of growth opportunities.	• As a foundation for maintaining and enhancing trust from customers, Advantest works to strengthen its technical understanding and customer responsiveness. Specifically, by engaging in opportunities for technical information exchange with key customers regarding future test solutions, Advantest seeks to gain insight into next-generation semiconductor technologies, product specifications, future customer challenges, and test solutions to address such challenges. In addition, by advancing fundamental research into elemental technologies from a long-term perspective while concurrently developing mass-production technologies for Advantest's next products, Advantest is strengthening its ability to timely deliver products and solutions that meet customer expectations. • In order to enhance customer responsiveness, it is essential both to cultivate the ability to more accurately capture customer needs and to implement the ability to translate such needs into solution proposals. Accordingly, Advantest provides facilitation-skill enhancement training to system application engineers (SAEs), who are required to maintain the closest engagement with customers, and promotes the enhancement of customer responsiveness and product development capabilities using AI. • Through these initiatives, Advantest has begun to demonstrate the value of its test solutions to customers, centered on semiconductor testers across a broader range of the semiconductor value chain than ever before. As a recent example, Advantest has commenced the provision of the innovative solution “SiConic®,” which automates silicon validation. In addition, through collaboration and technical partnerships with external partners such as probe card manufacturers and prober manufacturers, Advantest is working to develop new products and solutions that address customer challenges, while also enhancing its service offerings. • Through initiatives to expand these products and solutions, Advantest aims to contribute more extensively to improving the quality and reliability of customer products and enhancing productivity in customers' design and manufacturing operations, and continues to aim to be the company that earns the deepest trust from customers in the industry.

Risk Management

Risk Description	Risk Mitigation Measures
c. Politics & Geopolitics There is a risk that changes in regulatory environments in various countries, driven by geopolitical tensions and economic security considerations, may impose constraints on Advantest's business activities, including procurement, manufacturing, and sales.	• In preparation for potential changes in regulatory environments related to trade, investment, and technology management in various countries arising from increasing geopolitical risks, Advantest appropriately identifies the impact on its business activities and/or takes necessary measures. • Specifically, Advantest continuously monitors geopolitical trends by utilizing reliable information sources regarding trends related to tariffs, export control regulations, economic sanctions, and related regulatory developments. In addition, to assess the impact of geopolitical risks on its business in a multi-faceted manner, Advantest conducts scenario analyses that take into account region-specific risks and evaluates their impact on business activities. • Furthermore, through participation in industry associations and expert committees, Advantest gathers information and exchanges views on policy trends and regulatory discussions surrounding the semiconductor industry, and undertakes initiatives aimed at avoiding excessive regulations on the semiconductor industry and mitigating their impact.
d. Growth Investments There is a risk that the outcomes anticipated from growth investments may not be sufficiently realized, which could constrain the enhancement of corporate value over the medium- to long-term.	• Through communication with technology-leading companies in the industry and experts, Advantest seeks to understand the direction of technologies or business portfolios, business models, and operating models that Advantest should possess going forward. In addition, based on the insights obtained, Advantest undertakes initiatives to expand its businesses and revenue sources and thereby supports its medium- to long-term and sustainable growth. These initiatives include advancing its solution portfolio under the strategic theme of “Automation of Test,” realizing growth opportunities in adjacent markets, and exploring new semiconductor related business domains. • In addition, by establishing discipline in the investment decision-making process, Advantest seeks to improve the accuracy of investment planning and reduce investment risks. In particular, research and development investments are critical investments that influence future business growth potential and profitability. Advantest works to improve R&D investment returns and mitigate risks through the formulation of product roadmaps that meet customer needs and corresponding formulation of workforce plans, the improvement of development efficiency through product platform strategy, and the forecasting and evaluation of investment effectiveness based on ROIC. With respect to corporate acquisitions and capital and business alliances, Advantest also makes investment decisions after comprehensively considering factors such as projected investment effectiveness, the technological advantages of the target companies, alignment with Advantest's core competencies, and compatibility of corporate cultures.
e. Customer Portfolio There is a risk that changes in investment decisions or business relationships of major customers may have a significant impact on Advantest's business performance, as a small number of top customers account for a substantial portion of net sales.	• To mitigate the risk of performance volatility arising from its customer portfolio, Advantest works to diversify revenue opportunities and achieve stable revenue growth by further strengthening relationships with existing customers, and by enhancing access to future growth opportunities. • Specifically, to further increase customer satisfaction, Advantest enhances its understanding of each customer's medium- to long-term technology trends, business strategies, and capital investment plans through ongoing dialogue, and provides appropriate responses based on such understanding. In addition, from the perspective of supporting the growth of a diverse range of customers regardless of scale, Advantest establishes service structures, including dedicated teams, not only for existing customers but also for future key customers. Through the provision of tailored services aligned with the specific challenges and needs of each customer, Advantest works to enhance customer trust. Furthermore, to expand its customer base, Advantest has strengthened the local operations of its subsidiaries in markets expected to grow, such as India. In addition, in certain regions, Advantest broadens access to promising customers and new growth opportunities through strategic alliances with external partners.