

(The following is an unofficial English translation of the Convocation Notice of the 78th Ordinary General Meeting of Shareholders of Advantest Corporation (the “Company”). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Pictures, graphs and reference matters in the Japanese have been omitted from this translated document.)

(Stock Code Number: 6857)

**CONVOCATION NOTICE OF
THE 78th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and time: June 25, 2020 (Thursday) at 11:00 a.m.

(The reception desk will open at 10:00 a.m.)

Place: Hall at Gunma R&D Center of Advantest Corporation
336-1, Ohwa, Meiwa-machi, Ora-gun, Gunma

Message to Shareholders

To Our Shareholders

We are pleased to send you this Convocation Notice for the 78th Ordinary General Meeting of Shareholders.

First of all, I sincerely hope that the spread of the new coronavirus disease (COVID-19) will end as soon as possible and wish for the earliest possible recovery of those who have been affected by the disease.

During the consolidated fiscal year of 2019, the global economy was affected by the extended concern over the prolonged trade friction of protectionist trade policies and the global epidemic of the new coronavirus since the beginning of 2020 which has increased further uncertainties.

Amidst this economic uncertainty, end-product demand and capital investment in a wide range of industries including electronics, automobiles, and industrial equipment slumped, and semiconductor demand suffered the impact of these declines. The semiconductor market in 2019 resulted in negative growth. As a result, many semiconductor manufacturers, especially in the memory sector, which has become more sensitive to inventory excesses, have been making production adjustments and reviewing their capital investment plans.

On the other hand, major semiconductor manufacturers have actively made efforts to improve semiconductor performance, stimulating demand for semiconductor test equipment. In particular, with full-scale commercialization of 5G communications approaching in countries around the world, demand for test equipment for 5G smartphone semiconductors manufactured with advanced processes remained at a high level throughout the period.

As a result, orders received amounted to 287.8 billion yen, net sales were 275.9 billion yen, operating income was 58.7 billion yen, income before income taxes was 58.6 billion yen, and net income was 53.5 billion yen.

With respect to the year-end dividend distribution to shareholders, we resolved at the meeting of the Board of Directors held on May 21, 2020 to distribute a year-end dividend of 41 yen per share, with a payment date of June 2, 2020.

Since Advantest has paid an interim dividend of 41 yen per share, the total dividend per share for the fiscal year will be 82 yen per share.

We hope that we may rely on you for your continued support and guidance in the future.

June 2020

Yoshiaki Yoshida
Representative Director,
President and CEO

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To Our Shareholders

Yoshiaki Yoshida
Representative Director
President and CEO
ADVANTEST CORPORATION
1-6-2 Marunouchi, Chiyoda-ku,
Tokyo

**CONVOCATION NOTICE OF
THE 78th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 78th Ordinary General Meeting of Shareholders of ADVANTEST CORPORATION (the “Company”) will be held as set forth below.

As a result of careful consideration following the recent declaration of a state of emergency by the Japanese government, the Company has decided to hold this general meeting of shareholders with appropriate infection prevention measures in place.

In view of the status of the spread of COVID-19, the Company requests that you prioritize the safety of yourself and your family members and refrain from attending the meeting.

You can exercise your voting rights in writing or by means of the Internet. The Company requests that you exercise your voting rights by 5:00 p.m. on June 24, 2020 (Wednesday) after carefully reading the reference documents set forth below.

1. Date and time: June 25, 2020 (Thursday) at 11:00 a.m.
(The reception desk will open at 10:00 a.m.)
2. Place: Hall at Gunma R&D Center of Advantest Corporation
336-1, Ohwa, Meiwa-machi, Ora-gun, Gunma
(To prevent the spread of new coronavirus disease, the venue is different from the previous venue, so please refer to the venue guide map at the end and make sure there are no mistakes.)
3. Subject matters of the general meeting of shareholders:
 - Matters to be reported:
 - Item No.1: Matters concerning the business report, consolidated financial statements and non-consolidated financial statements reporting for the 78th Fiscal Year (from April 1, 2019 to March 31, 2020)
 - Item No.2: Matters concerning the results of audit of the Company’s consolidated financial statements by the Independent Auditors and the Audit and Supervisory Committee
 - Matters to be resolved:
 - Agenda Items:
 - Agenda Item No.1: Election of 8 directors (excluding directors who are audit and supervisory committee members)
 - Agenda Item No.2: Election of 1 director who is an audit and supervisory committee member

Notice of Items to be listed on our website

- As the following information is available on the Company's website in accordance with laws and regulations and Article 13 of the Articles of Incorporation, it is not included in this convocation notice. Materials attached to this convocation notice and the matters posted on the Company's website indicated below are documents audited by the Independent Auditors and the Audit and Supervisory Committee when preparing the Report of Independent Auditors and the Audit Report, respectively.

1. Notes to Consolidated Financial Statements

2. Notes to Non-Consolidated Financial Statements

(note: This English Translation includes above such statements for your convenience)

- Amendments to the reference documents for the general meeting of shareholders and/or attached materials or any significant changes in the operation of this general meeting of shareholders, if any, will be posted on the Company's website.

- If the date and time or the venue of the general meeting of shareholders are to be changed due to the status of the spread of COVID-19, the information will be posted on the Company's website.

- Presentation materials concerning matters to be reported will be posted on the Company's website. Also, on-demand video streaming of the general meeting of shareholders will be available after the meeting.

- The resolutions adopted at the meeting will be posted on the Company's website instead of issuing a written notice of the resolutions.

The Company's website:

<https://www.advantest.com/en/investors/shares-and-corporate-bonds/shareholders-meeting>

Measures for Preventing the Spread of COVID-19

[Requests to Shareholders]

- In view of the status of the spread of COVID-19, the Company requests that you prioritize the safety of yourself and your family members and refrain from attending the meeting.
- If you are attending the meeting, you are requested to cooperate with the measures to help prevent the spread of COVID-19, including wearing of a mask at the venue, use of alcohol-based disinfection, and temperature check.
- Please note that the meeting staff may speak to those who appear to be in ill health and such shareholders may not be allowed to enter the venue.
- At the venue, you are requested to maintain social distancing and sit apart from one another to the extent possible.

[The Company's Measures]

- Although the Company intended to hold the general meeting of shareholders at a public facility in Tokyo this year as well, this year's meeting will be held at the Gunma R&D Center of the Company in Gunma Prefecture since the venue in Tokyo may become unavailable depending on the status of the spread of COVID-19 and due to the convenience to secure social distancing measures to prevent the spread of the disease.
- The meeting staff will have their health conditions checked in advance and will wear a mask at the venue.
- Alcohol-based disinfectants will be placed for use at the venue.
- The Company will expedite the proceedings of the general meeting of shareholders compared with the case in a usual year and omit detailed explanation of the business report, consolidated financial statements and non-consolidated financial statements reporting, and the results of audit of the Company's consolidated financial statements by the Independent Auditors and the Audit and Supervisory Committee. During the Q&A session, shareholders are requested to refrain from asking any questions unrelated to the subject matter of the general meeting of shareholders.

- | |
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| <ul style="list-style-type: none">- Please note that the venue for the general meeting of shareholders and the meeting start time are different from those for the previous year's meeting.- The Company will not be presenting a gift to shareholders who attend the meeting and has cancelled a social gathering with shareholders, including serving of beverages.
We appreciate your understanding. |
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Instructions for the Exercise of Voting Rights

If you exercise your voting rights in writing or via the Internet

Exercise of voting rights in writing

Please indicate your intention to vote “for” or “against” each agenda item on the enclosed voting right exercise form, and then return the form to us.

Deadline: To be delivered by 5:00 p.m. of June 24, 2020 (Wednesday)

Exercise of voting rights via the Internet

Please refer to “Instructions for the Exercise of Voting Rights via the Internet” on pages 7-8 and indicate your intention to vote “for” or “against” each agenda item by following the on-screen instructions.

Deadline: By 5:00 p.m. of June 24, 2020 (Wednesday)

If you attend the General Meeting of Shareholders

When attending the meeting, please bring this convocation notice with you and submit the enclosed voting right exercise form to the reception desk at the site of the meeting.

If you attend the meeting, you do not need to mail the voting right exercise form or vote via the Internet.

Date and time: June 25, 2020 (Thursday) at 11:00 a.m.

Instructions for the Exercise of Voting Rights via the Internet

Voting rights may be exercised online only by accessing the website for casting votes on a PC, smartphone, etc. Please access the website for casting votes and indicate your intention to vote “for” or “against” each agenda item. (This website is out of service from 2:00 a.m. to 5:00 a.m. every day.)

Deadline for exercise of voting rights: By 5:00 p.m. of June 24, 2020 (Wednesday)

Using a smartphone to read the QR code

Read the “QR code for login” and you can log in to the website for casting votes without entering the “login ID” and “temporary password.”

***Exercising of voting rights using the following method is available only once.**

1. Read the QR code.

Use your smartphone and read the “QR code for login” printed on the right-hand slip of the enclosed voting right exercise form.

2. Select the option of exercise of voting rights.

The screen displays available options for exercise of voting rights. Select your preferred option for exercise of voting rights.

3. Select “for” or “against” each agenda item.

Follow the on-screen instructions and for each agenda item select “for” or “against.”

Follow the on-screen instructions to complete your exercise of voting rights.

For login for the second time onward,

Please follow the instructions on the next page.

Institutional investors

Institutional investors can use the electronic voting platform operated by ICJ, Inc. by submitting an application in advance.

Entering the “login ID” and “temporary password”

1. Access the website for casting votes.
2. Enter the “login ID” and “temporary password” printed on the right-hand slip of the enclosed voting right exercise form
3. Complete the “New password” and “New password (for confirmation)” fields.

Follow the on-screen instructions and enter “for” or “against.”

Website for casting votes

<https://evote.tr.mufg.jp/>

Notes

- If you exercise your voting rights via the Internet, you do not need to mail the voting right exercise form.
- If voting rights are exercised both by mail and via the Internet, the exercise of voting rights via the Internet shall be deemed valid.
- If voting rights are exercised via the Internet multiple times, the last exercise of voting rights shall be deemed valid.
- In some cases, you may not be able to use the website for casting votes due to your Internet environment, network service, or communication device model.
- Internet connection charges, communication fees, and other costs incurred by accessing the website for casting votes by smartphone, PC, etc. shall be the responsibility of each shareholder.

[Contact for inquiry on how to operate the website for casting votes]

Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Phone number: 0120-173-027 (toll-free number within Japan)

Business hours: 9 a.m. to 9 p.m. (Japan time)

Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Matters:

Agenda Item No. 1: Election of 8 directors (excluding directors who are audit and supervisory committee members)

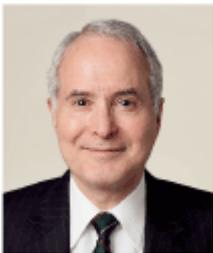
The term of office of all 7 current directors (excluding directors who are audit and supervisory committee members) will expire upon the closing of this ordinary general meeting of shareholders. The Company therefore requests that you elect 8 directors (excluding directors who are audit and supervisory committee members), increasing the number of directors (excluding directors who are audit and supervisory committee members) by one in order to further strengthen the management structure. The Company has received a report from the Audit and Supervisory Committee stating that this agenda item was decided by the Board of Directors following the deliberation by the Nomination and Compensation Committee, taking into consideration the career, capabilities, personalities, and other attributes of each candidate in a comprehensive manner, and that the candidate nomination procedure was appropriate and there were no specific findings.

The profiles of the director candidates (excluding directors who are audit and supervisory committee members) are set forth below.

Candidate No.	Name	Present position and assignment	Number of attendances at the meetings of the Board of Directors
1	Reappointed Yoshiaki Yoshida	Representative Director, President and CEO	14/14
2	Reappointed Independent Osamu Karatsu	Outside Director	14/14
3	Reappointed Independent Toshimitsu Urabe	Outside Director	11/11
4	Reappointed Independent Nicholas Benes	Outside Director	11/11
5	Reappointed Soichi Tsukakoshi	Director, Managing Executive Officer, Supply Chain	14/14
6	Reappointed Atsushi Fujita	Director, Managing Executive Officer, Corporate Administration	11/11
7	New Candidate Koichi Tsukui	Managing Executive Officer, Sub-leader, ATE Business Group	-
8	New Candidate Douglas Lefever	Managing Executive Officer, Director, President and CEO of Advantest America, Inc.	-

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
	 Osamu Karatsu (April 25, 1947) <input type="checkbox"/> Reappointed <input checked="" type="checkbox"/> Independent	April 1975 Joined Nippon Telegraph and Telephone Public Corporation June 1991 Executive Manager, LSI Laboratories, Nippon Telegraph and Telephone Corporation June 1997 Vice President and Director, Advanced Telecommunications Research Institute International (Resigned June 1999) April 1999 Principal Consultant, SRI Consulting K.K. April 2000 Chief Executive Director, SRI International Japan (Resigned January 2012) June 2012 Outside Director of Advantest Corporation (present position)	3,056
2	<p>Mr. Osamu Karatsu is a candidate for an outside director.</p> <p>The reasons for nomination as a candidate for an outside director and the number of years in office</p> <ul style="list-style-type: none"> ■ In addition to his management experience at R&D institutions in Japan and overseas, Mr. Osamu Karatsu has a wealth of knowledge and experience as a semiconductor specialist. It will contribute to the sustainable enhancement of corporate value of the Company and the activation of the Board of Directors to reflect his insights on the industry to which the Company belongs in the management of the Company. Thus, the Company believes that he is a suitable person as an outside director, and therefore, has nominated him again as a candidate for an outside director. ■ Mr. Osamu Karatsu has served as an outside director of the Company for 8 years. <p>Independence</p> <ul style="list-style-type: none"> ■ The Company has no special transactions with Mr. Osamu Karatsu and the Company judges that he is sufficiently independent in light of the "Independence Criteria of Independent Outside Directors" (page 22) specified by the Company. And since he also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director. 		

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
	 Toshimitsu Urabe (October 2, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div>	April 1978 Joined Mitsubishi Corporation April 2009 Senior Vice President and Deputy Chief Representative for China of Mitsubishi Corporation, and President for Mitsubishi Corporation (Hong Kong) Ltd. April 2011 Senior Vice President and Senior Assistant to Senior Executive Vice President, Human Resources of Mitsubishi Corporation April 2013 Executive Vice President, Group CEO, Business Service Group of Mitsubishi Corporation April 2017 Advisor, Mitsubishi Corporation June 2017 Deputy President and Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited (present position) June 2019 Outside Director of Advantest Corporation (present position)	142
3	<p>Mr. Toshimitsu Urabe is a candidate for an outside director.</p> <p>The reasons for nomination as a candidate for an outside director and the number of years in office</p> <ul style="list-style-type: none"> ■ Mr. Toshimitsu Urabe has extensive management experience at a leading Japanese general trading company, particularly overseas experience in the United States and Asia, experience in business investment decisions, etc., and extensive experience in administrative management, for example human resources. It will contribute to the sustainable enhancement of corporate value of the Company and the activation of the Board of Directors to reflect his insights on the global management of the Company group. Thus, the Company believes that he is a suitable person as an outside director, and therefore, has nominated him again as a candidate for an outside director. ■ Mr. Toshimitsu Urabe has served as an outside director of the Company for 1 year. <p>Independence</p> <ul style="list-style-type: none"> ■ The Company has no special transactions with Mr. Toshimitsu Urabe or Mitsubishi UFJ Lease & Finance Company Limited, where he has been a Deputy President. Therefore, the Company judges that he is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 22) specified by the Company. And since he also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director. 		

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
	 <p>Nicholas Benes (April 16, 1956)</p> <p>Reappointed</p> <p>Independent</p>	<p>September 1983 Joined Morgan Guaranty Trust Company of New York (currently JPMorgan Chase & Co.)</p> <p>November 1983 Joined California and New York State Bar Association.</p> <p>May 1994 Senior Managing Director, Kamakura Corporation</p> <p>April 1997 President and Founder, JTP Corporation (present position)</p> <p>March 2000 Outside Director, Alps Mapping Co., Ltd.</p> <p>December 2006 Outside Director, Livedoor Holdings Co., Ltd.</p> <p>March 2007 Outside Director, Cecile Co., Ltd.</p> <p>November 2009 Representative Director, The Board Director Training Institute of Japan (present position)</p> <p>June 2016 Outside Director, Imagica Robot Holdings Inc. (currently IMAGICA GROUP Inc.) (present position)</p> <p>June 2019 Outside Director of Advantest Corporation (present position)</p>	2,000
4	<p>Mr. Nicholas Benes is a candidate for an outside director.</p> <p>The reasons for nomination as a candidate for an outside director and the number of years in office</p> <ul style="list-style-type: none"> ■ Mr. Nicholas Benes has extensive knowledge and experience about corporate governance matters, and experience in investment banking including M&A transactions. It will contribute to the sustainable enhancement of corporate value of the Company and the activation of the Board of Directors to receive his insights on corporate governance and the perspective of shareholders, and reflect them in the global management of the Company group. Thus, the Company believes that he is a suitable person as an outside director, and therefore, has nominated him again as a candidate for an outside director. ■ Mr. Nicholas Benes has served as an outside director of the Company for 1 year. <p>Independence</p> <ul style="list-style-type: none"> ■ Mr. Nicholas Benes does not have any dealings with the Company that would affect his independent judgement. The Company has paid an annual fee to and received executive training from the Board Director Training Institute of Japan, where he has been a representative director. The amount of payment to the Board Director Training Institute of Japan in FY2019 was less than JPY 1,000,000. Therefore, the Company judges that he is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 22) specified by the Company. And since he also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director. 		

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
5	 Soichi Tsukakoshi (February 1, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-left: 20px;">Reappointed</div>	April 1983 Joined Advantest Corporation June 2008 Executive Officer June 2013 Executive Vice President, Production Group (present position) June 2015 Managing Executive Officer June 2017 Director, Managing Executive Officer (present position) Supply Chain (present position)	4,935
<p>The reasons for nomination as a candidate for a director</p> <p>■Mr. Soichi Tsukakoshi has been engaged in sales and marketing operations. After his duties as Senior Vice President of the Sales Group, he currently serves as Executive Vice President of the Production Group. He has a wealth of knowledge and experience concerning sales and marketing as well as production. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value through enhancement of efficiency of manufacturing and supply chain optimization and, therefore, has nominated him again as a candidate for a director.</p>			

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
6	 <p data-bbox="276 535 458 629">Atsushi Fujita (November 15, 1959)</p> <div data-bbox="288 651 435 685" style="border: 1px solid black; padding: 2px;">Reappointed</div>	<p data-bbox="507 255 1230 456">April 1983 Joined Advantest Corporation June 2015 Executive Officer June 2017 Managing Executive Officer, Executive Vice President, Corporate Administration Group (present position)</p> <p data-bbox="507 459 1230 555">June 2019 Director, Managing Executive Officer (present position) Corporate Administration (present position)</p>	2,263
<p data-bbox="240 696 903 723">The reasons for nomination as a candidate for a director</p> <p data-bbox="240 728 1465 893">■Mr. Atsushi Fujita has been engaged in corporate administration mainly in finance and accounting for many years, including assignment to the US and Germany. He has a wealth of knowledge and experience concerning the Company group's business and corporate management. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him again as a candidate for a director.</p>			

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
7	 Koichi Tsukui (December 11, 1964) <div style="background-color: black; color: white; padding: 2px; display: inline-block;">New Candidate</div>	April 1987 Joined Advantest Corporation June 2014 Executive Officer June 2015 Managing Executive Officer (present position) June 2018 Sub-Leader, ATE Business Group (present position) Executive Vice President, Memory Test Business Unit (present position) Applied Research & Venture Team (present position) June 2019 In Charge of DH Business Group (present position)	1,853
<p>The reasons for nomination as a candidate for a director</p> <p>■Mr. Koichi Tsukui has been engaged in business operations and sales and marketing operations for many years including assignment to Germany. He has a wealth of knowledge and experience concerning the Company group's business and corporate management. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him as a new candidate for a director.</p>			

	Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
8	 Douglas Lefever (December 10, 1970) <div style="background-color: black; color: white; padding: 2px; display: inline-block;">New Candidate</div>	June 1998 Joined Advantest America, Inc. August 2014 Executive Officer, Advantest Corporation September 2014 Director, President and CEO, Advantest America, Inc. (present position) June 2017 Managing Executive Officer, Advantest Corporation (present position) June 2018 Applied Research & Venture Team (present position) June 2019 US Lab Leader, Applied Research & Venture Team (present position) Executive Vice President, System Test Business Unit (present position)	0
<p>The reasons for nomination as a candidate for a director</p> <p>■ Mr. Douglas Lefever is responsible for promoting business development mainly in the US (Silicon Valley). He has a wealth of knowledge and experience concerning the Company group's business and corporate management and is expected to contribute to enhancing and galvanizing the diversity of the Board of Directors. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him as a new candidate for a director.</p>			

Notes:

1. These candidates do not have any special interest in the Company.
2. The Company has entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act with each of Messrs. Osamu Karatsu, Toshimitsu Urabe and Nicholas Benes. The upper limit of liability based on this agreement is the minimum liability as provided in the applicable laws and ordinances.

Agenda Item No. 2: Election of 1 director who is an audit and supervisory committee member

The term of office of the current director who is an audit and supervisory committee member, Ms. Tsuneko Murata will expire upon the closing of this ordinary general meeting of shareholders. The Company therefore requests the election of 1 director who is an audit and supervisory committee member. The Company has obtained the consent of the Audit and Supervisory Committee with respect to this agenda item.

The profile of the candidate for director who is an audit and supervisory committee member is set forth below.

Name (Date of Birth)	Brief personal history; position and assignment; and other significant concurrently held positions, if any	Number of the Company's shares owned
 Sayaka Sumida (January 28, 1961) <div data-bbox="236 674 384 712" style="border: 1px solid black; padding: 2px; width: fit-content;">New Candidate</div> <div data-bbox="236 745 384 784" style="border: 1px solid black; padding: 2px; width: fit-content;">Independent</div>	October 1984 Joined Asahi & Co.,(currently KPMG AZSA LLC) May 2006 Partner, KPMG Azsa & CO., (currently KPMG AZSA LLC) (Resigned in March 2020) August 2007 Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants (Resigned in July 2010) July 2010 Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants (Resigned in July 2019) January 2015 Board Member, The International Auditing and Assurance Standards Board (IAASB), The International Federation of Accountants (IFAC) (Resigned in December 2017) February 2017 Member of the Business Accounting Council in the Financial Services Agency (present position)	0

Ms. Sayaka Sumida is a candidate for an outside director.

The reasons for nomination as a candidate for an outside director who is an audit and supervisory committee member:

■ Although Ms. Sayaka Sumida has not been directly involved in the management of a company in the past, she has a wealth of knowledge and experience concerning finance and accounting gained through her engagement in accounting auditing services and internal control-related services as a certified public accountant at an accounting firm for many years. Her insights will contribute to galvanizing the Board of Directors of the Company and to the enhancement of the functions of the Audit and Supervisory Committee. Thus, the Company believes that she is a suitable person as an outside director who is an audit and supervisory committee member, and therefore, has nominated her as a new candidate for an outside director who is an audit and supervisory committee member.

Independence

■ The Company has no special transactions with Ms. Sayaka Sumida. Therefore, the Company judges that she is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 22) specified by the Company. And since she also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company intends to register her as an independent director.

Notes:

1. The candidate does not have any special interest in the Company.
2. If the election of Ms. Sayaka Sumida is approved, the Company intends to enter into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act with her. The upper limit of liability based on this agreement is the minimum liability as provided in the applicable laws and ordinances.

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

*If the election of all the candidates in this convocation notice is approved as proposed, diversity of the Board of Directors will be as shown in the table below.

	Independence (Outside)	Management	Finance / accounting	Insight of semicondu ctor industry	R&D	Global operations	Legal affairs
Yoshiaki Yoshida		●		●		●	
Osamu Karatsu	●			●	●	●	
Toshimitsu Urabe	●	●				●	
Nicholas Benes	●	●				●	●
Soichi Tsukakoshi				●		●	
Atsushi Fujita			●	●		●	
Koichi Tsukui				●	●	●	
Douglas Lefever				●	●	●	
Yuichi Kurita			●	●		●	
Kouichi Nanba	●						●
Sayaka Sumida	●		●			●	

(Reference)

Independence Criteria of Independent Outside Directors

Outside Director of Advantest Corporation (the “Company”) shall be judged to be independent provided none of the following conditions apply presently and recently.

1. Major Business Partner

- (1) Entity transacts with the Company as Major Business Partner or Executive thereof
- (2) Major Business Partner of the Company or Executive thereof

2. Expert

- (1) Consultant, Accountant or Lawyer who receives a large amount of money or other compensation from the Company. (In case that the receiver of such compensation is a legal entity or group such as union, the person who belongs to such entity.)

3. Relative

- (1) Relative of person who falls in the condition set forth in 1 or 2 above.
- (2) Relative of Executive or Board Director of the subsidiary of Company
- (3) Relative of person who was an Executive or Board Director of Company or subsidiary of Company recently.

Notes

- *1 “Recently” shall mean time range substantially identical to presently.
- *2 “Major Business Partner” means partner whose revenue from the transaction with the Company shares the considerable part of revenue of the Company or partner supplying the Company with commodities or services indispensable to the Company’s business.
- *3 “Executive” means the “executive” defined in the Ordinance for Enforcement of the Companies Act.
- *4 “Relative” means the person’s relative within the second degree of kinship.

(Attachments)

Business Report

(April 1, 2019 through March 31, 2020)

1. Current Conditions of the Company group

(1) Business conditions during the fiscal year

(i) Operations and Results of Business

Overall

During the consolidated fiscal year of 2019, the global economy was affected by the extended concern over the prolonged trade friction of protectionist trade policies and the global epidemic of the new coronavirus (COVID-19) since the beginning of 2020 which has increased further uncertainties.

Amidst this economic uncertainty, end-product demand and capital investment in a wide range of industries including electronics, automobiles, and industrial equipment slumped, and semiconductor demand suffered the impact of these declines. The semiconductor market in 2019 resulted in negative growth, opposing to the strong growth of 2018. As a result, many semiconductor manufacturers, especially in the memory sector, which has become more sensitive to inventory excesses, have been making production adjustments and reviewing their capital investment plans.

On the other hand, demand for semiconductor test equipment is influenced by not only device production volumes but also semiconductor technological evolution. As advanced processes enable the integration of more circuits on semiconductors, the performance of chips is improving and the importance of semiconductor reliability is increasing. As a result, the complexity of functional test and semiconductor test time are also increasing and stimulating test equipment demand.

Thus, the current consolidated fiscal year, major semiconductor manufacturers have actively made efforts to improve semiconductor performance, stimulating demand for semiconductor test equipment. In particular, with full-scale commercialization of 5G communications approaching in countries around the world, demand for test equipment for 5G smartphone semiconductors manufactured with advanced processes remained at a high level throughout the period.

As a result, orders received amounted to 287.8 billion yen (4.6% increase in comparison to the previous fiscal year), setting a new record. Net sales were 275.9 billion yen (2.3% decrease in comparison to the previous fiscal year). In terms of profit, operating income was 58.7 billion yen (9.2% decrease in comparison to the previous fiscal year), income before income taxes was 58.6 billion yen (11.5% decrease in comparison to the previous fiscal year), and net income was 53.5 billion yen (6.1% decrease in comparison to the previous fiscal year). The declines were due to increased SG&A expenses as a result of Advantest's aggressive moves to reinforce R&D and support resources as a part of strengthening the Company's foundation for future growth. Operating income in the previous fiscal year included a one-time profit of approximately 3.5 billion yen due to the sale of fixed assets and the transition of a part of Advantest's pension system to a defined contribution pension plan. The average currency exchange rates in the current fiscal year were 1 USD to 109 JPY (110 JPY in the previous fiscal year) and 1 EUR to 121 JPY (129 JPY in the previous fiscal year). The percentage of net sales to overseas customers was 94.6% (94.7% in the previous fiscal year).

Business conditions by Business Segment

Semiconductor and Component Test System Segment

In this segment, orders and net sales were sluggish overall as a result of lower end-product demand. In particular, orders for display-related test equipment decreased significantly. On the other hand, a number of major manufacturers of application processors and baseband processors, the core semiconductors used in smartphones, are aggressively developing next-generation products for 5G and preparing for mass production of these devices, which sustained strong demand for smartphone SoC test equipment. Additionally, as data center investment began to recover, orders for test systems for HPC (high performance computing) SoCs, mainly logic semiconductors, increased, and in the second half of the year, customers also recovered their appetite for investment in memory test systems.

As a result of the above, orders received were 192.6 billion yen (6.9% decrease in comparison to the previous fiscal year), net sales were 197.2 billion yen (6.9% decrease in comparison to the previous fiscal year), and segment income was 65.2 billion yen (0.1% increase in comparison to the previous fiscal year)Mechatronics System Segment

In this segment, orders for nanotechnology products were sluggish due to lumpiness in customer investment schedules. Additionally, the prolonged slowdown in the memory semiconductor market impacted sales of test equipment peripherals, which are highly correlated to the memory test business.

As a result of the above, orders received were 36.2 billion yen (4.0% decrease in comparison to the previous fiscal year), net sales were 36.3 billion yen (7.5% decrease in comparison to the previous fiscal year), and segment loss was 0.5 billion yen (0.2 billion yen improvement in comparison to the previous fiscal year).Services, Support and Others Segment

In this segment, in addition to stable demand for services, the system level test business that Advantest acquired from US company Astronics Corporation in February 2019 delivered strong orders. Essai, Inc., another US company acquired in January 2020, also contributed to robust expansion of this segment's business. Furthermore, as SSDs (Solid State Drives) gained popularity, demand for SSD test systems also increased. On the other hand, amortization of intangible assets in this segment increased in the form of one-time expenses related to the acquisition of Essai and the transfer of Astronics' business.

As a result of the above, orders received were 59.1 billion yen (92.6% increase in comparison to the previous fiscal year), net sales were 42.5 billion yen (34.9% increase in comparison to the previous fiscal year), and segment income was 3.0 billion yen (30.1% decrease in comparison to the previous fiscal year).

Sales Breakdown by Business Segment (consolidated)

Fiscal Year Segment	FY2018 (the 77th)		FY2019 (the 78th)		Change from the previous period	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage increase (decrease) (%)
Semiconductor and Component Test System	211,717	75.0	197,154	71.5	(14,563)	(6.9)
Mechatronics System	39,229	13.9	36,293	13.1	(2,936)	(7.5)
Services, Support and Others	31,514	11.1	42,526	15.4	11,012	34.9
Intercompany transaction elimination	(4)	(0.0)	(79)	(0.0)	(75)	-
Total	282,456	100.0	275,894	100.0	(6,562)	(2.3)
Overseas	267,575	94.7	261,105	94.6	(6,470)	(2.4)

(ii) Capital Expenditures

The Company group invested a total of ¥9.9 billion in capital expenditures in FY2019. Most of the investments were used for new product development and production facilities.

(iii) Financing

No significant financing activities took place in FY2019.

(iv) Acquisition or disposal of shares or other equities or stock acquisition rights of other companies

On January 29, 2020, the Company's subsidiary Advantest America, Inc. acquired all shares of Essai, Inc., which is a supplier of semiconductor final-test, system-level test sockets and thermal control units, and Essai, Inc. became a wholly owned subsidiary of Advantest America, Inc.

(2) Conditions of Assets, Profit and Loss

Conditions of Assets, Profit and Loss of the Company group (consolidated)

	IFRS			
	FY2016 (the 75th)	FY2017 (the 76th)	FY2018 (the 77th)	FY2019 (the 78th)
Net sales (Millions of yen)	155,916	207,223	282,456	275,894
Net income (loss) attributable to owners of the parent (Millions of yen)	14,201	18,103	56,993	53,532
Basic earnings per share (Yen)	81.07	101.94	302.35	270.12
Total equity attributable to owners of the parent (Millions of yen)	109,517	124,610	198,731	231,452
Total assets (Millions of yen)	231,603	254,559	304,580	355,777

(Notes)

1. The name of each item in the category above is presented according to the IFRS terminology.
2. The calculation of "Basic earnings per share" was based on the average number of shares issued during the relevant fiscal year less the average number of treasury shares held during the fiscal year.

(3) Significant Subsidiaries

Name of Subsidiary	Common Stock	Percentage of Voting Rights (Note)	Principal Activities
Advantest Laboratories Ltd.	¥50 million	100%	Research and development of measuring and testing technologies
Advantest Finance Inc.	¥310 million	100%	Leasing of the Company's products and sales of used products
Advantest America, Inc.	4,059 thousand USD	100%	Development and sales of the Company's products
Advantest Europe GmbH	10,793 thousand Euros	100%	Development and sales of the Company's products
Advantest Taiwan Inc.	500,000 thousand New Taiwan Dollars	100%	Sales of the Company's products
Advantest (Singapore) Pte. Ltd.	15,300 thousand Singapore Dollars	100%	Sales of the Company's products
Advantest Korea Co., Ltd.	9,516 million Won	100%	Support for sales of the Company's products
Advantest (China) Co., Ltd.	8,000 thousand USD	100%	Support for sales of the Company's products

(Notes) Percentage of voting rights includes indirectly held shares.

(4) Issues to be Addressed

Embodying the Company's management philosophy of "enabling the leading-edge technology," the Company has formulated a high-level roadmap starting in fiscal 2018, which lays out the next decade of the Company's growth policies. It consists of a Grand Design (10 years) and Mid-Term Management Plan (3 years). Within these guidelines, the Company will strive to create customer value and further enhance corporate value.

1. Grand Design (10 years) FY2018 – FY2027

<Vision Statement>

Adding Customer Value in an Evolving Semiconductor Value Chain

<Strategy>

The Company's business today focuses on the development and sales of systems for semiconductor production test. In the future, the Company will aim to expand its business and expand corporate value by broadening its business domain to include related markets such as semiconductor design and evaluation processes and product / system level test processes, which are carried out before and after semiconductor production processes, respectively.

Toward the achievement of this long-term vision, the Company will work on four strategic issues: reinforcing core businesses and investing strategically; seeking operational excellence; exploring value to reach the next level; and pioneering new business fields.

<Long-Term Management Goals>

JPY300B - JPY400B in annual sales

<Cost / Profit Structure>

The Company aims to balance sales growth with cost efficiency. Under the new plan, the Company aims for a cost of sales ratio of 46%, a SG&A rate of 32%, and an operating income margin of 22% when annual sales are at the 300 billion yen level.

2. Mid-Term Plan (3 years) FY2018 – FY2020

<Management Metrics>

The Company focuses on enhancing corporate value while remaining aware of both improvement of profit and loss and efficient utilization of capital. Based on these priorities, The Company has determined key management metrics during the mid-term management plan period: sales, operating margin, return on equity (ROE) and earnings per share (EPS). The Company's targets for the three-year average of each metric from FY2018 to FY2020 are as follows.

	FY2018–FY2020 average Conservative case	FY2018–FY2020 average Base scenario
Semiconductor Test Equipment Market Growth Rate	0%	4%
Sales	JPY 230B	JPY 250B
Operating Margin	15%	17%
Return on Equity (ROE)	15%	18%
Earnings per share (EPS)	JPY 135	JPY 170

<Key Measures>

- Semiconductor and component test system business
 - Meet the wave of test demand for more complicated next generation devices such as those used in HPC (High-Performance Computing) and 5G communications
 - Maintain our robust business lead in DRAM and NVM (non-volatile memory)
- Mechatronics business
 - Expand sales opportunities by providing integrated test cell solutions and responding to advanced environment test demand
- Services business
 - Increase post sales revenue by responding to factory automation needs, expand sales of SSD testers, pursue M&A in closely related markets
- Reinforce business management

- Introduce internal business management and evaluation tools based on ROIC (return on invested capital) to strengthen our business management structure.

<Financial Policy & Shareholder Returns>

In order to strengthen its business growth infrastructure and maintain a sound financial status, the Company aims to create a cumulative free cash flow of 85 to 100 billion yen over the period of the new mid-term management plan. The Company believes that cash holdings of 50 to 60 billion yen are appropriate to ensure stable business activities. Regarding the use of excess funds, the Company will prioritize business investments for growth such as M&A, R&D, facility enhancements, etc. Specifically, the Company will set 100 billion yen as its cumulative total M&A investment frame for the mid-term management plan period.

Regarding shareholder returns, the Company will continue its policy of improving dividend levels through the growth of earnings per share, based on a semi-annual consolidated payout ratio of 30%. However, if residuals are retained for a long time, the Company will consider flexibly reviewing its dividend payout ratio and improving total shareholder returns by, for instance, repurchasing stock, taking into consideration our projected growth investments.

<ESG Challenges>

Semiconductors will play an increasingly important role in the future in solutions for global social issues. Through semiconductor test, the Company will contribute to a safer, more secure, more comfortable, and more sustainable future.

In addition, by training global human resources and frontier human resources and promoting innovative work styles, the company aims to form a foundation for achieving its long-term strategic goals and business expansion. Furthermore, in order to make effective use of human capital, the Company will try to shape its organizational structure into a posture of natural compliance with its business environment and management strategy.

In terms of governance, five of ten members of the Company's Board of Directors are presently outside directors, two are non-Japanese and one is woman. Going forward, the Company will further advance the diversity of its Board of Directors and aim for governance-oriented management.

*Detailed Mid/Long-Term Management Policy is published in the column of Mid/Long-Term Management Policy in the Company's website.

URL: <https://www.advantest.com/investors/management-policy/mid-long-term-management-policy>

<Near-term Prospects>

In addition to prolonged trade friction, the global spread of the COVID-19 pandemic has spurred, growing concern that the global economy will slow down. At the moment, no major changes have been seen in semiconductor capital investment trends, but it is difficult to predict how the semiconductor and semiconductor manufacturing equipment markets will shift as a result of future changes in the global economy. This also makes it difficult to forecast Advantest's business results in FY2020. The Company's forecast of consolidated financial results for the first quarter of the fiscal year ending March 2021 is as follows: Orders received of 62.0 billion yen, net sales of 70.0 billion yen, operating income of 13.0 billion yen, income before income taxes of 13.0 billion yen, net income of 10.5 billion yen. Exchange rate assumptions for this forecast are 1USD to 105 JPY and 1 EUR to 120 JPY.

Advantest foresees five major categories of business risk resulting from the COVID-19 pandemic:

- (1) Interruptions to business / reduced efficiency due to possible infection of employees of the Advantest Group, customers, and/or suppliers
- (2) Problems caused by long-term restrictions on movement and lockdowns around the world
 - i) Declines in product supply capacity due to shortages of manufacturing personnel at the Advantest Group / subcontractors
 - ii) Decreased ability to provide customer support due to restrictions on movement
 - iii) Declines in product supply capacity due to global supply chain disruptions causing difficulties in procurement of materials and components
- (3) Decreases in end-product demand due to the rapid deterioration of the world economy and the spread of the impact to the electronics industry as a whole, and a slowdown in the semiconductor and semiconductor manufacturing equipment markets
- (4) Potential significant mid-term changes in the structure of the semiconductor industry resulting from changes in customer supply chains
- (5) Changes in Advantest's business environment due to changes in human behavior and society in the post-COVID-19 period

At present, not all of these risks have yet materialized, but given the considerable uncertainty in the global economy, Advantest has set flexible response to change in the Company's external environment as a top priority for FY2020, aiming to ensure business continuity and achieve the goals of the 3-year mid-term management plan that concludes this fiscal year.

However, despite considerable uncertainties in the present environment, Advantest has not changed the long-term market outlook and growth strategy set out in the Company's "Grand Design" mid- to long-term management policy. The progress of the digital transformation spearheaded by the commercialization of 5G will continue to drive the trend towards higher semiconductor performance and greater reliability. In response to this trend, device manufacturers are starting to strengthen reliability assurance not only through wafer-level and package-level test, but also by introducing system / module level test for high-end semiconductors and automotive semiconductors.

Advantest will continue to promote investment for long-term growth and strive to realize its corporate vision of adding customer value in an evolving semiconductor value chain.

(5) Primary Areas of Business

The Company group manufactures and markets semiconductor and component test systems and products related to mechatronics systems (test handlers, device interfaces, nanotechnology products, etc.). In addition to manufacturing, the Company group also carries out research and development activities and provides maintenance services and related services.

(6) Significant Sales Offices and Factories

(i) Japan

Category	Name of Office	Location
Head Office, Sales Offices and Service Offices	Head Office	Chiyoda-ku, Tokyo
R&D Centers, Laboratories	Gunma R&D Center	Meiwa-machi, Ora-gun, Gunma
	Saitama R&D Center	Kazo-shi, Saitama
	Kitakyushu R&D Center	Kitakyushu-shi, Fukuoka
	Advantest Laboratories	Sendai-shi, Miyagi
Factories	Gunma Factory	Ora-machi, Ora-gun, Gunma
	Sendai Factory	Sendai-shi, Miyagi

(ii) Overseas

Category	Name of Office	Location
Sales Offices, R&D Centers, Laboratories and Service Offices	Advantest America, Inc.	U.S.A.
	Advantest Europe GmbH	Germany
	Advantest Taiwan Inc.	Taiwan
	Advantest (Singapore) Pte. Ltd.	Singapore
	Advantest Korea Co., Ltd.	Korea
	Advantest (China) Co., Ltd.	China

(7) Employees

Employees of the Company group (as of March 31, 2020)

Number of Employees	Increase from end of FY2018
5,048 (381)	418 (96)

(Note) The numbers set forth above indicate the numbers of employees excluding part-time and non-regular employees. The numbers in brackets indicate the annual average number of such part-time and non-regular employees.

(8) Major Lenders

Not applicable.

(9) Other significant matters with respect to the current status of the Company group

Not applicable.

2. Company Information

(1) Equity Stock (as of March 31, 2020)

- | | |
|-------------------------------------|--------------------|
| (i) Total number of issuable shares | 440,000,000 shares |
| (ii) Total number of issued shares | 199,566,770 shares |

(Note) Total number of issued shares includes treasury shares(614,239 shares).

- | | |
|------------------------------|--------|
| (iii) Number of shareholders | 36,520 |
|------------------------------|--------|

(iv) Major Shareholders (Top 10 shareholders)

Name of Shareholder	Number of Shares (in: thousand shares)	Percentage of Ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	52,246	26.26
Japan Trustee Services Bank, Ltd. (trust account)	23,533	11.82
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	6,061	3.04
Trust & Custody Services Bank, Ltd. (investment trust account)	5,146	2.58
Japan Trustee Services Bank, Ltd. (trust account 4)	3,889	1.95
JP MORGAN CHASE BANK 385151	3,444	1.73
Japan Trustee Services Bank, Ltd. (trust account 5)	3,028	1.52
STATE STREET BANK WEST CLIENT - TREATY 505234	2,995	1.50
SSBTC CLIENT OMNIBUS ACCOUNT	2,376	1.19
Japan Trustee Services Bank, Ltd. (trust account 7)	2,317	1.16

(Notes) 1. Number of Shares is rounded down to the nearest thousand.

2. Percentage of Ownership is calculated excluding treasury shares (614,239 shares).

3. Percentage of Ownership is rounded down to the second decimal place.

(v) Important items regarding our shares

- (i) The Company introduced stock remuneration plan, so called “the BIP (Board Incentive Plan) trust compensation system” for directors (excluding outside directors and directors who are audit and supervisory committee members), based on the resolution of the 76th Ordinary General Meeting of Shareholders held on June 27, 2018 and the resolution of the Board of Directors made in accordance with such shareholders’ resolution.

The number of stocks of the Company that trust account for the BIP trust owns is 111,500 shares as of March 31, 2020.

- (ii) The Company introduced stock remuneration plan, so called “the ESOP (Employee Stock Ownership Plan) trust compensation system for officers and executive employees of the Company and its subsidiaries, based on the resolution of the Board of Directors from FY2018.

The number of stocks of the Company that trust account for the ESOP trust owns is 426,330 shares as of March 31, 2020.

(2) Stock Acquisition Rights

(i) Stock acquisition rights held by directors and audit and supervisory committee members (as of March 31, 2020)

	Resolution at the meeting of the Board of Directors held on July 27, 2016	Resolution at the meeting of the Board of Directors held on November 29, 2017	Resolution at the meeting of the Board of Directors held on July 25, 2018	Resolution at the meeting of the Board of Directors held on June 26, 2019
Date of issuance	August 16, 2016	December 15, 2017	August 10, 2018	July 12, 2019
Issuance Price	¥36,300 per unit	¥37,900 per unit	¥61,000 per unit	¥76,800 per unit
Holding status of stock acquisition rights by directors and audit and supervisory committee members	750 units (2 persons)	750 units (4 persons)	1,000 units (4 persons)	950 units (4 persons)
Directors (excluding audit and supervisory committee members and outside directors)	750 units (2 persons)	750 units (4 persons)	1,000 units (4 persons)	950 units (4 persons)
Outside directors (excluding audit and supervisory committee members)	0 units (0 persons)	0 units (0 persons)	0 units (0 persons)	0 units (0 persons)
Directors (audit and supervisory committee members)	0 units (0 persons)	0 units (0 persons)	0 units (0 persons)	0 units (0 persons)
Class and aggregate number of shares to be issued or delivered upon exercise	75,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)	75,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)	100,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)	95,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)
Exercise price to be paid upon exercise	¥1,382 per share	¥2,549 per share	¥2,540 per share	¥3,090 per share
Exercise period	April 1, 2017 to March 31, 2021	April 1, 2019 to March 31, 2022	August 11, 2020 to August 10, 2023	July 13, 2021 to July 12, 2024
Terms of exercise	The stock acquisition rights may not be inherited.			
Reasons for the Company's acquisition of the stock acquisition rights	<p>The Company shall automatically acquire the stock acquisition rights, for no consideration, if:</p> <p>(a) the general meeting of the shareholders or, if approval by the shareholders' meeting is not legally required, then the board of directors resolves to approve (i) any merger agreement pursuant to which the Company shall dissolve, (ii) any agreement or a plan pursuant to which the Company shall split all or part of its business or (iii) any stock-for-stock exchange agreement or stock-transfer plan pursuant to which the Company shall become a wholly-owned subsidiary of another company;</p> <p>(b) the rights holder becomes a person who does not hold any position as a director, corporate auditor, officer, employee or any other similar position of the Company or its domestic or overseas subsidiaries; except where the Company deems that it is appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her;</p> <p>(c) the rights holder dies.</p>			
Restriction on the transfer of the stock acquisition rights	Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, if it is the Company acquiring the stock acquisition rights by transfer, such transfer shall be deemed to be approved by the Board of Directors.			

(ii) Stock acquisition rights granted to the Company's employees etc. during fiscal year 2019

	Resolution at the meeting of the Board of Directors held on June 26, 2019
Date of issuance	July 12, 2019
Issuance Price	¥76,800 per unit
Condition of granting	3,210 units (20 persons)
Employees of the Company	3,210 units (20 persons)
Directors of the Company's subsidiaries	0 units (0 persons)
Employees of the Company's subsidiaries	0 units (0 persons)
Class and aggregate number of shares to be issued or delivered upon exercise	321,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)
Exercise price to be paid upon exercise	¥3,090 per share
Exercise period	July 13, 2021 to July 12, 2024
Terms of exercise	The stock acquisition rights may not be inherited.
Reasons for the Company's acquisition of the stock acquisition rights	The Company shall automatically acquire the stock acquisition rights, for no consideration, if: <ul style="list-style-type: none"> (a) the general meeting of the shareholders or, if approval by the shareholders' meeting is not legally required, then the board of directors resolves to approve (i) any merger agreement pursuant to which the Company shall dissolve, (ii) any agreement or a plan pursuant to which the Company shall split all or part of its business or (iii) any stock-for-stock exchange agreement or stock-transfer plan pursuant to which the Company shall become a wholly-owned subsidiary of another company; (b) the rights holder becomes a person who does not hold any position as a director, corporate auditor, officer, employee or any other similar position of the Company or its domestic or overseas subsidiaries; except where the Company deems that it is appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her; (c) the rights holder dies.
Restriction on the transfer of the stock acquisition rights	Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, if it is the Company acquiring the stock acquisition rights by transfer, such transfer shall be deemed to be approved by the Board of Directors.

(3) Directors and Audit and Supervisory Committee Members

(i) Directors and Audit and Supervisory Committee Members (as of March 31, 2020)

Title	Name	Assignment in the Company and significant concurrent positions
Representative Director	Yoshiaki Yoshida *	
Director	Osamu Karatsu	
Director	Toshimitsu Urabe	Deputy President (Representative Director) and Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited
Director	Nicholas Benes	Representative Director, The Board Director Training Institute of Japan Outside Director, IMAGICA GROUP Inc.
Director	Hans-Juergen Wagner*	
Director	Soichi Tsukakoshi*	
Director	Atsushi Fujita*	
Director Standing Audit and Supervisory Committee Member	Yuichi Kurita	
Director Audit and Supervisory Committee Member	Tsuneko Murata	Outside Audit and Supervisory Board Member, Japan Finance Corporation Outside Director, Audit and Supervisory Committee Member, Fujikura Ltd.
Director Audit and Supervisory Committee Member	Kouichi Nanba	Special Counsel, Mori Hamada & Matsumoto Legal Firm

- (Notes)
1. Mr. Yuichi Kurita has been appointed as a standing audit and supervisory committee member in order to enhance effectiveness of audits and supervisory function by the Audit and Supervisory Committee through information gathering by attending important meetings and conducting hearings about reports on operations received from execution departments as well as through strengthened collaboration between the accounting auditor and the internal audit division.
 2. Mr. Yuichi Kurita, a director who is an audit and supervisory committee member, has considerable knowledge of finance and accounting gained through many years of experience serving as an officer of the Company responsible for finance and administration.
 3. Mr. Osamu Karatsu, Mr. Toshimitsu Urabe, Mr. Nicholas Benes, Ms. Tsuneko Murata and Mr. Kouichi Nanba are outside directors.
 4. The Company has registered directors Osamu Karatsu, Toshimitsu Urabe, Nicholas Benes, Tsuneko Murata and Kouichi Nanba as independent directors with the Tokyo Stock Exchange.
 5. There has been no change to assignment in the Company and significant concurrent positions of directors after March 31, 2020.
 6. The Company has in place an Executive Officers System and * indicates a director who also serves as an Executive Officer.

7. The positions of Executive Officers are currently held as follows:

Title	Name	Assignment in the Company and significant concurrent positions
President and CEO	Yoshiaki Yoshida	
Managing Executive Officer	Hans-Juergen Wagner	Test Technology Leader, ATE Business Group Managing Director (CEO), Advantest Europe GmbH
Managing Executive Officer	Soichi Tsukakoshi	Supply Chain Executive Vice President, Production Group
Managing Executive Officer	Atsushi Fujita	Corporate Administration Executive Vice President, Corporate Administration Group
Managing Executive Officer	Koichi Tsukui	Sub-leader, ATE Business Group
Managing Executive Officer	Keith Hardwick	Director, Chief Financial Officer, Advantest America Inc.
Managing Executive Officer	Douglas Lefever	Director, President and CEO, Advantest America, Inc.
Managing Executive Officer	Kazuhiro Yamashita	Executive Vice President, Technology Development Group, ATE Business Group
Managing Executive Officer	Isao Sasaki	Executive Vice President, Quality Assurance Group
Managing Executive Officer	Kimiya Sakamoto	Executive Vice President, Sales Group
Managing Executive Officer	Yasuo Mihashi	Executive Vice President, Corporate Relations Group
Executive Officer	Toshiyuki Okayasu	Executive Vice President, New Concept Product Initiative
Executive Officer	CH Wu	Chairman of the Board, President and CEO, Advantest Taiwan Inc.
Executive Officer	Yong Xu	Director and President (CEO), Advantest (China) Co., Ltd.
Executive Officer	Michael Stichlmair	Managing Director (Sales & FS), Advantest Europe GmbH
Executive Officer	Juergen Serrer	Managing Director (R&D), Advantest Europe GmbH
Executive Officer	Toshio Goto	Executive Vice President, DH Business Group
Executive Officer	Jinhee Lee	Representative Director and President, Advantest Korea Co., Ltd.
Executive Officer	Ricky Sim	Managing Director (CEO), Advantest (Singapore) Pte. Ltd.
Executive Officer	Akira Ono	Senior Vice President (Officer), Corporate Administration Group
Executive Officer	Sanjeev Mohan	Sales & Support EVP, Advantest America, Inc.
Executive Officer	Makoto Nakahara	Senior Vice President (Officer), Sales Group
Executive Officer	Masayuki Suzuki	Executive Vice President, T2000 Business Unit, ATE Business Group
Executive Officer	Naruo Tanaka	Senior Vice President (Officer), Corporate Relations Group

(ii) Overview of limited liability agreements

The Company entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act, with outside directors Osamu Karatsu, Toshimitsu Urabe, Nicholas Benes, Tsuneko Murata and Kouichi Nanba, and a director who is a standing audit and supervisory committee member Yuichi Kurita. The upper limit of liability based on each agreement is the minimum liability as provided in the relevant laws and regulations.

(iii) The amount of remuneration for directors and audit and supervisory committee members

Category	Number	Amount of remuneration
Directors (excluding audit and supervisory committee members)	9	¥405 million
Directors (audit and supervisory committee members)	4	¥65 million
Total	13	¥470 million

- (Notes)
1. The above list includes two directors (excluding audit and supervisory committee members) and one director (an audit and supervisory committee member) who resigned from its position on 26 June, 2019.
 2. The amounts of remuneration set forth above include compensation in the form of stock options.
 3. The amounts of remuneration set forth above includes the aggregate amount of remuneration for 4 outside directors (excluding audit and supervisory committee members), 3 outside directors (audit and supervisory committee members) in the amount of ¥49 million.

(iv) Matters pertaining to outside directors and outside audit and supervisory committee members

(a) Significant concurrent positions held and relationship to the Company

Name	Concurrent position(s)	Relationship to the Company
Toshimitsu Urabe (Outside Director)	Deputy President (Representative Director) and Executive Officer of Mitsubishi UFJ Lease & Finance Company Limited	There is no special relationship between Mitsubishi UFJ Lease & Finance Company Limited and the Company.
Nicholas Benes (Outside Director)	Representative Director, The Board Director Training Institute of Japan	The Company has paid an annual fee to and received executive training from The Board Director Training Institute of Japan (“BDTI”). The amount of payment to BDTI in FY2019 was less than JPY1M.
	Outside Director, IMAGICA GROUP Inc.	There is no special relationship between IMAGICA GROUP Inc. and the Company.
Tsuneko Murata (Outside Director, Audit and Supervisory Committee Member)	Outside Audit and Supervisory Board Member, Japan Finance Corporation	There is no special relationship between Japan Finance Corporation and the Company.
	Outside Director, Audit and Supervisory Committee Member, Fujikura Ltd.	There is no special relationship between Fujikura Ltd. and the Company.
Kouichi Nanba (Outside Director, Audit and Supervisory Committee Member)	Special Counsel, Mori Hamada & Matsumoto Legal Firm	There is no special relationship between Mori Hamada & Matsumoto Legal Firm and the Company.

(b) Principal activities

Name	Attendance	Participation at meetings
Osamu Karatsu (Outside Director)	Meetings of Board of Directors: 14 out of 14 times	Mr. Karatsu expresses his opinions based mainly on his knowledge of the semiconductor industry.
Toshimitsu Urabe (Outside Director)	Meetings of Board of Directors: 11 out of 11 times	Mr. Urabe expresses his opinions based mainly on his knowledge of management.
Nicholas Benes (Outside Director)	Meetings of Board of Directors: 11 out of 11 times	Mr. Benes expresses his opinions based mainly on his knowledge of corporate governance.
Tsuneko Murata (Outside Director, Audit and Supervisory Committee Member)	Meetings of Board of Directors: 14 out of 14 times	Ms. Murata expresses her opinions based mainly on her knowledge of compliance measures and corporate governance.
	Meetings of Audit and Supervisory Committee: 13 out of 13 times	
Kouichi Nanba (Outside Director, Audit and Supervisory Committee Member)	Meetings of Board of Directors: 11 out of 11 times	Mr. Nanba expresses his opinions based mainly on his expertise as an attorney-at-law.
	Meetings of Audit and Supervisory Committee: 10 out of 10 times	

(Notes) Above descriptions relating to Messrs. Toshimitsu Urabe, Nicholas Benes and Kouichi Nanba state their activities after they were appointed as directors on June 26, 2019.

(4) Accounting Auditor

(i) Name of accounting auditor

Ernst & Young ShinNihon LLC

(ii) Remuneration

	Amount
Remuneration to the accounting auditor for this fiscal year	¥144 million
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	¥144 million

(Notes) 1. Under the agreement between the Company and the accounting auditor, as the Company has not drawn any distinction between the remuneration for the audit services pursuant to the Companies Act and that pursuant to the Financial Instruments and Exchange Act of Japan, the amount set forth above represents the aggregate amount of these audit services.

2. The Company's significant overseas subsidiaries have been audited by the Ernst & Young group.

(iii) Reason that the Audit and Supervisory Committee gave consent to the amount of remuneration to the accounting auditor

The Audit and Supervisory Committee obtained necessary materials and received reports from directors, executive officers, the internal departments concerned, and the accounting auditor, and reviewed appropriateness of the content of the audit plan of the accounting auditor, the status of execution of accounting audit duties, the basis for calculation of the estimated amount of remuneration. As a result, the Audit and Supervisory Committee concluded that the amount of remuneration to the accounting auditor is appropriate and gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

(iv) Policies on dismissal or non-reappointment of the accounting auditor

In the case that the accounting auditor falls under any of the items according to Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the accounting auditor upon the unanimous consent of the audit and supervisory committee members. In such case, an audit and supervisory committee member who is appointed by the audit and supervisory committee shall report the dismissal and its reasons at the first general meeting of

shareholders convened after such dismissal. In addition, other than the above, if it is deemed to be difficult for the accounting auditor to conduct appropriate audits due to the occurrence of events that impair its qualification or independence, the Audit and Supervisory Committee shall determine the content of an agenda item about dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders.

- (5) The Board of Directors resolved a system that ensures the appropriateness of its business as follows:

Basic Policy for the System to Ensure the Appropriateness of Business

Holding “Enabling Leading-Edge Technologies” as our corporate mission, the Advantest Group established The Advantest Way that clarifies mission, vision, core values, guiding principle and ethical standards of the Advantest Group, and has strived to increase the transparency of its management and achieve a sustainable level of business development and mid-to-long term enhancement of corporate value. To further promote these efforts, the Company will prepare a framework as described in each paragraph below, implement the establishment, development and management of the internal control system, and ensure the sound operations of the Company.

1. Framework to the effective performance of duties by Board Directors of the Company and the Subsidiaries

- (i) The Company promotes management efficiency by separating the management decision making function and supervisory function from the function of the execution of operations. The Board of Directors shall make management decisions and supervise management. Regarding execution of operations, executive officers and employees shall execute operations based on the Board of Directors’ clarification of the function and authority of the body executing operations, while delegating necessary authorities to ensure the prompt and efficient performance of duties.
- (ii) The Board of Directors of the Company, as the management decision making body, shall make decisions on significant matters concerning the execution of business and basic management policies of Advantest Group, including the Internal Control System, and in its capacity to supervise management, the Board of Directors shall monitor and supervise execution of duties by Directors and executive officers.
- (iii) The Board of Directors of the Company shall approve the basic management policy of the Advantest Group, receive reports on business results based on monthly closing account, financial situation, status of the performance of duties by each department, and review the appropriateness of such plans.

2. Framework to ensure the compliance with applicable laws and ordinances as well as the articles of incorporation by directors, executive officers, and employees of the Company and the Subsidiaries in performing their duties

- (i) To ensure compliance with all applicable laws and regulations as well as the articles of incorporation, and to ensure that actions are taken faithfully and ethically, the Company shall establish The Advantest Way for all directors, executive officers and employees of the Advantest Group, and notify such directors, executive officers and employees of these codes. Furthermore, the Company shall establish the “Code of Ethics for Executives” for directors and executive officers.
- (ii) The Advantest Group shall establish subcommittees such as the Internal Control Committee, the Compliance Committee and the Disclosure Committee in order to ensure the appropriateness of business of Advantest Group.
- (iii) The Internal Control Committee shall report to the Board of Directors about the design and operation of Internal Control System as deemed necessary.
- (iv) The Compliance Committee monitors the compliance of laws and regulations and the implementation of The Advantest Way and report to the Board of Directors as deemed necessary.
- (v) The Disclosure Committee oversees the proper disclosure by management and report to the Board of Directors as deemed necessary.
- (vi) The Company establishes a corporate ethics helpline for whistleblowing such that employees can report behaviors that are illegal or inappropriate in light of applicable laws, Articles of Incorporation or The Advantest Way. The Company stipulates that the reporter / consultant will

not treat such persons adversely for having reported an incident or sought consultation regarding a potential violation, and will thoroughly disseminate it.

3. Rules relating to the management of risk of loss and other frameworks of the Company and the Subsidiaries
 - (i) With respect to potential risks behind management environment, business activities and corporate assets of Advantest Group, the Company shall identify and classify risk factors for each important business process, analyze the magnitude of risks, possibility of actual occurrence and frequency of such occurrence, etc., and create written policies and procedures regarding the appropriate response to and avoidance/ reduction of the risks, as part of the internal control activities.
 - (ii) With respect to emergency situations such as disasters, the Company shall establish the Risk Management Group, create written emergency action guidelines and prepare by implementing education and training programs on a regular base.
 - (iii) The Internal Control Committee shall thoroughly manage risks of the Advantest Group and report material risks to the Board of Directors.
 - (iv) The Company is making efforts to prevent occupational injuries, create a comfortable working environment, and promote the good health of its employees through the establishment of the Safety and Health Committee.

4. Framework regarding the retention and management of information with respect to the performance of duties by Board Directors of the Company
 - (i) The Company shall properly retain and manage the following information regarding the exercise of duties by directors, pursuant to the internal rules that stipulate details such as the period of retention, person in charge of retention and method of retention.
 - Minutes of general meetings of shareholders and reference materials
 - Minutes of meetings of the Board of Directors and reference materials
 - Other important documents regarding the exercise of duties by directors
 - (ii) The Company shall establish the Information Security Committee that is responsible for protecting personal information and preventing confidential information from leaking.

5. Framework to ensure the appropriateness of operations of the Company, and the group as a whole, including its subsidiaries
 - (i) The Advantest Group shall establish and operate the same quality of internal control system for the Company and each company of the Advantest Group in order to conduct the consolidated group management placing an emphasis on business evaluation based on consolidated accounting.
 - (ii) The internal control system of the Advantest Group is supported by each department of the Company that is responsible for each group company, and is established and operated as a unified system based on the policies of the group created by the Internal Control Committee. Significant matters concerning the status of each group company that is controlled by the Internal Control Committee shall be reported to the Board of Directors.
 - (iii) Auditing Group of the Company supervises an internal audit to each group company.

6. Matters relating to employee(s) who assist the Audit and Supervisory Committee
The Company shall establish the Audit and Supervisory Committee and assign the employee(s) who assist it.

7. Matters relating to the independence of the employee(s) referred to in the preceding Section from Board Directors of the Company (excluding directors who are Audit and Supervisory Committee members) and the matters for ensuring the effectiveness of direction to the employee(s)
 - (i) The personnel matters including but not limited to assignment, transfer, performance appraisal and disciplinary action of the employee(s) referred to in Section 6 shall be subject to a prior consent of the Audit and Supervisory Committee.

- (ii) The employee(s) referred to in Section 6 shall perform their duties exclusively pursuant to the instruction and order by directors who are Audit and Supervisory Committee members and their independence from any officers or employees other than the directors who are Audit and Supervisory Committee members shall be ensured.

8. Framework for reporting to the Audit and Supervisory Committee of the Company

- (i) In the event that any violation or breach of applicable laws, Articles of Incorporation or The Advantest Way or the fact that could cause serious damage is detected or reported, such event shall be reported immediately to the Audit and Supervisory Committee.
- (ii) The Company shall adopt a system that allows directors who are Audit and Supervisory Committee members to attend important meetings such as the meeting of the Board of Managing Executive Officers and to keep abreast important matters regarding the execution of operations.
- (iii) In the event that a report or consultation is made to the Corporate Ethics Helpline, the Company shall adopt a system that such report or consultation shall be reported immediately to the Audit and Supervisory Committee.
- (iv) Under the provisions of section 8. (i) and (iii), The Company stipulates that the reporter to the Audit and Supervisory Committee will not treat such persons adversely for having reported an incident, and will thoroughly disseminate it.

9. Other frameworks to ensure the effective implementation of audit by the Audit and Supervisory Committee

- (i) The Company shall ensure that the Audit and Supervisory Committee cooperates with the Accounting Auditors, the Auditing Group (an internal audit division of the Company) and the corporate auditor of each Advantest Group Company, and that there are opportunities to exchange opinions with them as deemed necessary.
- (ii) The Company shall ensure that there are opportunities to exchange opinions between the Audit and Supervisory Committee and the Representative Director and shall strive for communication between them.
- (iii) In case that a member of Audit Supervisory Committee requests a prepayment of expense necessary to perform his or her duties, the Company shall establish a necessary procedure of the prepayment and execute it without delay in accordance with the designated procedure.

(6) Status of implementation of the system to ensure the appropriateness of business

The status of implementation of the system to ensure the appropriateness of business during the fiscal year is as follows:

(i) Framework for the effective performance of duties

To promote management efficiency, the Board of Directors performs management decision-making and supervision in accordance with the Board of Directors Regulations and executive officers and employees execute business in accordance with the Global Organization and Authorization Rules.

The Board of Directors shall make decisions on significant matters with respect to the management policies and management strategies for the Company group and monitors and oversees execution of duties by executive officers.

(ii) Framework concerning compliance

During this business year, the Company established The Advantest Way that articulates the Mission, the Vision, the Core Values, the Guiding Principle, and the Ethical Standards. Workshops are held for officers and employees around the world in order to inculcate The Advantest Way.

In order to enhance compliance, the Company reorganized the Corporate Ethics Committee as the Compliance Committee in August 2019. The main activities of the committee include promotion of compliance activities, provision of education on human rights, as well as provision of consultation and responses to complaints.

In this business year, the Company newly established an external contact point for the Corporate Ethics Helpline and started its operation. At the same time, the Company explained the Corporate Ethics Helpline's role etc. to officers and employees around the world in internal newsletters in order to ensure thorough recognition of the Helpline. Continued from the previous year, e-learning-based compliance education was provided to officers and employees and all of the applicable persons participated in the program.

(iii) Framework for risk management

The Internal Control Committee chaired by the representative director and attended by outside directors as observers identifies and analyzes material risks throughout the Company group and clarifies departments responsible for individual risks and the policies and procedures for responses. Moreover, the status of design and operation of internal control systems and significant results and material deficiencies detected in the course of evaluation of internal controls shall be reported to the Board of Directors.

The Company has established the Risk Management Group headed by the representative director to respond to emergency disasters, such as flooding and pandemics.

(iv) Framework for retention and management of information

The Company retains and manages minutes of general meetings of shareholders and minutes of meetings of the Board of Directors and their reference materials, and important documents regarding the exercise of duties by directors pursuant to the internal rules. The Information Security Committee meets monthly and reviews and implements measures to protect personal information and prevent leakage of confidential information and maintains and enhances security of IT systems.

In this business year, the Company conducted a simulation drill for dealing with cyberattacks and alerted all employees whenever phishing email was received.

(v) Framework to ensure the appropriateness of operations of the group

The Company has defined important business processes of the Company group and conducted risk analysis. The Company provides instructions to the group companies about appropriate responses to those risks. In this way, the Company has established internal control systems that are homogeneous within the group and is operating them. The Internal Control Committee identifies the internal control status of each important group company based on control self-assessment (CSA) performed by the internal audit division and by

means of audits performed by the internal audit division and provides instructions to group companies to ensure operation in compliance with the policy for establishment of internal control systems. The Internal Control Committee reports to the Board of Directors if important matters concerning internal control of group companies come to light.

(vi) Framework for the implementation of audit by the Audit and Supervisory Committee

The Company has put in place a system whereby a standing audit and supervisory committee member attends important meetings such as the meeting of the Managing Executive Officers Committee and keeps abreast of important matters regarding the execution of operations. The Audit and Supervisory Committee holds meetings with the accounting auditor and the internal audit division, as necessary, to ensure good communication. The Company provides opportunities for the representative director and the Audit and Supervisory Committee to exchange opinions on a periodic basis or on an as-needed basis in order to ensure good communication.

The Company has established the Audit and Supervisory Committee Office to which a full-time employee who assists the Audit and Supervisory Committee is assigned. The employee who assists the Audit and Supervisory Committee performs his duties in accordance with instructions of the audit and supervisory committee members, and thus his independence from directors who are not audit and supervisory committee members and from other officers and employees is ensured.

(7) Policies on the distribution of surplus

Based on the premise that a sustainable level of business development and mid-to-long term enhancement of corporate value is fundamental to the creation of shareholder value, the Company practices management that is conscious of both capital cost and financial soundness.

With respect to the distribution of surplus, the Company makes dividend payouts based on semi-annual business performance with a target semi-annual payout ratio of 30%.

Retained earnings are devoted to business investments for growth such as M&A, R&D, facility enhancements, with an aim to strengthen the Company's business position and enhance its corporate value. If residuals are retained for a long time, the company will consider flexibly reviewing its dividend payout ratio and improving total shareholder returns by, for instance, repurchasing stock, taking into consideration our projected growth investments.

Consolidated Financial Statements

Consolidated Statement of Financial Position

(As of March 31, 2020)

(Millions of Yen)

	FY2018 (reference)	FY2019		FY2018 (reference)	FY2019
Assets			Liabilities		
Current assets	233,251	240,142	Current liabilities	62,848	70,537
Cash and cash equivalents	119,943	127,703	Trade and other payables	43,942	46,660
Trade and other receivables	51,786	46,426	Income tax payables	8,650	7,793
Inventories	57,099	58,943	Provisions	2,886	3,335
Other current assets	4,423	6,871	Lease liabilities	—	2,275
Subtotal	233,251	239,943	Other financial liabilities	905	1,892
Assets held for sale	—	199	Other current liabilities	6,465	8,582
Non-current assets	71,329	115,635	Non-current liabilities	43,001	53,788
Property, plant and equipment, net	30,786	35,072	Lease liabilities	—	9,013
Right-of-use assets	—	11,184	Retirement benefit liabilities	37,528	40,622
Goodwill and intangible	26,119	51,025	Deferred tax liabilities	1,680	1,563
Assets, net			Other non-current liabilities	3,793	2,590
Other financial assets	2,861	2,867	Total liabilities	105,849	124,325
Deferred tax assets	11,209	15,351	Equity		
Other non-current assets	354	136	Share capital	32,363	32,363
			Share premium	43,018	43,550
			Treasury shares	(6,262)	(4,179)
			Retained earnings	125,927	159,803
			Other components of equity	3,685	(85)
			Total equity attributable to owners of the parent	198,731	231,452
			Total equity	198,731	231,452
Total assets	304,580	355,777	Total liabilities and equity	304,580	355,777

Consolidated Statement of Profit or Loss

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	FY2018 (reference)	FY2019
Net sales	282,456	275,894
Cost of sales	(128,417)	(119,397)
Gross profit	154,039	156,497
Selling, general and administrative expenses	(93,100)	(97,751)
Other income	3,818	335
Other expenses	(95)	(373)
Operating income	64,662	58,708
Financial income	1,626	1,045
Financial expenses	(77)	(1,179)
Income before income taxes	66,211	58,574
Income taxes	(9,218)	(5,042)
Net income	56,993	53,532
Net income attributable to: Owners of the parent	56,993	53,532

Consolidated Statement of Comprehensive Income

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	FY2018 (reference)	FY2019
Net income	56,993	53,532
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plan	(2,732)	(2,144)
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	175	(169)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,209	(3,490)
Total other comprehensive income (loss)	(348)	(5,803)
Total comprehensive income for the year	56,645	47,729
Comprehensive income attributable to: Owners of the parent	56,645	47,729

Consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Equity attributable to owners of the parent						Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total	
FY2019							
Balance as of April 1, 2019	32,363	43,018	(6,262)	125,927	3,685	198,731	198,731
Net income				53,532		53,532	53,532
Other comprehensive income (loss), net of tax					(5,803)	(5,803)	(5,803)
Total comprehensive income for the year	-	-	-	53,532	(5,803)	47,729	47,729
Purchase of treasury shares			(1,124)			(1,124)	(1,124)
Disposal of treasury shares		(315)	3,207	(1,185)		1,707	1,707
Dividends				(16,438)		(16,438)	(16,438)
Share-based payments		772				772	772
Other		75				75	75
Transfer from other components of equity to retained earnings				(2,033)	2,033	-	-
Total transactions with the owners	-	532	2,083	(19,656)	2,033	(15,008)	(15,008)
Balance as of March 31, 2020	32,363	43,550	(4,179)	159,803	(85)	231,452	231,452

Notes to Consolidated Financial Statements

1. Notes to significant matters based on which the consolidated financial statements were prepared

(1) Basis of presentation

The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (“IFRS”), pursuant to paragraph 1 of Article 120 of the Ordinance on Accounting of Companies (*kaisha keisan kisoku*). However, certain disclosures required on the basis of IFRS are omitted, pursuant to the latter part of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies.

(2) Scope of consolidation

Consolidated subsidiaries

- (a) Number of consolidated subsidiaries 32
- (b) Names of major consolidated subsidiaries are omitted, as they are described in “1. Current Conditions of the Company group, (3) Significant Subsidiaries” of the Business Report.

(3) Significant accounting policies

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with banks, and other short term highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(ii) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. The weighted average method is used to calculate cost. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

(iii) Financial instruments

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost in case they meet the following requirements:

- The financial asset is held within a business model with the objective of collecting contractual cash flows.
- The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method, and the expected credit losses are recognized as allowance for doubtful accounts. The expected credit losses are calculated based on historical loss experience or future recoverable amounts.

Financial assets measured at fair value through other comprehensive income

The Company group holds certain instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are classified as financial assets measured at fair value through other comprehensive income (FVTOCI) by designation. They are initially and subsequently measured at fair value, and the changes in fair value are recognized in other comprehensive income (OCI). The cumulative amount of OCI is recognized in equity as other components of equity. If the Company group derecognizes financial assets, the cumulative gain or loss recognized in OCI is reclassified from other components of equity to retained earnings. Dividends on financial assets measured at FVTOCI are recognized in profit or loss, except where they are considered to be return of the investment.

Financial assets measured at fair value through profit or loss

The other financial instruments are classified as financial assets measured at fair value through profit or loss (FVTPL). These instruments are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

(iv) Property, plant and equipment (except lease asset)

Except for assets that are not subject to depreciation such as land, assets are depreciated using the straight-line method over their estimated useful lives.

(v) Goodwill and other intangible assets

Goodwill is not amortized. Intangible assets for which useful lives can be determined are amortized by the straight-line method over their estimated useful lives from the date the assets are available for use.

(vi) Impairment

Property, plant and equipment, goodwill and intangible assets are tested for impairment if there is any indication of impairment for the assets. Goodwill is tested for impairment both annually and when there is any indication of impairment. An impairment loss is recognized if the recoverable amount of an asset, cash-generating unit (CGU) or CGU group is less than its carrying amount.

(vii) Provisions

Provisions are recognized when the Company group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made. When the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

(viii) Post-employment benefits

The Company and certain of its subsidiaries have retirement and severance defined benefit plans covering substantially all of their employees. For each defined benefit plan, the present value of defined benefit obligations, related current service cost and past service cost are calculated using the projected unit credit method. The discount rates are the yields of high quality corporate bonds that have maturity terms approximating those of the obligations which the benefits are expected to be paid. Net defined benefit liability (asset) is measured at the present value of the defined benefit obligation less the fair value of plan assets. Remeasurements of net of liabilities or assets for defined benefit plans are recognized in full as other comprehensive income in the period when they are incurred and reclassified to retained earnings immediately. Past service costs are recognized immediately in profit or loss.

(ix) Foreign currency translation

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the period. Gains or losses derived from translating foreign operations' financial statements are recognized in other comprehensive income, and presented in other components of equity.

(x) Implementation of a Consolidated Tax System

The Company has implemented a consolidated tax system.

2. Notes to changes in accounting standards

(1) IFRS 16: Leases

The Company group has adopted IFRS 16 “Leases” from the fiscal year ended March 31, 2020. To apply IFRS 16, the Company group used the cumulative effect transition method which is recognizing the cumulative effect of applying the new standard at the beginning of the year of initial application.

The Company group recognizes right-of-use asset and lease liability at the inception of a lease contract. At the commencement date, a right-of-use asset is measured based on the amount of the initial measurement of the lease liability and depreciated on a straight-line basis over the lease term. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if it is reasonably certain to be exercised and periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

A lease liability is recognized and measured at the present value of the lease payments that are not paid at the commencement date, discounted using the lessee’s incremental borrowing rate. After the commencement date, the lease liability is measured by increasing or reducing the carrying amount to reflect interest on the lease liability and the lease payments made and re-measuring the carrying amount as necessary to reflect lease modifications.

The Company group has elected not to recognize right-of-use assets and lease liabilities for short term leases and leases of low-value assets.

In transitioning to IFRS16, the Company group has chosen the practical expedient detailed in paragraph C3 of IFRS 16 and grandfathered its assessments of whether contracts contain leases under IAS 17 “Leases” and IFRIC 4 “Determining whether an Arrangement contains a Lease.”

Reconciliation of operating lease commitments disclosed applying IAS 17 at the end of the annual reporting period immediately preceding the date of initial application and lease liabilities recognized in the consolidated statement of financial position at the date of application is as follows.

Lease liabilities are presented as “Lease liabilities” of current liabilities and “Lease liabilities” of non-current liabilities. The weighted average incremental borrowing rate applied to lease liabilities recognized at the date of initial application is 1.40%.

	Millions of Yen
(a) Operating lease commitments disclosed on March 31, 2019	3,444
Discounted (a) operating lease commitments disclosed on March 31, 2019	3,347
Finance lease liabilities recognized on March 31, 2019	18
Recognized lease liabilities, mainly due to reassessment of the lease term under IFRS16	6,979
(b) Recognized lease liabilities in the Condensed Consolidated Statement of Financial Position at the date of initial application	10,344

Right-of-use assets recognized at the date of initial application in the consolidated statement of financial position amount to (Y) 10,344 million.

The following practical expedients are used in the application of IFRS 16.

Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.

(2) IFRIC 23: Uncertainty over Income Tax Treatments

The Company group has adopted IFRIC 23 “Uncertainty over Income Tax Treatments” from the fiscal year ended March 31, 2020. The impact of this application on the consolidated financial statements is immaterial.

3. Notes to revenue recognition

The Company group sells test system products of semiconductor and mechatronics-related products such as test handlers that handling semiconductor devices. When control of such products is transferred to customers, the performance obligation is satisfied and revenue is recognized.

Additionally, the Company group has performance obligation towards customers on the service contracts. Revenue from such service contracts is recognized over the contract term on the straight-line basis.

4. Notes to Consolidated Statement of Financial Position

- (1) Allowance for doubtful accounts: ¥9 million
- (2) Accumulated depreciation on property, plant and equipment: ¥64,414 million
(Accumulated impairment losses are included)

5. Notes to Consolidated Statement of Changes in Equity

- (1) Total number of issued shares as of March 31, 2020

Ordinary shares 199,566,770 shares

- (2) Dividends of surplus

(i) Dividends Paid

Resolution	Class of shares	Amount of dividend	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 22, 2019	Ordinary shares	¥8,320 million	¥42	March 31, 2019	June 4, 2019
Board of Directors' meeting held on October 30, 2019	Ordinary shares	¥8,151 million	¥41	September 30, 2019	December 2, 2019

(Note) 1. Dividend of ¥11 million to treasury shares for the BIP Trust and the ESOP Trust was included in the amount of dividend which was resolved at the Board of Directors' meeting held on May 22, 2019.

2. Dividend of ¥22 million to treasury shares for the BIP Trust and the ESOP Trust was included in the amount of dividend which was resolved at the Board of Directors' meeting held on October 30, 2019.

(ii) Dividend with a record date in this fiscal year and an effective date in next fiscal year

Resolution	Class of shares	Source of dividend	Amount of dividend	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 21, 2020	Ordinary shares	Retained earnings	¥8,157 million	¥41	March 31, 2020	June 2, 2020

(Note) Dividend of ¥22 million to treasury shares for the BIP Trust and the ESOP Trust is included in the amount of dividend.

- (3) Share acquisition rights outstanding as of March 31, 2020

(Excluding share acquisition rights for which the exercise period has not begun)

Pursuant to the resolution adopted at the meeting of the Board of Directors of July 27, 2016

Ordinary shares 278,000 shares

Pursuant to the resolution adopted at the meeting of the Board of Directors of November 29, 2017

Ordinary shares 435,000 shares

6. Notes to Financial Instruments

- (1) Financial Instruments

The Company group limits its fund management to short-term instruments including deposits at financial institutions with high credit ratings. Credit risk of note receivables and trade receivables pertaining to customers are minimized through credit administration standards.

The Company keeps track of fair values of shares and other securities it owns, and annually reviews them to determine whether the Company should continuously hold them. Furthermore, the Company will not make any speculative derivative transactions other than to conduct derivative exchange rate transactions in order to cope with actual demand risks, pursuant to its fund management guidelines with high credit rating financial institutions.

- (2) Fair Value of Financial Instruments

The fair values of financial instruments in Consolidated statement of financial position are equal or similar to book values.

7. Notes to per share information

Equity attributable to owners of the parent per share:	¥1,166.51
Basic earnings per share:	¥270.12

(Note) The Company's share, which is being kept as performance share option compensation in trust account, is included in the treasury share which is deducted in the calculation of per share data.

8. Notes to significant subsequent events

Not applicable.

9. Other notes

- (1) The Company group completed the acquisition of U.S. company Essai, Inc. (hereafter "Essai") on January 2020. Essai will become a wholly owned subsidiary of Advantest America, Inc., Advantest Corporation's U.S. subsidiary. The Company group recorded goodwill of ¥25,885 million on the acquisition date as a provisional amount.
- (2) Accounting estimates and assumptions, which Advantest used for the preparation of the consolidated financial statements, are based on the best judgment of management in light of historical experience and various factors. The global epidemic of the new coronavirus (COVID-19) is not expected to have a material impact on our estimates and assumptions.
- (3) Amounts less than one million yen are rounded.

Non-Consolidated Financial Statements

Balance Sheet (Non-Consolidated)

(As of March 31, 2020)

(Millions of Yen)

Items	FY2018 (reference)	FY2019	Items	FY2018 (reference)	FY2019
Assets			Liabilities		
Current assets	186,498	209,369	Current liabilities	95,019	99,470
Cash and deposits	93,731	106,770	Trade accounts payable	24,615	24,269
Trade notes receivables	14	0	Other accounts payable	10,255	12,375
Electronically recorded monetary claims	1,379	1,047	Accrued expenses	6,582	5,845
Accounts receivable	41,786	40,219	Income tax payable	6,237	3,546
Merchandises and finished goods	10,362	9,219	Deposits received	41,769	46,155
Work in progress	17,048	19,126	Accrued warranty expenses	2,818	3,265
Raw materials and supplies	17,891	18,885	Bonus accrual for directors	128	119
Other	4,287	14,103	Other	2,615	3,896
Noncurrent assets	143,039	163,452	Noncurrent liabilities	13,692	13,108
Property, plant and equipment	17,033	19,204	Allowance for retirement benefits	10,891	10,895
Buildings and structures	4,250	4,289	Asset retirement obligations	40	40
Land	8,479	8,479	Allowance for share benefits	88	410
Other	4,304	6,436	Other	2,673	1,763
Intangible fixed assets	2,423	2,355			
Patent right	1,650	1,250	Total liabilities	108,711	112,578
Other	773	1,105	Net assets		
Investments and other assets	123,583	141,893	Stockholders' equity	220,164	259,658
Investment securities	30	30	Common stock	32,363	32,363
Investment in affiliated companies	103,456	103,376	Capital surplus	32,973	32,973
Long-term loans receivable	9,447	26,131	Capital reserve	32,973	32,973
Deferred tax assets	9,228	11,506	Retained earnings	161,090	198,501
Other	1,425	850	Legal reserve	3,083	3,083
Allowance for doubtful accounts	(3)	-	Other retained earnings	158,007	195,418
			[Reserve for losses in foreign investments]	[27,062]	[27,062]
			[General reserve]	[146,880]	[146,880]
			[Retained earnings (accumulated loss)]	[(15,935)]	[21,476]
			Treasury stock	(6,262)	(4,179)
			Stock acquisition rights	662	585
			Total net assets	220,826	260,243
Total assets	329,537	372,821	Total liabilities and net assets	329,537	372,821

Statement of Operations (Non-Consolidated)

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

Items	FY2018 (reference)	FY2019
Net sales	261,120	253,795
Cost of sales	126,918	113,892
Gross profit	134,202	139,903
Selling, general and administrative expenses	86,702	87,710
Operating income	47,500	52,193
Non-operating income		
Interest and dividends income	6,620	7,919
Other	617	460
Non-operating expenses		
Interest expenses	1,193	916
Other	380	560
Ordinary income	53,164	59,096
Extraordinary income		
Gain on the revision of post-employment benefits plan	1,174	-
Income before income taxes	54,338	59,096
Income taxes – current	6,569	6,302
Income taxes – deferred	(541)	(2,272)
Net income	48,310	55,066

Statement of Changes in Net Assets

(From April 1, 2019 to March 31, 2020)

(Millions of Yen)

	Stockholders' equity					
	Common stock	Capital surplus	Retained earnings			
		Capital reserve	Legal reserve	Other retained earnings		
				Reserve for losses in foreign investments	General reserve	Retained earnings (accumulated loss)
Balance at beginning of year	32,363	32,973	3,083	27,062	146,880	(15,935)
Changes in the year						
Dividends from retained earnings						(16,471)
Net income						55,066
Purchase of treasury stock						
Disposal of treasury stock						(1,184)
Changes of items other than stockholders' equity, net						
Total changes in the year	–	–	–	–	–	37,411
Balance at end of year	32,363	32,973	3,083	27,062	146,880	21,476

	Stockholders' equity		Stock acquisition rights	Total net assets
	Treasury stock	Total stockholders' equity		
Balance at beginning of year	(6,262)	220,164	662	220,826
Changes in the year				
Dividends from retained earnings		(16,471)		(16,471)
Net income		55,066		55,066
Purchase of treasury stock	(1,124)	(1,124)		(1,124)
Disposal of treasury stock	3,207	2,023		2,023
Changes of items other than stockholders' equity, net			(77)	(77)
Total changes in the year	2,083	39,494	(77)	39,417
Balance at end of year	(4,179)	259,658	585	260,243

Notes to Non-Consolidated Financial Statements

1. Notes to significant accounting policies

- (1) Valuation of securities
 - (i) Investments in subsidiaries: Stated at cost using the moving average method
 - (ii) Other securities
 - (a) Securities with quoted value
Stated at fair value based on market prices at the end of the relevant period (evaluation difference is accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method)
 - (b) Securities not practicable to estimate fair value
Stated at cost using the moving average method
- (2) Valuation of inventories
Stated principally at cost using the gross average method (balance sheet value of assets are calculated using a method in which book values are written down in accordance with decreased profitability)
- (3) Depreciation and amortization of noncurrent assets
 - (i) Depreciation of plant and equipment
Based on the straight-line method
 - (ii) Amortization of intangible fixed assets
Based on the straight-line method
However, software for internal use is amortized using the straight-line method over its estimated useful life of 5 years.
- (4) Allowances
 - (i) Allowance for doubtful accounts
To prepare for credit losses on accounts receivable and loans, etc., an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on a historical write-off ratio and for bad receivables based on a case-by-case determination of collectability.
 - (ii) Accrued warranty expenses
To reasonably account for repair costs covered under product warranty in the respective periods in which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding year.
 - (iii) Bonus accrual for directors
In preparation for the payment of bonuses to directors of the total amount expected to be paid, an estimated amount for fiscal year 2019 is reported.
 - (iv) Allowance for retirement benefits
To provide for employee retirement benefits, an allowance is provided in an amount determined based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year.
Prior service cost is amortized on a straight-line basis over the average remaining service period of employees.
Any actuarial gains and losses are amortized on a straight-line basis over the average remaining service period of employees, and the amount is recorded in the fiscal year subsequent to its occurrence.
 - (v) Allowance for share benefits
In preparation for share benefit expected to be paid in the future, an estimated amount for fiscal year 2019 is reported.
- (5) Accounting for consumption taxes
Consumption taxes are accounted using the net-of-tax method.
- (6) Implementation of a Consolidated Tax System
The Company has implemented a consolidated tax system.

2. Notes to revenue recognition

The Company sells test system products of semiconductor and mechatronics-related products such as test handlers that handling semiconductor devices. When control of such products is transferred to customers, the performance obligation is satisfied and revenue is recognized.

Additionally, the Company has performance obligation towards customers on the service contracts.

Revenue from such service contracts is recognized over the contract term on the straight-line basis.

3. Notes to Balance Sheet

(1) Accumulated depreciation on property, plant and equipment:	¥23,366 million
(2) Short-term receivables from affiliates:	¥35,311 million
Long-term receivables from affiliates:	¥26,119 million
Short-term payables to affiliates:	¥57,443 million

4. Notes to Statement of Operations

Transactions with affiliated companies

Sales:	¥158,059 million
Purchases:	¥74,700 million
Non-operating transactions:	¥8,322 million

5. Notes to Statement of Changes in Net Assets

Total number of treasury stock as of March 31, 2020

Common stock	1,152,069 shares
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(Note) The Company's share of 537,830 shares, which is being kept as performance share option compensation in trust account, is included in the number of treasury share at the end of fiscal period.

6. Notes to tax effect accounting

Breakdown by major causes of deferred tax assets and deferred tax liabilities

Deferred tax assets	(Millions of Yen)
Appraised value of inventories	2,718
Research and development expenses	2,793
Allowance for retirement benefits	3,919
Fixed assets	9,536
Loss carried forward	7,148
Other	<u>3,586</u>
Subtotal of deferred tax assets	29,700
Valuation allowance for loss carried forward	(3,803)
Valuation allowance for deductible temporary differences	<u>(14,200)</u>
Subtotal of valuation allowance	<u>(18,003)</u>
Total of deferred tax assets	11,697
Deferred tax liabilities	
Other	<u>(191)</u>
Total of deferred tax liabilities	<u>(191)</u>
Net deferred tax assets	<u><u>11,506</u></u>

7. Notes to transactions with related parties

(1) Parent company and major corporate shareholders

Not applicable.

(2) Officers and major individual investors

Not applicable.

(3) Subsidiaries

Company name	Address	Common stock	Principal Activities	Percentage of Voting Rights	Description of relationships		Details of transactions	Amount of transactions	Items	Balance at fiscal year end
					Officer of subsidiaries temporarily transferred from the Company	Business relationship				
Advantest America, Inc.	California, U.S.A.	4,059 thousand USD	Development and sale of test systems, etc.	100.0%	Yes	Development and sale of the Company's products	Sales	¥39,236 million	Accounts receivable	¥8,520 million
							Loans	¥9,258 million	Short-term loans receivable	¥9,258 million
							Loans	¥26,119 million	Long-term loans receivable	¥26,119 million
Advantest Europe GmbH	Munich, Germany	10,793 thousand Euro	Development and sale of test systems, etc.	100.0%	Yes	Development and sale of the Company's products	Subcontract cost for R&D etc.	¥19,020 million	Other accounts payable	¥4,784 million
							Depositing of money	-	Deposits received	¥9,637 million
Advantest Taiwan Inc.	Hsin-Chu Hsien, Taiwan	500,000 thousand New Taiwan Dollars	Sale of test systems, etc.	100.0%	Yes	Sale of the Company's products	Sales	¥83,121 million	Accounts receivable	¥10,426 million
Advantest (Singapore) Pte. Ltd.	Singapore	15,300 thousand Singapore Dollars	Sale of test systems, etc.	100.0%	Yes	Sale of the Company's products	Depositing of money	-	Deposits received	¥33,112 million

Terms and conditions of transactions and determination of policies thereof

1. With respect to sales, the price is determined by referring to the market price, among others.
2. With respect to deposit, it is from cash management system, and the interest rate is determined by taking into account the market interest rate.

8. Notes to per share information

Net assets per share: ¥1,308.66

Net income per share: ¥277.86

(Note) The Company's share, which is being kept as performance share option compensation in trust account, is included in the treasury share which is deducted in the calculation of per share data.

9. Notes to significant subsequent events

Not applicable.

10. Other notes

Amounts less than one million yen are rounded.

Audit Reports

Copy of Report of Independent Auditors (Consolidated)

Independent Auditor's Report

May 20, 2020

The Board of Directors
Advantest Corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Makoto Usui
Certified Public Accountant
Designated and Engagement Partner

Toshiyuki Matsumoto
Certified Public Accountant
Designated and Engagement Partner

Keiichi Wakimoto
Certified Public Accountant
Designated Engagement Partner

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Advantest Corporation (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the group, which consisted of the Company and its consolidated subsidiaries (the "Group"), applicable to the fiscal year ended March 31, 2020, in accordance with the provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting, which permits companies to omit some disclosure items required under International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting, which permits companies to omit some disclosure items required under IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by the provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting,

which permits companies to omit some disclosure items required under IFRSs, matters related to going concern. The Audit and Supervisory Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the provisions of the latter part of Article 120, paragraph 1 of the Regulation on Corporate Accounting, which permits companies to omit some disclosure items required under IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company, prepared in Japanese, for the year ended March 31, 2020. Ernst & Young ShinNihon LLC have not audited the English language version of the consolidated financial statements for the above-mentioned year.

Copy of Report of Independent Auditors

Independent Auditor's Report

May 20, 2020

The Board of Directors
Advantest Corporation:

Ernst & Young ShinNihon LLC
Tokyo, Japan

Makoto Usui 
Certified Public Accountant
Designated and Engagement Partner

Toshiyuki Matsumoto 
Certified Public Accountant
Designated and Engagement Partner

Keiichi Wakimoto 
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, paragraph 2 (i) of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operation, the statement of changes in net assets, and notes to the financial statements of Advantest Corporation (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020 .

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2020, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern. The Audit and Supervisory Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflicts of Interest

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the financial statements of the Company, prepared in Japanese, for the year ended March 31, 2020. Ernst & Young ShinNihon LLC have not audited the English language version of the financial statements for the above-mentioned year.

Copy of Audit and Supervisory Committee's Audit Report

Audit Report

The Audit and Supervisory Committee of Advantest Corporation (the "Company") has audited the performance of duties by Directors during the 78th fiscal year (from April 1, 2019 to March 31, 2020). We hereby report the method and result thereof as follows.

1. Methods and Content of Audit

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, Paragraph 1, Item 1(b) and (c) of the Companies Act of Japan and the status of the system being developed pursuant to such resolutions (internal controls system), the Audit and Supervisory Committee periodically received reports from the Directors, Executive Officers, and employees and other personnel concerning the establishment and management of such system, sought explanations as necessary, and expressed opinions. In addition, the Audit and Supervisory Committee carried out audits according to the following method:

- (i) In compliance with the Rules for Audit by the Audit and Supervisory Committee established by the Audit and Supervisory Committee, pursuant to the audit policies, audit plans, allocation of duties, etc., and in coordination with the internal audit division and other relevant departments with jurisdiction over internal control, the audit and supervisory committee members attended important meetings, received reports from Directors, Executive Officers and employees on the performance of their duties, requested further explanations as deemed necessary, reviewed important approval-granting documents, and inspected the state of business operations and assets at the head office and other important branch offices.

With respect to subsidiaries, we communicated with and exchanged information with the directors and corporate auditors of the subsidiaries and received business reports from subsidiaries as deemed necessary, and conducted site visits to the Company's main consolidated subsidiaries overseas or interviews by video conferences, and confirmed their state of business operations and assets.

- (ii) In addition, we monitored and reviewed whether the Independent Auditors maintained their independent positions and conducted the audit properly, received reports from the Independent Auditors on the performance of their duties, and requested further explanations as deemed necessary. Furthermore, we were informed by the Independent Auditors that they are establishing a "System to ensure the appropriate performance of duties" (*Syokumu no Suikou ga Tekisei ni Okonawareru Koto o Kakuho Suru Tameno Taisei*) (Matters as defined in each Item of Article 131 of the Company Accounting Regulations) pursuant to "Quality control standards of audit" (*Kansa ni Kansuru Hinshitsu Kanri Kijyun*) (the Business Accounting Counsel, October 28, 2005), and requested their explanations as deemed necessary.

Based on the above methods, we reviewed the business report and the related supplementary schedules, the consolidated financial statements (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and notes to consolidated financial statements), and the non-consolidated financial statements (the balance sheet, statement of operations, statement of changes in net assets, notes to non-consolidated financial statements) as well as the related supplementary schedules for the 78th fiscal year.

2. Results of Audit

(1) Results of audit of the business report and other documents

- (i) The business report and the related supplementary schedules of the Company accurately present the financial conditions of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) No irregularity or material violation of applicable laws or regulations or the Articles of Incorporation of the Company was found with respect to the activities of the Directors.

(iii) The contents of the resolutions of the meeting of the Board of Directors with respect to the internal control system are appropriate. In addition, there are no matters to be pointed out regarding the entries in the business report and the performance of duties of Directors with respect to the internal control system.

(2) Results of audit of the consolidated financial statements and the related supplementary schedules

The methods and results of audit performed by Ernst & Young ShinNihon LLC, the independent auditor of the Company, are appropriate.

(3) Results of audit of the financial statements and the related supplementary schedules

The methods and results of audit performed by Ernst & Young ShinNihon LLC, the independent auditor of the Company, are appropriate.

May 21, 2020

Audit and Supervisory Committee of Advantest Corporation

Yuichi Kurita

Standing Audit and Supervisory Committee Member



Tsuneko Murata

Audit and Supervisory Committee Member



Kouichi Nanba

Audit and Supervisory Committee Member



Note: Audit and Supervisory Committee Members Tsuneko Murata and Kouichi Nanba are outside directors provided in Article 2, Item 15, and Article 331, Paragraph 6 of the Companies Act of Japan.

Memorandum to Shareholders

Fiscal Year:	Starting from April 1 of each year and ending on March 31 of the following year
Ordinary general meeting of shareholders:	June of each year
Date of decision on shareholders of record qualified to	attend ordinary general meeting of shareholders: March 31 of each year
	receive dividends: March 31 of each year
	receive interim dividends: September 30 of each year
Number of shares comprising one unit:	100 shares
Share registration agent:	Mitsubishi UFJ Trust and Banking Corporation
Contact information of the aforementioned agent	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikkocho, Fuchu-shi, Tokyo 183-0044, Japan Toll free number: 0120-232-711
Method for public notice:	Public notices will be posted on the Company's website (https://www.advantest.com/investors). However, in case of accidents or other inevitable circumstances that prevent the Company from posting public notices on such Company's website, public notices will be published in the Nihon Keizai Shimbun.

(Notice)

1. Please inform the securities firm at which you hold an account of changes of address, demands for sales and purchases of fractional shares or other various services. Share registration agent (Mitsubishi UFJ Trust and Banking Corporation) is not able to provide such services.
2. For various services in connection with those shares that are recorded in the special account, please contact the firm responsible for administering such special account described below.
3. Unpaid dividends shall be paid at the head office or any branch office of Mitsubishi UFJ Trust and Banking Corporation.

The firm responsible for administering special account:	Tokyo Securities Transfer Agent Co., Ltd.
Contact information of the aforementioned firm	Business Center, Tokyo Securities Transfer Agent Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo 168-8522 Toll free number: 0120-49-7009