

Advantest Corporation
80th Ordinary General Meeting of Shareholders
Q&A Summary

【Questions received online prior to the event】

Q. Since the targets of the second mid-term management plan were achieved in the plan's first year, I understand that the target figures of the plan are being reviewed. When will they be announced?

A. The second mid-term management plan announced last year set three-year average targets. So we can't say we have achieved the targets of our plan yet. On the other hand, it is true that we are considering a revision of the target figures, as it is expected that our performance in the second year of the plan will be favorable. If possible, we hope to announce these revisions when the company releases its first-quarter financial results in July.

Q. I heard that you will no longer disclose order figures, but I would like you to continue announcing them.

A. Information regarding order volumes, which fluctuates in the short term, does not mirror our mid- to long-term business growth trend and is one of the factors that cause evaluations of corporate value to fluctuate. At present, few semiconductor manufacturing equipment suppliers in Europe and the United States are disclosing orders. In the future, we would like to enhance our explanations of our mid- to long-term business environment and growth strategy, and deepen our dialogue with stakeholders so that the market can properly judge our corporate value. We would like to ask for your understanding.

Q. As a member of RE100, what are your specific efforts? When do you plan to achieve the target of using 100% renewable energy?

A. In FY2020, we set a long-term goal of reducing CO2 emissions, and we aim to achieve RE100 globally by the end of FY2050. Our 2030 renewable energy introduction target is 70%. Since April 2021, the electricity used at Gunma Factory has been 100% renewably sourced. Subsidiaries in the United States and Europe have already achieved RE100. The renewable energy introduction rate of the whole Advantest Group in FY2021 exceeded 50%. We plan to introduce renewable energy in Asia, considering the availability of renewable energy in each region.

【Questions received at the event】

Q. What was the balance of profit and loss on your Electron Beam (EB) lithography business from its inception to the present? What were the advantages and disadvantages of applying resources to this business?

A. We have ceased development of new EB lithography products. We will take responsibility for the maintenance of products already sold. Unfortunately, the business was not profitable. However, as a result of exploring this business realm, we were able to develop and sell a line of SEM metrology products using EB technology. We regret that we were not able to recover our investment, but we gained valuable experience in this business endeavor.

Q. How do you rate Advantest's performance compared to its competitors?

A. Our biggest competitor is an American semiconductor manufacturing equipment supplier. Although several others have also emerged in Asia, we and our US competitor hold about 90% of the market between us. We have been working to become the No.1 company. We took No.1 in market share last year but our position is not yet firmly entrenched. With the acquisition of Verigy in 2011, we were able to significantly increase our market share in SoC test equipment. We need to watch the Chinese and South Korean government's actions closely, but we want to maintain our No.1 position.

【Questions received from viewers of the livestream after the deadline】

Q. On the day of the meeting, I was not able to exercise my voting rights via the Internet because I am not familiar with the technology. I think this is a job for me, but I hope you will improve as well.

A. As stated on page 11 of the convocation notice, voting rights cannot be exercised at the virtual shareholders' meeting. It was possible to exercise them in advance via the Internet, so please use this system next time. The convocation notice may have been difficult to understand, and we will do our best to make it clearer next time.

Q. It is difficult to attend the shareholders' meeting when you hold it in Gunma. I wish you would hold it in Tokyo.

A. It was held in Gunma last year as well as this year. Considering the location of the venue, we also held a virtual shareholders' meeting so that shareholders could view the meeting regardless of where they live. The venue for next year is not yet decided. Thank you for your valued opinion.

Q. Demand for semiconductors continues to be strong, but I think monetary tightening and the US economic downturn will have an impact on the semiconductor market. Even if the market shrinks, will you increase R&D and capital investment to further grow your business? What will you do about market changes?

A. Although the macroeconomy is expected to decline in the short term, demand for semiconductors is expected to grow faster than GDP in the mid to long term. In order not to miss out on mid- to long-term business opportunities, we will continue to reinforce our investments in hiring, training, R&D and equipment.

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