

ADVANTEST[®]

80th Ordinary General Meeting of Shareholders

June 24, 2022

ADVANTEST CORPORATION

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World Economic Overview

World Economy

- ◆ While the COVID-19 pandemic continued to smolder on, societies are moving towards resumption of normal activities
- ◆ Concerns about the future of the world economy intensified due to:
 - Prolonged shortages of semiconductors and other parts
 - Rising inflation
 - Crisis in Ukraine



While the COVID-19 pandemic continued to smolder on, widespread access to vaccines facilitated a return to normal socializing, and the global economy overall recovered from the historic recession of the previous fiscal year.

On the other hand, concerns about the future of the world economy intensified amidst prolonged shortages of semiconductors and other parts, rising inflation, and the crisis in Ukraine that erupted in the beginning of CY2022.

Semiconductor Market Outlook

Data centers, AI, and personal computers

Demand for semiconductors remained firm due to demand for at-home consumption and the ongoing digitalization of society overall

Semiconductors for smartphones

Advances in semiconductor sophistication boosted demand in response to continued 5G smartphone performance evolution and higher sales volumes

Automobiles and industrial equipment

Shortages of semiconductors spurred active investments to increase production capacity

Semiconductor Test Equipment Market

SoC semiconductor test equipment market

* SoC : System on a Chip

Suppliers of high-end SoC devices for data centers and smartphones invested in advanced technology and processes

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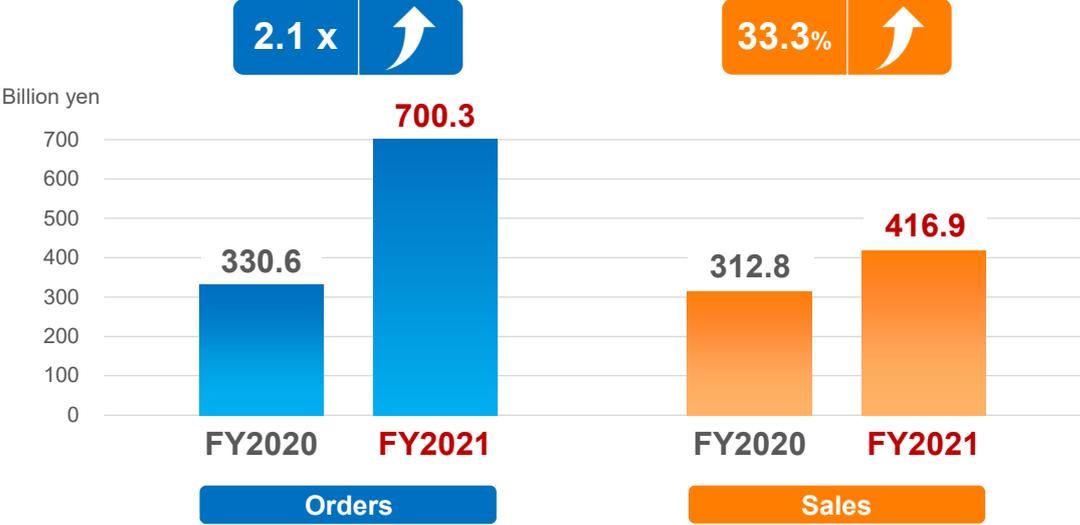
In the semiconductor market, demand for semiconductors related to data centers, AI, and personal computers remained firm, thanks to demand for at-home consumption and the ongoing digitalization of society overall. In addition, semiconductors for smartphones have become even more sophisticated, and demand increased in response to continued 5G smartphone performance evolution and higher sales volumes. Moreover, the noted shortage of semiconductors for automobiles, industrial equipment, and consumer electronics, arising from the post-COVID economic recovery, spurred active investment in production capacity increases for various semiconductor devices.

The booming semiconductor market spurred ongoing growth in demand for semiconductor test equipment. Suppliers of high-end SoC devices for data centers and smartphones invested in advanced technology and processes, contributing to strong growth in the SoC semiconductor test equipment market.

In this environment, Advantest has steadily captured semiconductor test equipment demand expansion by leveraging our broad product portfolio and our global sales and support network, which are among our greatest strengths. On the other hand, as the shortage of semiconductors and other parts is affecting a broad range of supply chains, Advantest continues to face unprecedented difficulties in terms of parts procurement.

Orders/Sales

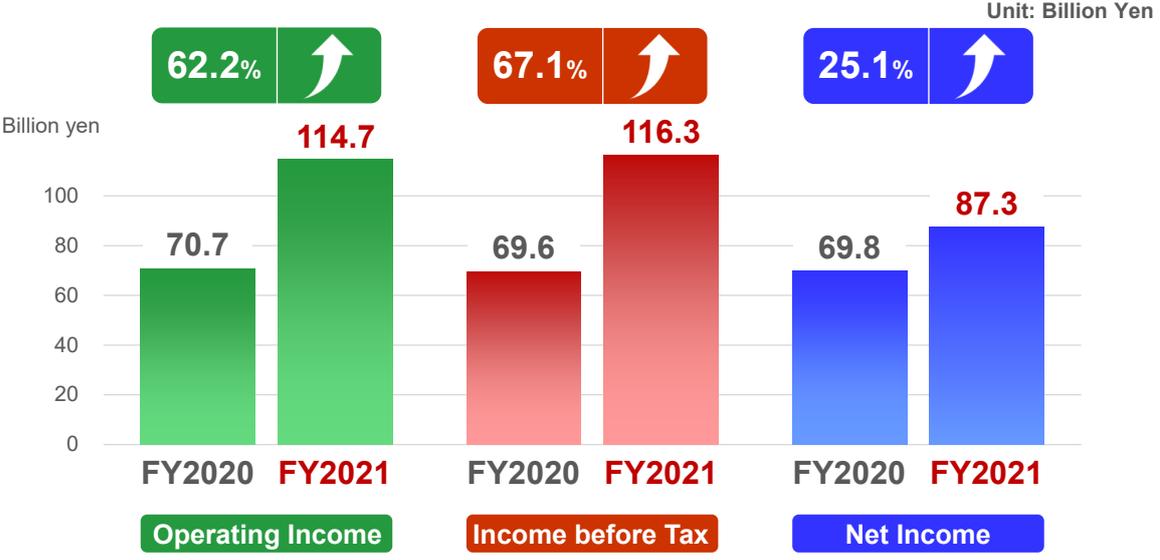
Unit: Billion Yen



Despite the parts procurement challenges Advantest faced during the period, we achieved record highs in orders, sales, and net income.

Orders received in the consolidated fiscal year of 2021 increased 2.1 times from the previous fiscal year to 700.3 billion yen, and net sales were 416.9 billion yen, a 33.3% increase from the previous fiscal year.

Operating Income, Income Before Tax, and Net Income

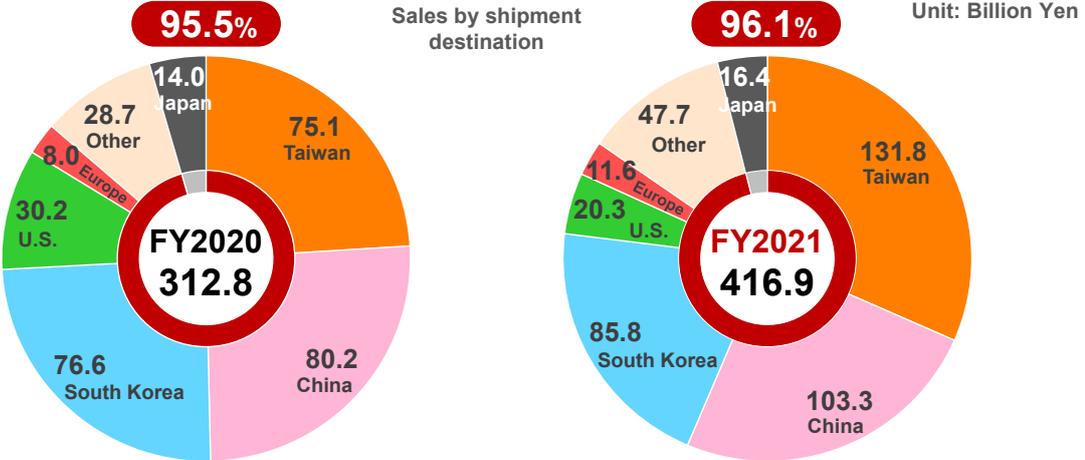


On the profit side, operating income was 114.7 billion yen, a 62.2% increase from the previous fiscal year.

Income before tax was 116.3 billion yen, a 67.1% increase from the previous fiscal year, and net income was 87.3 billion yen, a 25.1% increase from the previous fiscal year.

Year-on-year net income growth slowed in the current consolidated fiscal year because in the previous fiscal year, in addition to the use of a loss carryforward accounting adjustment in Japan, tax expenses diminished due to the recording of approximately 10.0 billion yen in deferred tax assets.

Overseas Sales Ratio



Average exchange rate	FY2020	FY2021
1 USD	106 JPY	112 JPY
1 EUR	123 JPY	130 JPY

The average currency exchange rates in the current consolidated fiscal year were 1 USD (US Dollar) to 112 JPY (Japanese yen) and 1 EUR to 130 JPY (Japanese yen).

The percentage of the net sales to overseas customers was 96.1%.

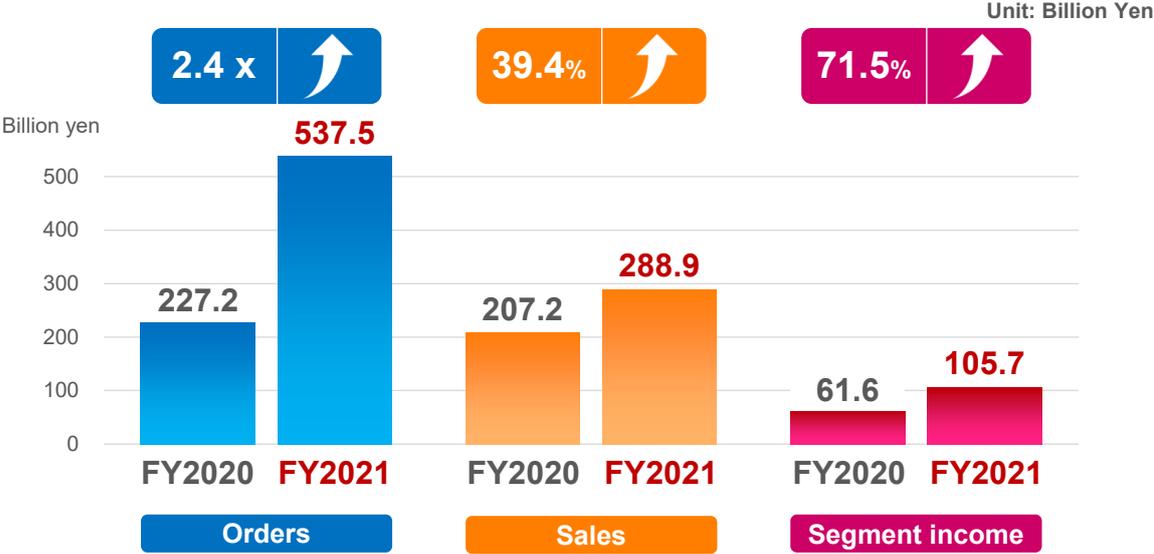
Semiconductor and Component Test System Segment



Next, I will explain the results of each business segment.

In the Semiconductor and Component Test System Segment, orders for SoC semiconductor test equipment dramatically increased amidst customers' plans for further miniaturization and improvement of high-end SoC semiconductors and expanding investment in supply capacity as a response to shortages of semiconductors and other parts. Orders for memory semiconductor test equipment also increased steadily as the performance of memory semiconductors continued to improve. On the other hand, although parts shortages compelled product lead times to be extended, SoC semiconductor test equipment sales, principally for high-end SoC devices, grew during the period.

Semiconductor and Component Test System Segment



As a result of the above, orders received increased 2.4 times from the previous fiscal year to 537.5 billion yen, net sales were 288.9 billion yen, a 39.4% increase from the previous fiscal year, and segment income was 105.7 billion yen, a 71.5% increase from the previous fiscal year.

Mechatronics System Segment



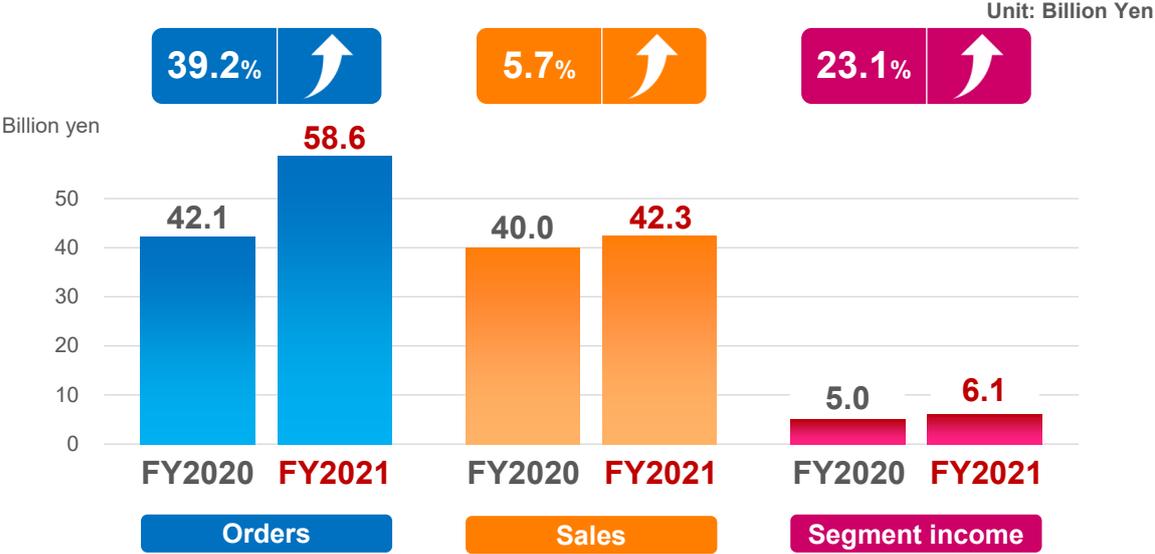
Test Handler
M4841



Device Interface
HIFIX

In the Mechatronics System Segment, orders for device interface products, test handlers, and nanotechnology products increased due to strong customer motivation to invest in semiconductor test equipment and wider adoption of EUV lithography technology. In terms of sales, an improved product mix contributed to higher profitability in this segment.

Mechatronics System Segment



As a result of the above, orders received were 58.6 billion yen, a 39.2% increase from the previous fiscal year, net sales were 42.3 billion yen, a 5.7% increase from the previous fiscal year, and segment income was 6.1 billion yen, a 23.1% increase from the previous fiscal year.

Services, Support, and Others Segment



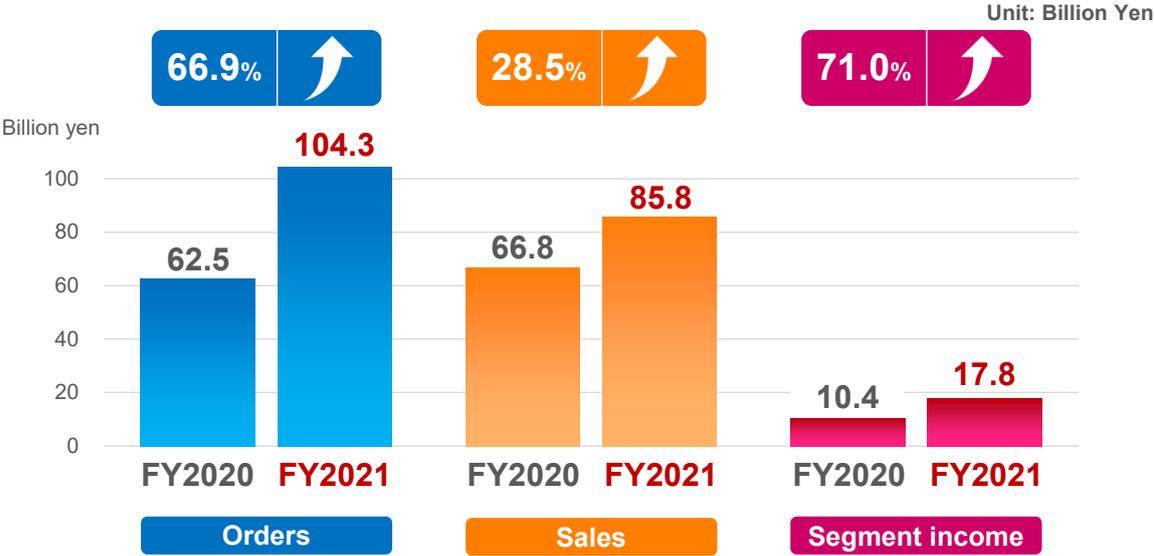
**Field Services
Global Support**



**System Level Test
ATS5xxx series**

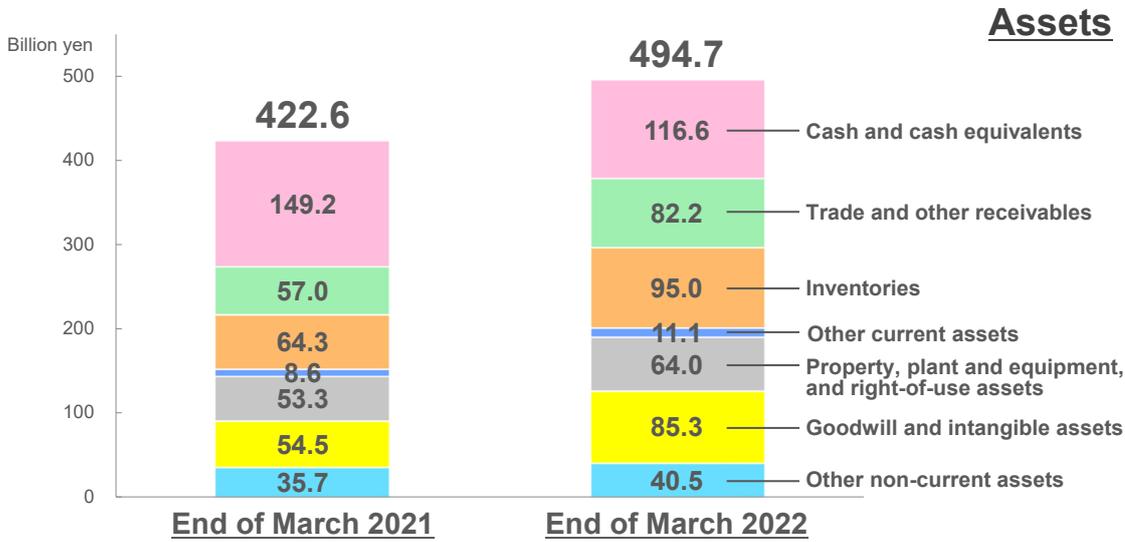
In the Services, Support, and Others Segment, demand for system-level test products grew significantly amidst strong data center investment and smartphone performance gains. In addition, as our installed bases grew, the demand for maintenance services continued at a high level.

Services, Support, and Others Segment



As a result of the above, orders received were 104.3 billion yen, a 66.9% increase from the previous fiscal year, net sales were 85.8 billion yen, a 28.5% increase from the previous fiscal year, and segment income was 17.8 billion yen, a 71.0% increase from the previous fiscal year.

Consolidated Statements of Financial Position

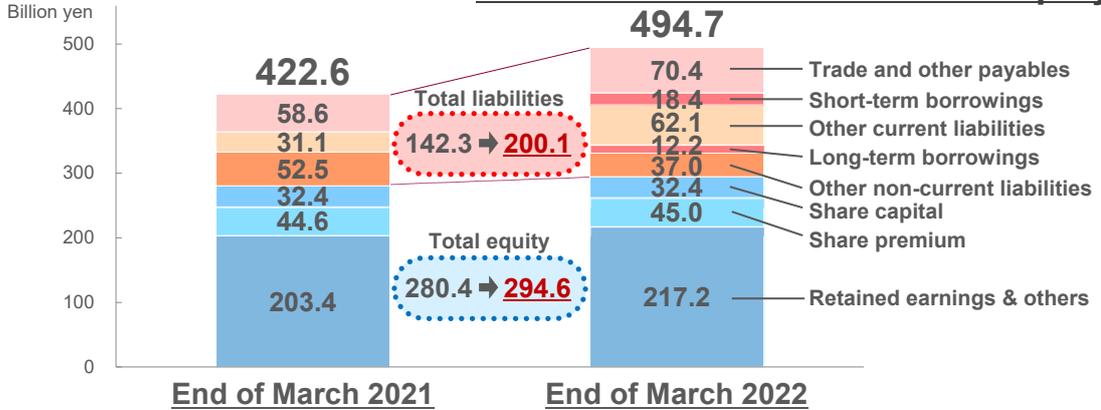


Next, I will present our consolidated statements of financial position, which are shown on page 54 of the Convocation Notice.

Total assets at the end of fiscal year 2021 were 494.7 billion yen, an increase of 72.1 billion yen from the previous fiscal year, primarily due to increases of 30.8 billion yen in goodwill and intangible assets, 30.7 billion yen in inventories, despite offset by a decrease of 32.6 billion yen in cash and cash equivalent.

Consolidated Statements of Financial Position

Liabilities and Stockholders' Equity



66.3%	59.6%
66.3%	59.5%
27.3%	30.4%

Ratio of equity attributable to owners of the parent
 Equity-to assets ratio
 ROE (Return on equity)

The total liabilities were 200.1 billion yen, an increase of 57.8 billion yen compared to the previous fiscal year, primarily due to the increases of 30.6 billion yen in borrowings and 18.2 billion yen in income tax payables. Total equity was 294.6 billion yen. Ratio of equity attributable to owners of the parent was 59.6%, a decrease of 6.7 percentage points from March 31, 2021. This was primarily attributable to increases of 66.5 billion yen in treasury shares and 30.6 billion yen in borrowings.

Shareholder Returns for 80th Term

Interim dividend ¥50 per share

Year-end dividend ¥70 per share

Annual dividend ¥120 per share

At the board of directors meeting held on May 20, 2022, a dividend of 70 yen per share, was approved as the year-end dividend for the 80th term, and dividend-related documents have been sent out together with the convocation notice for this meeting.

Together with the interim dividend, the total annual dividend will be 120 yen per share.

This completes the overview of matters to be reported.



Future Challenges & Opportunities

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Now that I have finished covering the matters to be reported, I would like to explain the challenges ahead for our company.

Corporate Purpose & Mission

Enabling Leading-Edge Technologies

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

Grand Design Update: Commitments & Strategies

Commitments

1. Be the No.1 provider of test & measurement solutions
2. Partner with leading-edge customers
3. Develop leading-edge technologies
4. Attract and retain the best talent in the industry
5. Learning organization
6. Improve financial KPI and increase corporate value



Strategies

- 1 Reinforce Core Businesses, Invest Strategically
- 2 Seek Operational Excellence
- 3 Explore Value to Reach a Higher Level
- 4 Pioneer New Business Fields
- 5 Enhance ESG initiatives

Based on our external environment outlook, we have added a fifth strategic issue, while adhering to our existing basic policy

Contributing to humanity's sustainable future through our business activities

Our “Grand Design” medium- to long-term management policy, formulated in 2018, defines who we want to be as a company and sets forth guidelines for what we should do to continue being a company that embodies our corporate mission of “enabling leading-edge technologies” for a duration of 10 years from FY2018 to FY2027.

We are working to further increase and improve corporate value based on the Grand Design policy.

Based on the fact that we successfully completed our first three-year plan, the “First Mid-Term Management Plan (FY2018-2020)” (MTP1) in FY2020 with results exceeding all management metrics, and three years have passed ever since the formulation of the Grand Design, we have updated our Grand Design to align with the progress of our business performance and the latest recognition of external environment in FY2021. At the same time, we formulated the second mid-term management plan (FY2021-FY2023) (MTP2) and started initiatives to make a further leap forward.

Key Measures of the 2nd Medium-Term Management Plan (FY2021-2023)

Semiconductor and Component Test System Segment

- ◆ Further capture demand for smartphone-related SoC and HPC device test, leveraging the strengths of our newest product, the V93000 EXA Scale
- ◆ Establish a leading position in millimeter-wave related semiconductor test
- ◆ Maintain a strong business foundation for DRAM and non-volatile memory semiconductors

Mechatronics System Segment

- ◆ Provide test cell environments that support test quality improvements and expand sales opportunities

Services, Support, and Others Segment

- ◆ Seek to win new customers in mobile, HPC, automotive, memory / storage, etc.
 - ◆ Grow sales of SLT consumables as well as recurring sales
 - ◆ Search for optimal business models in the data analytics field
- * HPC (High-Performance Computing)
* SLT (System Level Test)

Here, I will explain the main measures of our “Second Medium-Term Management Plan (FY2021-2023)” (MTP2).

First, in the Semiconductor and Component Test System Segment, we will further capture demand for smartphone-related SoC and HPC device test, leveraging the strengths of our newest product, the V93000 EXA Scale.

We will establish a leading position in the millimeter-wave related semiconductor test, which is expected to take off from CY2022.

We will also maintain a strong business foundation for DRAM and non-volatile memory semiconductors.

Next, in the Mechatronics System Segment, we will provide test cell environments that support test quality improvements and expand sales opportunities.

Lastly, in the Services, Support, and Others Segment, amidst growing needs for system-level test, we will seek to win new customers in mobile, HPC, automotive, memory / storage, etc.

In our system level test business, we will also strive to grow sales of consumables as well as recurring sales.

We will also continue to promote the search for optimal business models in the data analytics field, which is a new business area.

Further Enhancement of ESG Initiatives

- ◆ Established our ESG Initiatives Basic Policy
- ◆ Disclosed information on climate change based on TCFD recommendations in our Integrated Annual Report
- ◆ Advantest acquired a certification from the SBTi
- ◆ Selected as a Supplier Engagement Leader
- ◆ Selected for the first time as one of the brands in the 2022 Health & Productivity Stock Selection
- ◆ Certified as “White 500” under METI’s 2022 Health and Productivity Management Awards, for the second consecutive year

For more information on our ESG initiatives, please visit our website.



* TCFD (Task Force on Climate-related Financial Disclosures)

* SBTi (Science Based Targets initiative): Joint initiative by WWF (World Wide Fund for Nature), CDP, World Resources Institute (WRI), United Nations Global Compact

* Supplier Engagement Rating: An assessment conducted by the international environmental non-profit organization, CDP, on how companies work effectively with their suppliers on climate change challenges.

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Next, I would like to introduce our efforts and results regarding “Further Enhancement of ESG Initiatives,” which was added as a new strategy to the Second Medium-Term Management Plan.

In April 2020, Advantest announced its support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) based on the idea that the risks and opportunities posed by climate change to our business and financial status need to be evaluated to achieve sustainable growth. Since then, we have been working on analysis, examination, and disclosure.

In addition, Advantest acquired a certification from the Science Based Target Initiative (SBTi) and was selected as the highest-rated Supplier Engagement Leaderboard by CDP, an international non-profit organization, for ranking top in Supplier Engagement Rating. At the same time, Advantest has recently been selected for the first time as one of the brands in the 2022 Health & Productivity Stock Selection, and has implemented various initiatives and achieved particularly outstanding efforts.

For more information on our ESG initiatives, please visit our website.

Outlook

Further growth of semiconductor demand driven by higher semiconductor functionality and increasing social requirements for semiconductor reliability

→ Semiconductor test demand will continue to grow

High expectations for the flagship applications of the digital revolution and support for carbon-neutral measures

→ Increasing importance of technologies to improve energy efficiency

**FURTHER GROWTH
ANTICIPATED IN 2022**

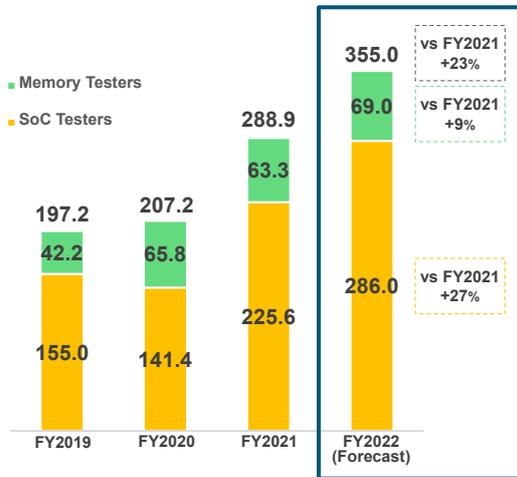
Looking at our market environment going forward, semiconductor test demand will continue to grow due to factors such as further growth of semiconductor demand driven by higher volumes of data processing and communications handled by semiconductors, higher semiconductor functionality, and increasing social requirements for semiconductor reliability, as described in our second mid-term management plan.

Amid high expectations for the flagship applications of the digital revolution, such as the “Metaverse,” and support for carbon-neutral measures, technologies that improve energy efficiency are becoming more important.

Taking all of this together, Advantest expects the favorable environment for semiconductors and related markets to continue in the short and medium to long term, and Advantest anticipates further growth in the semiconductor test equipment market in 2022.

FY2022 Outlook by Segment - Semiconductor & Component Test Systems -

Semiconductor & Component Test Systems Sales Trends (¥B)



Semiconductor & Component Test Systems

<SoC Testers>

– As the trend toward further miniaturization extends test times, FY22 is expected to also see increases in the number and production volumes of HPC devices that utilize advanced processes, stimulating additional demand for testers

Applications	FY2019	FY2020	FY2021	FY2022 ^{*2}
Computing / Comms	70%	55%	60%	70%
Automotive / Industrial / Consumer / DDIC ^{*1}	30%	45%	40%	30%

Numbers are rounded to the nearest 5%

<Memory Testers>

– Tester demand is steadily expanding due to demand for greater device densities resulting from progress in DRAM miniaturization, demand for higher-speed DRAM / wider bandwidths, etc.

Applications	FY2019	FY2020	FY2021	FY2022 ^{*2}
DRAM	70%	60%	60%	60%
NVM ^{*3}	30%	40%	40%	40%

*1 DDIC : Display Driver IC

*3 NVM : Non-Volatile Memory

Numbers are rounded to the nearest 5%

*2 FY22 figures are forecasts

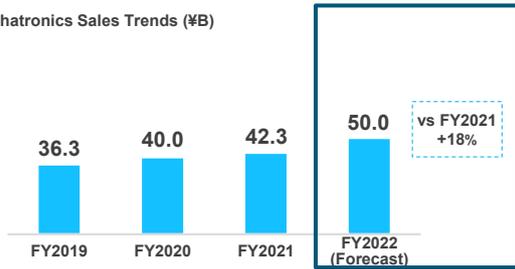
I would like to explain the business outlook for FY2022 for each Segment.

In the Semiconductor & Component Test Systems Segment, regarding advanced SoC semiconductors, it is expected that the number and production volumes of HPC device that utilize advanced processes will stimulate additional demand for testers. In terms of memory tester, changes in DRAM memory technology such as miniaturization, greater densities, and demand for higher speeds / bandwidths will support tester demand.

FY2022 Outlook by Segment

- Mechatronics Systems and Services, Support, & Others Segments -

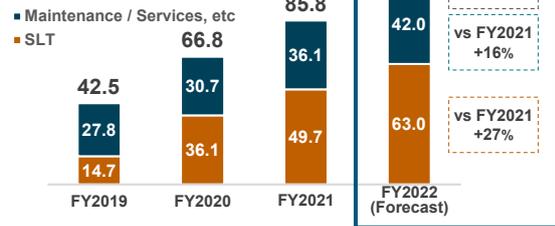
Mechatronics Sales Trends (¥B)



Mechatronics Systems

- Demand for high-level device interface products is expected to rise in line with tester demand
- With the spread of EUV lithography, sales of nanotechnology products should also trend favorably

Services, Support, & Others Sales Trends (¥B)



Services, Support, & Others

- We expect our system level test business to grow steadily. Recurring business revenues, a target of our growth investments in recent years, are also expected to grow
- Demand for maintenance services is increasing amidst steady growth in our installed base and high customer utilization ratios

In the Mechatronics Segment, we expect sales of nanotechnology products to increase due to continued high-level demand for device interface products, which are strongly correlated with our tester business, and the increasing adoption of EUV lithography.

In the Services, Support, and Others Segment, in addition to the steady growth of our system level test business and increasing recurring business revenues, which have been strengthened by our M&A, we anticipate a steady increase in demand in our service and maintenance business.

FY2022 Forecast

(Billion yen)				
	FY2021	Forecast	FY2022	
	Results		vs. FY21	
			(Δ)	(%)
Sales ^{*1}	416.9	510.0	+93.1	+22.3%
Operating Income	114.7	150.0	+35.3	+30.7%
Operating Margin	27.5%	29.4%	+1.9 pts	
Income Before Tax	116.3	150.0	+33.7	+28.9%
Net Income	87.3	112.5	+25.2	+28.9%
Net Income Margin	20.9%	22.1%	+1.2 pts	
R&D Expenses	48.4	60.0	+11.6	+24.0%
CapEx	18.0	27.0	+9.0	+50.0%
D&A	15.0	16.8	+1.8	+12.0%
Exchange Rate ^{*2}	1 US\$	¥112	¥120	¥8 Depreciation
	1 Euro	¥130	¥135	¥5 Depreciation

*1: Intersegment transactions have been eliminated from totals.

*2: Our latest forecast for the impact of exchange rate fluctuations on FY22 operating income is plus ¥1.3 billion per 1 yen of JPY depreciation vs USD, and minus ¥0.2 billion per 1 yen of JPY depreciation vs Euro.

Based on the above situation, Advantest's forecast for FY2022 calls for sales of ¥510.0 billion, operating income of ¥150.0 billion, income before taxes of ¥150.0 billion, and net income of ¥112.5 billion.

Although the procurement of materials continues to be extremely difficult, we will do our utmost to secure needed parts, aiming to set new sales and profit records for the third consecutive year.

This forecast assumes exchange rates of 1 USD to 120 JPY and 1 euro to 135 JPY.

Key Measures for FY2022

- ◆ Measures to ensure stable product supply in response to the industry's prolonged parts procurement difficulties will be our top priority.
- ◆ We will push forward the frontiers of test technology in collaboration with customers involved with leading-edge semiconductor technology R&D.
- ◆ We will strengthen our business foundation by enhancing our human resources and increasing CapEx from a medium- to long-term perspective to further expand our business.
- ◆ We will reinforce our data analytics initiatives to enable further growth amid the progress of digital transformation.
- ◆ In addition to semiconductor test processes, SLT demand is also growing steadily. We will not only expand test platform sales, but also reinforce our recurring business, including consumables.
- ◆ We will continue to promote climate measures and other ESG initiatives.
- ◆ We will respond flexibly to changes in our business environment amid the considerable uncertainties stemming from geopolitical risks, rising inflation, and other factors.

Finally, in the context of these business outlooks, I would like to explain some of the key measures we will focus on in FY2022.

The difficulty of procuring parts, especially semiconductors, still continues, however, we will implement measures to ensure a stable supply of our products as our top priority.

We will collaborate with customers who are involved with the development of leading-edge semiconductor technology to push forward the frontiers of test technology.

Moreover, the tester market is expected to expand further in the medium to long term.

We plan to boldly implement measures including up-front investments in talented human resources, facility expansion, and other areas.

In particular, we will reinforce our data analytics business looking ahead to business transformation in the digital society.

We will also strengthen our recurring business for consumables, for which demand is increasing across the entire testing process.

We will continue to promote our ESG initiatives, including climate change response.

Finally, we will respond flexibly to changes in our business environment amid the considerable uncertainties stemming from geopolitical risks such as the crisis in Ukraine.

Focusing on the key measures for FY2022, which I explained above, the Advantest Group will continue to promote our business as an entire group.

I would like to close by asking for the continued understanding and support of our shareholders as we tackle these future challenges and opportunities, with a view to further increasing corporate value.

NOTE

Accounting Standards

- Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

Cautionary Statement with Respect to Forward-Looking Statements

- This presentation contains “forward-looking statements” that are based on Advantest’s current expectations, estimates and projections. These statements include, among other things, the discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should” and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest’s actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

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