(Translation)
This document has been translated from the Annual Securities Report for the twelve-month period ended March 31, 2025, pursuant to the Financial Instruments and Exchange Act. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

From April 1, 2024 to March 31, 2025

(The 83rd term)

Advantest Corporation

(E01950)

Table of Contents

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[Company Name]	Kabushiki Kaisha Advantest
[Company Name in English]	ADVANTEST CORPORATION
[Title and Name of Representative]	Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO
[Address of Registered Office]	1-6-2, Marunouchi, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-3214-7500
[Contact Person]	Hisako Takada, Senior Executive Officer, CFO
[Contact Address]	1-6-2, Marunouchi, Chiyoda-ku, Tokyo
[Phone No.]	+81-3-3214-7500
[Contact Person]	Hisako Takada, Senior Executive Officer, CFO
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act.

In this report, "we," "our," "us," "Advantest" and "Advantest Group" refer to Advantest Corporation and its consolidated subsidiaries, or, as the context requires, "the Company," and "Advantest Corporation" on a non-consolidated basis.
The term "FY" preceding a year means the twelve-month period ended March 31 of the year subsequent to the year referred to. For example, "FY 2024" refers to the twelve-month period ended March 31, 2025. All other references to years refer to the applicable calendar year. The term "CY" preceding a year means the twelve-month period ended December 31 of the year.
"¥", "yen", "JPY" or (Y) means Japanese yen. "B" after an amount means billion.

Cautionary Statement with Respect to Forward-Looking Statements

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

・changes in demand for the products and services produced and offered by Advantest's customers, including semiconductors, communications services and electronic goods;
・circumstances relating to Advantest's investment in technology, including its ability to timely develop products that meet the changing needs of semiconductor manufacturers and communications network equipment and components makers and service providers;
・the environment in which Advantest purchases materials, components and supplies for the production of its products, including the availability of necessary materials, components and supplies during a significant expansion in the market in which Advantest operates; and
・changes in economic conditions, competitive environment, currency exchange rates or political stability in the major markets where Advantest produces, distributes or sells its products.

These risks, uncertainties and other factors also include those identified in "Risk Factors" and set forth elsewhere in this Annual Securities Report.

Part I. Information on the Company

Item1. Company Overview

1. Trends in Main Management Indicators

(1) Consolidated Management Indicators

Business Term		79th	80th	81st	82nd	83rd
Year ended		March. 2021	March. 2022	March. 2023	March. 2024	March. 2025
Net sales	Millions of Yen	312,789	416,901	560,191	486,507	779,707
Income before income taxes	Millions of Yen	69,618	116,343	171,270	78,170	224,774
Net income attributable to owners of the parent	Millions of Yen	69,787	87,301	130,400	62,290	161,177
Comprehensive income attributable to owners of the parent	Millions of Yen	75,757	107,286	146,882	84,441	149,428
Equity attributable to owners of the parent	Millions of Yen	280,369	294,621	368,694	431,178	506,539
Total assets	Millions of Yen	422,641	494,696	600,224	671,229	854,210
Equity attributable to owners of the parent per share	Yen	1,427.29	1,551.72	500.61	584.25	690.80
Basic earnings per share	Yen	353.87	449.56	174.35	84.45	218.67
Diluted earnings per share	Yen	351.82	447.26	173.68	84.16	218.01
Ratio of equity attributable to owners of the parent	%	66.3	59.6	61.4	64.2	59.3
Return on equity attributable to owners of the parent	%	27.3	30.4	39.3	15.6	34.4
Price-earnings ratio	Times	27.35	21.51	17.44	80.75	29.60
Cash flows from operating activities	Millions of Yen	67,830	78,889	70,224	32,668	285,971
Cash flows from investing activities	Millions of Yen	(16,831)	(46,907)	(26,706)	(27,940)	(42,189)
Cash flows from financing activities	Millions of Yen	(30,415)	(68,736)	(77,434)	10,760	(82,818)
Cash and cash equivalents at end of year	Millions of Yen	149,164	116,582	85,537	106,702	262,544
Employees (Average number of temporary employees)	Persons	5,261 (475)	5,941 (509)	6,544 (548)	6,766 (583)	7,001 (598)

(Notes) 1. Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as the "IFRS").

2. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Equity attributable to owners of the parent per share," "Basic earnings per share" and "Diluted earnings per share" are calculated based on the assumption that the share split was implemented at the beginning of the 81st business term.

(2) Non-Consolidated Management Indicators

Business Term		JGAAP *				
		79th	80th	81st	82nd	83rd
Year ended		March. 2021	March. 2022	March. 2023	March. 2024	March. 2025
Net sales	Millions of Yen	271,875	355,575	482,576	394,694	673,095
Ordinary income	Millions of Yen	54,736	93,667	150,368	58,068	226,951
Net income	Millions of Yen	53,031	70,814	115,834	49,394	166,854
Common stock	Millions of Yen	32,363	32,363	32,363	32,363	32,363
(Total number of issued shares)	Thousand Shares	(199,567)	(199,542)	(191,542)	(766,141)	(766,141)
Net assets	Millions of Yen	285,409	262,918	305,989	332,607	426,685
Total assets	Millions of Yen	414,128	459,809	533,860	586,204	809,980
Net assets per share	Yen	1,449.74	1,380.85	414.65	450.14	581.37
Dividend per share (Interim dividend per share)	Yen	118.00 (38.00)	120.00 (50.00)	135.00 (65.00)	— (65.00)	39.00 (19.00)
Net income per share-basic	Yen	268.91	364.61	154.81	66.93	226.24
Net income per share-diluted	Yen	267.89	363.54	154.45	66.80	225.77
Equity-to-assets ratio	%	68.8	57.0	57.2	56.7	52.7
Rate of return on equity	%	19.5	25.9	40.8	15.5	44.0
Price-earnings ratio	Times	36.00	26.52	19.64	101.88	28.61
Payout ratio	%	43.88	32.91	21.80	51.17	17.24
Number of employees (Average number of temporary employees)	Persons	2,025 (306)	1,986 (364)	1,988 (408)	2,011 (435)	1,988 (461)
Total shareholder return	%	225.8	228.3	288.8	640.2	611.8
(Comparison: Dividend-included TOPIX)	%	(142.1)	(145.0)	(153.4)	(216.8)	(213.4)
Highest share price	Yen	9,880	11,550	12,460	7,456 (29,824)	10,430
Lowest share price	Yen	3,785	7,770	6,600	2,555 (10,220)	4,952

(Notes) 1. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Net assets per share," "Net income per share-basic" and "Net income per share-diluted" are calculated based on the assumption that the share split was implemented at the beginning of the 81st business term.

2. "Dividend per share" for the 82nd business term is not presented considering the share split. In addition, "Dividend per share" for the 82nd business term before and after the share split is (Y) 137.00 and (Y) 34.25, respectively.

3. The highest and lowest share prices are from Tokyo Stock Exchange Prime Market since April 4, 2022 and those on or before April 3, 2022 are from Tokyo Stock Exchange First Section. In addition, highest and lowest share prices for the 82nd business term indicate the prices after the share split that calculated based on the assumption that the share split was implemented at the beginning of the term, and the highest and lowest share prices before share split are shown in parentheses.

* Accounting principles generally accepted in Japan

2. History of the Company

The Company (formally surviving company, trade name before merger: Toshin-Kogyo Corporation) merged with Takeda Riken Industries on April 1, 1974 as the date of the merger, in order to change the face value of shares, and took over all business activities of the merged company after the merger.

Therefore, the surviving company in substance is Takeda Riken Industries, the merged company, and the following descriptions refer to the surviving company in substance. Further, Takeda Riken Industries changed its name to Advantest Corporation on October 1, 1985 (Of the subsidiaries, the companies that have been changed their company names are listed below with the changed company names).

Dec, 1954	Established Takeda Riken Industries in Toyohashi-City, Aichi with a common stock of ¥500,000 as a manufacturer specializing in electronic measuring instruments
Feb, 1957	Moved the registered office to Itabashi-ku, Tokyo
Apr, 1959	Newly constructed and relocated headquarters organization and factory to 1-32-1, Asahi-cho, Nerima-ku, Tokyo
Jan, 1975	Relocated the registered office to Nerima-ku, Tokyo
Feb, 1976	Fujitsu Limited made capital participation in the Company.
Jun, 1982	Established a subsidiary Advantest America Inc. in the U.S.
Feb, 1983	Listed on the Second Section of the Tokyo Stock Exchange
Jun, 1983	Established a subsidiary Advantest Europe GmbH in Germany
Jun, 1983	Opened the head office in Shinjuku NS Building, Shinjuku-ku, Tokyo
May, 1984	Established Gunma Factory in Ora-machi, Ora-gun, Gunma
Sep, 1985	Listed on the First Section of the Tokyo Stock Exchange
Oct, 1986	Established a subsidiary Advantest (Singapore) Pte. Ltd. in Singapore
Jul, 1987	Opened Otone R&D Center (Currently Saitama R&D Center) in Otone Town, Kita-Saitama-gun, Saitama (Currently Shintone, Kazo-City)
Mar, 1990	Established a subsidiary Advantest Taiwan Inc. in Taiwan
Oct, 1996	Opened Gunma R&D Center in Meiwa-machi, Ora-gun, Gunma
May, 2001	Completed to build Gunma R&D Center No.2
Sep, 2001	Listed on the New York Stock Exchange (NYSE) (Delisted from NYSE in April 2016)
Jun, 2002	Opened Kitakyushu R&D Center in Yahata-higashi-ku, Kita-Kyushu-City, Fukuoka
Sep, 2004	Relocated the head office to the Shin-Marunouchi Center Building in Chiyoda-ku, Tokyo
Jul, 2010	Merged (absorption-type) with subsidiary Advantest Manufacturing, Inc. and subsidiary Advantest Customer Support Corporation
Jul, 2011	Acquired all common shares of Verigy Ltd. and made it a wholly owned subsidiary
Jun, 2018	Relocated the registered office to Chiyoda-ku, Tokyo
Apr, 2022	Transition to the Prime market from the First Section of the Tokyo Stock Exchange in accordance with the restructuring of the Tokyo Stock Exchange market segments

3. Description of Business

Advantest manufactures and sells semiconductor and component test system products and mechatronics-related products such as test handlers and device interfaces. Advantest also engages in research and development activities and provides maintenance and support services associated with these products.

(Semiconductor and Component Test System Segment)

The semiconductor and component test system segment provides customers with test system products for the semiconductor industry and the electronic parts industry. Product lines provided in the semiconductor and component test system segment include test systems for SoC semiconductor devices and test systems for memory semiconductor devices.

The production activities of this segment are handled by the Company and several outsourced companies.

Sales activities are mainly conducted by the Company for domestic and some overseas users (Korea, China, etc.), and conducted by Advantest America, Inc., Advantest Europe GmbH, Advantest Taiwan Inc, Advantest (Singapore) Pte. Ltd. and others for other overseas users.

Development activities are conducted by the Company, Advantest Europe GmbH, Advantest America, Inc. and others.

(Mechatronics System Segment)

The mechatronics system segment provides product lines such as test handlers and mechatronic-applied products for handling semiconductor devices, and device interfaces that serve as interfaces with the devices that are measured, and operations related to nano-technology products.

Production activities in this segment are conducted by Advantest and several outsourced companies, and sales activities are conducted by the same personnel as in the Semiconductor and Component Test Systems Business Unit.

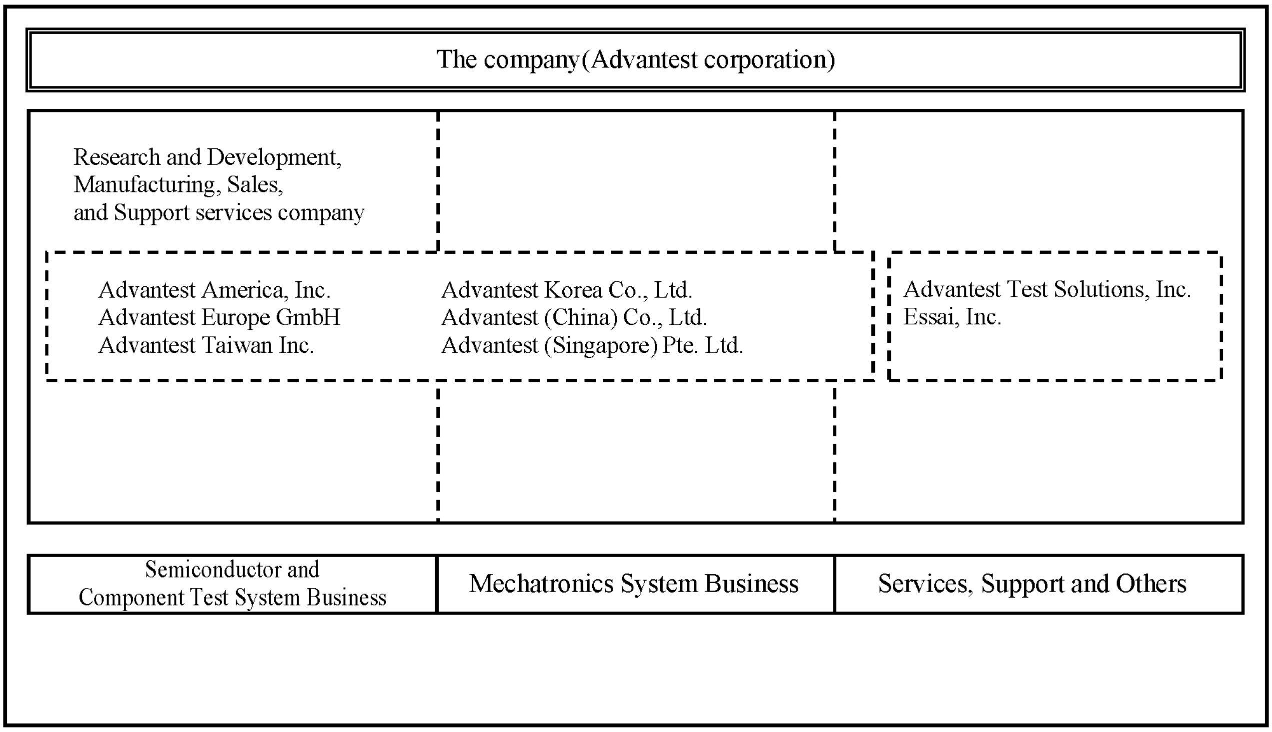
Development activities are mainly conducted by the Company.

(Services, Support and Others Segment)

The services, support and others segment consists of comprehensive customer solutions provided in connection with the above segments, test solutions of system level testing for products such as semiconductors and modules, support services, sales of consumables, sales of used products, equipment lease business, and others.

The business activities of Advantest are shown in the diagram as follows.

Business Organization Chart



Other than the above, there are 31 consolidated subsidiaries.

Consolidated subsidiaries (Domestic 7, Overseas 32, Total 39)

4. Status of Affiliated Companies

Company name	Location	Common stock	Principal business	Ratio of voting rights holding (%)	Relationship			
					Concurrent post of officers, etc.	Financial assistance	Business Transaction	Leasing equipment
Consolidated Subsidiaries Advantest America, Inc.	California, U.S.A.	4,059 thousand US dollars	Development and sales of test systems, etc.	100.0	Yes	Yes	Development and sales of Advantest products	No
Advantest Test Solutions, Inc.	California, U.S.A.	2,500 thousand US dollars	Design and sales of system level test products, etc.	(100.0) 100.0	Yes	No	Design and sales of Advantest products	No
Essai, Inc.	Arizona, U.S.A.	500 thousand US dollars	Design, production and sales of test sockets, etc.	(100.0) 100.0	Yes	No	Design, production and sales of Advantest products	No
Advantest Europe GmbH	Munich, Germany	10,793 thousand Euros	Development and sales of test systems, etc.	100.0	Yes	No	Development and sales of Advantest products	No
Advantest Taiwan Inc.	Hsinchu County, Taiwan	500,000 thousand New Taiwan dollars	Sales of test systems, etc.	100.0	Yes	No	Sales of Advantest products	No
Advantest (Singapore) Pte. Ltd.	Singapore	15,300 thousand Singapore dollars	Sales of test systems, etc.	100.0	Yes	No	Sales of Advantest products	No
Advantest Korea Co., Ltd.	Cheonan, South Korea	9,516 million Korean won	Sales support of test systems, etc.	(62.5) 100.0	Yes	No	Production and support for sales of Advantest products	No
Advantest (China) Co., Ltd.	Shanghai, China	8,000 thousand US dollars	Sales support of test systems, etc.	(100.0) 100.0	Yes	No	Support for sales of Advantest products	No
Other 31 companies								

(Notes) 1. Specified subsidiaries are Advantest America, Inc., Advantest Europe GmbH, Advantest Taiwan Inc. and Advantest Korea Co., Ltd.

2. Of the above, no company has submitted a securities registration statement or securities report.

3. Advantest America, Inc., Advantest Taiwan Inc. and Advantest Korea Co., Ltd. account for more than 10% of consolidated sales (excluding internal sales among consolidated companies). The main profit and loss information is as follows. Note that the numbers are based on local accounting standards.

	Main profit and loss information (Millions of Yen)				
	Net sales	Ordinary income	Net income	Net assets	Total assets
Advantest Taiwan Inc.	239,125	10,176	8,152	15,163	89,835
Advantest America, Inc.	124,486	10,647	10,850	118,038	215,238
Advantest Korea Co., Ltd.	90,063	8,790	6,867	25,135	39,509

4. Percentage of voting rights includes indirectly held shares.

5. Status of Employee

(1) Status of Consolidated Companies

As of March 31, 2025

Segment	Number of employees (Person)
Semiconductor and Component Test System	3,613 (312)
Mechatronics System	723 (90)
Services, Support and Others	2,423 (143)
Corporate (Common)	242 (53)
Total	7,001 (598)

(Notes) 1. The number of employees indicates the number of full-time employees (excluding employees seconded from Advantest to outside the group, but including employees seconded from outside the group to Advantest) and the average number of temporary employees for the year is shown in parentheses described by outside number.

2. The number of employees listed as Corporate (Common) includes the number of employees who belong to Administration Group or others that cannot be classified in a specific segment.

(2) Status of Filing Company (The Company)

As of March 31, 2025

Number of employees (Person)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
1,988 (461)	45.83	20.15	10,491,797

Segment	Number of employees (Person)
Semiconductor and Component Test System	1,254 (291)
Mechatronics System	382 (89)
Services, Support and Others	144 (33)
Corporate (Common)	208 (48)
Total	1,988 (461)

(Notes) 1. The number of employees indicates the number of full-time employees, and the average number of temporary employees for the year is shown in parentheses described by outside number.

2. The average annual salary is the total gross pay before taxes, including bonuses and surplus wages.

3. The number of employees listed as Corporate (Common) includes the number of employees who belong to Administration Group or others that cannot be classified in a specific segment.

(3) Status of Labor Union

Advantest Labour Union is an organization in the Company, and it is also a member of the Japanese Electrical Electronic & Information Union. There are similar organizations in consolidated subsidiaries.

There are no particular matters to be noted about the relationship between labor union and management.

(4) Female Managers Ratio, Usage Rate of Childcare Leave by Males, Differences in Wages Between Male and Female Workers

1) The Company

Fiscal year ended March 31, 2025				
Female managers ratio (%) (Note 1)	Usage rate of childcare leave by males (%) (Note 2)	Differences in wages between male and female workers (%) (Note 3)		
		All workers	Regular workers	Non-regular workers
3.6	66.6	74.0	73.2	85.7

(Notes) 1. (1) This is calculated based on "The Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

(2) This includes seconded employees from the Company and does not include seconded employees to the Company.

2. (1) This is based on the calculation of the ratio of childcare leave, taken under Article 71-6, Item 1 of the "Enforcement Regulations of the Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Ordinance of the Ministry of Labor No. 25 of Oct. 15, 1991) based on the provisions of the "Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Act No. 76 of 1991).

(2) This includes seconded employees from the Company and does not include seconded employees to the Company.

(3) This does not include employees taking special paid leave of up to 5 days for the birth of a child.

(Reference) Acquisition rate of childcare leave or special paid leave for male employees in FY2024: 83%.

Average length of childcare leave taken by male employees in FY2024: 53 days.

3. (1) This is calculated based on "The Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

(2) Regular workers are regular employees.

(3) Non-regular workers are contract workers (fixed term, indefinite term) and part-time workers.

(4) All workers are the sum of regular workers and non-regular workers.

(5) Workers in the differences in wages between male and female workers do not include the following.

Directors (including outside directors)

Executive officers

Seconded employees to the Company

Seconded employees from the Company

(6) Wages in the differences in wages between male and female workers are calculated based on total salaries and bonus payments, including allowances.

(7) Differences in wages between male and female workers (%) = Average annual wage for female workers ÷ Average annual wage for male workers × 100.

(8) The background to the differences in wages between male and female includes the low ratio of female in management positions compared to the ratio of female among all workers, the large number of female among workers who choose to work shorter hours for childcare, and the wage of workers rehired after retirement for non-regular workers is in line with the wage at retirement, which is affected by the difference in wages for regular workers.

4. Other metrics related to human capital including female managers ratio of Advantest are included in "Item 2. Business Overview 2. Sustainability Approach and Initiatives (1) Sustainability in general 5) Metrics and Goals".

(Reference) Advantest's Initiatives to increase female managers ratio and usage rate of childcare leave by males

Advantest always accepts diverse values and is promoting the creation of a corporate culture where everyone can work regardless of race, gender, age, and nationality. As of March 31, 2025, the percentage of female employees to total employees was 22.0% (21.8% in the previous fiscal year), and the percentage of female managers to total managers was 9.7% (9.4% in the previous fiscal year). Increasing the number of female employees and managers still remains an urgent task.

Advantest has been recruiting a high percentage of male students with a technical/engineering background, and conventional recruiting activities have not been able to motivate female students to apply to Advantest. In light of these circumstances, Advantest has been strengthening public relations activities for women with a focus on conveying the attraction of Advantest to female students, particularly those with a technical/engineering background. Information on active female employees in the workforce has been disseminated through corporate websites and recruitment brochures, and at recruitment events, Advantest has explained about programs and career plans for women and introduced how our female employees are working at Advantest.

In addition, recognizing that employees undergo various life stage changes, we are focusing on work-life balance initiatives to allow employees to work flexibly according to their individual circumstances.

In addition to utilizing telework as needed, we have established a 100% paid pregnancy hospital visit and pregnancy disability leave system, a childcare leave system that exceeds legal standards, a nursing care leave system, and a shortened working hour system as support systems for balancing work with childcare and nursing care.

We are also working on support for childcare participation for fathers, which includes the provision of personal consultations for male employees with children and their supervisors, guidance for childcare-related systems, and support for using childcare leave. In addition, starting in FY2022, we have institutionalized a childcare leave subsidy of up to four weeks for employees who take childcare leave within eight weeks of the birth of their child.

For more details, please see Advantest's Integrated Annual Report and Sustainability Report, both available on our website.

Integrated Annual Report (https://www.advantest.com/about/annual.html)

Sustainability Report (https://www.advantest.com/sustainability/report/)

2) Domestic Subsidiaries

Domestic subsidiaries are not subject to the obligation to disclose information under the provisions of "The Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015) and the "Law Concerning the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Act No. 76 of 1991), therefore, this information is omitted.

Item2. Business Overview

1. Management Policy, Business Environment and Issues to be Addressed

Future expectations included in this section are based on judgements of Advantest as of March 31, 2025.

(1) Advantest's Basic Management Policy: "The Advantest Way"

Advantest's corporate purpose and mission is "Enabling Leading-Edge Technologies." Advantest has consistently contributed to the development of society by constantly striving to improve themselves in order to provide products and services that satisfy its customers worldwide and Advantest believes that continued pursuit of this mission will expand the significance of its existence in society.

In addition to that, as a result of past efforts to expand business, Advantest has become an organization that encompasses diverse cultures, languages, customs, and values. Therefore, Advantest realizes that it is important to cultivate shared values and common codes of conduct as the foundation to conduct business activities in line with its purpose and mission.

Taking all the foregoing into consideration, in 2019, Advantest developed its existing corporate philosophy system, "The Advantest Way," and revised it to encompass the direction that Advantest should take in the future and the values that should be emphasized. Currently, all of the Advantest's medium- to long-term management strategies and business activities are conducted in accordance with this revised version of "The Advantest Way." By continuing to implement activities in line with "The Advantest Way," Advantest will strive to maximize the value it provides to customers and society, and to earn greater trust from each stakeholder.

"The Advantest Way" consists of the following six elements.
(1) Purpose & Mission: Enabling Leading-Edge Technologies
(2) Vision: Be the Most Trusted and Valued Test Solution Company in the Semiconductor Value Chain
(3) Core Values: INTEGRITY
(4) Sustainability Policy
(5) Guiding Principle: Quest for the Essence
(6) Ethical Standards

Items (1) to (3) stipulate what the Advantest Group aims to be and what the Group should do in order to create value and contribute to the common good over the medium- to long-term. Items (4) to (6) define the basic mindset required of Advantest's executives and employees to achieve the desired relationship with our stakeholders.

(2) Mid- to Long-term Management Policy: the "Grand Design"

Since 2018, Advantest has been setting its mid- to long-term management policy, the "Grand Design," which defines the commitments and strategies needed for Advantest to fully strive as a company that embodies its corporate mission and purpose of "Enabling Leading-edge Technologies."

Under the 2018 version of the "Grand Design," Advantest executed on two mid-term management plans: the First Mid-term Management Plan (MTP1), and the Second Mid-term Management Plan (MTP2), and achieved market share gains, business expansion, and profitability improvement at a scale and speed that exceeded the original plans.

Then, in 2024, in order to develop further and ensure that Advantest continues to be of greatest value to its customers and society, Advantest refreshed its "Grand Design" to reflect the changes in its management and business structure to date and the latest outlook for the long-term business environment.

Under this refreshed "Grand Design," Advantest will strive to expand the value it provides to stakeholders and strengthen the business foundation.

<Vision statement>
"Be the most trusted and valued test solution company in the semiconductor value chain."

By expanding the economic and social benefits it provides, Advantest aims to become the most trusted and valued test solution company in the semiconductor value chain for all its stakeholders.

<View on long-term business environment and issues to be addressed>

Uncertainties in the macro business environment are expected to remain high. The issues surrounding the world with climate change, geopolitical risks, demographic changes, etc. are becoming more consequential, and the complexity of social issues is increasing dramatically.

While these issues persist, various innovations, represented most dramatically by AI, continue to progress dynamically in various industries to solve such social issues. The semiconductor industry, which forms the foundation of social innovations, is expected to see greater inter-company and inter-regional collaboration aimed at further improving performance and ensuring economic rationality, as well as enhancement in the regional supply chain. Along with these trends, Advantest anticipates that the semiconductor value chain will continue to evolve over the medium- to long-term, while further increasing its complexity.

Moreover, when looking ahead at technological trends in semiconductor testing, technological advancements to achieve higher semiconductor performance and energy efficiency, such as further miniaturization, adoption of new architectures, and adoption of advanced packaging, are expected to continue to further raise the complexity of semiconductor testing in the future. In particular, Advantest expects that test complexity to become more significant in AI- and HPC (high performance computing)-related semiconductors, which are presumed to be the biggest growth drivers of the semiconductor market.

With this increasing complexity as a key trend in the industry, Advantest anticipates the semiconductor test-related market to grow over the medium- to long-term as customers invest in increasing their testing capacity. In addition, Advantest foresees that a higher degree of automation will be required to achieve greater efficiency in the semiconductor quality assurance process. Under these trends, Advantest believes that in addition to the development and sale of products with superior performance, the provision of new solutions and services that harmoniously develop and integrate these products will provide the company with further growth opportunities. To that end, Advantest intends to make the realization of such opportunities the cornerstone of its medium- to long-term growth strategies. At the same time, as the entire industry becomes increasingly complex, efficiency will also be important for Advantest. Therefore, Advantest will strive to improve efficiency in a variety of ways across all aspects of management and operations.

<Long-term management goals>

Semiconductors will be essential for the realization of a sustainable society and the development of various industries. In fact, almost all of Advantest's businesses are related to the realization and diffusion of semiconductors with superior performance. Therefore, Advantest believes that developing business activities based on its purpose and mission, and contributing to the development and diffusion of semiconductors with superior performance through our leading-edge technologies, will continue to directly contribute to a "safer, more secure and more comfortable" society while realizing its own sustainable growth.

Advantest will strive to promote initiatives that lead to a sustainable society while focusing on solving customer issues, including the aforementioned increasing complexity in semiconductor testing. Through these efforts, Advantest aims to expand the economic and social value it provides to each stakeholder in a multifaceted and well-balanced manner.

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

Advantest expects that the semiconductor test-related market to continue to grow in the medium- to long-term, while experiencing in short-term down cycles. In addition, Advantest believes that its business opportunities will expand over the medium- to long-term, not only as the semiconductor market grows, but also as the industry faces the structural challenges of managing the complexity of semiconductors.

Against such an industry landscape, Advantest will strive to expand the value it provides to stakeholders over the medium- to long-term by promoting its Third Mid-term Management Plan, which was formulated in accordance with the refreshed “Grand Design.”

<Strategies>

1. Outpace the growth in our core market

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

Major progress made in this strategic area in FY2024 include:

・Succeeded in preserving a majority share in the semiconductor tester (ATE) market by expanding products with strong customer appeal that address changes in technology in test trends, as well as through key customer and regional strategies.
・Launched several pioneering new key test solutions, such as a new power supply for AI/HPC applications and several new memory test systems to address next generation memory devices.
・Aggressively implemented R&D investments and marketing initiatives in emerging growth areas, addressing the future developments in semiconductor technology.

2. Expand adjacently / new businesses

As semiconductors continue to become more high-performance and complex, there is demand for broader and more integrated test solutions. Advantest has been expanding its business into system level tests and test peripherals, and will continue to further increase the value it provides to customers. More specifically, Advantest will utilize its install-based products to promote its field services and Advantest Cloud Solutions™ and Applied Research & Venture Team to create business opportunities.

Major progress made in this strategic area in FY2024 include:

・Expanded opportunities in the semiconductor design verification and silicon validation process with the launch of SiConic™, a groundbreaking automated silicon validation solution.
・Established strategic partnerships with probe card manufacturers, Technoprobe S.p.A. (Italy), FormFactor, Inc. (U.S.), and Micronics Japan Co., Ltd. (Japan), to develop high-performance total testing solutions that meet customers' future testing needs.
・Strengthened test engineering services by acquiring Salland Engineering International B.V. (Netherlands).

3. Drive operational excellence

Advantest will continue to solve testing issues in the semiconductor industry by utilizing in-house technologies, know-how, and resources on a cross-functional basis. In addition to the above, to become a company that is valuable to all of the stakeholders, Advantest believes that it needs to improve not only the excellence of its products and technologies, but also the efficiency and effectiveness of all of its operations. To this end, Advantest is committed to accelerating internal operation and streamlining resources by using DX (digital transformation), building a resilient supply chain, strengthening human capital through recruiting competent talents and expanding employee training, and improving internal productivity through the use of AI and data analytics.

Major progress made in this strategic area in FY2024 include:

・Reinforced our capabilities to respond to robust test demand by enhancing our supply chain management.
・Proactively executed IT investments to enhance agility and efficiency of internal operations.
・Made various initiatives to improve employee engagement to strengthen human capital, the source of value creation.

4. Enhance sustainability

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

Major progress made in this strategic area in FY2024 include:

・Renewed our basic policy and action plan on sustainability and established new mid-term KPIs to expand the value provided to stakeholders.

<Targeted management metrics>

In MTP3, Advantest will strive to enhance its corporate value by increasing sales, improving profitability, and improving capital efficiency through the above four strategies. Given this framework, the management metrics that are emphasized in MTP3 are sales, operating profit margin, net income, return on invested capital (ROIC), and basic earnings per share (EPS). Advantest has been endeavoring to grow all these numbers. In order to evaluate the progress of the plan from a medium- to long-term perspective, Advantest uses three-year averages to level the impact of industry cycles. In FY2024, the first year of MTP3, Advantest exceeded target figures in all management metrics.

	MTP3 targets*1 (FY2024-FY2026 Avg.)	FY2024 results*2
Sales	¥560-700B	¥779.7B
Operating profit margin	22-28%	29.3%
Net income	¥93-147B	¥161.2B
Return on Invested Capital*3 (ROIC)	18-28%	31.5%
Basic EPS	¥127-202	¥218.67

*1 MTP3 financial targets are based on exchange rate assumptions of 140 yen to the US dollar and 155 yen to the Euro

*2 Actual exchange rate for FY2024 were 153 yen to the US dollar and 164 yen to the Euro

*3 Return on Invested Capital = NOPAT / Invested capital (average at beginning and end of period). NOPAT = Operating income x (1 - tax ratio 25%). Invested Capital = Borrowings + Corporate bonds + Total equity, with excluding Lease liabilities.

<Cost / Profit structure>

Advantest will work to improve its gross profit margin through measures such as increasing sales of superior test solutions and optimizing supply chain management and manufacturing operations. Advantest will also actively invest in areas that will be the source of sustainable value creation, for instance by means of R&D investment and investment in human capital. At the same time, Advantest will strive to continuously improve its profit structure by implementing measures to increase management efficiency and operational productivity, such as DX. On the other hand, there is a high degree of future uncertainties in the global economy and market conditions. Advantest will strive to achieve these management goals by carrying out flexible financial management in line with changes in the business environment.

<Capital policy & Shareholder returns>

Advantest has set its capital policy to prioritize business investment for growth such as R&D, facility enhancements, and M&A. In order to strengthen the company's ability to generate cash in the future in line with the long-term semiconductor market expansion and further semiconductor performance gains, Advantest will allocate cumulative operating cash flow (before deducting R&D expenses) of ¥600 billion or more, expected during MTP3 period, to investments in organic and non-organic growth in its core businesses and the acceleration of business expansion into adjacent markets. Advantest will also be flexible in utilization of liabilities (debt) from the viewpoint of balance sheet management that considers both capital efficiency and capital cost. In addition, Advantest ensures an appropriate capital structure with maintaining financial soundness in order to strengthen its business position and enhance its corporate value.

The shareholder return that is in congruence with MTP3 for the three years starting from April 1,2024, under the premise of stable business environment, is set to make stable and continuous dividends with a minimum amount of ¥30 per share for the full year. In addition to dividends, Advantest has set a target to achieve a cumulative total return ratio* of 50% or more, including share repurchase, over the three years of MTP3.

Advantest estimates that its cash on hand will range between ¥100-120 billion in normal times. When surplus cash arises beyond that which is needed for investments and cash for working capital, Advantest will return it to shareholders via dividends and share repurchase.

*Total return ratio: (Dividend + share repurchase) / consolidated net income

<Results of growth investments and shareholder returns in MTP3>

	MTP3 forecast (FY2024-FY2026 total)	FY2024 results
R&D expense	Approx. ¥210B	¥71.4B
Capital expenditure	Approx. ¥60B	¥21.0B
Strategic investments including M&As	Approx. ¥100B	¥22.3B
Shareholder returns (Dividend + Share repurchase)	¥140B or more	¥78.7B
Total return ratio	50% or more	49%

(4) Business Environment and Key Measures for FY2025

Looking at Advantest's market environment going forward, in CY2025, the semiconductor market is likely to continue to be driven by demand for AI-related semiconductors, as it was in the previous year with the ongoing implementation of AI in society. In the semiconductor test equipment market, while the recovery in demand for applications other than AI, such as for automotive and industrial equipment, is expected to take some time, high level of demand is expected to continue for AI-related applications, against the backdrop of increasing complexity and production expansion. The increasing number of companies entering the AI-related semiconductor market is also likely to contribute to the growth in demand.

On the other hand, looking at the global economy, the business environment surrounding Advantest is becoming increasingly uncertain due to ongoing geopolitical risks, and the risk of rapid exchange rate fluctuations.

Advantest will continue to constantly monitor changes in the external environment and respond expeditiously and flexibly. Advantest will strive to expand the value it provides to stakeholders over the mid/long-term by pursuing the measures set out in the Third Mid-term Management Plan.

2. Sustainability Approach and Initiatives

Advantest’s sustainability approach and initiatives are as follows.

Forward-looking statements in the report are based on the judgements of Advantest as of March 31, 2025.

(1) Sustainability in General

1) Basic Concept

As stated in “1. Management Policy, Business Environment and Issues to be Addressed,” our medium- to long-term management policy “Grand Design” sets out our vision statement as “Be the most trusted and valued test solution company in the semiconductor value chain.” In order to be a company that embodies this vision, we will promote various initiatives that lead to the realization of a sustainable society in an integrated manner, while focusing on solving customer issues. Simultaneously, by appropriately reflecting the expectations and demands of our stakeholders in our business activities, we aim to expand the significance of our raison d'être and the value we provide in a balanced and multifaceted way, both economically and socially.

<Stakeholders>

In view of our management philosophy and the importance on our business in the medium to long term, we have positioned our shareholders and capital markets, employees, customers, suppliers, partners and the global environment as important stakeholders.

<Value Proposition to Stakeholders>

Advantest has analyzed the key value propositions to our stakeholders as follows. Advantest will provide these values to our stakeholders and also work to mitigate events that negatively impact them as we strive to earn further trust from our stakeholders.

Stakeholders	Value Propositions (Outcomes)
Shareholders and Capital Markets	- Medium- and long-term enhancement of corporate value
Employees	- Increase in employee satisfaction
Customers	- Contributing to customer business growth by solving customer issues - Contributing to improving customers' environmental issues
Suppliers	- Expanding business growth opportunities - Co-creation of sustainable social value
Partners	- Ecosystem/business partners: Solving industrial issues through collaboration with partners and fostering mutual business growth opportunities - Local community: Contributing to creating a society where people can live more prosperous lives
Global Environment	- Contributing to a sustainable global environment

Furthermore, Advantest believes that in order to achieve the realization of a sustainable society and its own growth, in addition to creating stakeholder value through our business activities, it is essential to further strengthen group governance, which is the foundation for enhancing corporate value. In line with this view, Advantest promotes initiatives such as responsible business activities, including thorough legal compliance and corporate ethics, the upgrading of corporate governance and the strengthening of risk management.

2) Strategy

With a view to expanding our contribution to society and further creating value for our stakeholders, Advantest has established the Sustainability Basic Policy as a component of “The Advantest Way,” and is striving to promote sustainable management on this basis.

Furthermore, Advantest has positioned “Enhance sustainability” initiatives as one of the strategies in its medium-term management plan. Advantest conducts materiality assessments on medium- to long-term sustainability risks and issues, and deliberates them at the Executive Management Committee Meeting. Advantest sets individual targets and aspirations in its medium-term action plan, thereby integrating business growth strategies and initiatives to resolve social issues.

<Materiality assessment>

Advantest has identified sustainability-related risks and opportunities that may have a material impact on its financial position, business performance, and cash flow, and that could reasonably be expected to influence investor decision-making, with reference to the Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (SSBJ).

In conducting the materiality assessment, scenario analysis was partially incorporated in consideration of climate change. As part of the assessment, Advantest reviewed its value chain and compiled a list of sustainability-related risks and opportunities that may be material to Advantest, referencing the SASB (Sustainability Accounting Standards Board) Standards, the European Sustainability Reporting Standards (ESRS) established under the EU Corporate Sustainability Reporting Directive (CSRD), along with other relevant frameworks and standards, as well as the disclosure practices of companies operating in the same industry. The significance of each identified risk and opportunity was evaluated based on its likelihood of occurrence and potential financial impact, through engagement with external stakeholders and discussions with relevant CxOs and departments. The sustainability-related risks and opportunities determined to be material, along with the materiality assessment process, were deliberated at the Executive Management Committee Meeting and reported to the Board of Directors. The materiality assessment is planned to be conducted annually, with specific targets to be incorporated into the Sustainability Action Plan.

Among the material issues identified by Advantest, three areas have been designated as particularly important: climate change, own workforce, and workers in the value chain. Sections (2) Climate Change Initiatives, (3) Respect for Human Rights, and (4) Human Capital present Advantest’s understanding of the challenges associated with each area and outline the initiatives implemented to address them.

Topic	Risk	Opportunity
Climate change	Transition risk - Business costs may rise as a result of future compliance with climate regulations and the growing adoption of renewable energy. - An impact on our sales may arise if our products fail to meet customer expectations for energy efficiency. Physical risk. - Disasters driven by climate change may disrupt logistics and production, potentially resulting in substantial losses and lost revenue opportunities.	- Enhanced customer trust through the development of products with superior environmental performance could lead to competitive advantage and business growth. - Reducing energy consumption through the shortening of construction periods, logistics optimization, and supply chain localization for key products could lead to lower operational costs and improved environmental performance.
Pollution	- Future costs may arise from responding to environmental incidents involving the discharge of untreated water and hazardous substances, as well as from meeting regulatory requirements for pollution prevention.	-
Circular economy	-	- Promoting product reuse strategies could lead to the creation of new sustainability-driven business models, enhanced brand image, and the acquisition of environmentally conscious customers.
Own workforce	- A decline in corporate attractiveness could lead to talent outflow and recruitment challenges, resulting in reduced labor productivity and a loss of technological competitiveness. - Inadequate or negligent Occupational Health and Safety management may result in workplace accidents, posing risks to employee well-being and business continuity. - Compliance violations or human rights violations could negatively impact business operations and erode corporate credibility. - A lack of progress in promoting gender equity could lower employee satisfaction and motivation, potentially hindering efficient business operations.	- Enhancing training systems and promoting work-life balance could lead to expanded recruitment opportunities, while continuous employee development could strengthen competitiveness. - Utilizing a diverse workforce could lead to greater innovation, improved performance, and enhanced problem-solving capabilities. - Promoting a positive workplace environment and fostering open communication between labor and management could lead to increased employee commitment and improved performance.
Workers in the value chain	- Incidents involving human rights violations in the supply chain, such as child labor, poor working conditions, and the use of conflict minerals, could lead to negative impacts on business operations and a loss of corporate credibility.	-

<Sustainability Action Plan 2024-2026>

In order to promote sustainability, Advantest formulated the Sustainability Action Plan 2024-2026. In the development of the Action Plan, a wide range of issues were considered, including those related to value creation in business, such as increasing customer value; those related to strengthening business foundations, such as enhancement of human capital; those related to strengthening management foundations, such as reviewing the management execution system; and those related to addressing social and environmental regulations and risks. In addition, trends in global sustainability disclosure standards were also taken into account. The issues identified as important from the perspective of both stakeholders and the company have been incorporated into the Sustainability Action Plan, which serves as a subordinate plan of the Mid-term Management Plan. Furthermore, Advantest strategically promotes initiatives to achieve the targets set for each issue in the Sustainability Action Plan. The action items and targets in the Sustainability Action Plan are regularly reviewed in accordance with changes in their importance to Advantest.

For information on the activities and targets in the Sustainability Action Plan for the Third Mid-term Management Plan (MTP3) starting in 2024, please refer to “5) Metrics and Goals.”

3) Sustainability Promotion System and Governance

<Promotion System>

Based on the Sustainability Basic Policy, which sets medium-term targets, Advantest promotes overall activities while assigning each CxO, including the Group CEO, to be responsible for individual issues. Furthermore, by incorporating the Sustainability Action Plan into specific annual business plans for each unit, Advantest strives to make steady progress in our overall initiatives.

In addition, in order to promote sustainability-related initiatives in a flexible manner throughout the company, Advantest established the Sustainable Management Working Group (SMWG) in 2020, an organization directly linked to the Executive Management Committee, to promote both the growth of our own businesses and our contribution to addressing social issues. This is a company-wide committee comprising the leaders of all business, functional and regional units, and is headed by the Group CEO. This committee regularly updates and discusses sustainability issues that need to be addressed across the company, based on analyses of the significance of ESG issues in each unit and other information, in order to further promote and deepen sustainable management.

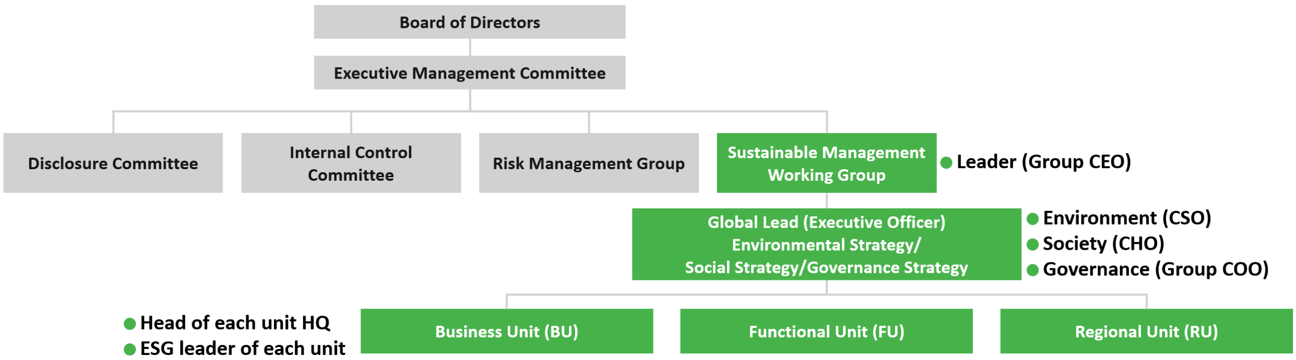
The overall progress of sustainability initiatives in Advantest is regularly reported to the Executive Management Committee and corrective measures are discussed as necessary.

<Governance>

Sustainability initiatives in Advantest are promoted with the involvement of the Board of Directors, with individual reports to and supervision from the Board of Directors depending on the importance of the matter. Referring to the SSBJ Sustainability Disclosure Standards, a materiality assessment was conducted for the entire Group, and the results were reviewed by the Executive Management Committee and reported to the Board of Directors.

In addition, as part of our executive compensation system, Advantest aims to establish a system that contributes to the enhancement of corporate value based on the management philosophy and vision of our group. In June 2024, Advantest partially revised our compensation system and adopted sustainability evaluation as one of the secondary indicators for performance-based stock remuneration. For details on the compensation system, please refer to “Item 4. Status of the Company 4. Corporate Governance (4) Compensation for Members of the Board of Directors.”

Sustainability Promotion System as of the filing date



CSO: Chief Strategy Officer, CHO: Chief Human Capital Officer, Group COO: Group Chief Operating Officer

4) Risk Management

<Advantest’s Risk Management Structure>

Advantest discusses the risks and opportunities of sustainability issues at the Executive Management Committee.

The details of our risk management process are as described in “3. Risk Factors (1) Risk Management Structure.” Important risk factors related to Sustainability are managed under the same system as other business risks through regular identification of issues at Executive Management Committee and the SMWG's support of the policy planning and activities of each unit. Important opportunities related to sustainability are also identified and recognized by the Executive Management Committee, in the same manner as risks. A structure has been established in which the SMWG supports the formulation of specific strategies and the implementation of initiatives aimed at realizing these opportunities.

In addition, for climate change, the SMWG sets scenarios, analyses and assesses climate-related risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD).

Management of climate change-related risks and opportunities is described in “(2) Climate Change Initiatives 1) Governance.”

5) Metrics and Goals

Advantest strives to disclose information on sustainability areas and issues that Advantest identifies as important, as well as their indicators and targets, to its stakeholders in a timely and appropriate manner through Integrated Annual Report and Sustainability Report. As part of this, third-party assurance is obtained for key indicators.

<FY2024 Results of the Sustainability Action Plan 2024–2026>

The overall picture of Advantest's medium-term sustainability initiatives and their respective medium-term targets for FY2024 and beyond are as follows.

In formulating a new medium-term action plan for sustainability, we have completely reorganized the themes to be addressed to be linked to the medium- to long-term management policy “Grand Design” and the Third Mid-term Management Plan (MTP3) from the perspective of expanding the values provided to stakeholders. In the “Sustainability Action Plan 2024-2026,” based on 2) Strategy <Materiality assessment>, the following are the KPIs, the KPI Target and 2024 fiscal year performance recognized and disclosed as material items by the Advantest group as of the date of submission. Indicators that are in the process of obtaining third-party assurance and indicators that are under review will be posted on Advantest’s website by the target date of October 2025 if possible. The content of the action plan will be updated as necessary based on Advantest's materiality assessment.

Stakeholders	Priority Themes	Target	Executive in charge *1	KPIs	KPI Target (FY2026)	Result (FY2024)
Employees	Respect for diversity	Promoting gender diversity	CHO	Ratio of female managers *2	11%	9.7%
	Employee Engagement	Fostering and instilling an attractive corporate culture	CHO	Turnover rate	Voluntary turnover rate falls below MTP2 average (5.9%)	4.4%
			CHO	Gallup Survey Scores *3	3.80	3.76
	Investment in human capital	Promoting human capital development based on the Advantest Development Framework	CHO	Education and training expenses	0.8 (Billions of yen)	0.68 (Billions of yen)
Suppliers	Respect for human rights and fair deals in the supply chain	Penetrating Sustainability in the Supply Chain	CSCO	Due diligence implementation rate for designated business partners *4	100%	100%
Global Environment	Greenhouse gas emission reductions (Scope 1+2)	Reducing GHG emissions from Scope 1+2	CSO	GHG emissions reduction rate	65% reduction (vs. FY2018)	75% reduction Estimated value as of the filing date
		Raising renewable energy usage	CSO	Renewable energy coverage rate	80%	85% Estimated value as of the filing date
	Contribution to the Circular Economy	Improvement of recycling rate through promotion of 3Rs (Reduce, Reuse and Recycle)	CSO	Waste recycling rate (Japan and overseas)	Japan:90% or more Other regions: 73% or more	Japan:93% Other regions: 64% Estimated value as of the filing date
		Maintaining company-wide water consumption at FY2016 levels	CSO	Water resource usage	Less than 288,000㎥/year	296,781㎥/year Estimated value as of the filing date

＼	Priority Themes	Target	Executive in charge *1	KPIs	KPI Target (FY2026)	Result (FY2024)
Governance	Promoting ethical management and business	Fair and Transparent Workplace	CCO	Percentage of respondents *6 who answered that ‘the convenience of internal reporting channels has improved’ in the compliance survey *5	50% or more	82.8%
		Maintaining and improving occupational health and safety	CHO	Incidence of serious occupational accidents which result in absence from work (LTIR: Lost Time Incident Rate)	0	0.35

(Notes) 1. List of Executive in charge is described in “Item 4. Status of the Company 4. Corporate Governance (2) Directors 1) List of Directors.”
2. The non-consolidated Female manager ratio is described in “Item 1. Company Overview 5. Status of Employee.”
3. A group-wide survey is conducted every three years. This table describes the scores from the 2024 survey.
4. Tier 1 suppliers, which represent the top 85% of suppliers in terms of transaction value, and Tier 2 suppliers, which are the main suppliers of the Tier 1 suppliers, are subject to due diligence. These suppliers are defined as designated business partners.
5. A group-wide compliance survey is conducted every three years.
6. Considering that not all employees wish to use the internal reporting system, the percentage of employees who answered that they would use the internal reporting system was calculated excluding those who answered ‘I don't know’ regarding the improvement of the convenience of the internal reporting system.

(2) Climate Change Initiatives

< Initiatives for the TCFD recommendations>

Guided by “The Advantest Way,” Advantest implements climate change mitigation and adaptation measures from a long-term perspective, aiming to contribute to addressing climate change through its business activities. Advantest supports the recommendations of the TCFD. In this section, Advantest discloses key information related to climate change in alignment with the TCFD recommendations.

1) Governance

Advantest's environmental management system, which includes climate change-related matters, is led by the global lead of the SMWG. The SMWG is headed by the Group CEO, and consists of members representing all business units, functional units and regional units.

Advantest's climate change-related goals are defined in the Sustainability Action Plan, which is formulated through discussion and approval by the Executive Committee. The climate-related targets in the Sustainability Action Plan are reviewed annually, taking into account the trends in environmental consortia within industry associations, as well as relevant regulations, framework and standards, such as the Sustainability Disclosure Standards by the SSBJ, the TCFD recommendations, the CSRD and the ESRS.

The SMWG reports on initiatives and progress under the Sustainability Action Plan, which outlines sustainability-related targets, including those related to climate, at the Global Sustainability Meeting, and receives confirmation and approval from the management. In addition, the analysis of climate-related risks and opportunities is reported to the Executive Management Committee, who approves the results of the analysis, and the Board of Directors receives reports on climate related-risks and opportunities.

2) Strategy

Advantest regards climate change as one of the key themes in ensuring the continuity of our business while also contributing to the realization of a sustainable society, and is actively promoting measures to address climate change. Since collaboration with external stakeholders such as customers and suppliers is essential in promoting climate change countermeasures, Advantest has set mid-term targets for each climate change issue, focusing on the reduction of greenhouse gas (GHG) emissions and the introduction of renewable energy. Advantest has established unified task forces (TFs) that work with internal and external stakeholders to promote responsible efforts to address climate-related issues.

TF1 focuses on CO_2 reduction in product development and TF3 targets CO_2 reduction through collaboration with customers. Both TF1 and TF3 aim to address Scope 3 Category 11 through collaboration with customers. TF2 focuses on reduction of CO_2 emissions through collaboration with business partners to address Scope 3 Category 1 through collaboration with suppliers, and TF4 aims for reduction of CO_2 emissions through business activities with the introduction of energy-saving equipment and renewable energy to address Scope 1+2, which is direct emissions from our own production processes. All four TFs are implementing activities related to their goals.

Task Forces to promote CO_2 reduction

Task Force	Approach	Specific Activities
TF1	Scope 3 C11 (Use of sold products)	Development of optimal test solutions for semiconductors, which are becoming increasingly complex
TF2	Scope 3 C1 (Purchased products and services)	CO_2 emissions reduction through cooperation with business partners
TF3	Scope 3 C11 (Use of sold products)	CO_2 emission reduction through cooperation with customers
TF4	Scope 1+2 (Direct emissions from our own production processes, such as purchased electricity)	Reduction of CO_2 emissions from business activities through the introduction of energy-saving equipment and renewable energy

< Climate change risks and opportunities>

Advantest assesses and regularly reviews climate change risks and opportunities in accordance with the TCFD classification in order to understand the risks and opportunities brought about by climate change and work to improve its own resilience. These risks and opportunities were assessed according to their priority and impact and were classified into time frames for short (until 2027), medium (until 2030), and long term (until 2050).

In the context of scenario analysis, the following time horizons are considered for both 1.5°C/2°C and 4°C scenarios.

- The scenarios related to transition risks and opportunities are set for the year 2030 in order to accurately reflect policy trends.
- The scenarios related to the physical risks are presented for the years 2030 and 2050, respectively, based on the assumption that the physical impacts of climate change have already begun to manifest themselves and that they will intensify in severity and frequency if global temperatures continue to rise in the future.

Climate change risks

Two scenarios described in the TCFD categories were deliberated regarding business risks related to climate change.

(1) "Risks related to the transition to a decarbonized society," which occurs mainly during the well below 1.5/2 °C scenario

(2) "Risks related to the physical effects of climate change," which occurs in the 4 °C scenario in which global CO_2 emissions reduction goals are not achieved

Regarding physical risks, the potential impact of flood damage at Advantest’s production sites in 2030 and 2050 has been assessed. As a result of the risk assessment, it was determined that a risk of flooding exists at three production sites: the Gunma Factory, the Saitama R&D Center, and Essai, Inc. (Chandler, Arizona, U.S.A.). At the Gunma Factory, construction to raise the level of the extra-high voltage substation was carried out when it was renewed and flood prevention measures such as the installation of waterproof panels have been taken. Flood prevention measures are also being planned at the Saitama R&D Center. Essai, Inc.'s Chandler plant has installed a drainage system to cope with heavy rainfall during the rainy season. Additionally, through all-hazards approaches in business continuity management initiatives, Advantest is taking measures to be able to respond to all kinds of disasters including those caused by climate change which will contribute to improving our resilience.

Well below 1.5/2 °C scenario: Risks related to the transition to a decarbonized society

Category	Major risks	Response/Strategy	Time frame
Policies and regulations	- Increased business costs resulting from compliance with climate change-related regulations (carbon tax, legal compliance costs, parts procurement costs, etc.)	- Promoting the introduction of renewable energy at our company sites - Supporting supplier decarbonization	Short term
Technology and market	- Increase in R&D costs due to the accelerated implementation of measures to reduce environmental impact and intensified competition in areas related to decarbonization (carbon footprint, etc.) - Decrease in sales resulting from changes in customer evaluations and lost sales opportunities due to inability to meet customer needs for low-carbon technologies	- Enhancing the value of our products by optimizing power performance and improving test performance - Promoting products with excellent environmental performance - Developing human resources to respond to next-generation energy waving research and development	Short to medium term
Reputation	- Deterioration in the competitive environment and changes in investor evaluations due to a decline in reputation for our efforts on climate change issues	- Promote sustainability management, including climate change initiatives (achieve the goals of the Sustainability Action Plan 2024-2026) - Appropriate disclosure of climate change-related data and initiatives	Short to medium term

Well below 4 °C scenario: Risks related to the physical effects of climate change

Category	Major risks	Response/Strategy	Time frame
Acute events	Major typhoons and increased rainfall may result in - Recovery costs incurred and sales decline due to damage to our production facilities - Sales decline due to supply chain disruptions	- Planning and implementation of flood prevention measures - Promoting an all-hazards approach in business continuity management	Short to long term

Climate change opportunities

Semiconductors will contribute significantly to the achievement of decarbonization, which requires stringent climate change countermeasures, many of which will require semiconductors, to be imposed. It is also assumed that semiconductor production volumes will continue to grow in the future due to factors such as the expansion in semiconductor demand accompanying the digital revolution. Meanwhile, the quality and quantity of semiconductor testing will increase in step with the increasing sophistication and technological evolution of semiconductors. Demand for semiconductor test is expected to increase as a result of the combination of two factors: greater test content per chip, and increased semiconductor production volumes. Hence, Advantest recognizes the decarbonization movement to be an opportunity created by climate change, if its overall carbon footprint per test can be reduced below that of competitors. We will make investments to achieve the necessary technological advancements, such R&D costs and human capital development for next-generation technologies, as a part of our efforts to contribute to decarbonization through our semiconductor test business and product development that meets the needs of new semiconductor technologies.

Climate change-related opportunities

Category	Major opportunities	Response/Strategy	Time frame
Product & services / market	Increased test demand due to strong market growth in semiconductors for AI/HPC, including high-end SoC and HBM	- Introduction of power optimized products alongside improvements in testing performance - Developing new testing methods and testing devices	Short to medium term
	Expansion of the test business for power semiconductors in line with the EV transition and growing demand for SiC/GaN semiconductors for power conversion efficiency	- Developing new testing methods and testing devices - Providing solutions to increasingly sophisticated testing needs and optimizing test efficiency	Short to medium term
	Maintaining competitive advantage and business growth through improved customer reliability through the development of products with superior environmental performance	- Steady implementation of the introduction of power optimized products based on the Sustainability Action Plan 2024-2026	Short to medium term

3) Risk Management

At Advantest, we consider the factors that may hinder business management to be risks and have established a company-wide risk management system. The company-wide risk management system is described in "3. Risk Factors (1) Risk Management Structure," and risks related to climate change are also managed within this system. Specifically, Advantest analyzes and evaluates urgent risks and anticipated risks posed by climate change and implements countermeasures to avoid and mitigate those risks within the company-wide risk management system.

4) Metrics and Targets

Climate change related metrics and targets are listed in "(1) Sustainability in general 5) Metrics and Targets."
As part of our medium- to long-term strategy for addressing climate change, Advantest has set a goal to reach net-zero Scope 1+2 GHG emissions by FY2050. In addition, Advantest has set targets to reduce Scope 1+2 GHG emissions by 65% by FY2026 compared to FY2018. With the steady progress in the adoption of renewable energy at its domestic sites, Advantest expects to achieve a 75% reduction in GHG emissions for Scope 1+2 in FY2024 compared to FY2018. This indicates that Advantest is on track to meet its target ahead of schedule. In light of this progress, Advantest is currently reviewing its GHG emissions reduction targets for Scope 1+2 for FY2025 and beyond. Advantest has established Scope 3 GHG emissions reduction targets for FY2030. However, in light of changes in the business environment, Advantest is currently reviewing its Scope 3 targets and considering specific measures to achieve these targets. Also, Advantest is working to develop Scope 3 GHG emissions indicators that are operable in alignment with its business practices and readily understandable to investors.

The GHG emissions for FY2024, as outlined below, are estimates as of the filing date. As with other major performance figures, they will undergo third-party assurance by Ernst & Young ShinNihon LLC and be published on Advantest's website, by the target date of October 2025 if possible.

Integrated Annual Report (https://www.advantest.com/about/annual.html)

Sustainability Report (https://www.advantest.com/sustainability/report/)

GHG emissions (Scope 1+2) (Note 1)

Unit: 1,000 t-CO_2e

Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Note 2)
Japan	19.68	19.14	16.25	11.83	11.04	9.15	1.17
Overseas	18.45	14.71	11.93	13.21	9.43	8.92	8.38
Total	38.13	33.85	28.18	25.04	20.47	18.07	9.55

GHG emissions (Scope 3)

Unit: 1,000 t-CO_2e

Boundary	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Note 2)
Category 1	489.53	400.46	482.02	671.61	966.74	881.84	1,095.98
Category 11	1,175.02	855.01	1,151.98	1,319.35	1,991.31	1,519.50	2,324.23
Others (Note 3)	28.62	35.37	49.40	61.95	80.26	70.11	Currently aggregating the data
Total	1,693.16	1,290.84	1,683.41	2,052.92	3,038.31	2,471.46	Currently aggregating the data

(Notes) 1. The Scope 2 calculations are based on the market-based method.

2. GHG emissions for fiscal year 2024 are estimated values as of the filing date.

3. Advantest does not conduct activities that fall under the following categories: 10 (Processing of sold products), 13 (Downstream leased assets), 14 (Franchises), or 15 (Investments). Therefore, these categories are not included in the calculation.

(3) Respect for Human Rights

The Advantest group recognizes the human rights of our own employees and workers in our value chain as material items that should be prioritized..

1) Governance

Within the group, Advantest has established a global framework for addressing human rights issues related to its own employees, led by the Chief Human Capital Officer (CHO), along with regional-specific initiatives.

All compliance-related risks are reported to the Chief Compliance Officer (CCO) on a timely or regular basis, and the CCO reports to the Executive Committee and the Board of Directors. Since the CHO has also been serving as the CCO since July 2023, all risk information, including those related to people who have contacted the Human Rights Protection and Personnel Mediation Committee, is summarized by the CCO. This governance system, which allows information to be gathered in a centralized manner through the dual role, is a strength of Advantest's risk management.

Furthermore, the human rights policy and key measures are reviewed on a regular basis. To ensure that our business activities are conducted with due respect for human rights, not only within Advantest but also in Advantest's supply chain, Advantest incorporates human rights into its supplier selection process and trade terms, encourages its suppliers to embrace responsible corporate behaviors, and publishes a Supply Chain CSR Guidebook based on the Responsible Business Alliance (RBA) Code of Conduct, aiming to comply with international standards on human rights and labor together with our suppliers. Under the leadership of the CSCO (Chief Supply Chain Officer), Advantest has established a global framework for respecting human rights and promoting fair trade within the supply chain, as well as regional-specific initiatives.

With the appointment of its new Group CEO in April 2024, Advantest has once again reviewed the Advantest Group Human Rights Policy based on these international norms. In revising the policy, Advantest interviewed not only relevant departments within the company, including the labor union, but also external human rights experts and other stakeholders and updated the policy based on their opinions and advice.

2) Strategy

As a global semiconductor business provider, Advantest recognizes that respect for the human rights of people all around the world is essential for its business to achieve sustainable growth. This recognition is clearly articulated in "The Advantest Way." Advantest supports and respects internationally recognized human rights principles, including the ten principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and the Guiding Principles on Business and Human Rights (UNGP), and are committed to making these standards of conduct the foundation of its business activities.

Advantest also places importance on stakeholder engagement so that human rights can be respected in its activities throughout the supply chain. The contents of Advantest's human rights policy are reflected in its procurement policy and the Supply Chain CSR Promotion Guidebook. Advantest also asks that its stakeholders, who may potentially affect human rights through their business activities, consider not only themselves but also their procurement partners.

In addition, we comply with the laws and regulations regarding human rights in each country and region in which we operate, while also working with the legal department.

The following is Advantest Group Human Rights Policy, which is part of its broader human rights initiatives.

a. Advantest Group Human Rights Policy

The Advantest Group contributes to the safety, security, and comfort of humanity by "Enabling Leading-edge Technologies." We recognize that the human rights of all the people we touch must be protected in our global business activities. This is stipulated in "The Advantest Way," the Advantest Group's code of ethics, and this Advantest Group Human Rights Policy (hereinafter "this policy") expresses the Advantest Group's responsibility to respect human rights, based on "The Advantest Way."

1. Respect for international norms

We support and respect international human rights standards such as the Universal Declaration of Human Rights, the 10 Principles of the United Nations Global Compact, the International Code of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. We promote respect for human rights based on the UN's Guiding Principles on Business and Human Rights.

2. Responsibility to respect human rights

We will implement appropriate measures to prevent / mitigate any adverse impacts on human rights from our business activities, including our supply chain, or implement remedies should it become clear that we have contributed to adverse impacts. We will fulfill our responsibility to respect human rights.

3. Scope of application

This policy applies to Advantest Group officers and all employees (including full-time employees, contract employees, and temporary employees). We also encourage our suppliers and other business partners to align their business activities with this policy.

4. Compliance with applicable laws and regulations

The Advantest Group complies with the laws and regulations of the countries or regions in which we operate. In countries and regions where there are discrepancies between laws and international norms, we consider local laws and regulations insofar as possible. We promote efforts to respect international norms regarding human rights.

5. Human rights due diligence

We continue to build and implement due diligence mechanisms to address any actual or potential adverse impact of our business activities on human rights, continually assess and identify human rights risks, and work to prevent / mitigate any adverse impacts on human rights.

6. Education

We continuously promote appropriate education to raise awareness of human rights among officers and all employees so that this policy and our human rights due diligence are understood and effectively implemented throughout our business activities.

7. Disclosure of information

We regularly report on the status of our human rights activities and impact on our corporate website and in our Integrated Annual Report, based on this policy.

8. Dialogue / discussion

We appropriately address top-priority issues related to human rights as the separately defined “Advantest Group Priority Issues Related to Human Rights,” based on this policy. Furthermore, if any adverse impact on human rights caused by our suppliers, business partners, etc. is directly connected to the Advantest Group's business activities, we dialogue and consult with the other party to encourage them to respect human rights and avoid violations. We are aware that our priority issues need to be reviewed as appropriate through dialogue and consultation with stakeholders to reflect changes in social and business trends.

9. Access to Remediation

We ensure access to remediation to effectively prevent / remedy human rights violations. We allow anyone, including employees, suppliers, and other external stakeholders, to report violations anonymously through our compliance hotline. We also ensure that whistleblowers are not disadvantaged nor subjected to retaliation for making a report.

b. Advantest Group Priority Issues Related to Human Rights

Based on their relevance to our business, Advantest is focusing on the following six human rights issues.

Advantest has begun implementing human rights due diligence in various ways to assess and identify human rights risks and prevent and mitigate adverse impacts on human rights in relation to these priority issues.

1. Elimination of discrimination

We respect the human rights of each individual, and do not discriminate based on race, beliefs, gender, age, nationality, ethnicity, religion, social status, physical disability, illness, sexual orientation, or any other factor.

2. Prohibition of child labor and forced labor

We do not employ children under the minimum age of employment stipulated by law, and do not engage in forced labor, slave labor or human trafficking, as prohibited by law.

3. Respect for basic labor rights

We aim to build a solid relationship of trust with employees through sincere labor-management communication, and cooperation so that employees can grow together with the company. We respect the principle of freedom of association and basic labor rights such as the right to organize and the right to collective bargaining.

4. Fair wages and management of working hours

We manage the working hours of our employees appropriately and pay appropriate wages in accordance with the laws and regulations of each country and region. In addition, wage payments are determined exclusively on the basis of objective criteria such as employee performance, work history, and working hours.

5. Safe working environment and health management

We strive to maintain a comfortable working environment that ensures the safety and healthy growth of employees, and support their individual development.

6. Prohibition of discriminatory behavior, violence, and harassment

We do not engage in any discriminatory behavior, violence, sexual harassment, power harassment, slander, or other acts that damage the dignity of an individual.

3) Risk Management

The company-wide risk management system is described in “3. Risk Factors (1) Risk Management Structure,” and risks related to human rights are also managed within this system. In addition, in order to understand whether Advantest’s business activities have adverse impacts on people, including stakeholders in its supply chain, Advantest has adopted the below assessment mechanism set forth below to identify and evaluate human rights risks and to prevent and mitigate them. Advantest has set up a common global Corporate Ethics designed so that those facing human rights issues or concerns can report to and consult with its Corporate Ethics Office. We have adopted a system that allows anonymous reports and consultations, which are enabled in 16 major languages. Posters with QR codes have also been posted at each business location for reporting and consultation via mobile devices such as smartphones. Reports and consultations are overseen mainly by the Corporate Ethics Office, and every precaution is taken to prevent those employees seeking help from suffering any disadvantage or retribution. Additionally, Advantest has established an external law firm (lawyer) as a contact point, in order to make it easier for its employees to consult with or report to the helpline. The helpline and contact point can also be used from overseas, and links are available on the Global Intranet page.

Moreover, in Japan, Advantest has established a Human Rights Protection and Personnel Mediation Committee together with the labor union to oversee consultations about domestic human rights issues. The Human Rights Protection and Personnel Mediation Committee properly responds to all incidents to seek a rapid resolution while giving due consideration to the privacy of the employees concerned.

Through this activity, Advantest aims to foster a workplace environment in which employees can work with peace of mind while respecting each other's human rights.

4) Metrics and Goals

Human rights indicators are listed under “(1) Sustainability in general 5) Metrics and Goals.”

In order to determine whether Advantest's human rights initiatives meet internationally recognized standards, Advantest actively participates in assessments conducted by external sustainability organizations. Starting in FY2023, Advantest has responded to the self-assessment conducted by EcoVadis. The self-assessment comprehensively evaluates a company's sustainability across four themes: ‘Environment,’ ‘Labor and Human Rights,’ ‘Ethics,’ and ‘Sustainable Procurement.’ Many global companies refer to this evaluation as an important criterion in their supplier selection process.

(4) Human Capital

1) Governance

In 2022, Advantest established the position of Chief Human Capital Officer (CHO) and has put in place a system to address common global human capital issues and individual regional human capital issues, with the CHO at the helm. The authority to make decisions on matters related to human capital is stipulated in its Global Organization and Authorization Rules, and the CHO's decision or prior approval is required for important matters, with reports to the Board of Directors as appropriate, to ensure governance that considers the entire Advantest Group.

2) Strategy

As mentioned above, in order to continue to be a company that embodies its Purpose & Mission of “Enabling Leading-Edge Technologies,” Advantest has formulated a mid/long-term management policy, its “Grand Design,” and are addressing strategic issues to achieve its goals.

As a prerequisite for this, it is essential to develop and strengthen its human capital, R&D capital, manufacturing capital, and customer relationship capital and others. Human capital is the foundation of these capitals. Therefore, Advantest’s personnel strategy must be closely linked to its management strategy. Advantest promotes a variety of initiatives that focus on both the “individual strength” and the “organizational strength”, the wheels needed to enhance the comprehensive strength of human capital. To enhance “individual strength,” Advantest will put more effort into developing the abilities of its employees, and at the same time strive to secure necessary human capital through measures such as improving recruitment and enhancing retention programs. To enhance “organizational strength,” Advantest is working to improve engagement and to retain and promote the active participation of diverse human resources. Furthermore, as a link between these two “wheels,” Advantest continues to optimize its personnel system as necessary to embody its management philosophy.

The Basic Policy Regarding Human Capital Development and Internal Environment Development Policy, which are part of Advantest’s human capital strategies, are as follows.

a. Basic Policy Regarding Human Capital Development

Advantest regards employees as human capital essential for its sustainable growth. Advantest strongly believes developing employees as human capital indicates an investment in human capital, and that the “individual strength” enhanced through the development and the “organizational strength” utilizing the enhanced individual strength are the two “wheels” that drive employee engagement and become the sources of future value creation. Accordingly, Advantest proactively, continually and fairly implements measures to develop human capital under The Advantest Way, INTEGRITY Core Values, technical and professional management strategies, and the skills required to grow within the development framework.

1. Self-Directed Career Development

We encourage employees to be proactive in their career development, while Advantest provides the resources and support to acquire the experience and knowledge necessary to enhance their careers inside Advantest.

2. Global Human Capital

From a long-term perspective, we are committed to developing human capital with a global viewpoint, which includes providing opportunities to enhance expertise and management literacy on a global scale.

3. Leading-Edge Human Capital

To achieve our corporate mission statement, “Enabling Leading-edge Technologies,” we aim to develop the strengths of every employee and foster high performers to take on leading-edge challenges.

4. Advantest Development Framework

Under The Advantest Way and our management strategies, we encourage all employees to enhance the skills required to advance their careers within the Advantest Development Framework, and provide them with the necessary resources.

b. Internal Environment Development Policy

Advantest regards employees as human capital essential for its sustainable growth. Advantest also recognizes that maximizing the value of human capital will directly lead to an increase on its corporate value. Accordingly, Advantest proactively, continually and fairly implements measures to develop the internal environment for human capital under The Advantest Way, its management strategies, and this policy.

1. Corporate Culture

We understand that the Advantest Way is a corporate culture to bring together our diverse employees to a globally unified team. We continue efforts to instill The Advantest Way as a deeply-rooted corporate culture, aiming to ensure all employee’s embody and practice The Advantest Way in our daily work life.

2. Human Capital Development/Cultivation

We are committed to strengthening the development and cultivation of human capital to facilitate self-directed career development for motivated employees. We regularly conduct employee engagement surveys to gain a deep understanding of the strengths and issues of human capital and appropriately reflect the survey results in our measures and action plans to develop and cultivate Advantest’s human capital.

3. Health Management

Under our Health and Productivity Management (HPM) Policy, we are strategically committed to maintaining and improving employees’ health from a managerial perspective.

4. Workstyles and Work Environments

We accept, encourage, and support diverse workstyles which enables every employee to achieve a good work-life balance. In addition, we promote developing an office environment that provides the necessary resources and support for employees to enhance their remote work environments.

3) Risk Management

The company-wide risk management system is described in “3. Risk Factors (1) Risk Management Structure,” and risks related to human capital are also managed within this system. In addition, risk management related to human rights is described in “(3) Respect for Human Rights 3) Risk Management.”

4) Metrics and Goals

Metrics related to human capital are included in “(1) Sustainability in general 5) Metrics and Goals.”

(Reference) Initiatives of the Advantest Group

• Initiatives for Human Resource Development

Based on its “Basic Policy Regarding Human Capital Development” and “Internal Environment Development Policy,” the Advantest Group has established the “Advantest Development Framework,” which outlines the skills required for career advancement, and is promoting various training programs in accordance with this framework for all employees.

In addition to continuing and strengthening existing initiatives, the Company launched the “MP-2 (Management Program 2)” training program in 2024 for all managers. This program aims to help managers correctly understand and strengthen the responsibilities and skills required for their positions, and to improve the overall performance of the organization through regular training. In the first year of the program, FY2024, we implemented three initiatives under the theme of “Understanding One's Own Position”: a 360-degree survey, TOEIC testing, and semiconductor related industry seminars conducted by external lecturers.

Additionally, to further expand internal technical exchanges and promote free thinking, knowledge sharing, and enhanced communication, Advantest has held the first internal exchange event “RAKUICHI” in 2024 based on the “RAKUICHI Initiative.” This event brought together engineers and corporate department members for presentations and poster sessions on various themes.

As a result, Advantest’s education and training expenses for the FY2024 totaled 0.68 billion yen.

・Efforts to improve employee engagement

Advantest conducted an engagement survey in 2024, the first since 2021. As a result, the score improved from 3.64 to 3.76, and the percentage of engaged employees increased from 26% to 32%. In addition, the number of nominations for “The INTEGRITY Award,” which recognizes employees who have demonstrated outstanding behavior in line with “INTEGRITY” and contributed significantly to the transformation of the corporate culture, exceeded 400 in FY2024.

Currently, Advantest has been continuing initiatives such as “INTEGRITY” workshops to establish “The Advantest Way” and the Core Value of “INTEGRITY” as part of its corporate culture, “Leading with INTEGRITY” workshops focused on leadership for managers, and “The INTEGRITY Award.” Additionally, based on the trend that organizations with lower manager engagement scores tend to have lower overall engagement, Advantest will implement new initiatives targeted at managers.

Advantest’s Initiatives to increase female managers ratio and usage rate of childcare leave by males are described in “Item 1. Company Overview 5. Status of Employee.”

3. Risk Factors

(1) Risk Management Structure

1) Organization

Under the risk management policy set by the Internal Control Committee, each unit manages its own risks while the Internal Control Committee supervises and evaluates the situation and provides feedback.

Compliance-related risks are tracked by the Chief Compliance Officer (CCO). In addition, certain types of risk information are reported directly to the Board of Directors and the Executive Management Committee.

A Risk Management Group, headed by the Group COO, has also been set up to act promptly in the event of an emergency.

2) Process

Each unit incorporates the management plan formulated by the Board of Directors and the Management Committee into its own priority measures.

The Internal Control Committee defines the factors (risks) that may hinder the achievement of these priority measures, and requests individual units to identify risks and report on their risk responses. In this manner, the Internal Control Committee supports and reviews the risk analyses of individual units and promotes information sharing between units from a company-wide perspective. Each unit reports its risk management status to the Internal Control Committee twice a year. The Internal Control Committee then checks the risk management status of individual units and provides feedback. The Secretariat of the Internal Control Committee also supports each unit in various manners as appropriate, such as providing proposals for risk analysis and countermeasures, and providing necessary information.

Risks regarding Compliance-related risk are tracked by the CCO. The CCO then reports regularly to the Board of Directors and the Executive Management Committee. In the event of a compliance-related incident, the CCO promptly instructs the relevant unit to take actions and reports the status of the response to the Board of Directors and the Executive Management Committee. Depending on the nature of the risk, risk information may be reported directly to the Board of Directors or the Executive Management Committee. The Board of Directors or the Executive Management Committee handles risks at the corporate level by making timely decisions and giving instructions to related units.

In the event of an emergency, quicker response is possible under the direction of the Risk Management Group.

(2) Risks Related to Advantest’s Business

Advantest’s business risks that may result in a significant impact on the financial results such as financial positions and cashflow conditions, and investor decisions are described together with each conceivable risk scenarios and risk mitigation measures as follows. However, they do not cover all risks associated with Advantest. Scenarios assumed for risks and responses to risks are described under individual risk items. Furthermore, “the probability of occurrence” is assessed not only from short-term perspective, but also mid-to-long term perspectives, and “the degree of impact” is assessed by the evaluation of quantitative impact on sales and net income.

Forward-looking statements in the report are based on the judgements of Advantest as of the end of the fiscal year ended March 31, 2025.

Risk Map

Degree of impact		Low	Middle	High
	Major	(1) - e Catastrophic loss (Disaster) (2) - b Life cycle (4) - b Cash flow (5) - a Succession planning (6) - a Image and branding (7) - a Infrastructure (8) - c Intellectual property	(1) - d Competitors (2) - a Investment valuation / evaluation (M&A/Alliance) (4) - a Concentration (7) - b Information Security (8) - a Sourcing	(1) - a Industry (1) - b Sensitivity (3) - a Currency
	Middle	(2) - d Investment valuation / evaluation (CAPEX) (2) - e Product development	(1) - c Regulatory (2) - c Business portfolio (2) - f Product/Service pricing (8) - b Human capital	
	Minor			
		Probability of occurrence		

Classification	Risk Items		Probability of occurrence	Degree of impact
External environment	(1) - a	Industry	High	Major
	(1) - b	Sensitivity	High	Major
	(1) - c	Regulatory	Middle	Middle
	(1) - d	Competitors	Middle	Major
	(1) - e	Catastrophic loss (Disaster)	Low	Major
Decision-making	(2) - a	Investment valuation / evaluation(M&A/Alliance)	Middle	Major
	(2) - b	Life cycle	Low	Major
	(2) - c	Business portfolio	Middle	Middle
	(2) - d	Investment valuation / evaluation (CAPEX)	Low	Middle
	(2) - e	Product development	Low	Middle
	(2) - f	Product/Service pricing	Middle	Middle
Financial price	(3) - a	Currency	High	Major
Financial liquidity	(4) - a	Concentration	Middle	Major
	(4) - b	Cash flow	Low	Major
Governance	(5) - a	Succession planning	Low	Major
Reputation	(6) - a	Image and branding	Low	Major
Information technology	(7) - a	Infrastructure	Low	Major
	(7) - b	Information Security	Middle	Major
Operations	(8) - a	Sourcing	Middle	Major
	(8) - b	Human capital	Middle	Middle
	(8) - c	Intellectual property	Low	Major

(Note) Symbols in the chart are risk types and serial numbers, which correspond to the classification of each risk as described below.

(1) External environment

(1) - a Industry

<table>
<tr><td colspan="2">Advantest's business and results of operations are subject to significant demand volatility in the semiconductor industry.</td></tr>
<tr><td align="center">Probability of occurrence</td><td align="center">Degree of impact</td></tr>
<tr><td align="center">High</td><td align="center">Major</td></tr>
<tr><td colspan="2">Advantest's business depends largely upon capital expenditures of semiconductor industrial, design and manufacturing companies, fabless semiconductor companies, foundries and test houses. These companies, in turn, determine their capital expenditures and investment levels largely based on current and anticipated market demand for semiconductors and products incorporating semiconductors. Such demand is influenced significantly by overall condition of the global economy. Historically, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, has typically been much greater than a reduction rate of worldwide semiconductor sales. The semiconductor industry has been highly cyclical with recurring periods of excess inventory, which often have had a severe effect on the semiconductor industry's demand for semiconductor test systems, including those of Advantest. As the complexity of semiconductors has increased in recent years, the need to ensure reliability has increased, and the difficulty of improving test efficiency has also increased. Advantest expects that demand for testers will continue to increase in the future. However, there is a risk of fluctuations in demand for semiconductors and testers due to the impact on the global economy caused by major changes in the international political situation and the spread of serious infectious diseases.

The significant volatility in demand for semiconductors is affected by various factors such as:
・the overall state of the global economy;
・trends in the semiconductor industry;
・trends in the high performance semiconductor market by expanding AI/Artificial Intelligence, image recognition and speech recognition services;
・levels of investment in communications infrastructure and trends of demand in communication devices such as smartphones and wearable devices;
・demand in personal data center, computer and server industries;
・consumer demand for digital consumer products such as TVs, game devices, VR (Virtual Reality) / AR (Augmented Reality) devices;
・trends in the industrial equipment market, including automotive, robotics and medical equipment;

Demand in the semiconductor market and Advantest's performance in the current fiscal year are described in "4. Management's Discussion and Analysis (1) Analysis of Results of Operations." Advantest believes that its results are significantly affected by the significant volatility of demand in the semiconductor industry. If there is a significant downturn in the semiconductor industry, Advantest's financial condition and results of operations will be adversely affected including the write-down of inventories due to excess inventory.</td></tr>
<tr><td colspan="2">To reduce these risks, Advantest is going to be flexible to meet fluctuations in demand by expanding its business into adjacent semiconductor value chain markets such as semiconductor design, evaluation processes and system level test processes. Additionally, Advantest is promoting the use of outsource manufacturing for production while continuing to strengthen services and development of recurring types of new businesses.</td></tr>
</table>

(1) - b Sensitivity

Advantest's business is subject to economic, political and other risks associated with international operations and sales.	
Probability of occurrence	**Degree of impact**
High	Major

Advantest's business is subject to risks associated with conducting business internationally because it manufactures and sells its products, and purchases parts and components from, around the world. In FY2024, 89.4% of Advantest's total net sales were shipped to Asia (excluding Japan), the majority of which were to Taiwan, the People's Republic of China and South Korea. Additionally, 6.0% were shipped to the Americas and 2.6% to Europe. Advantest anticipates that net sales from international operations will continue to represent a substantial portion of its total net sales. In addition, some of Advantest's distribution and support subsidiaries are located in the Americas, Europe, and Asian countries, including Taiwan, Singapore, South Korea and China, and some of Advantest's suppliers and factories are also located overseas, such as South Korea, Malaysia and the United States of America. Accordingly, Advantest's future results could be harmed by a variety of factors, including:

・risks with respect to a loss of demand for Advantest's products, inability to supply products and services, or a decline in supply capacity due to inability to procure parts due to import and export restrictions and distorted licensing systems in response to the trade war between the United States of America and China and economic security implications, and compounded by reciprocal tariff impositions and retaliatory trade measures;
・risks with respect to social and political crises, including issues arising from deteriorating political and economic relationships, power struggles, terrorism, war, or other conflicts between countries;
・political and economic instability, including economic and political disruptions, disputes, natural calamities, epidemics or other risks related to countries where Advantest procures its components and parts or manufactures and sells its products;
・potentially negative consequences from changes in tax laws or disagreement with National Tax Bureau;
・risks with respect to international taxation, including transfer pricing regulations;
・difficulty in staffing and managing widespread operations;
・differing protection of intellectual property;
・difficulties in collecting accounts receivable because of distance and different legal rules;
・risks with respect to decline in the quality of procurement and manufacturing where Advantest's suppliers or manufacturing facilities are located in countries that do not have developed infrastructures in mechanical processing and assembly;
・risks with respect to delays or stagnation in the manufacture and shipment of products by the shutdown of suppliers and production plants, the occurrence of major local disasters caused by global warming and climate change;
・risk with respect to suspension of production by suppliers due to environmental regulations of each country and local environmental authorities;
・ risks with respect to increases in cost, delays in delivery or expenses in repairing products where low quality and counterfeit products are mixed into the supply chain; and
・risks with respect to human rights violations in the supply chain.

To reduce these risks, Advantest collects information on risks world-wide using a broad range of available sources in a timely manner. In addition, Advantest is further strengthening its relationships with customers and suppliers. Advantest will also promote activities to build an ethical supply chain that also considers the environment and human rights, while visualizing and mitigating supply chain risks, entering into supply contracts for highly customized parts and components, and expanding procurement channels and production sites in order to build a system that is less susceptible to economic and political trends. With regard to human rights issues in the supply chain, Advantest has established a procurement policy and is working to reduce risks by encouraging suppliers to understand human rights and labor safety initiatives.

(1) - c Regulatory

When chemicals used by Advantest may become subject to more stringent regulations or environmental laws and regulations are tightened, Advantest may be required to incur significant costs in adapting to new requirements.	
Probability of occurrence	**Degree of impact**
Middle	Middle
Advantest uses chemicals in the manufacturing of its products, processing and distribution of which are subject to environmental related laws, regulations and rules of Japanese governmental agencies, as well as by various industry organizations and other regulatory bodies in other countries. These regulatory bodies may strengthen existing regulations governing chemicals used by Advantest and may also begin to regulate other chemicals used by Advantest. While Advantest is taking measures to eliminate toxic substances included in parts used to manufacture its products, Advantest uses solder, which contains lead for mounting electronic parts and components for its products except for some of them, in order to ensure the reliability of its products as a matter of priority. Further, as a method to cool some of its semiconductor and component test systems and mechatronics systems, Advantest uses fluorinated liquid, the use of which is not currently regulated by laws. Advantest believes that it is complying with regulations with respect to the use of chemicals by promoting environmental policies for its products with the focus on ensuring the safety and the reliability of its products; however, Advantest must prepare to adapt to regulatory requirements in all relevant countries as requirements change. Advantest may be required to incur significant cost in adapting to new requirements. Any failure by Advantest to comply with applicable government or industry regulations could result in restrictions on its ability to carry on with or expand sales of its products. Regarding global environmental issues, in the event that greenhouse gas emission regulations, energy efficiency regulations, European circular economics regulations, carbon taxes, and other environmental laws and regulations become stricter in the future, there is a possibility that a large amount of expenses will be incurred in response to these regulations.	
To reduce these risks, Advantest seeks to find alternative technology as well as monitor environmental regulations for chemical materials and legal regulation.	

(1) - d Competitors

Advantest faces fierce competition in its businesses, and if Advantest is not able to maintain or expand its market share, its business may suffer.	
Probability of occurrence	**Degree of impact**
Middle	Major
Advantest faces stiff competition throughout the world. Advantest's primary competitors in the semiconductor and component test system market include, among others, Teradyne, Inc., Hangzhou Changchuan Technology Co., Ltd.(CCTech), Beijing Huafeng Test & Control Technology Co., Ltd.(Accotest), YC Corp., Cohu, Inc., UniTest Co., Ltd., and EXICON Ltd. In the mechatronics system related market, Advantest also competes with Hangzhou Changchuan Technology Co., Ltd.(CCTech), Cohu, Inc., Hon. Precision, Inc. and TechWing, Inc. in test handler devices, and with TSE Co., Ltd., ISC. Ltd. and BeLINK Co., Ltd. in device interfaces. Some of these competitors have greater financial and other resources than Advantest. Advantest faces many challenges in its businesses, including increased pressure from customers to produce semiconductor and component test systems, mechatronics systems that reduce testing costs, and catering to customers that have developed internal test solutions. Due to the characteristics of recurring types of business (equivalent to the running cost of the customer), there are numerous demands for cost reductions in device interfaces. If a competitor acquires a vendor that supplies core technology components, or if the PCB design/manufacturing technology that is essential to achieving high performance is leaked to a competitor, Advantest would lose its product performance advantage and pricing control, hence making it difficult to maintain or secure business. To compete effectively and maintain and expand its market share, Advantest must continue to enhance its business processes to lower the cost of its products or introduce enhancements that lower overall testing costs. Advantest also expects its competitors to continue to introduce new products with improvements in price and performance, as well as increasing their customer service and support offerings, and expects new market participants to launch low-price testers. Significant increases in competition may weaken Advantest's earnings.	
To reduce these risks, Advantest strives to maintain product competitiveness by understanding its customer needs, analyzing the competitive landscape, and provide unique technologies as well as value-added solutions.	

(1) - e Catastrophic loss (Disaster)

If Advantest's main facilities for research and development, production or information technology systems for its businesses, or the facilities of its subcontractors and suppliers, were to experience catastrophic loss, its results of operations would be seriously harmed.	
Probability of occurrence	**Degree of impact**
Low	Major
Advantest's main domestic facilities for research and development for its Semiconductor and Component Test Systems and Mechatronics System Segments production, as well as Advantest's service bases, are located in Gunma Prefecture and Saitama Prefecture in Japan. In addition, the main system server and the network hub are maintained in system centers approved by the Information System Management System, or ISMS, and local servers are located in certain operations offices in Japan. Japan is a region that is susceptible to frequent earthquakes. If Advantest's facilities, particularly its semiconductor and component test system manufacturing factories, were to suffer catastrophic damage from events such as earthquakes or floods, this could significantly disrupt operations, delay production and shipments, reduce revenue, and incur substantial repair or replacement costs. Advantest has insurance to cover most potential losses at its manufacturing facilities, other than those that result from earthquakes. However, this insurance may not be adequate to cover all possible losses. Similar disruptions to Advantest's business may occur if the facilities of Advantest's subcontractors and suppliers or if the facilities of Advantest's information system network were to suffer catastrophic damage. Advantest has prepared itself for crises such as large-scale natural disasters, and each department of Advantest has documented its own disaster-response procedures and manuals. Furthermore, in order to prevent any disruption of its core businesses, or in case of suspension, to re-start the suspended businesses, including the recovery of important facilities, in the shortest possible time, Advantest implemented "Business Continuity Management." However, if such Business Continuity Management is not effective, Advantest's core businesses could be disrupted at a time of crisis, such as large-scale natural disasters, and could take a substantial amount of time to recover.	
To reduce these risks, Advantest has developed business continuity management to ensure that business operations are not interfered with decentralizing production facilities and suppliers. Additionally, Advantest stores corporate records and data in a cloud system.	

(2) Decision-making

(2) - a Investment valuation/evaluation (M&A/Alliance)

Goodwill and intangible assets resulting from Advantest business acquisitions could have a material adverse impact on Advantest's financial condition and results of operations due to significant impairment losses.	
Probability of occurrence	**Degree of impact**
Middle	Major
If there is any indication of impairment for property, plant and equipment, goodwill and intangible assets, the assets are tested for impairment. Goodwill is also tested for impairment on an annual basis, whether 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. Especially, goodwill and intangible assets resulting from acquisitions could have a material adverse impact on Advantest's financial condition and results of operations if the discount rate increases due to interest rate hikes or if significant impairment losses are recorded without the expected synergies.	
To reduce these risks, when acquiring a business through M&A and other means, investments should be made taking into consideration the time it will take to recover the capital cost. Furthermore, after the acquisition, Advantest will be able to organically function in terms of strategy, sales network, management system, employee awareness and information systems. In order to achieve synergies, Advantest will execute Post Merger Integration (PMI) plan and aim to realize the effects as soon as possible.	

(2) - b Life cycle

<table>
<tr><td colspan="2">If Advantest does not introduce new products that meets customers' technical requirements in a timely manner at competitive prices, existing products will become obsolete, affecting financial condition and results of operations.</td></tr>
<tr><th>Probability of occurrence</th><th>Degree of impact</th></tr>
<tr><td>Low</td><td>Major</td></tr>
<tr><td colspan="2">Advantest sells its products to several industries that are characterized by rapid technological changes, frequent introduction of new products and services, varying and unpredictable product lifecycles and evolving industry standards. Advantest anticipates that future demand for its products will be driven, in large part, by technological innovation in semiconductor technology, which creates new testing requirements that are not adequately addressed by currently installed semiconductor test systems. Customer needs in response to these technological innovations, and their needs for greater cost-effectiveness and efficiency to respond to the market environment, include:

・test solutions of SoC semiconductors that incorporate more advanced memory semiconductors, logic, analog and sensor circuits;
・test solutions of power semiconductors that control small and large motor drives;
・solutions for complex SoC devices incorporating heterogeneous chips, such as logic and memory, in a single advanced package e.g. 3D integration through Chiplet Packaging technology;
・solutions of parametric test for measuring and verifying electrical and timing characteristics for the characterization and monitoring of leading-edge semiconductor wafers;
・mechatronics-related products which transport devices and silicon die faster, more accurately and more stably;
・test solutions of testing technologies that employ self test-circuit designs incorporated into semiconductor chips;
・test solutions of testing technologies that employ test circuit designs for device under test (DUT);
・test solutions of system level testing that guarantee performance of the final products;
・test solutions of testing temperatures for dynamic and delicate control of the test environment;
・prompt response and quick repair in the event of system failure;
・total solutions that allow customers to reduce their testing costs;
・solution by electron-beam metrology to enable reliable pattern critical dimension measurement or defect review on a leading-edge photomask;
・jigs and tools that meet the customer's latest device under test and test specifications; and
・products that meet customers' performance requirements and operate with high energy efficiency.

Advantest also believes demand for its products, including semiconductor and component test systems, is strongly affected by the level of demands for personal computers, high-speed wireless and wireline data services, digital consumer products, electric vehicle, advanced driver assistance system (ADAS) and communication devices, such as smartphones, wearable devices, and data center. It is likely that advances in technologies used in those products and services will require new testing systems. Without the timely introduction of semiconductor test systems which is capable of effectively testing and measuring equipment that use these new technologies, existing Advantest's products and services may become technologically obsolete over time.
A failure by Advantest to meet its customers' technical requirements at competitive prices or to deliver conforming equipment in a timely manner may result in its products being replaced by those of a competitor or an alternative technology solutions of competitors. Furthermore, Advantest's inability to secure sufficient personnel resource to provide products that meet requested performance criteria at acceptable prices when required by its customers would severely damage its reputation with such customers and may adversely affect future sales efforts with respect to such customers.</td></tr>
<tr><td colspan="2">To reduce these risks, Advantest seeks to identify the next technological innovations, new products, and rapid creation of new markets by holding technology exchange events with leading customers and providing opportunities to exchange information on leading-edge solutions. In addition, Advantest conducts basic research on fundamental technologies for the next generation with an eye to the future, and production engineering from the initial stages of product development to prepare for mass production. Furthermore, we are developing algorithms for data utilization in semiconductor manufacturing processes and engaging in product development to uncover potential demand through strategic partnerships with probe card manufacturers.</td></tr>
</table>

(2) - c Business portfolio

The market for Advantest's major products is highly concentrated, and Advantest may not be able to increase sales of its products because of limited opportunities.	
Probability of occurrence	**Degree of impact**
Middle	Middle
The market for test systems for memory semiconductors in the Semiconductor and Component Test System Segment is highly concentrated, with a small number of large semiconductor manufacturers, foundries and test houses accounting for a large portion of total sales in the semiconductor and component test system industry. Advantest believes that this market concentration could become even more severe in the future as larger semiconductor device manufacturers, foundries and test houses acquire semiconductor market participants, and as corporate restructuring, such as elimination and consolidation of businesses, progresses. Advantest's ability to increase sales will depend in large part upon its ability to obtain or increase orders from large-volume customers. Furthermore, in the event there is an over-supply of semiconductor and component test system products on the second-hand market reflecting, among others, restructuring within the industry, or delay to meet the specific needs of Advantest's customers, Advantest faces an additional risk of losing its sales opportunities.	
To reduce these risks, Advantest develops products for a variety of applications to strengthen customer partnerships and avoid missed opportunities. On the other hand, Advantest aims to expand its business domain by expanding adjacent areas, new businesses and M&A.	

(2) - d Investment valuation/evaluation (CAPEX)

Advantest may not be able to recover its capital expenditures.	
Probability of occurrence	**Degree of impact**
Low	Middle
Advantest continues to make capital expenditures. Advantest may not be able to recover the capital expenditures for such projects within the assumed timeframe, or at all, if it cannot achieve the assumed volume of sales due to customers cutting back on capital expenditures or if intense competition with competitors results in a reduction in unit prices. In such event, the asset would be subject to impairment, which may have an adverse impact on Advantest's profitability.	
To reduce these risks, Advantest decides capital expenditures after the review of return on investment based upon capital cost. Advantest also continues to monitor the expected growth rate, which is an investment effect and continue to consider the optimal future investment decision.	

(2) - e Product development

Advantest may not recoup costs incurred in the development of new products.	
Probability of occurrence	**Degree of impact**
Low	Middle
Enhancements to existing products and the development of new generations of products are, in most cases, costly processes. Furthermore, because the decision to purchase semiconductor and component test systems products and mechatronics systems generally involves a significant commitment of capital, the sale of this equipment typically involves a lengthy sales period and requires Advantest to expend substantial funds and sales efforts to secure the sale. Advantest's enhancements or new generations of products may not generate net sales in excess of development and sales costs if, for example, these new enhancements or products are quickly rendered obsolete by changing customer preferences, the introduction by Advantest's competitors of products embodying new technologies or features, the introduction by Advantest's customers of new products that require different testing functions or the failure of the market for Advantest's customer's products to grow at the rate, or to the levels, anticipated by Advantest. In some cases, Advantest must anticipate industry trends and develop products in advance of the commercialization of its customers' products. This requires Advantest to make significant investments in product development well before it determines the commercial viability of these innovations. If Advantest's customers fail to introduce their devices in a timely manner or the market rejects their devices, Advantest may not recover its investments in product development through sales in significant volume.	
To reduce these risks, Advantest attempts to improve return on investment by developing product roadmaps that meet customer needs through technology exchange meetings, improving development efficiency through the creation of product platforms, and strengthening marketing through proactive evaluation of investment returns with ROIC and innovative product development.	

(2) - f Product/Service pricing

Advantest's product lines are facing price pressure.	
Probability of occurrence	**Degree of impact**
Middle	Middle
The increase in material costs and the price pressure on Advantest's businesses is adversely affecting Advantest's operating margins. In recent years, many parts manufacturers, who are Advantest's business partners, have raised parts prices due to soaring material costs. On the other hand, semiconductor manufacturers, which are Advantest's customers, seek to absorb the soaring material costs by improving productivity and reducing test costs, while the price pressure on Advantest's product lines remains strong. In recent years, the number of customers adopting multiple-vendor system has increased, and it is making Advantest face further price pressure. If price pressure further increases in the future, Advantest's financial condition and results of operations may be adversely affected.	
To reduce these risks, Advantest attempts to maintain product price at a level that satisfies their customers by providing proprietary technologies and solutions of high added value. At the same time, Advantest works continuously to improve profitability by reducing production costs.	

(3) Financial price

(3) - a Currency

Fluctuations in exchange rates could reduce Advantest's profitability.	
Probability of occurrence	**Degree of impact**
High	Major
The majority of Advantest's net sales are derived from products sold to customers located outside of Japan. Of Advantest's FY2024 net sales, 98.0% were from products sold to overseas customers. Approximately 80% of Advantest's net sales in FY2024 were derived from currencies other than the Japanese yen, predominantly the U.S. dollar. If the Japanese yen becomes strong relative to foreign currencies (mostly the U.S. dollar), it may adversely affect Advantest's sales because it cannot necessarily pass on product price. With respect to the Euro, if the Japanese yen weakens, there may be a negative impact on Advantest's profitability since there are currently more costs incurred in Euro than net sales derived in Euro. In addition, significant fluctuations in the exchange rate between the Japanese yen and foreign currencies, especially the U.S. dollar, could require Advantest to lower its prices with respect to foreign sales of its products that are priced in Japanese yen, and reduce the Japanese yen equivalent amounts of its foreign sales for products that are based in U.S. dollars or other foreign currencies, thereby reducing its profitability overall. These fluctuations could also cause prospective customers to push out or delay orders because of the increased relative cost of Advantest's products. In the past, there have been significant fluctuations in the exchange rate between the Japanese yen and the foreign currencies in which Advantest's sales are denominated. Furthermore, Advantest's consolidated financial statements for a particular period or for a particular date will be affected by changes in the prevailing exchange rates of the currencies in which subsidiaries of Advantest prepare their financial statements against the Japanese yen. Foreign exchange rate fluctuations may have an effect on those amounts not denominated in yen which are translated into yen for Advantest's consolidated financial statements, and depending on the direction of the foreign exchange fluctuation, it may have an adverse impact on Advantest's reported financial position, results of operations and net assets.	
To reduce these risks, in addition to rebalancing currency holdings, Advantest strives to reduce the impact of currency fluctuations through the use of foreign exchange contracts and other financial instruments, and balance sheet management to ensure that foreign currency denominated financial assets and liabilities are offset.	

(4) Financial liquidity

(4) - a Concentration

Advantest has top tier customers that account for a significant part of the net sales and thus has risk of losing those customers or fluctuations in their investment. Additionally, Advantest may not be able to recover trade receivables if top tier customers experience a deterioration in their financial position.	
Probability of occurrence	**Degree of impact**
Middle	Major
Advantest's success depends on its continued ability to develop and manage relationships with its major customers. A small number of such major customers currently account for a significant portion of its net sales. Sales to Advantest's five largest customers accounted for approximately 29% in FY2023 and approximately 48% in FY2024. The success and loss of one or more of these major customers, changes in their capital expenditures or failure of their main products could materially harm Advantest's business. Furthermore, if Advantest's major customers experience deterioration in their financial position and are unable to fulfill their payment obligations to Advantest in accordance with the applicable terms, Advantest's business, results of operations and financial position may be adversely affected.	
To reduce these risks, Advantest seeks to broaden its customer base by entering new markets and developing new customers and emerging market, while paying attention to operating efficiency.	

(4) - b Cash flow

Advantest is at risk of not being able to raise funds when necessary.	
Probability of occurrence	**Degree of impact**
Low	Major
As for the working capital requirements, Advantest shall appropriate the cash and deposits earned from its operating activities. In the event that it becomes necessary to raise funds due to an acquisition or a sudden downturn in economic conditions, it may issue bonds or borrow funds from financial institutions. In the event of financial market instability or a reduction in Advantest's credit rating due to a deterioration of creditworthiness, there is no guarantee that Advantest will be able to procure funds in a timely manner, which could affect the results of operations and financial position.	
To reduce these risks, Advantest has built a strong financial position and secured sufficient liquidity by utilizing measures such as a committed credit line to withstand sharp demand fluctuations. Furthermore, Advantest maintains a good relationship with several financial institutions to enable immediate financing when necessary.	

(5) Governance

(5) - a Succession planning

Advantest may not ensure management stability and sustainability if a succession plans of the Group CEO and executives do not function.	
Probability of occurrence	**Degree of impact**
Low	Major
If the succession plans do not work for our group's executive officers, including Group CEO, and key positions (executive officer class) in each unit, management stability and sustainability may not be ensured.	
To reduce these risks, Advantest deliberates and executes the succession plan for the Group CEO at the Nomination and Compensation Committee, taking into account the perspective of the management team, which consists of senior executive officers, with regard to (1) arrangement of required human capital requirements, (2) selection of candidates, (3) evaluation of candidates, (4) narrowing down candidates and (5) development of candidates. Furthermore, the Board of Directors receives reports from the Nomination and Compensation Committee on requirements for succession planning for the positions, and proactively discusses them. Advantest announced that Mr. Douglas Lefever has succeeded from Mr. Yoshiaki Yoshida as Group CEO, effective April 1, 2024. The same process will be followed for future succession planning. Succession plans for key positions such as leaders of each business unit and function unit are reviewed annually by a study committee headed by the Group CEO. In addition, in accordance with the policies established by a study committee, the responsible department designs and implements training and development plans for candidates, reporting status to the Nomination and Compensation Committee and the Board of Directors as appropriate.	

(6) Reputation

(6) - a Image and branding

Advantest's financial position and business performance may be adversely affected by damage to its brand power or loss of trust.	
Probability of occurrence	**Degree of impact**
Low	Major
Advantest is at risk of damaging its brand power or losing credibility due to actions that violate laws or social ethics, or due to workplace accidents caused by inadequate or negligent Occupational Health and Safety management, or due to a decline in safety, reliability, and product performance, including product liability. As a result, Advantest may face social measures such as suspension of transactions or sanctions. Advantest manufactures its products in accordance with internationally accepted quality control standards such as ISO9001. However, Advantest cannot guarantee that there are no defects in its products. Advantest maintains product liability insurance but cannot guarantee that such insurance will sufficiently cover the ultimate amount of damages with respect to Advantest's liabilities. Therefore, shipping stoppage and delivery delay due to quality defects of parts or manufacturing defects of products, large-scale accidents due to product defects or any discovery of defects in its products could harm Advantest's reputation for not adequately addressing defects, could cause Advantest to incur higher costs, and could result in claims for damages.	
To reduce these risks, Advantest established the Compliance Department and have been carried out company-wide activities to raise awareness of legal compliance for the preservation of its credibility. Advantest also operates project management methods such as the Stage Gate System and conduct regular development reviews, including quality reviews, at each phase to provide safe and reliable products. Furthermore, in addition to various quality checks during the production process, Advantest strives to stabilize quality through cross-checks by Quality Assurance Department.	

(7) Information technology

(7) - a Infrastructure

If Advantest is unable to promptly proceed with Digital Transformation of Core systems and processes on business, Advantest's business results could have a material adverse impact.	
Probability of occurrence	**Degree of impact**
Low	Major
Digital Transformation is an initiative to increase the competitiveness of companies utilizing data and digital technologies. There are high expectations for digital transformation in a wide range of fields, including the utilization using IoT and artificial intelligence to revolutionize manufacturing floor, the creation of new value through the sharing of data between supply chain partners, and the response to changes in the business environment brought about by the COVID-19. However, as proceeding with Digital Transformation if Advantest is unable to make full use of data due to the aging, complexity, and black-boxing of existing IT systems, or if funds and human resources are devoted to the maintenance of existing systems, and resources cannot be allocated to IT investment that utilizes new digital technologies, it loses competitiveness, the maintenance cost of the old system becomes high, or system problems and data loss may occur due to the retirement or aging of persons in charge system maintenance operation, and Advantest's business results could have a material adverse impact.	
To reduce these risks, Advantest reviews its core process and related IT systems and promotes applications continuity and alternatives to new market technologies. Advantest is also working to expand the Digital Workplace (Workplaces created by digital technologies) concept worldwide and connect it to opportunities for organizations to innovate. This is complemented by targeted business process re-engineering to streamline and automate core processes along with advanced capabilities.	

(7) - b Information Security

Damage, interference or interruption to Advantest's information technology networks and systems could hinder business continuity and lead to substantial costs or harm Advantest's reputation.	
Probability of occurrence	**Degree of impact**
Middle	Major
Advantest relies on various information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, including confidential data, personal information and to carry out and support a variety of business activities, including manufacturing, research and development, supply chain management, sales and accounting. Advantest has the Global Information Security Committee to create policies on information security measures. The IT section builds and operates the information and technology network and system based on the above-mentioned policies. However, attacks by hackers or computer viruses, wrongful use of the information security system, careless use, accidents or disasters could undermine the defenses established by Advantest and disrupt business continuity, which could not only risk leakage or tampering of information but could also result in a legal claim, litigation, damages liability or an obligation to pay fines. If this were to occur, Advantest's reputation could be harmed, Advantest could incur substantial costs, and it may have a material adverse impact upon Advantest's financial condition and results of operation.	
To reduce these risks, Advantest constantly monitors cyber-attacks to enhance their detection and strives to improve employee awareness through regular information security education. In addition, Advantest formed the Advantest CSIRT* to reinforce initial response systems for information security incidents. To continuously strengthen the security mechanisms, penetration tests and simulated attacks are being performed to identify and implement further improvements. *CSIRT (Computer Security Incident Response Team)	

(8) Operations

(8) - a Sourcing

<table>
<tr><td colspan="2">Advantest future market share and results may be adversely affected if Advantest is unable to supply its products in a timely manner due to its inability to procure parts or if Advantest is unable to meet the demands of its rapidly expanding markets.</td></tr>
<tr><th>Probability of occurrence</th><th>Degree of impact</th></tr>
<tr><td>Middle</td><td>Major</td></tr>
<tr><td colspan="2">Advantest relies on suppliers to perform some of the assembly requirements for its products. In addition, many of the components used in Advantest’s semiconductor and component test systems and mechatronics systems are produced by suppliers based on Advantest’s specifications. Advantest’s reliance on these suppliers may give it less control over the manufacturing process and exposes it to significant risks, especially inadequate manufacturing capacity, late delivery, substandard quality, lack of labor availability and high costs. In addition, Advantest depends on a sole source or a limited number of suppliers for a portion of its components and parts and purchases most parts and components on individual orders without entering into long-term supply agreements.
If a supplier becomes unable to provide components or parts in the volumes needed and at acceptable prices, or if a supplier withdraws from business thereby stopping production or sales of custom or general components and parts that Advantest uses or will use in the future, or a large-scale natural disaster or electricity shortage occurs, Advantest would have to identify and procure acceptable replacements. Advantest may lose its capacity to supply test systems if it becomes unable to procure acceptable replacements.
If the market for semiconductor and component test systems and mechatronics systems were to suddenly expand, Advantest would have to significantly increase its production capabilities including personnel, as well as materials, components and supplies from suppliers. The process of selecting suppliers and of identifying suitable replacement components and parts is a time-consuming process, and failure to do so may result in Advantest being unable to deliver products meeting customer requirements in a timely manner. The failure of Advantest to adjust to large increases in demand for its products could result in the loss of existing large customers or the loss of opportunities to build strong relationships with potential large customers with whom Advantest has few or no business as well as the potential for order cancellations or changes to product delivery timings. Such failure may adversely affect Advantest’s future market share and financial condition and results of operations including the write-down of inventories.</td></tr>
<tr><td colspan="2">To reduce these risks, Advantest conducts activities, in accordance with rules for product design best practices, taking into account the latest technology, determined by Advantest internal working groups. By doing so, Advantest is able to create and update a standard parts list of multiple potential suppliers, taking into account the parts lifecycle, while also looking to standardize parts and designs, and to build systems which are not overly reliant on specific suppliers. Furthermore, when selecting suppliers for components and parts, Advantest takes various risks into consideration and searches for the best partners, and continuously evaluates and reviews them. In addition to these measures, aiming to realize more resilient supply chain, Advantest negotiates with main suppliers, not only to conclude a contract of minimum volume supply agreement, but also to secure half-finished materials such as die bank, in which suppliers complete substantial time required for wafer process, and keep wafers or diced chips in order to fulfill demand increase.</td></tr>
</table>

(8) - b Human capital

The labor market is very competitive, and Advantest's business results could have a material adverse impact if Advantest is unable to hire and retain diverse technical experts and diverse important staff for operations.	
Probability of occurrence	**Degree of impact**
Middle	Middle
In order to develop business in the rapidly changing electronics industry, Advantest needs to secure a diverse range of human capital possessing familiarity with R&D, manufacturing, marketing, sales and maintenance services and other technical experts. In addition, Advantest believes it is important to continuously develop and maintain a diverse range of human capital with excellent capabilities in business strategy and organizational management. However, the competition for continuously hiring and retaining the necessary personnel is fierce. If Advantest becomes less attractive to employees due to a delay of improvements in the working environment, or less competitive compensation levels, it would result in the outflow of human capital. Additionally, if employee training is inadequate or if transmission of knowledge and skills is insufficient for the ageing or retirement of human capital, it could have a material adverse impact upon Advantest's business operations and business results.	
To reduce these risks, Advantest aims to recruit and secure diverse and experienced human capital on a wide-ranging global basis. To achieve this, based on our management strategies, Basic Policy Regarding Human Capital Development and Internal Environment Development Policy, Advantest is working to stabilize our human capital through the formulation of mid- to long-term recruitment plans (new graduates and mid-career hires), activities to promote our mission, vision, and corporate values, efforts to improve the working environment and increase engagement, ensuring externally competitive compensation levels, introducing retention RSUs (Restricted Stock Units) for some key engineers, investing in employee development and creating a system for transmission on knowledge and skills.	

(8) - c Intellectual property

Advantest may face risks related to intellectual property, including the possibility that third-parties may claim that their intellectual property has been infringed upon. This could potentially result in Advantest not being able to adequately protect its intellectual property.	
Probability of occurrence	**Degree of impact**
Low	Major
Advantest may unknowingly infringe on the intellectual property rights of third parties and may be held liable for doing so. If Advantest were to lose on appeal, it may be required to pay significant damages, pay license fees, modify its products, stop making and distributing such products.	
To reduce these risks, Advantest proactively file patent applications throughout the R&D stage and prior to product shipment. Additionally, Advantest relies on patents, utility model rights, design rights, trademarks and copyrights obtained in various countries to protect its proprietary rights. Advantest believes it is important to protect its intellectual property rights from third party infringement and will continue to monitor and protect its intellectual property rights.	

4. Management's Discussion and Analysis

(1) Analysis of Results of Operations

1) Statement of Operations

	Fiscal year ended March 31, 2024 (Millions of Yen)	Fiscal year ended March 31, 2025 (Millions of Yen)	Change (Millions of Yen)	Change (%)
Net sales	486,507	779,707	293,200	60.3
Cost of sales	(240,477)	(334,622)	(94,145)	39.1
Selling, general and administrative expenses	(158,963)	(195,392)	(36,429)	22.9
Other income (expenses), net	(5,439)	(21,532)	(16,093)	4.0 times
Operating income	81,628	228,161	146,533	2.8 times
Operating income ratio	16.8%	29.3%	12.5%	—
Financial income (expenses), net	(3,458)	(3,387)	71	(2.1)
Income before income taxes	78,170	224,774	146,604	2.9 times
Income taxes	(15,880)	(63,597)	(47,717)	4.0 times
Net income	62,290	161,177	98,887	2.6 times
Net income attributable to:				
Owners of the parent	62,290	161,177	98,887	2.6 times

During Advantest's fiscal year ended March 31, 2025, despite the ongoing uncertainty due to geopolitical risks, the global economy as a whole trended firmly, supported by the easing of monetary tightening policies particularly in Europe and the U.S.

Under such global economic conditions, the semiconductor market shifted from the correction phase of the last fiscal year to a recovery trend. While demand for semiconductors for applications such as those for automotive and industrial equipment remained soft, demand for semiconductors related to the proliferation of AI, such as HPC devices for data centers and high-performance DRAM, drove market growth.

In Advantest's semiconductor test equipment business, demand for high-performance semiconductors related to AI increased significantly. In order to meet our customers' delivery requirements to the greatest extent possible, Advantest worked to ensure the timely procurement of parts and product supply capabilities. Our measures, such as long-term agreements with existing suppliers and the diversification of supply chain for core parts, have been successful.

Average currency exchange rates in the consolidated fiscal year were 1 USD to 153 JPY (143 JPY in the previous fiscal year) and 1 EUR to 164 JPY (155 JPY in the previous fiscal year).

Net sales

In FY2024, amid strong tester investments from customers for AI-related applications, we have been striving to enhance our procurement of materials and product supply capabilities. The depreciation of the yen against the US dollar also served as a tailwind, resulting in record-high sales. By business segment, HPC/AI-related applications drove the SoC testers. With regards to Memory testers, sales grew for high-performance DRAM, particularly HBM.

As a result of the above, net sales for FY2024 increased by ¥293,200 million, or 60.3%, from the previous fiscal year to ¥779,707 million.

Cost of sales

In FY2024, cost of sales increased by ¥94,145 million, or 39.1%, compared to FY2023 to ¥334,622 million due to the increase of net sales. Cost of sales to net sales ratio was 42.9%, a decrease of 6.5 percentage points from FY2023 due to the improvement in the product mix.

Selling, general and administrative expenses

Selling, general and administrative expenses for FY2024 increased by ¥36,429 million, or 22.9%, from the previous fiscal year to ¥195,392 million.

Other income (expenses), net

In FY2024, other income (expenses) deteriorated by ¥16,093 million compared to a loss of ¥5,439 million for FY2023 to a loss of ¥21,532 million due to an impairment loss for a portion of goodwill and intangible assets of ¥21,393 million in the fourth quarter.

Operating income

As a result of the above, in FY2024, Advantest's operating income increased by ¥146,533 million, or 2.8 times, compared to FY2023, resulting in operating income of ¥228,161 million. Operating income to net sales ratio was 29.3%, an increase of 12.5 percentage points from FY2023.

Financial income (expenses), net

In FY2024, net financial income improved ¥71 million compared to an loss of ¥3,458 million for FY2023 to a loss of ¥3,387 million.

Income before income taxes

As a result of the above, income before income taxes increased by ¥146,604 million, or 2.9 times, compared to FY2023, resulting in income before income taxes of ¥224,774 million in FY2024.

Income taxes

In FY2024, Advantest's effective tax rate was 28.3%, while the effective income tax rate for FY2023 was 20.3%. The effective tax rate rose higher than expected, due to impairment losses which are not deductible for tax purposes recognized in the fourth quarter of FY2024. For more details on income taxes of Advantest in FY2024 and FY2023, see note 15 under "Notes to Consolidated Financial Statements" in "1. Consolidated Financial Statements."

Net income attributable to owners of the parent

As a result of the above, in FY2024, Advantest's net income attributable to owners of the parent increased by ¥98,887 million, or 2.6 times, compared to FY2023, resulting in an income of ¥161,177 million. Net income attributable to owners of the parent to net sales ratio was 20.7%, an increase of 7.9 percentage points from FY2023.

2) Results of Production, Orders Received and Sales

a. Results of Production and Orders received

Advantest manufacturing is principally based on customer orders, and since the production results are similar to sales results, production results are not listed. The results of orders received are also not listed since short-term trends of orders tend to fluctuate significantly depending on the investment trends of customers, which are not necessarily appropriate as an indicator for predicting the medium- to long-term performance of Advantest.

b. Sales results

The results of sales for the fiscal year ended March 31, 2025 by segment are as follows.

	Amount (Millions of Yen)	Change (%)
Semiconductor and Component Test System Segment	598,128	80.4
Mechatronics System Segment	73,180	38.9
Services, Support and Others Segment	108,399	6.0
Elimination	―	―
Total	779,707	60.3

(Notes) 1. Amounts are including inter-segment internal transfer sales.

2. Sales by major counterparties and total sales ratio for the two most recent consolidated fiscal years are as follows.

Customer	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Amount (Millions of Yen)	%	Amount (Millions of Yen)	%
Taiwan Semiconductor Manufacturing Co., Ltd.	―	―	96,158	12.3
Samsung Electronics Co., Ltd.	55,325	11.4	82,795	10.6

(Note) For the fiscal year ended March 31, 2024, disclosures have been omitted for customers whose sales did not account for 10% or more of the total consolidated net sales.

3) Operations by Segment

Semiconductor and Component Test System Segment

In FY2024, net sales of Advantest's Semiconductor and Component Test System Segment accounted for 76.7% of total net sales.

In this segment, while demand for mature semiconductors in the automotive and industrial equipment sectors remained soft, sales of test equipment for high-performance SoC semiconductors increased significantly due to the increasing complexity of semiconductors and performance enhancement of semiconductors such as HPC devices. With regards to test equipment for memory semiconductors, sales grew significantly on the back of strong demand for high-performance DRAM such as HBM. Our enhanced procurement of materials and product supply capabilities also supported an increase in sales.

As a result, net sales of Advantest's Semiconductor and Component Test System Segment for FY2024 increased by ¥266,586 million, or 80.4%, compared to FY2023 to ¥598,128 million, and segment income increased by ¥152,105 million, or 2.7 times, compared to FY2023 to ¥244,021 million.

Mechatronics System Segment

In FY2024, net sales of Advantest's Mechatronics System Segment accounted for 9.4% of total net sales.

In this segment, robust customer demand for semiconductor test equipment led to growth in sales of related device interfaces.

As a result, net sales of Advantest's Mechatronics System Segment for FY2024 increased by ¥20,485 million, or 38.9%, compared to FY2024 to ¥73,180 million, and segment income increased by ¥7,615 million, or 83.0%, compared to FY2023 to ¥16,786 million.

Services, Support and Others Segment

In FY2024, net sales of Advantest's Services, Support and Others Segment accounted for 13.9% of total net sales.

In this segment, support services sales increased as the installed base grew. However, an impairment loss of approximately (Y) 21.4 billion was recorded for goodwill and intangible assets related to the test sockets business of Essai, Inc. This was due to softness in sales for a major customer and delays in expanding sales to new customers. As a result, this segment incurred a loss exceeding that of the previous fiscal year. The segment loss for the previous fiscal year includes a profit of approximately (Y) 3.2 billion from settlement payments related to disputes with business partners, as well as an impairment loss of approximately (Y) 9.0 billion on a portion of goodwill.

As a result, net sales of the Services, Support and Others Segment for FY2024 increased by ¥6,129 million, or 6.0%, compared to FY2023 to ¥108,399 million, and segment loss deteriorated by ¥8,086 million compared to an loss of ¥2,828 million for FY2023 to ¥10,914 million.

4) Sales by Geographic Markets

Advantest's overseas sales as a percentage of total sales was 98.0% for FY2024 (95.9% in FY2023).

Japan

Net sales in Japan decreased by ¥3,874 million, or 19.6%, compared to FY2023 to ¥15,849 million in FY2024.

Asia (excluding Japan)

Net sales in Asia (excluding Japan) increased by ¥285,257 million, or 69.3%, compared to FY2023 to ¥696,777 million in FY2024. This was mainly due to strong sales of test systems for SoC semiconductors in Taiwan.

Americas

Net sales in the Americas increased by ¥9,498 million, or 25.2%, compared to FY2023 to ¥47,119 million in FY2024.

Europe

Net sales in Europe increased by ¥2,319 million, or 13.1%, compared to FY2023 to ¥19,962 million in FY2024.

(2) Analysis of Financial Condition and Cash Flows

1) Liquidity and Capital Resources

In accordance with Advantest's funding and treasury policy, which is overseen and controlled by its Accounting Department, Advantest funds its cash needs through cash from operating activities and cash and cash equivalents on hand, and is able to procure funds as necessary through issuance of debt and equity securities in domestic and foreign capital markets and through obtainment of bank loans.

If conditions in the semiconductor industry, and thus the semiconductor and component test system industry, experience a downturn in the mid-term, Advantest may need to fund future capital expenditures and other working capital needs through the incurrence of issuance of debt or dilutive issuances of equity securities.

2) Cash Flows

Advantest's cash and cash equivalents balance increased by ¥155,842 million to ¥262,544 million as of March 31, 2025.

Cash flows from operating activities

Net cash provided by operating activities was ¥285,971 million, an increase of ¥253,303 million yen compared to FY2023. This amount was primarily attributable to an increase of ¥30,124 million in trade and other payables, ¥28,090 million in trade and other receivables, and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of ¥224,774 million.

Cash flows from investing activities

In FY2024, expenditure was ¥42,189 million, an increase of ¥14,249 million compared to the previous consolidated fiscal year. This amount was primarily attributable to purchases of equity instruments of ¥18,529 million, purchase of property, plant and equipment of ¥17,414 million and acquisition of subsidiaries of ¥3,815 million.

Cash flows from financing activities

In FY2024, expenditure was ¥82,818 million, an increase of ¥93,578 million compared to the previous consolidated fiscal year. This amount was primarily attributable to purchase of treasury shares of ¥50,080 million and dividends paid of ¥27,320 million.

3) Assets, Liabilities and Equity

Total assets as of March 31, 2025 amounted to ¥854,210 million, an increase of ¥182,981 million compared to March 31, 2024. This was primarily due to the increases of ¥155,842 million in cash and cash equivalents, ¥24,176 million in trade and other receivables, ¥14,471 million in deferred tax assets, and ¥10,028 million in other financial assets offset by a decrease of ¥20,149 million in goodwill and intangible assets.

Liabilities increased by ¥107,620 million from the end of FY2023 to ¥347,671 million as of March 31, 2025. This was mainly due to an increase of ¥62,761 million in income taxes payable and ¥30,230 million in trade and other payables.

The amount of total equity or equity attributable to owners of the parent as of March 31, 2025 was ¥506,539 million, an increase of ¥75,361 million compared to March 31, 2024. Equity attributable to owners of the parent to assets ratio was 59.3% as of March 31, 2025, a decrease of 4.9 percentage points from March 31, 2024.

(3) Factors Materially Affecting Advantest's Business Results and Financial Condition

For factors materially affecting Advantest's business results and financial condition refer to "3. Risk Factors."

(4) Significant Accounting Estimates and Assumptions Used in Such Estimates

Advantest prepares the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board.

The preparation of the consolidated financial statements requires Advantest to make judgments, accounting estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable according to the situation. However, given their nature, actual results may differ from those estimates and assumptions.

Advantest's material accounting policies and significant accounting estimates are described in "note 3 and note 4" under "Notes to Consolidated Financial Statements" in "1. Consolidated Financial Statements", "Significant Accounting Policy" and "Significant Accounting Estimates" under "Notes to Non-Consolidated Financial Statements" in "2. Non-Consolidated Financial Statements."

5. Material Contracts

During FY2024, Advantest Netherlands B.V., a newly established entity of Advantest Europe GmbH, the Company's European subsidiary, entered into a stock transfer agreement to acquire all outstanding shares of the Netherlands-based company, Salland Engineering International B.V.

The details are described in note 32 under "Notes to the Consolidated Financial Statements" in "1. Consolidated Financial Statements."

6. Research and Development

In order to enable leading-edge technologies, Advantest undertakes research and development initiatives to develop products which play a central role in the area of measuring technologies to support electronics, information and communications, and semiconductor manufacturing. Advantest's research and development focuses on the development of new products and the improvement of existing products. In particular, in the Semiconductor and Component Test System Segment, a large and ongoing investment in research and development is necessary in order to maintain market competitiveness and to provide many types of products that meet the various needs of the customers. Advantest also conducts research of basic technologies. Advantest's expenditures for research and development were approximately ¥65.5 billion in FY2023 and approximately ¥71.4 billion in FY2024. The number of employees in its research and development division is approximately 30% of Advantest group workforce.

The contents and achievements for FY2024 of Advantest's research and development activities include:

Basic Technology

- development of electro-optic devices, optical sources, and photonic integrated circuits for photoelectric fusion device test systems;
- component technologies of pin-electronics, test vector and timing generation and DC parametric testing for semiconductor and component test systems;
- development of compound semiconductor, including less-distortion, high-speed high-frequency devices used for semiconductor and component test systems;
- development of new test signal generation methodologies with low power consumption for multi-level modulation or future RF signal;
- development of a novel calibration methodology for ultra-high speed signal integrity and tens of thousands channels;
- development of micro area metrology with emerging sensor technologies for structural failure inside devices;
- development of data linkage and analysis methods throughout the semiconductor supply chain, from design to testing; and
- development of an automated silicon validation solution "SiConic™" offering a seamless flow between Electronic Design Automation tools and our ATE solutions.

Semiconductor and Component Test System Segment

- development of semiconductor and component test systems that enable testing of super high speed memory semiconductors at actual motion speed;
- development of semiconductor and component test systems that enhance the functionality of testing of DRAM semiconductors and flash memory semiconductors and require less floor space;
- development of high speed memory burn in system to enable reliability and functionality testing on high parallel memory devices;
- development of semiconductor and component test systems that have the capacity to simultaneously test multiple complex SoC semiconductors with large pin counts and require less floor space;
- development of semiconductor and component test systems with specialized applications such as image sensor devices with increasingly high pixels, display driver devices with increasingly complex pixels, etc.;
- development of semiconductor and component test systems for devices that operate at extremely high frequencies such as millimeter wave communication standards and for networks that carry extremely high density transmissions;
- development of high speed transmission technologies for high speed large pin counts and high speed transmission signal contact technologies;
- development of application software for interface between the semiconductor designing environment and semiconductor and component test systems, as well as development of software to analyze defective semiconductors; and
- development of a high-voltage, high-current semiconductor and component test system for testing power devices used in electric vehicles (EVs).

Mechatronics System Segment

- development of test handlers for memory semiconductors enabling measuring of multiple semiconductors with high throughput testing;
- development of test handlers for SoC semiconductors that respond to diversified device types and packages;
- development of test equipment for handling silicon die required for the latest chiplet devices;
- development of real Active Thermal Control technology with high speed response and high reliability for high power devices;
- development of core technology; vision alignment for fine pitch and small package by high density device;
- development of alignment technology and transmission interface technology required for photoelectric fusion device test;
- development of the device interface (substrate/circuit technology) to measure high speed device;
- development of conveyance technology and the device interface which supports miniaturization and fine pitches of semiconductors; and
- development of advanced electron-beam metrology systems for leading-edge photomask to measure pattern critical dimension, and to review and analyze defects found on a sample.

Services, Support and Others Segment

- development of system level testing technologies and methods to test semiconductor components and modules to ensure compliance of the device in its final integrated product environment; and
- development of test sockets with large pin counts, high speed response and high reliability for high power devices, and development of thermal control units.

Advantest has research and development facilities in Japan, Europe, the United States of America and China.

Advantest promotes joint development efforts between its various research facilities to capitalize on the capabilities of its researchers worldwide. Advantest's research and development team for semiconductor and component test systems in Japan works closely with Advantest research and development teams in Europe and the United States of America for the development of hardware and software.

Item3. Status of Facilities

1. Overview of Capital Investment

Advantest made capital investments totaling ¥21.0 billion (including property, plant and equipment and intangible assets) during the fiscal year ended March 31, 2025, mainly for the development of new products, rationalization and labor-saving of production, and expansion of production capacity.

Mainly for the development and manufacturing of new products and production increases, capital investments of ¥9.4 billion were made in the semiconductor and component test system business segment, ¥1.6 billion in the mechatronics system business segment and ¥9.1 billion in the services, support and others segment, respectively.

2. Status of Major Facilities

The Company

As of March 31, 2025

Name of office (Location)	Name of segments	Details of equipment	Book value (Millions of Yen)				Number of employees (Persons)
			Buildings and structures	Land (Area in ㎡)	Others	Total	
Gunma R&D Center (Meiwa-machi, Ora-gun, Gunma)	Semiconductor and Component Test System Business, Mechatronics System Business, Services, Support and Others	Development equipment	2,966	4,069 (195,617.84)	2,815	9,850	1,215
Saitama R&D Center (Shin-tone, Kazo-shi, Saitama)	Mechatronics System Business	Development equipment	222	1,388 (56,977.77)	429	2,039	139
Gunma Factory (Ora-machi, Ora-gun, Gunma)	Semiconductor and Component Test System Business, Mechatronics System Business, Services, Support and Others	Manufacturing equipment	895	1,593 (88,512.16)	2,920	5,408	349

Overseas Subsidiaries

As of March 31, 2025

Name of subsidiary (Location)	Name of segments	Details of equipment	Book value (Millions of Yen)				Number of employees (Persons)
			Buildings and structures	Land (Area in ㎡)	Others	Total	
Advantest Korea Co., Ltd. (Cheonan, South Korea)	Semiconductor and Component Test System Business, Mechatronics System Business, Services, Support and Others	Manufacturing equipment	3,527	1,909 (39,605)	960	6,396	264
Essai, Inc. (Arizona, U.S.A.)	Services, Support and Others	Manufacturing equipment	7,603	2,083 (60,195)	4,353	14,039	199

3. Plans for New Facilities Installation, Retirement

No particular matters to be noted.

Item4. Status of the Company

1. Status of Shares

(1) Total Number of Shares

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,760,000,000
Total	1,760,000,000

2) Total Number of Issued Shares

Class	Number of issued shares as of the end of the current fiscal year (shares) (March 31, 2025)	Number of issued shares as of the filing date (shares) (June 25, 2025)	Stock exchange on which the Company is listed	Description
Common shares	766,141,256	766,141,256	Tokyo Stock Exchange Prime Market	One unit of shares constitutes 100 shares
Total	766,141,256	766,141,256	—	—

(Note) Number of issued shares as of the filing date of this Annual Securities Report does not include the number of issued shares between June 1, 2025 and such filing date.

(2) Status of Stock Acquisition Rights

1) Stock Acquisition Rights

Resolution date at the Board of Directors' Meeting	June 25, 2020
Classification and number of persons granted	Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and executive officers Total: 24 members
Number of stock acquisition rights*	590 [500]
Class, details, and number of shares to be issued upon exercise of stock acquisition rights*	(Note 2) Common shares 235,410 [199,500]
Unit Exercise price to be paid upon exercise of each stock acquisition right*	¥1,748 per share (Note 1, 2)
Exercise period of the stock acquisition rights*	Between July 14, 2022 to July 13, 2025
The amount of capital and the additional paid-in capital increased by the issuance of shares upon exercise of the stock acquisition rights*	Issue price: ¥1,748 Amount to be included in capital: ¥1,133
Conditions for exercise of stock acquisition rights*	(Note 3)
Matters concerning transfer of stock acquisition rights*	(Note 4)
Matters concerning issuance of stock acquisition rights accompanying organizational restructuring*	―

* The contents described above are as of the fiscal year ended March 31, 2025. The contents as of the end of the month prior to the filing date (May 31, 2025) are shown in [ ] for items that have changed since the end of the fiscal year ended March 31,2025 to the end of the month prior to the filing date (May 31, 2025). Other matters remain unchanged from the end of the fiscal year ended March 31, 2025.

(Notes) 1. Subsequent to the day of allocation of the stock acquisition rights, if the Company splits or consolidates its common shares, or issues new shares or disposes of its treasury shares below market price (excluding the issuance or delivery upon exercise of the stock acquisition rights or conversion of securities which are convertible to the common shares of the Company), the exercise price per share shall be adjusted according to the formula set forth below, rounded up to the nearest yen. Furthermore, the exercise price per share may, to the extent necessary and reasonable, be adjusted in a way deemed appropriate by the Company, (i) when the Company issues securities which are convertible to the common shares of the Company at a price lower than the fair value (including shares with acquisition claim rights and shares with acquisition clause, setting the Company's common shares as consideration), (ii) when the Company issues the stock acquisition rights or securities with the stock acquisition rights that effect the issuance or transfer of the Company's common shares at a price lower than the fair value, (iii) when the adjustment of the exercise price per share is necessary for merger, corporate split or share-for-share exchange, or (iv) other than above, when the adjustment of the exercise price per share is necessary due to the occurrence of matters that cause or may cause the number of outstanding shares of the Company to change.

(1) Formula for adjustment in the case of share split or consolidation

$$\begin{array}{c}\text{Exercise price per share}\\ \text{after adjustment}\end{array} = \begin{array}{c}\text{Exercise price per share}\\ \text{before adjustment}\end{array} \times \frac{1}{\text{Ratio of split / consolidation}}$$

(2) Formula for adjustment in the case of issuance of new shares or disposition of treasury shares below market price

$$\begin{array}{c}\text{Exercise}\\ \text{price per}\\ \text{share after}\\ \text{adjustment}\end{array} = \begin{array}{c}\text{Exercise}\\ \text{price per}\\ \text{share before}\\ \text{adjustment}\end{array} \times \frac{\begin{array}{c}\text{Number of}\\ \text{outstanding}\\ \text{shares}\end{array} + \dfrac{\begin{array}{c}\text{Number of new shares to be issued} \times\\ \text{Exercise price per share to be issued}\end{array}}{\text{Market price per share}}}{\begin{array}{c}\text{Number of outstanding shares +}\\ \text{Number of new shares to be issued}\end{array}}$$

In the above formula, "number of outstanding shares" shall mean the total number of issued shares of the Company after deduction of shares held by the Company as treasury shares. In the case of disposition of treasury shares, "number of new shares to be issued" in the above formula shall be read as "number of treasury shares to be disposed of."

2. When the exercise price per share has been adjusted in accordance with the formula listed in (1) above, the number of shares shall be adjusted in accordance with the following formula. This adjustment shall be made only with respect to stock acquisition rights that have not yet been exercised as of the time of adjustment. Any fractional share that arises as a result of an adjustment will be rounded down to the nearest whole number of shares.

$$\begin{array}{c}\text{Number of shares to be issued or}\\ \text{delivered upon exercise of each}\\ \text{stock acquisition right}\end{array} = \frac{\text{Unit exercise price}}{\text{Exercise price per share}}$$

When the number of shares to be issued or delivered upon exercise of each stock acquisition right has been adjusted, the total number of shares to be issued or delivered upon exercise of the stock acquisition rights shall be adjusted to the number obtained by multiplying (i) the number of shares to be issued or delivered upon exercise of each stock acquisition right after adjustment by (ii) the number of the stock acquisition rights that have not yet been exercised as of such adjustment, then adding the number of shares that have been issued or delivered upon exercise of the stock acquisition rights.

3. (1) The stock acquisition rights may not be inherited.
   (2) No stock acquisition rights may be exercised in part.
   (3) When the number of shares deliverable upon exercise of the stock options includes less than one unit, the exercising Stock Option Holder (as defined bellow) shall be deemed to have requested the Company to purchase such shares pursuant to Article 192, Paragraph 1 of the Companies Act. The determination of whether the number of shares deliverable upon exercise includes less than one unit shall be made in the aggregate, by taking into consideration the total number of shares deliverable upon each exercise of all stock acquisition rights that are exercised at the same time.

4. (1) Acquisition of the stock acquisition rights by transfer shall require approval by the Board of Directors' meeting. 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' meeting.

(2) The stock acquisition rights held by its holder (a "Stock Option Holder") shall be transferred to the Company for no consideration if any of the following events occurs:

(a) the general meeting of shareholders resolves to approve (if approval by the shareholders' meeting is not legally required, then the Board of Directors' meeting may 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 share-for-share exchange agreement or stock-transfer plan pursuant to which the Company shall become a wholly-owned subsidiary of another company;

(b) a Stock Option Holder becomes a person who does not hold any position as a director, corporate auditor, executive officer, employee, advisor, part-time worker or any other similar position of the Company or its domestic or overseas subsidiaries, except when a Stock Option Holder's term of office has expired or the Company acknowledges that the exercise of the stock acquisition rights by a Stock Option Holder is reasonable and notifies the Stock Option Holder;

(c) a Stock Option Holder dies.

(d) a Stock Option Holder waives all or part of his/her stock acquisition rights by submitting to the Company the form specified by the Company.

(e) a Stock Option Holder becomes, for any reason, a director, corporate auditor, officer or employee of a company that competes with the Company or its domestic or overseas subsidiaries and the Company notifies the Stock Option Holder that his/her stock acquisition rights are non-exercisable; or

(f) a Stock Option Holder is in violation of laws or regulations, internal rules or other regulations of the Company, or breaches the stock acquisition agreement (for Stock Option Holders who are foreigners or directors or employees of our foreign subsidiaries, that means Rules of the Advantest Corporation Incentive Stock Option Plan 2020) entered into between such Stock Option Holder and the Company. The Company notifies the Stock Option Holder that his/her stock acquisition rights are non-exercisable.

The Representative Director may decide in his/her sole discretion whether exercise by a Stock Option Holder of the stock acquisition rights is reasonable (as in item (b) above) and whether a Stock Option Holder's options are non-exercisable (as in item (e) and (f) above).

5. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. Accordingly, regarding the stock acquisition rights resolved in 2020, "Class, details, and number of shares to be issued upon exercise of stock acquisition rights," "Unit Exercise price to be paid upon exercise of each stock acquisition right" and "The amount of capital and the additional paid-in capital increased by the issuance of shares upon exercise of the stock acquisition rights" are adjusted to the numbers that reflect the share split.

2) Rights Plans

Not applicable.

3) Other Status of Share Options

Not applicable.

(3) Status in the Exercise of Bonds with Share Options with Exercise Price Amendment

Not applicable.

(4) Changes in the Total Number of Issued Shares and the Amount of Common Stock and Others

Date	Changes in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Changes in legal capital reserve (Millions of Yen)	Balance of legal capital reserve (Millions of Yen)
September 8, 2021 (Note 1)	(24,505)	199,542,265	—	32,363	—	32,973
September 9, 2022 (Note 1)	(8,000,000)	191,542,265	—	32,363	—	32,973
September 8,2023 (Note 1)	(6,951)	191,535,314	—	32,363	—	32,973
October 1, 2023 (Note 2)	574,605,942	766,141,256	—	32,363	—	32,973

(Notes) 1. The decrease is due to the cancellation of treasury shares.
2. Due to the share split (4-for-1).

(5) Shareholding by Shareholder Category

As of March 31, 2025

Classification	Status of shares (the number of one unit is 100 shares)								Status of shares less than one unit (shares)
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations and others		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	78	65	742	1,074	311	73,266	75,536	—
Number of shares held (units)	—	3,469,946	234,596	88,830	3,022,803	1,170	840,391	7,657,736	367,656
Percentage of shares held (%)	—	45.31	3.06	1.16	39.47	0.02	10.98	100.00	—

(Notes) 1. 32,422,231 shares of treasury shares are included as 324,222 units in the item of “Individuals and others” and as 31 shares in the item of “Status of shares less than one unit.”
2. The columns of “Other corporations” and “Status of shares less than one unit” include 137 units and 84 shares in the name of Japan Securities Depository Center, respectively.

(6) Major Shareholders

As of March 31, 2025

Name	Address	Number of shares held (1000 shares)	Percentage of shares held to the total number of issued shares, less treasury shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	227,336	30.98
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	98,145	13.37
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	1 QUEEN’S ROAD CENTRAL, HONG KONG (3-11-1, Nihombashi, Chuo-ku, Tokyo)	19,029	2.59
THE BANK OF NEW YORK MELLON 140042 (Standing proxy: Mizuho Bank, Ltd)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	16,722	2.27
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	16,459	2.24
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	16,244	2.21
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	10,597	1.44
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A 2BB UNITED KINGDOM (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	9,411	1.28
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd.).	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	7,870	1.07
MOXLEY & CO LLC (Standing proxy: Mizuho Bank, Ltd)	270 PARK AVE., NEW YORK, NY 10017, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	6,678	0.91
Total	—	428,497	58.40

(Notes) 1. The number of shares held is rounded down to the nearest thousand shares.

2. According to the large shareholding report “change report” made available for public inspection on April 21, 2020, the following large shareholder is stated to jointly hold the following shares as of April 15, 2020, but the portion for which the Company cannot confirm the actual number of shares held by each shareholder is not included in the above table. The details of the report on large shareholding report “change report” are as follows.

The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023, but the following number of shares held shows the number of shares before the share split.

Large Shareholder “Co-Owners”	Daiwa Asset Management Co. Ltd.
Number of shares held	12,269,000 shares
Shareholding ratio	6.15%

3. According to the large shareholding report “change report” made available for public inspection on May 19, 2022, the following large shareholders are stated to jointly hold the following shares as of May 13, 2022, but the portion for which the Company cannot confirm the actual number of shares held by each shareholder is not included in the above table. The details of the report on large shareholding report “change report” are as follows.

The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023, but the following number of shares held shows the number of shares before the share split.

Large Shareholders “Co-Owners”	BlackRock Japan Co., Ltd. and 9 other companies
Number of shares held	15,459,133 shares
Shareholding ratio	7.75%

4. According to the large shareholding report “change report” made available for public inspection on December 4, 2023, the following large shareholders are stated to jointly hold the following shares as of November 28, 2023, but the portion for which the Company cannot confirm the actual number of shares held by each shareholder is not included in the above table. The details of the report on large shareholding report “change report” are as follows.

Large Shareholders “Co-Owners”	Sumitomo Mitsui Trust Asset Management Co., Ltd. and 1 other company
Number of shares held	70,635,400 shares
Shareholding ratio	9.22%

5. According to the large shareholding report “change report” made available for public inspection on December 4, 2023, the following large shareholder is stated to jointly hold the following shares as of November 27, 2023, but the portion for which the Company cannot confirm the actual number of shares held by each shareholder is not included in the above table. The details of the report on large shareholding report “change report” are as follows.

Large Shareholder “Co-Owners”	Nomura Asset Management CO., Ltd.
Number of shares held	94,513,840 shares
Shareholding ratio	12.34%

6. According to the large shareholding report “change report” made available for public inspection on April 1, 2024, the following large shareholders are stated to jointly hold the following shares as of March 25, 2024, but the portion for which the Company cannot confirm the actual number of shares held by each shareholder is not included in the above table. The details of the report on large shareholding report “change report” are as follows.

Large Shareholders “Co-Owners”	Mitsubishi UFJ Trust and Banking Corporation and 2 other companies
Number of shares held	46,475,410 shares
Shareholding ratio	6.07%

(7) Status of Voting Rights

1) Issued Shares

As of March 31, 2025

Classification	Number of shares (shares)		Number of voting rights (units)	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury shares)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury shares)	Common shares	32,422,200	—	—
Shares with full voting rights (others)	Common shares	733,351,400	7,333,514	—
Less than one unit shares	Common shares	367,656	—	—
Total number of issued shares		766,141,256	—	—
Total voting rights held by all shareholders		—	7,333,514	—

(Note) In the column of “Shares with full voting rights (others),” there are 13,700 shares in the name of Japan Securities Depository Center (137 voting rights) and in the column of “Less than one unit Shares,” 84 shares in the name of Japan Securities Depository Center.

2) Treasury Shares

As of March 31, 2025

Shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Percentage of shares held to the total number of issued shares (%)
Advantest Corporation	1-6-2 Marunouchi, Chiyoda-ku, Tokyo	32,422,200	—	32,422,200	4.23
Total	—	32,422,200	—	32,422,200	4.23

(8) Details of the Directors / Executive Officers / Employee Share Ownership System

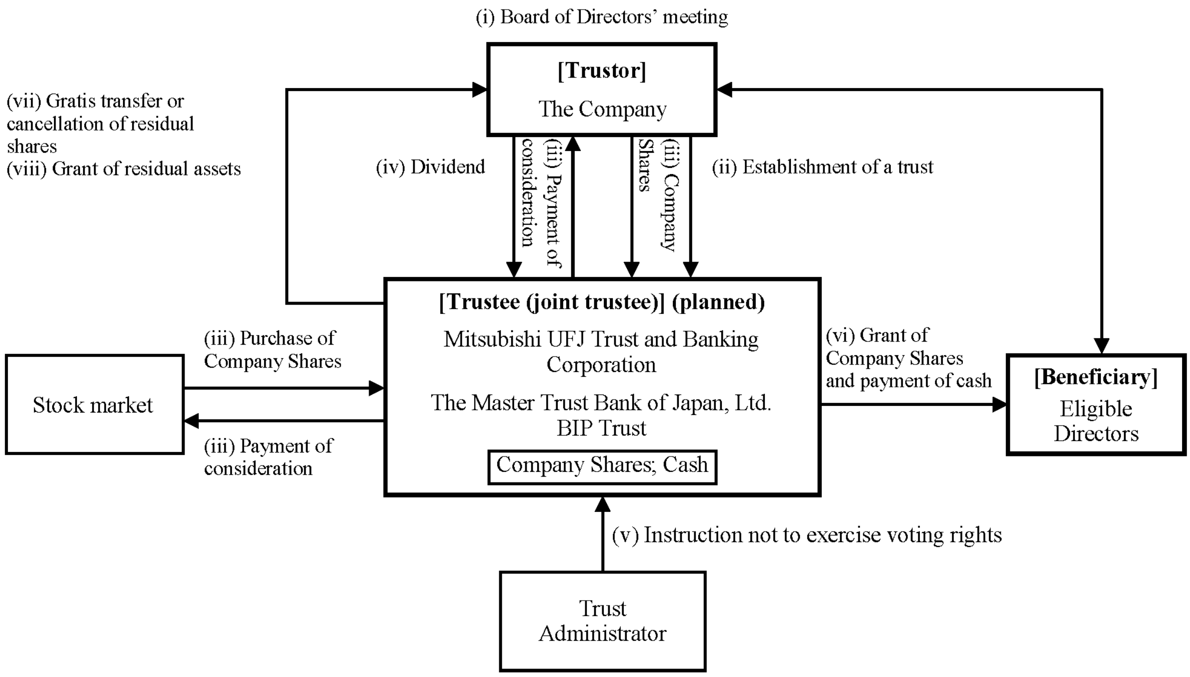
Since the Company has replaced the existing stock option plans and performance-based stock remuneration plans (the "Plan") with a new share-based compensation plan consisting of a restricted stock compensation plan and a performance share unit plan, no additional establishment of trusts with regard to existing performance-based stock remuneration plan introduced for directors (excluding outside directors and directors who are Audit and Supervisory Committee members; "Eligible Directors") ("BIP Plan") and a performance-based stock remuneration plan introduced for executive officers and executive employees ("Eligible Employees") ("ESOP Plan") of the Company and its major group subsidiaries ("Eligible Subsidiaries"; the Company and the Eligible Subsidiaries collectively referred to as "Eligible Companies") in the fiscal year ended March 31, 2019 have taken place and will take place in the future. However, the granting of points under the performance-based stock remuneration plan established prior to the fiscal year ended March 31, 2021 may be possible in the future. For additional details on the new share-based compensation plan, see note 24 in the consolidated financial statements.

1) Outline of BIP Plan

a. The Eligible Companies have introduced the BIP Plan in the fiscal year ended March 31, 2019 as a highly transparent and objective board incentive plan closely linked to group performance and shareholder value for the Eligible Directors to be more focused on enhancing the medium-to-long-term group performance as well as to be further incentivized to achieve the medium-to-long-term performance targets and be more conscious of contributing to corporate management aiming at enhanced shareholder value.

b. The BIP Plan adopts a scheme called a Board Incentive Plan (BIP) Trust ("BIP Trust"). The BIP Trust, similarly to the Performance Share Plan or the Restricted Stock Plan prevalent in the U.S. and Europe, grants or pays the common shares of the Company ("Company Shares") or the amount of cash equivalent to the Company Shares converted into cash to the Eligible Directors depending on their executive rank or achievement level of performance target, among others.

2) Structure of BIP Trust



(i) Respective Eligible Companies shall obtain the approval at the Board of Directors' meeting for the board incentive plan related to the introduction of the Plan.

(ii) Respective Eligible Subsidiaries shall, to the extent of the amount approved at the general meetings of shareholders (GMS), contribute cash to the Company as the fund for remuneration for directors of the Eligible Subsidiaries. The Company shall, to the extent of the amount approved at the GMS of the Company, entrust cash as the fund for remuneration for directors of the Company collectively with the cash contributed by the Eligible Subsidiaries to establish the BIP Trust for Eligible Directors as beneficiaries who meet the prescribed beneficiary requirements.

(iii) The BIP Trust shall, pursuant to the instructions of the Trust Administrator, acquire the Company Shares from the Company (disposal of treasury shares) or the stock market using the cash entrusted in (ii) above as the fund for purchase. The BIP Trust shall acquire the Company Shares to the extent of the number of shares approved at the GMS. The Company Shares held within the BIP Trust shall be administered per account separately established for respective Eligible Companies in accordance with the cash contributed thereby.

(iv) Dividends for the Company Shares held within the BIP Trust shall be paid in the same manner as for other Company Shares.

(v) Voting rights of the Company Shares held within the BIP Trust shall not be exercised throughout the trust period.

(vi) During the trust period, the Eligible Directors shall, after receiving certain points in accordance with the share grant rules established by respective Eligible Companies, receive the Company Shares corresponding to a certain proportion of such points and the amount of cash equivalent to the selling price of the Company Shares corresponding to the remaining points, which the BIP Trust shall sell in the market, and converted into cash in accordance with the provisions of the trust agreement.

(vii) In the event the Company Shares remain upon the expiry of the trust period due to such reasons as failure to achieve the performance target during the trust period, the Company will continuously use the BIP Trust by revising the trust agreement and entrusting additional cash, or cancel such shares based on the resolution at the Board of Directors' meeting after receiving such remaining shares gratis from the BIP Trust.

(viii) The trust asset remaining after the distribution to the Eligible Directors upon the expiry of the BIP Trust will belong to the Company to the extent of the allowances for trust expenses which remain after the fund for share purchase is deducted from the cash in trust. Furthermore, the amount exceeding the allowances for trust expenses will be donated to an organization with which the Eligible Companies and the Eligible Directors have no conflict of interest.

(Notes) 1. In the event no Company Share remains within the BIP Trust after the grant or payment of the Company Shares, to the Eligible Directors who meet the beneficiary requirements, the BIP Trust shall expire before the expiry of the trust period. Respective Eligible Companies may entrust additional cash to the BIP Trust (through the Company in the case of the Eligible Subsidiaries) to the extent of the amount approved at the GMS as the fund to purchase the Company Shares of the grant or payment to the Eligible Directors of those Eligible Companies.

2. Since the Company has introduced a new share-based compensation plan consisting of a restricted stock compensation plan and a performance share unit plan in place of the existing stock option and performance-based stock remuneration plan, the BIP Trust will not be established in the future.

3) Details of the BIP Plan

a. Outline of the BIP Plan

The BIP plan is in effect for three (3) fiscal years ("Covered Period") under which the Company is limited to establish one (1) Trust each year, and should a Trust be established each year, a maximum of three (3) Trusts may coexist concurrently.

b. Eligible persons under the Plan (beneficiary requirements)

The Eligible Directors shall, after the expiry of the Covered Period in principle and subject to the satisfaction of the following beneficiary requirements, receive the Company Shares equivalent to 50% of granted points (prescribed in c. below) (the number of shares less than a share unit will be disregarded) and the amount of cash equivalent to the selling price of the remaining Company Shares, which the BIP Trust shall sell in the market, following the completion of the prescribed procedures for the designation as a beneficiary; provided, however, that non-resident Eligible Directors not having a securities account for the management of Japanese shares shall receive the amount of cash equivalent to the selling price of the Company Shares corresponding to the number of points, which the BIP Trust shall sell in the market.

(i) A person who holds the office as an Eligible Director during the Covered Period as of the end of the fiscal year during the Covered period

(ii) A person who has not committed certain illegal activities during his/her service

(iii) A person for whom the number of points as prescribed in c. below has been determined

(iv) A person who meets other conditions necessary to fulfill the purpose as a performance-based stock remuneration plan

(Note) In the event an Eligible Director who meets the beneficiary requirements retires during the Covered Period (excluding those who retire for personal reasons or those who are dismissed based on legitimate reasons for dismissal), such Eligible Director shall, without delay following the completion of the prescribed procedures, receive the Company Shares equivalent to 50% of the points to be granted upon retirement (the number of shares less than a share unit will be disregarded) and the amount of cash equivalent to the selling price of the Company Shares corresponding to the remaining points, which shall be sold in the market, Furthermore, if an Eligible Director who meets the beneficiary requirements passes away during the trust period, an heir of such Eligible Director shall receive the amount of cash equivalent to the selling price of the Company Shares corresponding to the number of points to be granted at the point in time, which the BIP Trust shall sell in the market.

c. Number of Company Shares, to be granted or paid to Eligible Directors

Certain points will be granted to a person who holds the office as an Eligible Director as of the end of the final fiscal year during the Covered Period ("Granted Points") in principle. The Granted Points shall be determined depending on the executive rank of Eligible Directors at the establishment of the BIP Trust and the achievement level of performance target. One (1) point shall be equivalent to one (1) Company Share; provided, however, that, if the total number of the Company Shares increases or decreases during the trust period due to share split, allotment of shares without contribution, consolidation of shares, the Company will adjust the number of Company Shares, to be granted or paid per point depending on the ratio of such increase or decrease.

(Note) The indicators to evaluate the achievement level of the performance target are consolidated net sales, consolidated operating income ratio, net income, ROE, of the Company and is within the range of 0% to 150%.

d. Method and timing of grant or payment of Company Shares, to Eligible Directors

The Eligible Director who meets the beneficiary requirements stated in b. above shall, after the expiry of the Covered Period of the Plan, receive the Company Shares equivalent to 50% of the Granted Points (the number of shares less than a share unit will be disregarded) and the amount of cash equivalent to the selling price of the remaining Company Shares, which the BIP Trust shall sell in the market, following the completion of the prescribed procedures for the designation as a beneficiary.

See b. above for handling of non-resident Eligible Directors not having a securities account for the management of Japanese shares, retirement of Eligible Directors during the trust period who meet the beneficiary requirements, and death of Eligible Directors while in office.

e. Exercise of voting rights related to Company Shares held within BIP Trust
Voting rights of the Company Shares held within the BIP Trust shall not be exercised to ensure the neutrality of the corporate management.

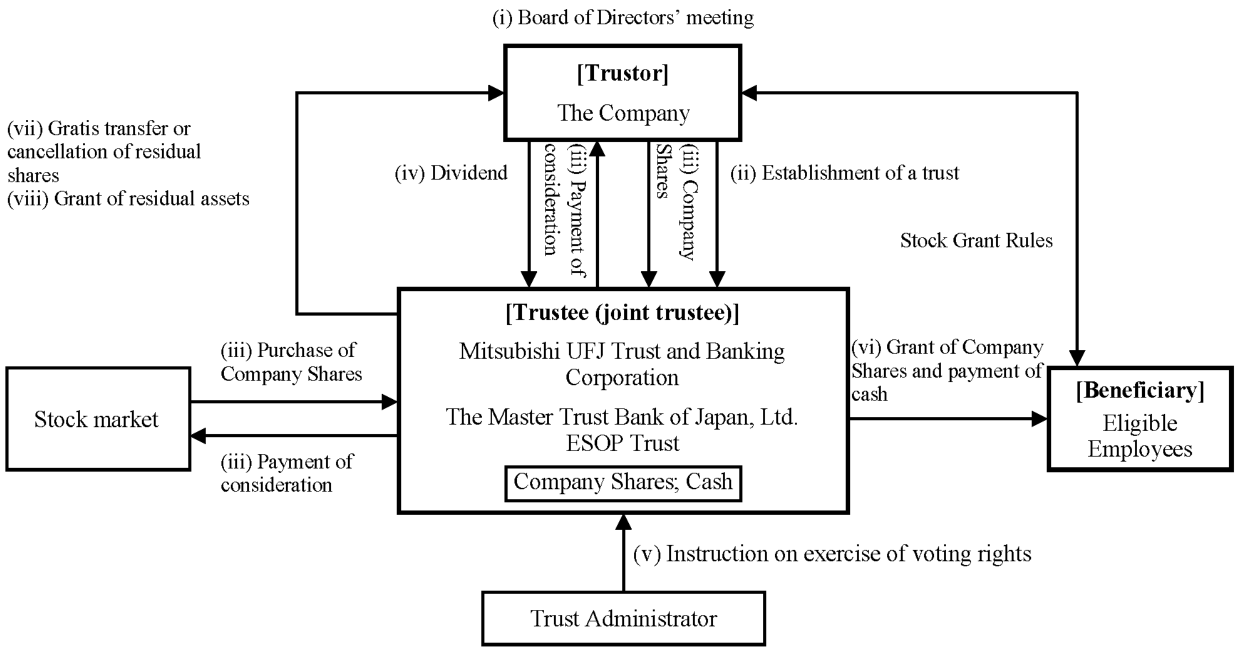
4) Outline of ESOP Plan

a. The Company has introduced the Plan in the fiscal year ended March 31, 2019 for the purpose of enhancing the welfare system for the Eligible Employees and raising awareness of contribution to improved business performance and enhanced corporate value of our group in the medium to long term by fostering a sense of belonging to our group and inspiring the awareness of participation in the corporate management through the Plan commonly applied throughout our group.

b. The Company adopts a system called the Employee Stock Ownership Plan (ESOP) trust (“ESOP Trust”). The ESOP Trust represents an incentive plan under which the common shares of the Company Shares acquired by the ESOP Trust is granted pursuant to the share grant rules prescribed in advance to the Eligible Employees who meet certain requirements. Furthermore, no burden is imposed on the Eligible Employees since the purchase costs of the Company Shares acquired by the ESOP Trust is totally contributed and borne by respective Eligible Companies.

c. The Company expects the Plan will facilitate business operations with the awareness of the share price and increase work motivation since the Eligible Employees can, through the introduction of the Plan, receive economic returns brought by the increased share price of the Company Shares.

5) Structure of ESOP Trust



(i)	Respective Eligible Companies shall obtain the approval at the Board of Directors' meeting for the employee stock ownership plan related to the introduction of the Plan.
(ii)	The Company shall entrust cash to establish the ESOP Trust for the Eligible Employees of the Eligible Companies who meet the prescribed beneficiary requirements as beneficiaries.
(iii)	The ESOP Trust shall, pursuant to the instruction of the Trust Administrator, acquire the number of the Company Shares expected to be granted to beneficiaries during the trust period from the Company (disposal of treasury shares) or the stock market using the cash entrusted in (ii) above as the fund for purchase.
(iv)	Dividends for the Company Shares held within the ESOP Trust shall be paid in the same manner as for other Company Shares.
(v)	The Trust Administrator shall, throughout the trust period, give instructions on the exercise of shareholders' rights including the exercise of voting rights, pursuant to which the ESOP Trust shall exercise the shareholders' rights.
(vi)	During the trust period, the Eligible Employees shall, after receiving certain points three (3) years later in accordance with the share grant rules established by respective Eligible Companies, receive the Company Shares corresponding to a certain proportion of such points and the amount of cash equivalent to the selling price of the Company Shares corresponding to the remaining points, which the ESOP Trust shall sell in the market in accordance with the provisions of the trust agreement.
(vii)	In the event the Company Shares remain upon the expiry of the trust period due to such reasons as the failure to achieve the performance target during the trust period, the Company will continuously use the ESOP Trust by revising the trust agreement and entrusting additional cash, or cancel such shares based on the resolution at the Board of Directors' meeting after receiving such remaining shares gratis from the ESOP Trust.
(viii)	The trust asset remaining after the distribution to the Eligible Employees upon the expiry of the ESOP Trust will belong to the Company. Furthermore, the amount exceeding the allowances for trust expenses will be donated to an organization with which the Eligible Companies or the Eligible Employees have no conflict of interest.

(Notes) 1. In the event no Company Shares remain within the ESOP Trust after the grant of the Company Shares to the Eligible Employees who meet the prescribed beneficiary requirements, the ESOP Trust shall expire before the expiry of the trust period. Respective Eligible Companies may entrust additional cash to the ESOP Trust (through the Company in the case of Eligible Subsidiaries) as the fund to purchase the Company Shares.

2. Since the Company has introduced a new share-based compensation plan consisting of a restricted stock compensation plan and a performance share unit plan in place of the existing stock option and performance-based stock remuneration plan, the ESOP Trust will not be established in the future.

2. Status of Acquisition of Treasury Shares

【Class of shares】 Acquisition of common shares which falls under Article 459, Paragraph 1 and Article 155, Item 7 of the Companies Act.

(1) Status of Acquisition by Resolution of the General Meeting of Shareholders

Not applicable.

(2) Status of Acquisition by Resolution of the Board of Directors' Meeting

Classification	Number of shares	Total price (yen)
Resolution of the Board of Directors' meeting (October 30, 2024) (Period of acquisition: From November 1, 2024 to February 26, 2025)	9,000,000	50,000,000,000
Treasury shares acquired before the beginning of the fiscal year ended March 31, 2025	—	—
Treasury shares acquired during the fiscal year ended March 31, 2025	5,711,000	49,999,998,563
Total number and total value of shares to be acquired by the resolution	3,289,000	1,437
Unexercised rate as of the end of the fiscal year ended March 31, 2025 (%)	36.5	0.0
Treasury shares acquired during the current period	—	—
Unexercised rate as of the filing date (%)	36.5	0.0

Classification	Number of shares	Total price (yen)
Resolution of the Board of Directors' meeting (April 25, 2025) (Period of acquisition: From May 7, 2025 to September 22, 2025)	19,000,000	70,000,000,000
Treasury shares acquired before the beginning of the fiscal year ended March 31, 2025	—	—
Treasury shares acquired during the fiscal year ended March 31, 2025	—	—
Total number and total value of shares to be acquired by the resolution	—	—
Unexercised rate as of the end of the fiscal year ended March 31, 2025 (%)	—	—
Treasury shares acquired during the current period	1,947,200	13,532,625,000
Unexercised rate as of the filing date (%)	89.8	80.7

(Note) The number of treasury shares acquired during the current period does not include the number of shares acquired from June 1, 2025 to the date of filing of this Annual Securities Report.

(3) Acquisitions Not Based on Resolution of the General Meeting of Shareholders or the Board of Directors' Meeting

Classification	Number of shares	Total price (yen)
Treasury shares acquired during the fiscal year ended March 31, 2025	4,881	4,793,374
Treasury shares acquired during the current period	50	363,650

(Note) The number of treasury shares acquired during the current period does not include the number of shares acquired from June 1, 2025 to the date of filing of this Annual Securities Report.

(4) Disposals or Holding of Acquired Treasury Shares

Category	Fiscal year ended March 31, 2025		Current Period	
	Number of shares	Total disposal price (yen)	Number of shares	Total disposal price (yen)
Acquired treasury shares for which persons to subscribe are solicited	—	—	—	—
Acquired treasury shares cancelled	—	—	—	—
Acquired treasury shares transferred in association with a merger, equity swap, or company split	—	—	—	—
Others				
(Transfer by exercising stock acquisition rights)	339,150	774,375,210	35,910	116,464,110
(Disposal of treasury shares as restricted stock compensation)	91,431	186,006,906	—	—
(Disposal of treasury shares as performance-based stock remuneration)	592,708	1,204,382,656	—	—
(Sales through requests to purchase shares of less than one unit)	36	73,152	—	—
Treasury shares held	32,422,231	—	34,333,571	—

(Note) The disposal or holding of treasury shares acquired during the current period does not include the number of shares due to the transfer by exercising stock acquisition rights, sales through requests to purchase shares of less than one unit from June 1, 2025 through the filing date of this Annual Securities Report.

3. Dividend Policy

The Company's dividend policy is structured as follows to further enhance shareholder returns, corporate value, and development of a flexible capital strategy, based on the premise of a stable business environment during the third mid-term management plan.

> 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 capital efficiency, financial soundness, and shareholder returns.
> The Company has set the capital policy to prioritize business investment for growth such as R&D, facility enhancements, and M&A, while being flexible in utilization of liabilities (debt) from the viewpoint of balance sheet management that considers both capital efficiency and capital cost. In addition, the Company ensures an appropriate capital structure with maintaining financial soundness in order to strengthen the Company's business position and enhance its corporate value.
> The shareholder return that is in congruence with the third mid-term management plan for the three years starting from April 1, 2024, under the premise of stable business environment, is set to make stable and continuous dividends with a minimum amount of ¥30 per share for the full year.
> In addition to dividends, the Company has set a target to achieve a cumulative total return ratio (*) of 50% or more, including share repurchase, over the three years of the third mid-term management plan. However, there is a possibility that the Company may not be able to disburse shareholder returns due to the occurrence of investment growth opportunities that require more funds than expected and the deterioration of business performance for the changes in the market environment.
> (*) Total return ratio: (Dividend + share repurchase) / consolidated net income

The Company's dividend policy is to pay dividends from surplus twice a year, once as an interim dividend and once as a year-end dividend. The resolution organ is the Board of Directors, which is authorized to determine matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, including the distribution from surplus, unless otherwise stipulated by laws and regulations. The Company's Articles of Incorporation stipulate to this effect.

The dividends from surplus for the current fiscal year are as follows.

Resolution date	Total dividend (Millions of Yen)	Dividend per share (Yen)
Board of Directors' meeting held on October 30, 2024	14,047	19
Board of Directors' meeting held on May 22, 2025	14,674	20

4. Corporate Governance

(1) Summary of Corporate Governance

1) Basic Views on Corporate Governance

Advantest's Purpose & Mission is "Enabling Leading-Edge Technologies." Advantest constantly strives to improve so that we can offer products and services that will satisfy customers around the world, and contribute to the future of society through the development of the most advanced technologies.

In accordance with the corporate mission described in the preceding paragraph, by being open, honest and respectful at all times with all stakeholders, Advantest aims to achieve a sustainable level of business development and enhance corporate value over the mid-to-long term. Advantest will invariably pursue the sources of phenomena and seek their essence, so that it can find the correct solutions. To that end, Advantest will establish a fair, efficient and transparent governance system.

Advantest has codified our mission, vision, and core values in the form of "The Advantest Way" and thoroughly promotes it to ensure awareness that it is the foundation of activities for all Directors, Executive Officers, and employees of Advantest. Further details regarding "The Advantest Way" are described in "Item2. Business Overview 1. Management Policy, Business Environment and Issues to be Addressed".

2) Summary of Corporate Governance Systems

<The Board of Directors' meetings>

The Board of Directors of the Company, as the management decision making body, shall make decisions on significant matters with respect to the management policies and management strategies for Advantest, and shall monitor and supervise the execution of business by executive bodies. The Company strengthens the oversight and supervisory functions of the Board of Directors by appointing a majority of its directors as outside directors and, from April 2024 onwards, by segregating the roles of Group CEO and Chairperson of the Board of Directors, with a non-executive director serving as Chairperson of the Board of Directors.

・Structure

The Board of Directors of the Company as of the filing date of this Annual Securities Report (June 25, 2025) consists of a total of 9 directors (including Directors who are Audit and Supervisory Committee members) including 2 executive directors (inside directors), 2 non-executive directors (inside directors) and 5 non-executive directors (outside directors), of which 2 are non-Japanese nationals (U.S. citizens) and 2 are female directors. The Chairperson of the Board of Directors is Mr. Yoshiaki Yoshida, non-executive director, and Chairperson of the Board. Details of the members of the Board of Directors are as described in "(2) Status of Directors" below.

The composition of the Board of Directors and the Nomination and Compensation Committee during the current consolidated fiscal year and the attendance of individual directors are as follows.

Classification		Name	The Board of Directors' meetings (13times held)	The Nomination and Compensation Committee (14times held)
Inside director	Executive directors	Douglas Lefever	100%（13times）	-
		Koichi Tsukui	92%（12times）	-
	Non-executive directors	Yoshiaki Yoshida	100%（13times）	100%（14times）
		Yuichi Kurita	100%（13times）	-
Outside directors		Toshimitsu Urabe	100%（13times）	100%（14times）
		Nicholas Benes	100%（13times）	-
		Naoto Nishida	100%（13times）	-
		Sayaka Sumida	100%（13times）	100%（14times）
		Tomoko Nakada	100%（13times）	-

(Note) In addition to the above number of Board of Directors meetings, there was one written resolution deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and Article 23 of the Company's Articles of Incorporation.

The Company has proposed the "Election of 6 directors (excluding directors who are Audit and Supervisory Committee members)" and the "Election of 2 directors who are Audit and Supervisory Committee members" as proposals (items to be resolved) for the Ordinary General Meeting of Shareholders to be held on June 27, 2025. When the proposals for the election of the Board of Directors are approved by the Ordinary General Meeting of Shareholders as proposed by the Company, there will be no change in the composition of the Board of Directors. If the proposal for the election of the Board of Directors is approved by the Ordinary General Meeting of Shareholders, Mr. Yoshiaki Yoshida will continue to serve as the Chairperson even after the extraordinary meeting of the Board of Directors to be held on June 27, 2025.

・Status of activities

Regular Board of Directors' meetings are held once a month and last about 3 to 5 hours so that members can discuss important matters. To ensure that the discussions of the Board of Directors are reflected in the operations of the executive side, issues and advice raised by outside directors are clarified, and the status of the executive side's response to these issues is reported at the following month's meeting of the Board of Directors. In addition, the board holds offsite meetings once a year to discuss medium- and long-term issues that cannot be discussed within the regular meetings. At the Board of Directors' meetings and offsite meetings, directors with wide knowledge and experience express their opinions from each point of view on various agendas, and active discussions take place. To maintain seamless communication despite the diversification of Directors, the Company has arranged for simultaneous interpretation at the Board of Directors' meetings and offsite meetings so that Board members can speak freely in both Japanese and English. Materials and minutes are also translated into English.

In FY2024, the main discussion and reporting items of the Board of Directors were as follows.

- To further develop the Advantest group, the mid- to long-term management policy, "Grand Design," was revised to a management policy based on a longer-term perspective, and the Third Mid-term Management Plan (FY2024-FY2026) formulated in accordance with the revised Grand Design was resolved.
- Based on the Third Mid-term Management Plan, the Nomination and Compensation Committee proposed revisions to the executive compensation system to provide sound incentives that contribute to enhancing the corporate value of the Group and to enhancing global competitiveness. These revisions were discussed at a meeting of the Board of Directors.
- Recognizing that building partnerships with key companies in the semiconductor supply chain is essential to delivering high-performance total test solutions that meet future customer needs, the executive side proposed several strategic partnerships, which were discussed by the Board of Directors.
- Due to the expected increase in cash flow resulting from strong business performance, the Company has resolved to implement a share repurchase program for the purpose of improving shareholder returns and capital efficiency.
- Monthly reports were presented to the Board of Directors on the current status of sales, profits, cash flow, inventory balances, and other matters.
- The status of communication with investors and the shareholding status of shareholders were reported to the Board of Directors as part of IR reporting.
- In addition to review results of the ESG Action Plan 2021-2023, reports were made on the Sustainability Action Plan 2024-2026 linked to the Third Mid-term Management Plan.
- Reports were made on the results of the employee engagement survey conducted company-wide in fiscal 2024 and future initiatives to improve engagement.
- Compliance reports were made four times a year, and internal audit reports were made twice a year, informing the Board of Directors about compliance incidents including reports made through a helpline, and about the internal audit system and items pointed out by internal audits.

<The Nomination and Compensation Committee>

The Company has established the Nomination and Compensation Committee as a voluntary organization to assist the Board of Directors in the appointment/ dismissal of Directors and Executive Officers and in determining their compensation with the aim of improving the fairness, validity and transparency of the appointment/selection and dismissal/removal of Directors and Executive Officers and their compensation. The Nomination and Compensation Committee is responsible for the functions of both "the Nomination Committee" and "the Compensation Committee".

Regarding dismissal/removal of directors and executive officers, the Nomination and Compensation Committee shall comply with the policy and procedures for appointment, selection, and dismissal of directors and executive officers established by the Board of Directors ("the policy and procedure"), and shall recommend persons as candidates to the Board of Directors who will contribute to a sustainable level of business development and enhancement of corporate value over the mid-to-long term. In addition, regarding independent outside directors, in addition to the aforementioned policy and procedure, the "Independence Criteria for Outside Directors" established by the Board of Directors shall also apply. Candidates recommended to the Board of Directors have wide knowledge and experience and be expected to contribute positively to the Board of Directors. The Board of Directors deliberates on these reports, determines candidates for Directors, and selects Executive Officers.

When a report on the results of deliberations by the Nomination and Compensation Committee falls under the dismissal criteria for Directors and/or Executive Officers or if there is a proposal for dismissal from another Director, the Board of Directors will deliberate.

・Structure

The Nomination and Compensation Committee is composed of members selected from among the directors by resolution of the Board of Directors. In order to incorporate an independent perspective, the majority of committee members are outside directors. The Chairperson also serves as an outside director.

The current committee members are Mr. Toshimitsu Urabe, Ms. Sayaka Sumida and Mr. Yoshiaki Yoshida. Mr. Toshimitsu Urabe is the Chairperson. The above three Directors are scheduled to be elected as members of the Nomination and Compensation Committee and Mr. Urabe is scheduled to be elected as Chairperson at the Board of Directors' meeting scheduled to be held after the Ordinary General Meeting of Shareholders to be held on June 27, 2025.

・Status of activities

In FY2024, the Nomination and Compensation Committee met 14 times, and Mr. Toshimitsu Urabe, Ms. Sayaka Sumida and Mr. Yoshiaki Yoshida attended 14 times. All the members were present at every Nomination and Compensation Committee meeting. In FY2024, the main activities of the Nomination and Compensation Committee were as follows. In the next fiscal year and beyond, the Committee will continue to discuss and examine the following issues.

- Candidates for Directors and Executive Officers and the Management Structure

  Under the structure of directors and managing executive officers after June 2024, the Nomination and Compensation Committee considered appropriate candidates and proposed them to the Board of Directors. The management structure on the strengthening of the CxO was discussed and proposed to the Board of Directors. The Nomination and Compensation Committee also discussed and proposed to the Board of Directors the timing of the change of the Executive Officers structure to April, the start of the fiscal year, and the structure for executive officers after April 2025.

  Regarding the organizational structure for directors after June 2025, the Nomination and Compensation Committee considered appropriate candidates and an optimal management structure and proposed its conclusions to the Board of Directors.

- Experience, knowledge, and abilities required of directors and managing executive officers (skill matrix)

  The skill matrix is a tool used to review the executive structure and board of directors' structure when considering the flow from analysis and forecasting of the business environment to our management strategy and business strategy, the executive structure that implements them, and the board of directors' structure that supervises and guides management execution. Based on this understanding, we have confirmed the elements of knowledge and experience required of the directors and executive officers appointed.

- Operation of Base Compensation, Performance-based Bonuses and Stock Compensation

  Evaluating the performance of each director/officer against pre-defined roles and expected results, individual evaluations of executive bonuses for FY2023 were discussed, finalized and reported to the Board of Directors.

  The Committee discussed and proposed to the Board of Directors the base compensation, performance indicators for performance-linked bonuses and stock compensation for FY2024.

  In light of the changes in the management structure and the Third Mid-term Management Plan, etc., the Nomination and Compensation Committee discussed a partial revision of the executive compensation system for FY2025 and proposed it to the Board of Directors.

<The Audit and Supervisory Committee>

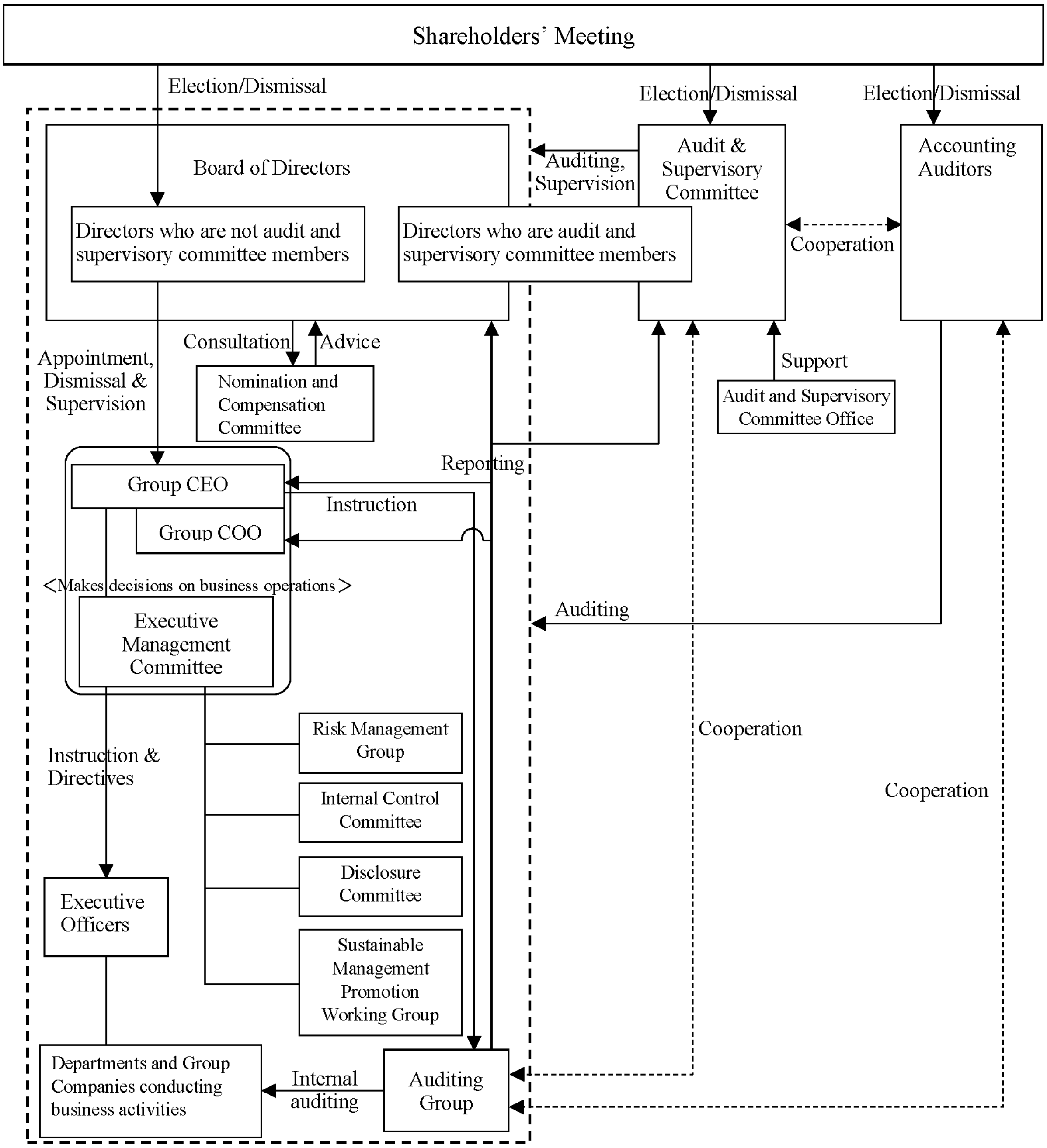
The activities of the Audit and Supervisory Committee are as described in "(3) Status of Audits 1) Status of Auditing by the Audit Supervisory Committee".

<The Executive Management Committee>

The Company delegates necessary authorities to ensure the prompt and efficient performance of duties and the Executive Management Committee is positioned as a decision-making body for important business execution matters of the Company. Of the operations to which authority has been delegated, important matters above a certain level are, in principle, deliberated at the Executive Management Committee. The Executive Management Committee is held approximately twice a month.

The Executive Management Committee is composed of the Senior Executive Officers. From among the executive officers, those suitable to lead Group management are appointed as Executive Management Committee Meeting members. Details of the members of the Executive Management Committee are as described in “(2) Status of Directors” below. Mr. Douglas Lefever will continue to serve as Chairperson after the extraordinary meeting of the Board of Directors to be held on June 27, 2025.

The chart below shows the corporate governance system for management decision-making, business execution and audits.



3) Reasons for adoption of current Corporate Governance systems

Advantest transitioned to an Audit and Supervisory Committee established company on June 24, 2015. Under a structure of a company with an Audit and Supervisory Committee, the audit and supervisory functions of the Board of Directors can be further strengthened, because Directors who are members of the Committee have voting rights at the Board of Directors. At the same time, decisions can be more flexibly delegated to executives, thereby enabling speedier management. Advantest believes that this will enable us to achieve a sustainable level of business development and mid-to-long term enhancement of corporate value, and therefore Advantest has adopted the structure of a company with an Audit and Supervisory Committee and an executive officer system.

In addition, a certain number of outsiders are required among the members of the Board of Directors in order to provide advice and management monitoring and supervision that will lead to the sustainable level of business development of the Advantest Group and mid-to-long term enhancement of corporate value. Therefore, Advantest has appointed five outside directors. The Company has proposed the "Election of 6 directors (excluding the Audit and Supervisory Committee members)" and "Election of 2 directors who are Audit and Supervisory Committee members" as items to be resolved for the Ordinary General Meeting of Shareholders to be held on June 27, 2025. When these proposals for the election of the Board of Directors are approved by the Ordinary General Meeting of Shareholders, the majority of directors will continue to be outside directors.

4) Other Matters Concerning Corporate Governance

<Status of development of Internal Control systems>

- To promote management efficiency, the Board of Directors performs management decision-making and supervision in accordance with Regulations of the Board of Directors and Executive Officers and employees execute business in accordance with the Global Organization and Authorization Rules.
- The Executive Management Committee is positioned as a decision-making body for important business matters of Advantest. Among Executive Officers, those who are deemed capable of leading the group management are nominated as Senior Executive Officers who serve as members of the Executive Management Committee. The Executive Management Committee has largely delegated authority to unit leaders to realize speedy management.
- As Advantest starts the Third Mid-term Management Plan from FY2024, the Company has appointed Mr. Douglas Lefever as Group CEO and Mr. Koichi Tsukui as Group COO and President of the Company as of April 1, 2024, in order to realize even greater progress for the rapidly changing, fast-growing semiconductor industry.
- Advantest is promoting initiatives with the aim of materializing INTEGRITY in its daily operations and making INTEGRITY a true corporate culture. Specifically, Advantest launched the “INTEGRITY award” to recognize and express appreciation for employees who have demonstrated INTEGRITY by recommendation from peer employees from FY2022. In order to ensure that INTEGRITY is integrated into the corporate culture, Advantest has established a system in which "INTEGRITY Ambassadors" are appointed from each unit worldwide and supported by a "Culture Council" headed by the Group CEO, instead of the conventional short-term project in FY2022. Advantest aims to spread INTEGRITY by promoting specific activities throughout Advantest and at each unit.
- Advantest has established internal and external helplines. Advantest has also transitioned the external helpline to a more highly confidential system since March 2023. Advantest ensures that all officers and employees around the world are aware of the role of the helpline, and has established an appropriate reporting system. In FY2023, Advantest launched the GCEP (Group-wide Compliance Education Program) to deliver basic education to all Advantest employees with the aim of raising compliance awareness and acquainting them with the minimum rules. Eleven e-learning courses, including "The Advantest Way," "Information Security," "Export Control," and “Anti-bribery” were available in 16 languages (with some exceptions) in FY2024.

<Status of development of Risk management systems>

- In addition to discussing a broad range of risks to the global economy and the overall business environment at Board of Directors and Executive Management Committee, the Internal Control Committee chaired by the Group COO and attended by outside directors as observers, identifies and analyzes important risks throughout Advantest and clarifies departments responsible for each risk and the policies and procedures for dealing with each risk. Moreover, the Company shall report to the Board of Directors on the design and operation status of the internal control system and on the cases where significant defects and significant deficiencies are found in the internal control evaluation process.
- Advantest has established the Risk Management Group headed by the Group COO to respond to emergency disasters. Starting in FY2022, Advantest began a comprehensive review of its Business Continuity Management (BCM) documentation at major domestic and overseas sites, which was completed in June 2024. The new BCM documentation is in an ISO-compliant format. In addition, in FY2024, BCM drills were conducted at major domestic business sites in accordance with the BCM documentation.
- 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. In addition, in order to implement Advantest’s Information Security Basic Policy, a Global Information Security Committee was established in a form that includes members from overseas subsidiaries. The Committee meets once a quarter to share security incidents and takes measures to prevent recurrence, protects personal information and prevents leakage of confidential information, and maintains and improves the security of IT systems.
- In this current fiscal year, Advantest conducted a simulation drill for dealing with cyberattacks and alerted all employees whenever phishing emails were received.
- In 2021, the Company began to obtain ISO 27001 certification for its information security management system, and the Company obtained it in Japan in August 2021. Subsidiary in Germany, the U.S., and Singapore were certified by the end of FY2024.

<Status of Framework to ensure proper operations of the Company’s subsidiaries>

- The Company establishes important business processes for Advantest as a whole, and by providing guidance on risk analysis and appropriate responses to such risks, the Company’s subsidiaries establish and operate same internal control system. The Internal Control Committee monitors the status of internal controls of each company based on the CSA (Control Self-Evaluation) of each unit conducted by the internal audit division. It also monitors the status through audits by the internal audit division and gives instructions so that each group company can operate in accordance with the policy for building internal control systems. The Internal Control Committee reports to the Board of Directors if important matters concerning internal control of each group company are discovered.

・ The internal audit division reports the audit results to the Group CEO, the Group COO and the Audit and Supervisory Committee, and also to the Board of Directors.
・ The status of internal audit is as described in "(3) Status of Audits 1) Status of Auditing by Internal Auditors".

5) Summary of limited liability agreements and indemnification agreements

・Overview of limited liability agreements

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into contracts with its directors (excluding its Executive Directors) to limit their liabilities for failure to perform their duties. The upper limit of liability for damages based on this agreement is the minimum liability as stipulated by laws and regulations.

・Overview of the contents of indemnification agreements

The Company has concluded indemnification agreements with all directors pursuant to Article 430-2, Paragraph 1 of the Companies Act. Under the said agreements, the Company shall indemnify them against expenses listed in Item 1 of the said Paragraph and losses listed in Item 2 of the said Paragraph to the extent permitted by laws and regulations. However, certain conditions of exemption are established to ensure that the appropriateness of the execution of duties by the insured persons is not impaired by the said agreements, and the amount of expenses and losses of no less than JPY 3 million requires deliberation by the Board of Directors.

・Overview of the contents of the directors and officers liability insurance contracts

The Company has concluded a directors and officers liability insurance contract with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act, covering all employees of the Company, including directors, Executive Officers, and employees in managerial and supervisory positions, as well as all employees of the Company's subsidiaries, including executives and employees in managerial and supervisory positions.

The Company to which the insured belongs bears the full amount of the insurance premium including the rider part, so there is no substantial insurance premium burden for the insured party.

The insurance policy covers legal damages and litigation expenses that may arise when the insured party assumes liability for the execution of his or her duties or is subject to a claim for the pursuit of said liability.

However, under such insurance contracts, measures are taken to ensure that the appropriateness of the execution of duties by the insured person is not impaired by establishing certain conditions of exemption. For instance, damage to the insured person caused by an act committed by the insured person in recognition of a violation of laws and regulations is not covered.

6) Advantest's Articles of Incorporation

・Number of Directors

The number of Directors of the Company shall be no more than fifteen. Among the Directors set forth in the preceding paragraph, the number of Directors who are Audit and Supervisory Committee members shall be no more than five.

・Requirements for resolution of Directors Nomination/Dismissal

Directors shall be elected, distinguishing Directors who shall become Audit and Supervisory Committee members from those who shall not, at the General Meeting of Shareholders. A resolution to elect a Director shall be made at a meeting at which the shareholders holding one-third or more of the voting rights of all shareholders who are entitled to exercise their voting rights, and shall be adopted by a majority of votes thereof. Pursuant to Article 341 of the Companies Act, a resolution to dismiss a director shall be adopted by a majority of the voting rights of the shareholders present at the meeting where the shareholders holding a majority of the voting rights of the shareholders entitled to exercise their voting rights are present.

Cumulative voting shall not be used for election of Directors in the Article of Incorporation.

・Resolutions of the General Meeting of Shareholders that can be resolved by the Board of Directors

In order to make management decisions more flexibly, the Company's Articles of Incorporation provide that matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, may be determined by resolution of the Board of Directors, unless otherwise provided for in laws and regulations.

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation provide that the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) from liability for damages arising from negligence in the performance of their duties to the extent permitted by laws and regulations, so that Directors can fully exercise their expected roles in the performance of their duties. The Company has stipulated in the supplementary provisions of the Articles of Incorporation that the provisions of the Articles of Incorporation prior to the change to the Company with Audit and Supervisory Committee shall remain in force with respect to agreements concerning partial exemption from liability based on the actions of the Audit and Supervisory Board Members by resolution of the Board of Directors prior to the change to the Articles of Incorporation and the limitation of such liability.

・Special resolutions of general meetings of shareholders

The Company's Articles of Incorporation prescribe that special resolutions of general meetings of shareholders set forth in Article 309, Paragraph 2 of the Companies Act shall be made at a meeting at which the shareholders holding one-third or more of the voting rights of all shareholders who are entitled to exercise their voting rights, and shall be adopted by two-thirds of votes thereof.

(2) Directors

1) List of Directors

a. The Directors of the Company as of June 25, 2025 (As of the filing date of this Annual Securities Report) are shown as below.

Seven men and two women (Percentage of women: 22%)

Title	Name	Date of Birth	Brief biography		Term of office	Share ownership (unit:100 shares)
Representative Director, Senior Executive Officer, Group CEO	Douglas Lefever	December 10, 1970	June 1998 August 2014 September 2014 June 2017 June 2020 June 2021 January 2023 June 2023 April 2024 April 2025	Joined Advantest America, Inc. Executive Officer, Advantest Corporation Director, President and CEO, Advantest America, Inc. Managing Executive Officer, Advantest Corporation Director, Managing Executive Officer Director, Senior Executive Officer CSO (Chief Strategy Officer) Representative Director, Corporate Vice President & Group COO (Group Chief Operating Officer) Representative Director, Corporate Vice President Group COO (Corporate Strategy, Business Promotion, Technology in charge) (Group Chief Operating Officer) Chairman, Advantest America, Inc. Representative Director, Senior Executive Officer (present position) Group CEO (Corporate Strategy, Business Promotion, Technology in charge) Group CEO (Corporate Strategy & Finance, Business Promotion, Technology in charge) (present position)	(Notes) 2	146
Representative Director, Senior Executive Officer and President, Group COO	Koichi Tsukui	December 11, 1964	April 1987 June 2014 June 2015 June 2020 June 2021 January 2023 June 2023 April 2024 June 2024 April 2025	Joined Advantest Corporation Executive Officer Managing Executive Officer Director, Managing Executive Officer Director, Senior Executive Officer CTO (Chief Technology Officer) Representative Director, Corporate Vice President & Group Co-COO (Group Co-Chief Operating Officer) Representative Director, Corporate Vice President Group Co-COO (Production, Business Process Innovation in charge) (Group Co-Chief Operating Officer) Representative Director, Senior Executive Officer and President (present position) Group COO (Administration, Production, Business Process Innovation in charge) (Group Chief Operating Officer) Group COO (Administration, Supply Chain, Business Process Innovation in charge) (Group Chief Operating Officer) Group COO (Human Capital & General Affairs & Legal, Supply Chain, Business Process Innovation in charge) (Group Chief Operating Officer) (present position)	(Notes) 2	744

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (unit:100 shares)
Director, Chairperson of the Board	Yoshiaki Yoshida	February 8, 1958	April 1999 Joined Advantest Corporation June 2006 Executive Officer June 2009 Managing Executive Officer June 2013 Director, Managing Executive Officer June 2016 Director, Senior Executive Officer January 2017 Representative Director, President and CEO January 2023 Representative Director, President & Group CEO June 2023 Representative Director, President Group CEO (Administration, New Area Business Development Initiative in charge) April 2024 Director, Chairperson of the Board (present position)	(Notes) 2	2,982
Director	Toshimitsu Urabe	October 2, 1954	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 (currently Mitsubishi HC Capital Inc.) June 2019 Director of Advantest Corporation (present position) April 2021 Outside Director of Japan Business Systems, Inc. (present position)	(Notes) 2	51
Director	Nicholas Benes	April 16, 1956	September 1983 Joined Morgan Guaranty Trust Company of New York (currently JPMorgan Chase & Co.) November 1983 Joined California State Bar Association October 1984 Joined New York State Bar Association May 1994 Senior Managing Director, Kamakura Corporation April 1997 President and Founder, JTP Corporation March 2000 Outside Director, Alps Mapping Co., Ltd. December 2006 Outside Director, Livedoor Holdings Co., Ltd. March 2007 Outside Director, Cecile Co., Ltd. November 2009 Representative Director, The Board Director Training Institute of Japan (present position) June 2016 Outside Director, Imagica Robot Holdings Inc. (currently IMAGICA GROUP Inc.) June 2019 Director of Advantest Corporation (present position)	(Notes) 2	30

Title	Name	Date of Birth	Brief biography		Term of office	Share ownership (unit:100 shares)
Director	Naoto Nishida	February 11, 1954	April 1978 June 2007 April 2009 April 2011 June 2012 June 2013 June 2014 September 2015 April 2016 November 2017 June 2023	Joined Toshiba Corporation Director, Production Engineering Center, Toshiba General Manager, Productivity Planning Division, Toshiba Corporation General Manager, Technology Planning Division, Toshiba Corporation Executive Officer, Corporate Vice President (General Manager, Technology Planning Division), Toshiba Corporation Executive Officer, Corporate Senior Vice President (In charge of Procurement & Logistics Group, In charge of Production Control Group), Toshiba Corporation Board of Director, Executive Officer, Corporate Executive Vice President (In charge of Technology & Innovation Dept., New Business Dept., Research & Development Center, Software Technology Center), Toshiba Corporation Executive Officer, Corporate Executive Vice President (In charge of Research & Development Management Dept.), Toshiba Corporation Executive Officer, Corporate Executive Vice President (In charge of Technology Management Dept.), Toshiba Corporation Special Commission, Toshiba Corporation (present position) Director of Advantest Corporation (present position)	(Notes) 2	13
Director, Standing Audit and Supervisory Committee Member	Yuichi Kurita	July 28, 1949	April 1973 March 2001 June 2003 June 2007 June 2009 June 2010 June 2012 June 2015	Joined Fujitsu Limited Joined Advantest Corporation Executive Officer Director, Managing Executive Officer Corporate Planning and Administration Director, Senior Executive Officer Standing Corporate Auditor Director, Standing Audit and Supervisory Committee Member (present position)	(Notes) 2	214

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (unit:100 shares)
Director, Audit and Supervisory Committee Member	Sayaka Sumida	January 28, 1961	October 1984 Joined Asahi Accounting Company (currently KPMG AZSA LLC) May 1988 Registered as a Certified Public Accountant May 2006 Partner, KPMG Azsa & CO., (currently KPMG AZSA LLC) August 2007 Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants July 2010 Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants January 2015 Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC) February 2017 Member, Business Accounting Council in the Financial Services Agency June 2020 Outside Audit and Supervisory Board Member, Furukawa Electric Co., Ltd. (present position) Outside Audit and Supervisory Board Member, Nisshin OilliO Group, Ltd. Director, Audit and Supervisory Committee Member (present position) June 2024 Outside Director, Audit Committee Member, Japan Exchange Group, Inc. (present position)	(Notes) 3	44
Director, Audit and Supervisory Committee Member	Tomoko Nakada	January 20, 1972	April 1995 Entered Legal Training and Research Institute April 1997 Assistant Judge, Tokyo District Court June 2000 Attorney-at-law Registration in Japan Takahashi Norikatsu Law Office (currently, Hokusei Law Office, P.C.) September 2001 Visiting Research Fellow, Harvard Law School August 2002 Attorney-at-law Registration in New York State March 2015 International Fellow, The American College of Trust and Estate Counsel (ACTEC) (present position) April 2017 Academician, The International Academy of Estate and Trust Law (TIAETL) (present position) December 2020 Founder and Representative, Tokyo Heritage Law Firm (present position) June 2021 Outside Director, Audit and Supervisory Committee Member, TS Tech Co., Ltd. (present position) June 2023 Director, Audit and Supervisory Committee Member (present position)	(Notes) 2	13
Total					4,237

(Notes) 1. Mr. Toshimitsu Urabe, Mr. Nicholas Benes, Mr. Naoto Nishida, Ms. Sayaka Sumida and Ms. Tomoko Nakada are outside directors.

2. Term of office will expire upon the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2025.
3. Term of office will expire upon the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2026.
4. Share ownership is the number of the Company's shares held as of March 31, 2025, rounded down to the nearest hundred shares. For residents in Japan, the number includes their interest in the Company's Executives' Shareholding Association, and for non-residents in Japan, the number includes their interest in the omnibus account established by Global Shares Execution Services Limited, the share-based compensation plan administrator.
5. The Company has in place an Executive Officers System to clarify and separate the functions of Board members (decision-making and supervision) from the functions of Executive Officers (business execution) with the aim of making Board activities more effective. The position of Executive Officer is currently held by 30 persons (including those who serve as Director), as follows:

Title	Name	Assignment in the Company and significant concurrent positions
Representative Director, Senior Executive Officer, Group CEO	Douglas Lefever	
Representative Director, Senior Executive Officer and President, Group COO	Koichi Tsukui	
Senior Executive Officer	Keith Hardwick	CHO & CCO (Chief Human Capital Officer & Chief Compliance Officer)
Senior Executive Officer	Yasuo Mihashi	CSO (Chief Strategy Officer)
Senior Executive Officer	Juergen Serrer	CTO & Test System Business Group Leader (Chief Technology Officer)
Senior Executive Officer	Makoto Nakahara	CCRO (Chief Customer Relations Officer)
Senior Executive Officer	Sanjeev Mohan	Co-CCRO (Co-Chief Customer Relations Officer)
Senior Executive Officer	Richard Junger	CSCO, CDO & CIO (Chief Supply Chain Officer, Chief Digital Officer & Chief Information Technology Officer)
Senior Executive Officer	Yong Xu	China Business Strategy
Senior Executive Officer	Toshiaki Adachi	Sub-leader, Test System Business Group
Senior Executive Officer	Hisako Takada	CFO (Chief Financial Officer)
Executive Officer	Suan Seng Sim (Ricky Sim)	Managing Director (CEO), Advantest (Singapore) Pte. Ltd.
Executive Officer	Masayuki Suzuki	Executive Vice President, Memory Test Business Unit, Test System Business Group
Executive Officer	Naruo Tanaka	Executive Vice President, New Area Business Development Initiative, Technology & Research Group
Executive Officer	Wan-Kun Wu (Alex Wu)	Chairman of the Board and President (CEO), Advantest Taiwan Inc.
Executive Officer	Chien-Hua Chang (Titan Chang)	Advisor, Field Service Group
Executive Officer	Akio Osawa	Senior Vice President (Officer) (System Solution), Sales Group
Executive Officer	Yasushi Yoshimoto	Co-CHO & Co-CCO (Co-Chief Human Capital Officer & Co-Chief Compliance Officer)
Executive Officer	Jaehyuk Cha	Representative Director and President, Advantest Korea Co., Ltd.
Executive Officer	Daisuke Watanabe	Executive Vice President, Technology Development Group, Technology & Research Group
Executive Officer	Ralf Stoffels	Division Manager, 93000 Product Unit, SoC Test Business Unit, Test System Business Group
Executive Officer	Katsuhiko Tsunetsugu	Senior Vice President (Officer), Corporate Strategy Group

Title	Name	Assignment in the Company and significant concurrent positions
Executive Officer	Andre Vachenauer	Executive Vice President, Corporate IT Group
Executive Officer	Kazuyuki Yamashita	Senior Vice President, DH Business Group, Test System Business Group
Executive Officer	Steven Hsieh	Senior Vice President (Officer) (Asia), Sales Group
Executive Officer	Jintie Li	Director, Advantest (China) Co., Ltd.
Executive Officer	Masaki Arai	Executive Vice President, Global Production Unit, Corporate Supply Chain (CSC) Group
Executive Officer	Kesa Yorozu	General Counsel
Executive Officer	Fabio Morgana	Research & Venture, Technology & Research Group
Executive Officer	Jonathan Sinskie	Leader, ATS Business Unit, Test System Business Group

b. The Directors of the Company will be as shown below, when the proposed items of "Election of 6 Directors (excluding Directors who are Audit and Supervisory Committee members)" and "Election of 2 Directors who are Audit and Supervisory Committee members" will be resolved at the Ordinary General Meeting of Shareholders to be held on June 27, 2025. The titles and positions are those scheduled as of July 1, 2025.

Seven men and two women (Percentage of women: 22%)

Title	Name	Date of Birth	Brief biography		Term of office	Share ownership (unit:100 shares)
Representative Director, Senior Executive Officer, Group CEO	Douglas Lefever	December 10, 1970	June 1998 August 2014 September 2014 June 2017 June 2020 June 2021 January 2023 June 2023 April 2024 April 2025 July 2025	Joined Advantest America, Inc. Executive Officer, Advantest Corporation Director, President and CEO, Advantest America, Inc. Managing Executive Officer, Advantest Corporation Director, Managing Executive Officer Director, Senior Executive Officer CSO (Chief Strategy Officer) Representative Director, Corporate Vice President & Group COO (Group Chief Operating Officer) Representative Director, Corporate Vice President Group COO (Corporate Strategy, Business Promotion, Technology in charge) (Group Chief Operating Officer) Chairman, Advantest America, Inc. Representative Director, Senior Executive Officer (present position) Group CEO (Corporate Strategy, Business Promotion, Technology in charge) Group CEO (Corporate Strategy & Finance, Business Promotion, Technology in charge) Group CEO (present position)	(Notes) 2	146
Representative Director, Senior Executive Officer and President, Group COO	Koichi Tsukui	December 11, 1964	April 1987 June 2014 June 2015 June 2020 June 2021 January 2023 June 2023 April 2024 June 2024 April 2025 July 2025	Joined Advantest Corporation Executive Officer Managing Executive Officer Director, Managing Executive Officer Director, Senior Executive Officer CTO (Chief Technology Officer) Representative Director, Corporate Vice President & Group Co-COO (Group Co-Chief Operating Officer) Representative Director, Corporate Vice President Group Co-COO (Production, Business Process Innovation in charge) (Group Co-Chief Operating Officer) Representative Director, Senior Executive Officer and President (present position) Group COO (Administration, Production, Business Process Innovation in charge) (Group Chief Operating Officer) Group COO (Administration, Supply Chain, Business Process Innovation in charge) (Group Chief Operating Officer) Group COO (Human Capital & General Affairs & Legal, Supply Chain, Business Process Innovation in charge) (Group Chief Operating Officer) Group COO (Group Chief Operating Officer) (present position)	(Notes) 2	744

Title	Name	Date of Birth	Brief biography	Term of office	Share ownership (unit:100 shares)
Director, Chairperson of the Board	Yoshiaki Yoshida	February 8, 1958	as stated in a.	(Notes) 2	2,982
Director	Toshimitsu Urabe	October 2, 1954	as stated in a.	(Notes) 2	51
Director	Nicholas Benes	April 16, 1956	as stated in a.	(Notes) 2	30
Director	Naoto Nishida	February 11, 1954	as stated in a.	(Notes) 2	13
Director, Standing Audit and Supervisory Committee Member	Yuichi Kurita	July 28, 1949	as stated in a.	(Notes) 3	214
Director, Audit and Supervisory Committee Member	Sayaka Sumida	January 28, 1961	as stated in a.	(Notes) 2	44
Director, Audit and Supervisory Committee Member	Tomoko Nakada	January 20, 1972	as stated in a.	(Notes) 3	13
Total					4,237

(Notes) 1. Mr. Toshimitsu Urabe, Mr. Nicholas Benes, Mr. Naoto Nishida, Ms. Sayaka Sumida and Ms. Tomoko Nakada are outside directors.

2. Term of office will expire upon the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2026.
3. Term of office will expire upon the closing of the Ordinary General Meeting of Shareholders concerning the fiscal year ending March 31, 2027.
4. Share ownership is the number of the Company's shares held as of March 31, 2025, rounded down to the nearest hundred shares. For residents in Japan, the number includes their interest in the Company's Executives' Shareholding Association, and for non-residents in Japan, the number includes their interest in the omnibus account established by Global Shares Execution Services Limited, the share-based compensation plan administrator.
5. The Company has in place an Executive Officers System to clarify and separate the functions of Board members (decision-making and supervision) from the functions of Executive Officers (business execution) with the aim of making Board activities more effective. The position of Executive Officer is currently held by 28 persons (including those who serve as Director), as follows:

Title	Name	Assignment in the Company and significant concurrent positions
Representative Director, Senior Executive Officer, Group CEO	Douglas Lefever	
Representative Director, Senior Executive Officer and President, Group COO	Koichi Tsukui	
Senior Executive Officer	Keith Hardwick	CHO & CCO (Chief Human Capital Officer & Chief Compliance Officer)
Senior Executive Officer	Yasuo Mihashi	CSO (Chief Sustainability Officer)
Senior Executive Officer	Juergen Serrer	CTO & Test System Business Group Leader (Chief Technology Officer)
Senior Executive Officer	Makoto Nakahara	Leader, CEO Office
Senior Executive Officer	Sanjeev Mohan	CCRO (Chief Customer Relations Officer)
Senior Executive Officer	Richard Junger	CSCO, CDO & CIO (Chief Supply Chain Officer, Chief Digital Officer & Chief Information Technology Officer)
Senior Executive Officer	Yong Xu	China Business Strategy
Senior Executive Officer	Toshiaki Adachi	Sub-leader, Test System Business Group
Senior Executive Officer	Hisako Takada	CFO (Chief Financial Officer)
Executive Officer	Suan Seng Sim (Ricky Sim)	Managing Director (CEO), Advantest (Singapore) Pte. Ltd.
Executive Officer	Masayuki Suzuki	Leader, Memory Test Business Unit, Test System Business Group
Executive Officer	Wan-Kun Wu (Alex Wu)	Chairman of the Board and President (CEO), Advantest Taiwan Inc.
Executive Officer	Akio Osawa	Leader, System Solution Unit, Sales Unit
Executive Officer	Yasushi Yoshimoto	Co-CHO & Co-CCO (Co-Chief Human Capital Officer & Co-Chief Compliance Officer)
Executive Officer	Jaehyuk Cha	Representative Director and President, Advantest Korea Co., Ltd.
Executive Officer	Daisuke Watanabe	Leader, Technology Development Group, Technology & Research Unit
Executive Officer	Ralf Stoffels	Leader, 93000 Product Unit, SoC Test Business Unit, Test System Business Group
Executive Officer	Katsuhiko Tsunetsugu	Sub-leader, Corporate Finance Unit
Executive Officer	Andre Vachenauer	Leader, Corporate IT Unit
Executive Officer	Kazuyuki Yamashita	Leader, DH Business Unit, Test System Business Group

Title	Name	Assignment in the Company and significant concurrent positions
Executive Officer	Steven Hsieh	Asia SoC Sales & Support
Executive Officer	Jintie Li	Director, Advantest (China) Co., Ltd.
Executive Officer	Masaki Arai	Leader, Global Production Unit, Corporate Supply Chain (CSC) Group
Executive Officer	Kesa Yorozu	Global General Counsel
Executive Officer	Fabio Morgana	Research & Venture, Technology & Research Group
Executive Officer	Jonathan Sinskie	Leader, ATS Business Unit, Test System Business Group

2) Outside Directors

The Company is enhancing the supervisory and oversight functions of the Board of Directors by having a majority of its directors be outside directors, and is also enhancing its audit functions by including outside directors among the Audit and Supervisory Committee members.

The number of outside directors as of the filing date of this Annual Securities Report (June 25, 2025) is five (two of whom are Audit and Supervisory Committee Members). The following are their names and significant concurrent positions, as well as reasons for their appointment and their independence. Each outside director of the Company owns the Company's shares, and the number of such shares is as described in "1) List of Directors."

Name	Concurrent position (s)	The reasons for nomination and Independence
Toshimitsu Urabe	Outside Director, Japan Business Systems, Inc.	Mr. Toshimitsu Urabe has extensive management experience at a leading Japanese general trading company and non-bank financial institution, 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 and IT. He is expected to reflect his knowledge in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigorating the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Toshimitsu Urabe has no special transactions with the Company that would affect his independent judgment. In addition, in FY 2024, there were no special business relationships between the Company and Japan Business Systems, Inc. Therefore, the Company has determined that he is sufficiently independent in accordance with the Independence Criteria of Independent Outside Directors established by the Company. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.
Nicholas Benes	Representative Director, The Board Director Training Institute of Japan	Mr. Nicholas Benes has extensive knowledge and experience about corporate governance matters, and experience in investment banking including M&A transactions. He is expected to reflect his knowledge of corporate governance, finance matters and the shareholder-oriented perspective in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigorating the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Nicholas Benes has no special transactions with the Company that would affect his independent judgment. The Company has paid an annual fee to and received executive training from the certified non-profit public association Board Director Training Institute of Japan, where he serves as a Representative Director. The amount of payment to the Board Director Training Institute of Japan in FY2024 was less than JPY 1,000,000. Therefore, the Company has determined that the institute does not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, he is sufficiently independent. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.

Name	Concurrent position (s)	The reasons for nomination and Independence
Naoto Nishida	Special Commission, Toshiba Corporation	Mr. Naoto Nishida has wide knowledge and experience as a laser technology expert, in addition to his experience in the fields of technology, supply chain management (SCM), production, and research & development at a global company deeply involved in semiconductors. He is expected to reflect his insights into the Company's business, industry and technology and the perspectives on strategic innovation in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigoration of the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Naoto Nishida has no special transactions with the Company that would affect his independent judgment. The Company has transactions with Toshiba Corporation, where Mr. Naoto Nishida serves as Special Commission, and its affiliates, including the sales of the Company's products. The amount of such transactions with Toshiba Corporation and its affiliates in FY2024 was less than 1% of the total of the Company's consolidated cost of sales and selling, general and administrative expenses. Therefore, the Company has determined that Toshiba Corporation does not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, he is sufficiently independent. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.
Sayaka Sumida	Outside Audit & Supervisory Board Member, Furukawa Electric Co., Ltd. Outside Director (Audit Committee Member), Japan Exchange Group, Inc.	Although Ms. Sayaka Sumida has not been directly involved in the management of a company in the past, she has wide 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. She is expected to reflect her knowledge of finance and accounting in the Company group's audit and supervision, thereby contributing to the enhancement of corporate accounting and internal control. Thus, the Company believes that she is a suitable person as an outside director who is an audit and supervisory committee member. The Company has no special transactions with Ms. Sayaka Sumida. The Company has transactions with Furukawa Electric Co., Ltd., including the purchase of raw materials, etc. The amount of such transactions with Furukawa Electric Co., Ltd., in FY2024 was less than 1% of the total of the Company's consolidated cost of sales and selling, general and administrative expenses. Ms. Sayaka Sumida serves an Outside Director (an audit committee member) of Japan Exchange Group, Inc. The Company pays listing fees and other expenses to Tokyo Stock Exchange, Inc., a subsidiary of Japan Exchange Group, Inc. However, the amount of transactions between Japan Exchange Group, Inc. and the Company in FY2024 was less than 1% of the Company's consolidated cost of sales and selling, general, and administrative expenses. Therefore, the Company has determined that Furukawa Electric Co., Ltd., and Japan Exchange Group, Inc. do not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, she is sufficiently independent. Furthermore, as she also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered her as an Independent Director.
Tomoko Nakada	Outside Director, Audit and Supervisory Committee Member, TS Tech Co., Ltd.	Although Ms. Tomoko Nakada has not been directly involved in the management of a company in the past, she has broad experience and a high level of expertise in law as a judge and as a lawyer, engaging in the practice of corporate legal affairs and international inheritance cases in the United States. She is expected to reflect her knowledge of laws in the Company group's audit and supervision, thereby contributing to the enhancement of compliance. Thus, the Company believes that she is a suitable person as an outside director who is an audit and supervisory committee member. The Company has no special transactions with Ms. Tomoko Nakada, the law firm she is the representative of, or TS Tech Co., Ltd., where she serves as an Outside Director and Audit and Supervisory Committee member. However, Ms. Tomoko Nakada is a relative within the third degree of kinship of an attorney at the law firm of Nagashima Ohno & Tsunematsu. The Company has transactions with the law firm related to the provision of legal advice, but the amount paid to the firm by the Company in FY2024 was less than 1% of the total income of the law firm. Therefore, the Company has determined that she is sufficiently independent in accordance with the Independence Criteria of Independent Outside Directors established by the Company. Furthermore, as she also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered her as an Independent Director.

The Company has proposed the "Election of 6 directors" (excluding the Audit and Supervisory Committee members) and "Election of 2 directors who are Audit and Supervisory Committee members" as items to be resolved for the Ordinary General Meeting of Shareholders to be held on June 27, 2025. The names of each outside director and their significant concurrent positions, as well as reasons for their appointment and their independence are as follows if the proposals are approved by the Ordinary General Meeting of Shareholders.

Each outside director of the Company owns the Company's shares, and the number of such shares is as described in "1) List of Directors."

Name	Concurrent position (s)	The reasons for nomination and Independence
Toshimitsu Urabe	Outside Director, Japan Business Systems, Inc.	Mr. Toshimitsu Urabe has extensive management experience at a leading Japanese general trading company and non-bank financial institution, 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 and IT. He is expected to reflect his knowledge in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigorating the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Toshimitsu Urabe has no special transactions with the Company that would affect his independent judgment. In addition, in FY 2024, there were no special business relationships between the Company and Japan Business Systems, Inc. Therefore, the Company has determined that he is sufficiently independent in accordance with the Independence Criteria of Independent Outside Directors established by the Company. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.
Nicholas Benes	Representative Director, The Board Director Training Institute of Japan	Mr. Nicholas Benes has extensive knowledge and experience about corporate governance matters, and experience in investment banking including M&A transactions. He is expected to reflect his knowledge of corporate governance, finance matters and the shareholder-oriented perspective in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigorating the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Nicholas Benes has no special transactions with the Company that would affect his independent judgment. The Company has paid an annual fee to and received executive training from the certified non-profit public association Board Director Training Institute of Japan, where he serves as a Representative Director. The amount of payment to the Board Director Training Institute of Japan in FY2024 was less than JPY 1,000,000. Therefore, the Company has determined that the institute does not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, he is sufficiently independent. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.

Name	Concurrent position (s)	The reasons for nomination and Independence
Naoto Nishida	Special Commission, Toshiba Corporation	Mr. Naoto Nishida has wide knowledge and experience as a laser technology expert, in addition to his experience in the fields of technology, supply chain management (SCM), production, and research & development at a global company deeply involved in semiconductors. He is expected to reflect his insights into the Company's business, industry and technology and the perspectives on strategic innovation in the Company group's global management, thereby contributing to the sustainable enhancement of corporate value and invigoration of the activities of the Board of Directors. Thus, the Company believes that he is a suitable person as an outside director. Mr. Naoto Nishida has no special transactions with the Company that would affect his independent judgment. The Company has transactions with Toshiba Corporation, where Mr. Naoto Nishida serves as Special Commission, and its affiliates, including the sales of the Company's products. The amount of such transactions with Toshiba Corporation and its affiliates in FY2024 was less than 1% of the total of the Company's consolidated cost of sales and selling, general and administrative expenses. Therefore, the Company has determined that Toshiba Corporation does not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, he is sufficiently independent. Furthermore, as he also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered him as an Independent Director.
Sayaka Sumida	Outside Audit & Supervisory Board Member, Furukawa Electric Co., Ltd. Outside Director (Audit Committee Member), Japan Exchange Group, Inc.	Although Ms. Sayaka Sumida has not been directly involved in the management of a company in the past, she has wide 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. She is expected to reflect her knowledge of finance and accounting in the Company group's audit and supervision, thereby contributing to the enhancement of corporate accounting and internal control. Thus, the Company believes that she is a suitable person as an outside director who is an audit and supervisory committee member. The Company has no special transactions with Ms. Sayaka Sumida. The Company has transactions with Furukawa Electric Co., Ltd., including the purchase of raw materials, etc. The amount of such transactions with Furukawa Electric Co., Ltd., in FY2024 was less than 1% of the total of the Company's consolidated cost of sales and selling, general and administrative expenses. Ms. Sayaka Sumida serves an Outside Director (an audit committee member) of Japan Exchange Group, Inc. The Company pays listing fees and other expenses to Tokyo Stock Exchange, Inc., a subsidiary of Japan Exchange Group, Inc. However, the amount of transactions between Japan Exchange Group, Inc. and the Company in FY2024 was less than 1% of the Company's consolidated cost of sales and selling, general, and administrative expenses. Therefore, the Company has determined that Furukawa Electric Co., Ltd., and Japan Exchange Group, Inc. do not constitute a significant business partner as defined in the Independence Criteria of Independent Outside Directors established by the Company, and accordingly, she is sufficiently independent. Furthermore, as she also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered her as an Independent Director.
Tomoko Nakada	Outside Director, Audit and Supervisory Committee Member, TS Tech Co., Ltd.	Although Ms. Tomoko Nakada has not been directly involved in the management of a company in the past, she has broad experience and a high level of expertise in law as a judge and as a lawyer, engaging in the practice of corporate legal affairs and international inheritance cases in the United States. She is expected to reflect her knowledge of laws in the Company group's audit and supervision, thereby contributing to the enhancement of compliance. Thus, the Company believes that she is a suitable person as an outside director who is an audit and supervisory committee member. The Company has no special transactions with Ms. Tomoko Nakada, the law firm she is the representative of, or TS Tech Co., Ltd., where she serves as an Outside Director and Audit and Supervisory Committee member. However, Ms. Tomoko Nakada is a relative within the third degree of kinship of an attorney at the law firm of Nagashima Ohno & Tsunematsu. The Company has transactions with the law firm related to the provision of legal advice, but the amount paid to the firm by the Company in FY2024 was less than 1% of the total income of the law firm. Therefore, the Company has determined that she is sufficiently independent in accordance with the Independence Criteria of Independent Outside Directors established by the Company. Furthermore, as she also satisfies the requirements for independent directors set forth by Tokyo Stock Exchange, Inc., the Company has registered her as an Independent Director.

Independence Criteria of Independent Outside Directors

Outside Directors of 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 other than executive compensation (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 the Company
   (3) Relative of person who was an Executive or Board Director of the Company or subsidiary of the 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.

3) Interoperation between Supervising or Auditing by Outside Directors and Internal Audit, Audit and Supervisory Committee Members, Financial Audits and Relationship with Internal Control Department

The status of design and operation of internal control systems and significant results and significant material deficiencies detected in the course of assessment evaluation of internal controls shall be reported to the Board of Directors. Outside directors can attend the Internal Control Committee as observers.

The Audit and Supervisory Committee, the Auditing Group and the Independent Accounting Auditors collaborate with one another so as to carry out regular discussions or timely meetings. Outside directors who are the Audit and Supervisory Committee members express their opinions as necessary.

(3) Status of Auditing

1) Status of Auditing by the Audit and Supervisory Committee

a. Organization of the Audit and Supervisory Committee

As of the filing date of this Annual Securities Report, the Audit and Supervisory Committee is comprised of one inside director and two outside directors. The Audit and Supervisory Committee appoints the inside director a standing Audit and Supervisory Committee member. The Company has proposed "Election of two Directors who are member of the Audit and Supervisory Committee" as an agenda item (resolution item) for the Ordinary General Meeting of Shareholders to be held on June 27, 2025. If the proposal is approved, the Audit and Supervisory Committee will continue to consist of one inside director and two outside directors.

Mr. Yuichi Kurita, an inside director and a member of the Audit and Supervisory Committee, has experience as an officer in Advantest's corporate planning, finance and administration. Ms. Sayaka Sumida, an outside director and a member of the Audit and Supervisory Committee, has long work experience in an accounting firm as a certified public accountant. Both have sufficient knowledge of finance and accounting. Also, Ms. Tomoko Nakada, an outside director and a member of the Audit and Supervisory Committee, has experience as a lawyer and abundant knowledge of legal affairs and compliance.

The Company has the Audit and Supervisory Committee Office dedicated to supporting the duties of the Audit and Supervisory Committee and its members. The office is comprised of two employees who are independent of business execution.

b. Activities of the Audit and Supervisory Committee

(Activities by the Audit and Supervisory Committee)

During FY2024, the Audit and Supervisory Committee held 14 meetings, and the attendance rate of each member was as follows.

Job title	Name	Attendance
The Audit and Supervisory Committee member, Chairperson of the Audit and Supervisory Committee (Independent outside director)	Sayaka Sumida	100% (14 times)
The Audit and Supervisory Committee member (Independent outside director)	Tomoko Nakada	100% (14 times)
The standing Audit and Supervisory Committee member (Inside director)	Yuichi Kurita	100% (14 times)

The Audit and Supervisory Committee audited the execution of duties by directors, executive officers, and other business execution organizations in accordance with the audit policy, audit plan, priority audit items, and the assignment of duties established by the Audit and Supervisory Committee. The average duration of each of the Audit and Supervisory Committee meeting was approximately two hour and 20 minutes.

The main activities of the Audit and Supervisory Committee during FY2024 were as follows.

Activities		Standing	Outside
The Audit and Supervisory Committee	- The Audit and Supervisory Committee's meeting (14 times)	○	○
Attendance at important meetings	- The Board of Directors' meeting (13 times)	○	○
	- Internal Control Committee's meeting (twice)	○	○
	- Executive Management Committee's meeting (twice a month), Business Plan Meeting (twice), Executive Mid-term Strategy Meeting (5 times), Executive Officers Meeting in Japan (monthly), General managers' meeting (monthly), etc.	○	–
Interviews with executive officers	- Interview with Representative Director, Senior Executive Officer, Group CEO (twice)	○	○
	- Interviews with Representative Director, Senior Executive Officer and President, Group COO (once)	○	○
	- Executive Officers (14 times)	○	(Notes) 1

Activities		Standing	Outside
Audits of major units and subsidiaries	- Audits of units and major domestic and overseas consolidated subsidiaries selected in the audit plan (domestic :5 companies, overseas: 11 companies) - Inspection of the status of operations and assets of the head office and major domestic and overseas consolidated subsidiaries	○ ○	(Notes) 1 (Notes) 1
Inspection of important documents	- Inspection of important approval documents - Monthly reports from domestic and overseas consolidated subsidiaries	○ ○	– –
Collaboration with outside directors and subsidiary auditors	- Attendance at meetings with outside directors and Senior Executive Officers (6 times) - Periodic discussions with auditors of domestic and overseas consolidated subsidiaries (twice) - Exchange of opinions as needed	○ ○ ○	○ ○ (Notes) 1
Cooperation with the Auditing Group	- Periodic reports from the Auditing Group (internal audit division) (5 times) - Exchange of opinions as needed	○ ○	○ (Notes) 1
Cooperation with the independent auditor	- Periodic exchanges of opinions on audit plans, status of quarterly reviews and year-end audits, and audit focus areas including Key Audit Matters (KAM) with the independent auditor (7 times) - Meetings with the global audit team, including the audit teams of overseas consolidated subsidiaries (once) - On-site meetings with teams of independent auditors of overseas consolidated subsidiaries - Exchange of opinions as needed	○ ○ ○ ○	○ – – (Notes) 2

(Notes) 1. Independent outside Audit and Supervisory Committee members participate in meetings to the extent possible, including the use of Web conferencing.
2. Independent outside Audit and Supervisory Committee members participate, depending on the agenda.

The Audit and Supervisory Committee conducted on-site, inspections and in-person interviews at major domestic and overseas consolidated subsidiaries and offices to the extent possible, and when it was difficult to do so, the Audit and Supervisory Committee conducted inspections and interviews via web conference. Information obtained through on-site inspections by the standing member of the Audit and Supervisory Committee, attendance at important meetings such as the Executive Management Committee and Business Plan Meetings, and hearing business reports from executive divisions is shared with the entire Audit and Supervisory Committee. As a result of these audit activities, the Audit and Supervisory Committee communicated its opinions or recommendations to the Executive Management Committee, in addition to the directors and unit leaders of each department involved when necessary.

(Specific considerations by the Audit and Supervisory Committee)

In light of business acquisitions and rapid personnel increases overseas in recent years for the medium- and long-term growth of our group, the Audit and Supervisory Committee, continuing from the previous year, conducted the audit from the perspective of global management, paying attention to the following points.

・Whether Advantest’s business execution is properly conducted in accordance with the Grand Design and the Third Mid-term Management Plan, and various measures for mid/long-term enhancement of corporate value based on them. And whether the Third Mid-term Management Plan is being executed to enhance corporate value.
・Whether business operation is being conducted appropriately after the launch of the new top management structure.
・Whether a prompt and efficient business execution system has been established in line with the launch of the CxO structure.
・Whether the Executive Management Committee, the highest decision-making body for business execution, is appropriately operating in accordance with the Global Organization and Authorization Rules and holding substantive discussions.

・Whether Advantest is taking concrete measures to deal with issues to be addressed and risks surrounding Advantest, based on an understanding of the current situation and in relation to management policies and strategies, etc.
・Whether the policies of the Board of Directors are thoroughly communicated to executive officers or employees.
・Whether problems in the field are reported to executive officers and directors, and whether important matters are reported to the Board of Directors.
・Whether measures to disseminate The Advantest Way and to ensure its effectiveness are appropriately implemented.

The Audit and Supervisory Committee also exchanges opinions on agenda items that are (or have been) brought before the Board of Directors and on the status of compliance, including the Group's risk assessment at the Internal Control Committee meetings and whistleblower system.

In addition, pursuant to the 2023 revision of the Code of Ethics of the Japanese Institute of Certified Public Accountants, prior concurrence of the Audit and Supervisory Committee is required with respect to non-assurance services from the independent auditor, Ernst & Young ShinNihon LLC, and its network firms. Therefore, the Company has established a basic policy regarding non-assurance services, and with regard to non-assurance services provided to the Advantest Group, the Audit and Supervisory Committee discusses and decides whether or not to accept requests based on this basic policy prior to the provision of services. In addition, the Chairperson of the Audit and Supervisory Committee, Ms. Sayaka Sumida, also serves as a member of the Nomination and Compensation Committee. The Audit and Supervisory Committee discusses and exchanges opinions on the status of the succession plan and revisions to the director’s compensation system, which are mainly discussed by the Nomination and Compensation Committee, as appropriate.

(Collaboration with outside directors of Advantest and auditors of consolidated subsidiaries)

The Audit & Supervisory Committee members also regularly exchange opinions with outside directors who are not members of the Audit & Supervisory Committee on matters such as management policies and the performance of duties by the executive directors and executive officers. In addition, the Audit and Supervisory Committee members regularly exchange opinions with the auditors of Advantest Group subsidiaries and ensure that they have opportunities to exchange opinions and communicate with each other as necessary.

(Cooperation with the Audit Group [internal audit division])

The Audit and Supervisory Committee regularly exchanges views on the annual audit plan and quarterly activities of the Audit Group, including the evaluation of internal control over financial reporting based on the Financial Instruments and Exchange Act. The Audit and Supervisory Committee also exchanges views on the results of internal audits on individual topics as necessary.

(Cooperation with the Independent Auditor)

The Audit and Supervisory Committee has regular meetings with the independent auditor at the time of audit planning and on a quarterly basis. At these meetings, the Audit and Supervisory Committee receives reports from the independent auditor on the audit plan, status of group audits, quarterly status, including interim review results, and year-end audit results and questions are raised as necessary on audit issues.

Regarding Key Audit Matters (KAM), the Audit and Supervisory Committee exchanged opinions with the independent auditor on items that could be KAM from the early stage of the audit, considering changes in the business environment during the fiscal year. During the year-end audit, the Audit and Supervisory Committee confirmed that KAM items are consistent with the risk perception of the Audit and Supervisory Committee. Regarding the "Valuation of goodwill and intangible assets related to the system level test business", the Audit and Supervisory Committee conducted discussions on the probability of future business plans, taking into account the details of the impairment test and the status of communication between the independent auditor and management. With respect to the "Valuation of inventories", the Audit and Supervisory Committee discussed with the independent auditor, focusing on this year's changes, such as efforts to improve the accuracy of simulations of future usage expectations for inventory.

2) Status of Auditing by Internal Auditors

a. Internal Audit Organization and Personnel

The Company has established an Internal Audit Group under the direct control of Group CEO and Group COO, and has a total of 14 employees in charge of internal audit, including 5 from the Auditing Group of the Company and 9 from overseas Group companies (2 in the U.S., 4 in Singapore, 1 in South Korea, and 2 in Germany) as of the filing date of this Annual Securities Report, to conduct internal audit within the Group. The Internal Audit Group is staffed with personnel with specialized qualifications such as CIA (Certified Internal Auditor), CPA (Certified Public Accountant), CISA (Certified Information Systems Auditor), and CFE (Certified Fraud Examiner).

b. Purpose of Internal Audit

The purpose of internal audits is defined in the Internal Audit Charter as "to improve the Advantest’s operations and contribute to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the compliance and effectiveness of risk management, internal control and governance processes." The Internal Audit Group provides assurances regarding the compliance with the applicable laws, regulations, and internal rules, the effectiveness and efficiency of operations, and provides advice for improvement of operations from an independent and objective standpoint.

c. Internal Audit Procedures

Based on the results of the risk assessment by the Internal Control Committee, the Internal Audit Group determines key audit items using a risk-based approach and formulates a plan for operational audits covering each division of the Company and its domestic and overseas consolidated subsidiaries. Based on the audit plan for each fiscal year, the Internal Audit Group conducts operational audit of the Company's divisions and its domestic and overseas consolidated subsidiaries focusing on the key audit items using a risk-based approach by interview to responsible person, review of important documentations, and inspection of the status of business operations and assets at the offices. If the Internal Audit Group detects any issues, the Internal Audit Group points them out, makes recommendations for improvement, and grasps the status of improvement.

The key audit items for the current fiscal year are follows

・ Response to risks: Status of development of internal control basis, status of formulation and implementation of Business Continuity Management (BCM).
・ Compliance with the applicable laws and internal rules: Status of compliance with applicable laws and design of delegation of authority and compliance with the rules under the delegation of authority, status of prevention of fraud and conflict of interest.
・ Effectiveness and efficiency of operation: Research and development progress, status of supply chain management, status of response to digital transformation.
・ Information security: Status of management of personal and confidential information - information security including cyber-attack countermeasures.
・ Safeguarding of Assets: Status of management of fixed assets and inventories.
・ Talent management: Status of labor management, succession planning, engagement and talent development.
・ Management of newly acquired companies: Status of development of governance and internal controls and IT infrastructure and security.

In FY2024, Internal Audit Group audited the operations of 34 divisions of the Company and 20 domestic and overseas consolidated subsidiaries, for a total of 54 organizations.

In addition, the Internal Audit Group evaluates and reports on internal control over financial reporting based on the Financial Instruments and Exchange Act in Japan. In FY2024, the Company and its eight consolidated subsidiaries were subject to a company-level control assessment, of which the Company and two consolidated subsidiaries were evaluated for their business processes as significant business unit.

d. Initiatives to Ensure the Effectiveness of Internal Audit

The Internal Audit Group has established a system to report directly not only to the Group CEO and Group COO, but also to the Board of Directors and the Audit and Supervisory Committee, and periodically reports to the Board of Directors every six months and the Audit and Supervisory Committee quarterly as follows.

・Reports to the Board of Directors

Reports	Date	Summary
Activity Reports of the Internal Audit Office	June 25, 2024 December 20, 2024	Reports on audit results and activities for the first half (including reports on the status of internal control evaluation related to financial reporting)

・Reports to the Audit and Supervisory Committee

Reports	Date	Summary
Activity Reports of the Internal Audit Office	April 24, 2024 July 31, 2024 October 30, 2024 January 29, 2025	Audit results and activity reports for each quarter (including reports on the status of internal control evaluation related to financial reporting)
Reports on the status of internal control evaluation related to financial reporting	May 20, 2024	Evaluation status of internal control over financial reporting in FY2023.

e. Cooperation between Internal Audit, Audit and Supervisory Committee and Independent Auditors

・Cooperation between the Internal Audit Group and the Audit and Supervisory Committee

In order to contribute to the efficient execution of audit by the Audit and Supervisory Committee, the Senior Vice President of the Auditing Group sends an audit report to the Audit and Supervisory Committee members each time an audit is conducted, and reports on activities to the Audit and Supervisory Committee on a quarterly basis. In addition, the Internal Audit Group shares audit plans and achievements with the Audit and Supervisory Committee and exchanges opinions with the Audit and Supervisory Committee.

・Cooperation between the Internal Audit Group and the Independent Auditors

The Senior Vice President of the Auditing Group determines the annual plan and scope of audits related to internal control audits related to financial reporting in consultation with the independent auditors, holds meetings and exchanges opinions as necessary, and holds regular approximately quarterly meetings with the independent auditors regarding the status of internal control evaluations.

3) Status of Auditing by the Independent Auditor

The Company has entered into an audit contract with Ernst & Young ShinNihon LLC for audits of Advantest's financial statements and its internal control over financial reporting in accordance with the Companies Act and the Financial Instruments and Exchange Act. The certified public accountants who performed audit services and the assistants for audit services during the fiscal year 2024 are as follows:

a. Name of Independent Auditor

Ernst & Young ShinNihon LLC

b. Period of consecutive audit

Financial audits are being continued since fiscal year ended March 31, 1983, when listed on the second section of the Tokyo Stock Exchange. There is a possibility that continuous audit term may exceeded the above number of years because it is extremely difficult to investigate prior to the fiscal year ended March 31, 1983.

c. Certificated public accountants (CPA) who executed audit are as follows:

Name of CPA, and others	
Certificated public accountant Designated and Engagement Partner	Toshiyuki Matsumoto
	Minoru Ota
	Hiroyuki Nakada

(Note) The rotation of the certified public accountants is conducted appropriately at Ernst & Young ShinNihon LLC. No certified public accountants are involved in accounting audits of same company for more than seven consecutive fiscal years, and they are not involved in accounting audits of the same company for more than five consecutive fiscal years as lead certified public accountants. If a certified public accountant is involved in accounting audits of the same company for seven consecutive fiscal years, they will be involved in accounting audits of that company only after an interval of five fiscal years. Lead certified public accountants who are involved in accounting audits of the same company for five consecutive fiscal years will not be involved in accounting audits of that company again.

d. Assistants in financial audits

Assistants for accounting audit services are mainly composed of certified public accountants and include those who have expert knowledge such as system experts.

e. Reasons for the selection of the Independent Auditor

The reason for selecting Ernst & Young ShinNihon LLC as the independent auditor is that the Company has judged that they are qualified to be an independent auditor based on the Practical Guidelines published by the Japan Audit & Supervisory Board Members Association, and that they have a system to ensure that accounting audits are conducted properly, taking into account the audit corporation's quality control system, independence and expertise, appropriateness, effectiveness and efficiency of audit activities, and other matters related to the execution of duties in a comprehensive manner.

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

In the case that the independent 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 independent 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 to the above, if it is deemed to be difficult for the independent 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 independent auditor to be submitted to a general meeting of shareholders.

f. Evaluation of the independent auditor by Audit and Supervisory Committee

The Audit and Supervisory Committee evaluated the appropriateness of audit by the independent auditor by taking account various factors such as the quality control system of the independent auditor, independence and expertise of the audit team, appropriateness of audit fees, effectiveness of communication with the Audit and Supervisory Committee, effectiveness of communication with management, effectiveness of group audit utilizing overseas network firms, and appropriateness of assessment and response to fraud risks. This evaluation was conducted comprehensively by collecting relevant materials from the independent auditor, interviewing them. As a result, the Audit and Supervisory Committee concluded that audit was appropriately conducted.

4) Audit Fee and Others

a. Details of fees paid to the independent auditor involved in the audit

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
Advantest Corporation (The Company)	164	13	163	15
The Company's consolidated subsidiaries	—	—	—	—
Total	164	13	163	15

(Fiscal year ended March 31, 2024)

The fees for non-audit services for the Company mainly consisted of third-party assurance services for non-financial information and ESG consulting services.

(Fiscal year ended March 31, 2025)

The fees for non-audit services for the Company mainly consisted of third-party assurance services for non-financial information.

b. Details of fees paid to the same network firms (Ernst & Young) involved in the audit (except for a.)

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
Advantest Corporation (The Company)	—	23	—	13
The Company’s consolidated subsidiaries	218	177	227	150
Total	218	200	227	163

(Fiscal year ended March 31, 2024)

The fees for non-audit services for the Company mainly consisted of tax advisory services. The details of fees for non-audit services for the Company’s consolidated subsidiaries mainly consisted of tax compliance and tax advisory services.

(Fiscal year ended March 31, 2025)

The fees for non-audit services for the Company mainly consisted of tax advisory services. The details of fees for non-audit services for the Company’s consolidated subsidiaries mainly consisted of tax compliance and tax advisory services.

c. Other important fees for audit services

Not applicable

d. Policy for determining the audit fees

Audit fee for the independent auditor is appropriately determined with the consent of the Audit and Supervisory Committee, taking into consideration the scope of work and the number of audit hours.

e. Reason that the Audit and Supervisory Committee gave consent to the amount of audit fees

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

(4) Compensation for Members of the Board of Directors

1) Total Amount of Compensation by Officer Category, the Total Amount of Compensation, by Compensation Category, and the Number of Eligible Directors are as Follows:

Officer category	Company category	Total compensation (Millions of Yen)	Total compensation by category (Millions of Yen)				Number of eligible directors
			Cash compensation		Non-cash compensation		
			Base compensation	Performance-based compensation	Restricted stock compensation	Performance-based stock remuneration	
Directors (excluding Audit and Supervisory Committee members) (excluding Outside Directors)	Advantest Corporation (The Company)	1,188	221	254	289	424	3
	The consolidated subsidiaries	11	11	-	-	-	
Directors (Audit and Supervisory Committee members) (excluding Outside Directors)	Advantest Corporation (The Company)	47	44	-	3	-	1
Outside Directors (excluding Audit and Supervisory Committee members)	Advantest Corporation (The Company)	50	43	-	7	-	3
Outside Directors (Audit and Supervisory Committee members)	Advantest Corporation (The Company)	36	31	-	5	-	2

(Notes) 1. As of March 31, 2025, the number of directors (excluding outside directors and directors who are Audit and Supervisory Committee members) and outside directors were three and five, respectively.
2. Performance-based bonuses are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as performance-based compensation.
3. Restricted stock compensation and performance-based stock remuneration are recorded as expenses in accordance with IFRS for FY2024.

2) Directors with Total Consolidated Compensation of ¥100 million or more

Name	Total consolidated compensation (Millions of Yen)	Classification	Company name	Total consolidated compensation by category (Millions of Yen)			
				Cash compensation		Non-cash compensation	
				Base compensation	Performance-based compensation	Restricted stock compensation	Performance-based stock remuneration
Douglas Lefever	912	Director	Advantest Corporation (The Company)	120	182	237	362
			The consolidated subsidiaries	11	-	-	-
Koichi Tsukui	197	Director	Advantest Corporation (The Company)	49	72	27	49

(Notes) 1. Performance-based bonuses are paid to directors (excluding outside directors and directors who are Audit and Supervisory Committee members) as performance-based compensation.
2. Restricted stock compensation and performance-based stock remuneration are recorded as expenses in accordance with IFRS for FY2024.

3) Board Policies and Procedures in Determining the Compensation of Directors

(Policies and Procedures for Determining Compensation for Directors and Executive Officers)
(Note) This is the policy at the time the compensation for the fiscal year ended March 31, 2025 was determined, and the positions in the policy are those in the management structure for the fiscal year ended March 31, 2025.

1. Basic policy

Based on the Company's corporate mission and vision, the Company aims to create a system for the compensation of directors and executive officers that contributes to the enhancement of corporate value. The ground rules of the system are as follows.

(1) Compensation mix and compensation level that shall attract international human resources who support the Company's global business development.

In order to continue to grow globally in the complex and rapidly evolving semiconductor industry, the Company will appoint talented people from all over the world and compensate them appropriately by global standards.

(2) Bonus that is strongly linked to business performance

Given the inevitability of fluctuations in business performance, strongly indexing bonuses to performance will fully reward the contributions of officers when business performance is strong and will reduce the burden on the Company during downturns in business performance.

(3) Stock compensation that incentivizes directors and officers to share values with shareholders and promotes management from a medium- to long-term perspective

The Company will combine transfer-restricted stock compensation, which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders, and performance-based stock remuneration, which promotes the achievement of mid-term management goals that lead to corporate value improvement.

2. Policy on the system, timing, conditions, and determination of compensation for directors (excluding outside directors and directors who are Audit and Supervisory Committee members)

(1) For directors who also serve as executive officers, base compensation (monetary remuneration) appropriate to their duties and responsibilities will be paid monthly, in addition to the executive officer compensation specified in 5 below.

(2) The compensation of directors who do not serve as executive officers shall be set as follows, in accordance with the basic policy set forth in 1 above.

(a) Structure: Base compensation (monetary remuneration), Stock compensation

(b) Ratio: Base compensation : Stock compensation = 1 : 0.5 (guideline in the standard amount)

(c) Base compensation

Base compensation shall be set at an appropriate level according to duties and responsibilities as such director, and will be paid monthly, with reference to external objective data (i.e., the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(d) Stock compensation

・The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.

・Shares of RS will be granted every business year as described in (b).

・As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(3) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

3. Policy on the system, timing, conditions, and determination of compensation for outside directors (excluding directors who are Audit and Supervisory Committee members)

The compensation of outside directors (excluding directors who are Audit and Supervisory Committee members) shall be set as follows in consideration of their roles and independence with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Stock compensation

(2) Ratio: Base compensation : Stock compensation = 1 : 0.3 (guideline in the standard amount)

(3) Base compensation

Base compensation shall be set at an appropriate level according to duties and responsibilities as such director, and will be paid monthly, with reference to external objective data (i.e., the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(4) Stock compensation

- The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.
- Shares of RS will be granted every business year as described in (2).
- As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(5) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

4. Policy on the system, timing, conditions, and determination of compensation for directors who are Audit and Supervisory Committee members

The compensation of directors who are Audit and Supervisory Committee members shall be set as follows in consideration of their roles and independence with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Stock compensation

(2) Ratio: Base compensation : Stock compensation = 1 : 0.3 (guideline in the standard amount)

(3) Base compensation

Base compensation will be paid monthly. The individual compensation level of directors who are Audit and Supervisory Committee members will be decided through discussions with them.

(4) Stock compensation

- The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.
- Shares of RS will be granted every business year as described in (2).
- The individual compensation level of directors who are Audit and Supervisory Committee members will be decided through discussions with them.
- As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(5) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

5. Policy on the system, timing, conditions, and determination of compensation for executive officers

The compensation of executive officers shall be set as follows with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Performance-based bonuses (monetary remuneration), Stock compensation

(2) Ratio: Base compensation : Performance-based bonuses : Stock compensation =

1 : 1 : 2 (Senior Executive Officer (Group CEO))
1 : 1 : 1.5 (Senior Executive Officer (Group COO))
Between 1 : 1 : 1 and 1 : 1 : 1.2 (Senior Executive Officer)
Between 1 : 0.8 : 0.8 and 1 : 1 :1 (Executive Officer)
*All of the above estimates are based on the standard amount.

(3) Base compensation

Base compensation shall be set at an appropriate level according to individual duties and responsibilities, and will be paid monthly, with reference to external objective data (i.e., the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(4) Performance-based bonuses

- Performance-based bonuses (monetary remuneration) are short-term incentives for the results of a single year, and are paid once a year after the performance of the Group for the relevant business year is confirmed.

a. The amount of bonuses is determined using net income as an index.

b. Target amounts will be set by referring to the net income targets of the single-year business plan and mid-term management plan. The Company will pay the standard amount when the target values are achieved, but the amount paid will fluctuate as described below when actual results undershoot or exceed the target values.

- Actual results ≤50% of target values: 0% of standard amount
- Actual results ≥150% of target values: 200% of standard amount
- Actual results 50% -150% of target values: Varies between 0 to 200% of standard amount

(5) Stock compensation

・The Company will grant restricted stock (RS) and performance-based stock remuneration (PSU) with the intention of incentivizing the pursuit of medium- to long-term enhancement of corporate value in alignment with shareholder priorities. As a general rule, about half of the stock-based compensation should be RS and about half should be PSU.

a. Shares of RS will be granted every business year as described above. As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when an officer retires.

b. PSU shall be granted in a lump sum for three years in the first year of the three-year mid-term management plan, with the base value being the points that will become shares of a value determined to be as described above. After the expiration of the term of the mid-term management plan, The Company will grant shares in proportion to the points, which are varied between 60% and 140% of the base value according to the degree of achievement of the mid-term management targets. The indicators for evaluating achievement of mid-term management targets are as follows, and the degree of fluctuation is determined by the total value of both indicators.

・ Main indicator: Earnings per share (EPS) during the mid-term management plan

→ Fluctuation between 70% and 130% of the standard amount

・Sub-indicator: Relative Total Shareholders Return (r-TSR) and ESG evaluation

→ Fluctuation between -5% to 5% of the standard amount, respectively

*However, the indicators and fluctuation ranges may be revised in response to the new mid-term management plan.

Note, officers who take office or retire in the second or third years of the mid-term management plan will be as standard performance, prorated according to the length of time they have served.

(6) Additional compensation may be paid for the purpose of securing managers, specially skilled personnel, and/or similar individuals, depending on the conditions of the human resource market in each region and/or industry. As a general rule, compensation levels across regions shall be adjusted through base compensation (monetary compensation) and stock compensation while stock compensation shall be used to secure a pool of specific human resources. The stock compensation shall be in the form of RS or PSU, but the term of the RS transfer restriction under this section shall be at least three years.

(7) Compensation for non-residents in Japan may be different from the above due to laws and other circumstances.

(8) If there are changes in the Company’s financial situation or business environment that are clearly judged to make it difficult to achieve the goals of the mid-term management plan, this system and its operation may be reviewed based on a resolution of the Board of Directors.

(9) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

6. Procedures and methods for determining compensation

(1) Individual compensation for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers is deliberated by the Nomination and Compensation Committee based on consultation with the Board of Directors, and proposed to the Board of Directors. The Board of Directors deliberates on proposals from the Nomination and Compensation Committee and decides on compensation.

(2) However, performance-based bonuses are determined as follows:

a. Up to 30% of the total amount calculated and determined according to the policies above of performance-based bonuses for executive officers, excluding the Group CEO, shall be redistributed based on individual evaluations conducted by the Group CEO and approved by the Nomination and Compensation Committee. Results of these evaluations and redistributions shall be reported to the Board of Directors.

b. In principle, the Group CEO's performance-based bonuses is calculated based on the results of performance indicators, but if the Board of Directors deems it necessary and clearly states their reasoning, it may be increased or decreased.

7. Compensation Reduction and Clawback

The Company may reduce future compensation or claw back past compensation by resolution of the Board of Directors in the event of certain circumstances, such as violation of relevant laws and regulations or internal rules.

(Note) This information was determined and paid in accordance with the "Policies and Procedures for Determining Compensation for Directors and Executive Officers", which was applied for the fiscal year ended March 31, 2025. The revised "Policies and Procedures" were resolved at the Board of Directors meeting held on May 22, 2025, subject to the condition that all proposals from Agenda Item No. 4 to No. 6 are resolved at the 83rd Ordinary General Meeting of

Shareholders to be held on June 27. The details of the revised policies and procedures are as follows.

(Policies and Procedures for Determining Compensation for Directors and Executive Officers (after revision))

1. Basic policy

Based on the Company's corporate mission and vision, we aim to create a system for the compensation of directors and executive officers that contributes to the enhancement of corporate value. The ground rules of the system are as follows.

(1) Compensation mix and compensation level that shall attract international human resources who support the Company's global business development.

In order to continue to grow globally in the complex and rapidly evolving semiconductor industry, the Company will appoint talented people from all over the world and compensate them appropriately by global standards.

(2) Bonus that is strongly linked to business performance

Given the inevitability of fluctuations in business performance, strongly indexing bonuses to performance will fully reward the contributions of officers when business performance is strong and will reduce the burden on the Company during downturns in business performance.

(3) Stock compensation that incentivizes directors and officers to share values with shareholders and promotes management from a medium- to long-term perspective

The Company will combine transfer-restricted stock compensation, which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders, and performance-based stock remuneration, which promotes the achievement of mid-term management goals that lead to corporate value improvement.

2. Policy on the system, timing, conditions, and determination of compensation for directors (excluding outside directors and directors who are Audit and Supervisory Committee members)

(1) For directors who also serve as executive officers, base compensation (monetary remuneration) appropriate to their duties and responsibilities will be paid monthly, in addition to the executive officer compensation specified in 5 below.

(2) The compensation of directors who do not serve as executive officers shall be set as follows, in accordance with the basic policy set forth in 1 above.

(a) Structure: Base compensation (monetary remuneration), Stock compensation

(b) Ratio: Base compensation : Stock compensation = 1 : 1 (guideline in the standard amount)

(c) Base compensation

Base compensation shall be set at an appropriate level according to duties and responsibilities as such director, and will be paid monthly, with reference to external objective data (i.e. the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(d) Stock compensation

・The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.

・Shares of RS will be granted every business year as described in (b).

・As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(3) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

3. Policy on the system, timing, conditions, and determination of compensation for outside directors (excluding directors who are Audit and Supervisory Committee members)

The compensation of outside directors (excluding directors who are Audit and Supervisory Committee members) shall be set as follows in consideration of their roles and independence with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Stock compensation

(2) Ratio: Stock compensation not to exceed one-third of total compensation

(3) Base compensation

・Base compensation shall be set at an appropriate level according to duties and responsibilities as such director, and will be paid monthly, with reference to external objective data (i.e. the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(4) Stock compensation

・The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.

・Shares of RS will be granted every business year as described in (2).

・As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(5) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

4. Policy on the system, timing, conditions, and determination of compensation for directors who are Audit and Supervisory Committee members

The compensation of directors who are Audit and Supervisory Committee members shall be set as follows in consideration of their roles and independence with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Stock compensation

(2) Ratio: Stock compensation not to exceed one-third of total compensation

(3) Base compensation

・Base compensation will be paid monthly. The individual compensation level of directors who are Audit and Supervisory Committee members will be decided through discussions with them.

(4) Stock compensation

・The Company will grant restricted stock (RS), which incentivizes the pursuit of medium- to long-term corporate value improvement, which is also beneficial to shareholders.

・Shares of RS will be granted every business year as described in (2).

・The individual compensation level of directors who are Audit and Supervisory Committee members will be decided through discussions with them.

・As a general rule, holding is obligatory during the term of office, and transfer restrictions will be lifted when a director retires.

(5) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

5. Policy on the system, timing, conditions, and determination of compensation for executive officers

The compensation of executive officers shall be set as follows with the basic policy set forth in 1 above.

(1) Structure: Base compensation (monetary remuneration), Performance-based bonuses (monetary remuneration), Stock compensation

(2) Ratio: Base compensation : Performance-based bonuses : Stock compensation =

1 : 1 : 4 (Senior Executive Officer (Group CEO))

1 : 1 : 2 (Senior Executive Officer (Group COO))

Between 1 : 1 : 1 and 1 : 1 : 1.5 (Senior Executive Officer)

1 : 1 :1 (Executive Officer)

*All of the above estimates are based on the standard amount.

(3) Base compensation

・Base compensation shall be set at an appropriate level according to individual duties and responsibilities, and will be paid monthly, with reference to external objective data (i.e. the level of compensation paid to people with similar responsibilities by companies of similar size in each country).

(4) Performance-based bonuses

・Performance-based bonuses (monetary remuneration) are short-term incentives for the results of a single year, and are paid once a year after the performance of the Group for the relevant business year is confirmed.

a. The amount of bonuses is determined using net income as an index.

b. Target amounts will be set by referring to the net income targets of the single-year business plan and mid-term management plan. The Company will pay the standard amount when the target values are achieved, but the amount paid will fluctuate as described below when actual results undershoot or exceed the target values.

・ Actual results≤50% of target values: 0% of standard amount

・ Actual results ≥150% of target values: 200% of standard amount

・ Actual results 50% -150% of target values: Varies between 0 to 200% of standard amount

(5) Stock compensation

・The Company will grant restricted stock (RS) and performance-based stock remuneration (PSU) with the intention of incentivizing the pursuit of medium- to long-term enhancement of corporate value in alignment with shareholder priorities. As a general rule, the ratio of RS to PSUs should be 1:3 for the Senior Executive Officers (Group CEO) and 1:1 for other Executive Officers.

a. Shares of RS will be granted every business year as described above. As a general rule, for residents in Japan, holding is obligatory during the term of office, and transfer restrictions will be lifted when an officer retires and for non-residents in Japan, establish a transfer restriction period of 3 to 5 years.

b. PSU shall be granted in a lump sum for three years in the first year of the three-year mid-term management plan, with the base value being the points that will become shares of a value determined to be as described above. After the expiration of the term of the mid-term management plan, The Company will grant shares in proportion to the points, which are varied between 60% and 140% of the base value according to the degree of achievement of the mid-term management targets. The indicators for evaluating achievement of mid-term management targets are as follows, and the degree of fluctuation is determined by the total value of both indicators.

・ Main indicator: Earnings per share (EPS) during the mid-term management plan

→ Fluctuation between 70% and 130% of the standard amount

・Sub-indicator: Relative Total Shareholders Return (r-TSR) and Sustainability

→ Fluctuation between -5% to 5% of the standard amount, respectively

*However, the indicators and fluctuation ranges may be revised in response to the new mid-term management plan. Note, officers who take office or retire in the second or third years of the mid-term management plan will be as standard performance, prorated according to the length of time they have served.

(6) Additional compensation may be paid for the purpose of securing managers, specially skilled personnel, and/or similar individuals, depending on the conditions of the human resource market in each region and/or industry. As a general rule, compensation levels across regions shall be adjusted through base compensation (monetary compensation) and stock compensation while stock compensation shall be used to secure a pool of specific human resources. The stock compensation shall be in the form of RS or PSU, but the term of the RS transfer restriction under this section shall be 3 to 5 years.

(7) Compensation for non-residents in Japan may be different from the above due to laws and other circumstances.

(8) If there are changes in the Company’s financial situation or business environment that are clearly judged to make it difficult to achieve the goals of the mid-term management plan, this system and its operation may be reviewed based on a resolution of the Board of Directors.

(9) In addition to the above, lump sum payments may be made based on special events such as the anniversary of the Company's founding.

6. Procedures and methods for determining compensation

(1) Individual compensation for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers is deliberated by the Nomination and Compensation Committee based on consultation with the Board of Directors, and proposed to the Board of Directors. The Board of Directors deliberates on proposals from the Nomination and Compensation Committee and decides on compensation.

(2) However, performance-based bonuses are determined as follows:

a. Up to 30% of the total amount calculated and determined according to the policies above of performance-based bonuses for executive officers, excluding the Group CEO, shall be redistributed based on individual evaluations conducted by the Group CEO and approved by the Nomination and Compensation Committee. Results of these evaluations and redistributions shall be reported to the Board of Directors.

b. In principle, the Group CEO's performance-based bonus is calculated based on the results of performance indicators, but if the Board of Directors deems it necessary and clearly states their reasoning, it may be increased or decreased.

7. Compensation Reduction and Clawback

The Company may reduce future compensation or claw back past compensation by resolution of the Board of Directors in the event of certain circumstances, such as violation of relevant laws and regulations or internal rules, or material restatement due to errors discovered in the consolidated financial statements.

8. Stock ownership guidelines

The Company recommends that Executive Officers hold the Company's shares (including RS/RSUs) as follows. The Company will set the criteria for the amount and the number of shares based on the amount of base compensation and the stock price at the start of the Mid-term Management Plan, and one of them shall be satisfied with a grace period of five years until the achievement of the criteria.

Group CEO: 4 years of base compensation

Executive officers other than the Group CEO: 2 years of base compensation

(Supplementary provision)

This amendment is subject to suspension of approval on the condition that all proposals for remuneration of directors are approved at the Ordinary General Meeting of Shareholders scheduled for June 2025.

4) Bodies and Procedures Involved in the Determination of "Board Policies and Procedures in Determining the Compensation of Directors"

The Company has established a Nomination and Compensation Committee to increase the objectivity and transparency of the compensation for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers. The Nomination and Compensation Committee is chaired by an outside director, and a majority of its members are outside directors. Additionally, "Policies and Procedures for Determining Compensation for Directors and Executive Officers" has been approved by the Board of Directors based on the deliberation and report by the Nomination and Compensation Committee.

The compensation amount and the performance indicators have been approved by the Board of Directors based on the deliberation and report by the Nomination and Compensation Committee within the total amount of director compensation determined by resolution of the general meeting of shareholders ((Notes) 1) and "Directors and Executive Officers Compensation Policy and Procedure".

When determining the details of the individual compensation and related matters of the Directors, as the Nomination and Compensation Committee conducts multifaceted examinations including consistency with the "Board Policies and Procedures in Determining the Compensation of Directors", the Board of Directors also respects the committee's judgment, and has determined that the details of the individual compensation and related matters of the Directors for the current fiscal year are in line with the "Board Policies and Procedures in Determining the Compensation of Directors".

The Audit and Supervisory Committee deliberates and determines the compensation for directors who are Audit and Supervisory Committee members within the total amount of directors who are Audit and Supervisory Committee members compensation that determined by resolution of the general meeting of shareholders ((Notes) 2).

The Company has established a policy for determining the details of individual compensation for directors who are Audit and Supervisory Committee members. Under the policy, the amount of compensation for each Audit and Supervisory Committee member is determined through discussions by Audit and Supervisory Committee members, taking into consideration the distinction between standing and non-standing positions, the assignment of auditing duties, the details and level of compensation paid to directors, and other factors. This policy was approved by a resolution of the Audit and Supervisory Committee held on January 27, 2016.

(Notes) 1. As for monetary compensation, it has been resolved at the 82nd ordinary general meeting of shareholders held on June 28, 2024 that the amount of base compensation and performance-based bonuses shall be no more than 1.2 billion yen per year for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) and the amount of base compensation shall be no more than 150 million yen per year for outside directors (excluding directors who are Audit and Supervisory Committee members).

As for stock compensation, it has been resolved at the 82nd ordinary general meeting of shareholders held on June 28, 2024 that the restricted stock compensation plan for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) shall be no more than 1 billion yen and 400,000 shares per year and the performance share unit compensation shall be no more than 3 billion yen and 1.2 million shares per three consecutive fiscal year and the restricted stock compensation plan for outside directors (excluding directors who are Audit and Supervisory Committee members) shall be no more than 45 million yen and 18,000 shares per year, and the per-person amount of cash compensation claims to be paid to eligible outside directors shall be not more than 30% of the cash compensation paid to the relevant outside director and not more than JPY 5 million per year.

However, with respect to outside directors, if Proposals Agenda Item No.5 is approved at the 83rd Ordinary General Meeting of Shareholders (to be held on June 27, 2025), the total amount of restricted stock compensation plan shall be no more than 75 million yen and 30,000 shares (per year) , and the per-person amount of cash compensation claims to be paid to eligible outside directors shall be not more than one-third of total compensation paid to the relevant outside director.

2. As for monetary compensation, the amount of compensation shall be no more than 100 million yen per year, resolved at the 73rd ordinary general meeting of shareholders held on June 24, 2015 and for stock compensation, the

total amount of compensation shall be within 30 million yen and 12,000 shares per year, and the per-person amount of cash compensation claims to be paid to eligible Directors who are Audit and Supervisory Committee members shall be not more than 30% of the cash compensation paid to the relevant Director who is an Audit and Supervisory Committee member and not more than JPY 5 million per year as a restricted stock compensation plan approved at the 82nd ordinary general meeting of shareholders (held on June 28, 2024).

However, if Proposal Agenda Item No.6 is approved at the 83rd ordinary general meeting of shareholders (to be held on June 27, 2025), a total amount of restricted stock compensation plan shall be no more than 50 million yen and 20,000 shares (per year), and the per-person amount of cash compensation claims to be paid to eligible Directors who are Audit and Supervisory Committee members shall be not more than one-third of total compensation paid to the relevant Directors who are an Audit and Supervisory Committee member.

5) Performance-Based Bonuses Formula for FY2024 (paid in June 2025)

The Performance-based bonuses formula for FY2024 (paid in June 2025) has been resolved by the Board of Directors held on June 25, 2024, after consulting with the Nomination and Compensation Committee (held on June 13, 2024. Outside directors make up the majority, and executive officers do not participate in resolutions relating to opinions.)

Group CEO:

executive officer compensation×100%×payment rate

Senior Executive Officer:

executive officer compensation× 70%×payment rate
+ executive officer compensation×individual evaluations portion (0 to 60%)×payment rate

Executive Officer :

executive officer compensation× 56%×payment rate
+ executive officer compensation×individual evaluations portion (0 to 48%)×payment rate

Performance Target (consolidated net income) and Payment Rate for FY2024

Consolidated net income	Payment rate
33.5 billion yen or less	0%
Between 33.5 to 67 billion yen	Prorate from 0 to 100%
Between 67 to 120 billion yen	100%
Between 120 to 180 billion yen	Prorate from 100 to 200%
180 billion yen or more	200%

The payment rate based on the business results for FY2024 (consolidated net income: 161.2 billion yen) was 168.7%. In addition, the bonus for the Group CEO for FY2024 was set at 95.5% of the amount calculated (final payment rate was 161.1%), based on the judgment of the Board of Directors, taking into account the business performance.

6) Performance-Based Bonuses Formula for FY2025 (to be paid in June 2026)

The Performance-based bonuses formula for FY2025 (to be paid in June 2026) has been resolved by the Board of Directors held on June 23, 2025, after consulting with the Nomination and Compensation Committee (held on June 10, 2025. Outside directors make up the majority, and executive officers do not participate in resolutions relating to opinions.)

Group CEO:

executive officer compensation×100%×payment rate

Senior Executive Officer:

executive officer compensation× 70%×payment rate
+ executive officer compensation×individual evaluations portion (0 to 60%)×payment rate

Executive Officer :

executive officer compensation× 70%×payment rate
+ executive officer compensation×individual evaluations portion (0 to 60%)×payment rate

Performance Target (consolidated net income) and Payment Rate for FY2025

Consolidated net income	Payment rate
89.5 billion yen or less	0%
Between 89.5 to 179 billion yen	Prorate from 0 to 100%
179 billion yen	100%
Between 179 to 268.5 billion yen	Prorate from 100 to 200%
268.5 billion yen or more	200%

7) Performance-Based Stock Remuneration Indicators

Performance-based stock remuneration was granted in a lump sum for three years in the first year of the mid-term management plan for fiscal years 2024 to 2026, and after the period of the mid-term management plan expires, shares will be granted according to the points, which vary between 60% and 140% of the base value according to the achievement of mid-term management targets. The indicators for performance-based stock compensation are as follows.

Indicators	Base value and variable range
【EPS】 Achievement of MTP3 EPS target of 127-202 yen	80%±30 point
【r-TSR】 The Nikkei Semiconductor Stock Index TSR is compared to the Company's TSR (the Company's TSR divided by the Nikkei Semiconductor Stock Index TSR)	10%±5 point
【Sustainablity】 From the MTP3 Sub-Strategy, five KPIs related to the environment and human capitals are taken up, and the degree of achievement of these KPIs.	10%±5 point

(5) Status of Shareholdings

1) Classification and Definition of Shares

The Company classifies shares as "Shares with purposes of pure investment" and "Shares held for purposes other than pure investment". "Shares with purposes of pure investment" are shares to gain profit from capital gain or dividend income, and "Shares held for purposes other than pure investment" are shares other than "Shares with purposes of pure investment".

2) Shares Held for Purposes Other than Pure Investment

a. The Policy of Shareholdings, the Method of Assessing Reasonableness, and Assessing Reasonableness of Individual Shares by the Board of Directors

The Company may hold shares of other companies for important strategic purposes of the Advantest group ("strategic shares"), including sustainable and long-term relationships with business partners, business partnership reinforcement, or research and development efficiency.

The Company assesses the rationale for the holding of shares by examining the benefits and risks of shareholding in view of its capital cost and other factors. The result of this assessment is directly reported to the Board of Directors.

b. Number of Companies whose Shares are Held by the Company and Total Carrying Amount
(As of March 31, 2025)

	Number of companies	Total carrying amount (Millions of Yen)	Purpose for holding shares
Unlisted shares	6	162	Mainly for transaction support
Shares other than unlisted shares	1	522	To engage in partnerships

(Companies whose Shares are Held by the Company increased during the current fiscal year)

	Number of companies	Total acquisition price to increase shares (Millions of Yen)	Reasons for the increase of the number of shares
Unlisted shares	—	—	—
Shares other than unlisted shares	1	623	To engage in partnerships

(Companies whose Shares are Held by the Company decreased during the current fiscal year)
Not applicable.

(Reference)
Number of Companies whose Shares are Held by the Company's Subsidiaries for Purposes Other than Pure Investment as of March 31, 2025

	Number of companies	Total carrying amount (Millions of Yen)	Purpose for holding shares
Unlisted shares	2	365	Mainly for transaction support
Shares other than unlisted shares	4	26,176	To engage in partnerships and for joint business development etc.

(Note) The amount of shares with other purposes than pure investment held by the Company's subsidiaries is stated in fair value in accordance with IFRS.

c. Number of special investment securities deemed to be held for each issue and information including amounts recorded on the balance sheet

Company	As of March 31, 2025	As of March 31, 2024	Reasons for holding shares, outline of business tie-ups, quantitative effect of holding shares, and reasons for the increase of the number of shares	Shares held by the Company
	Number of shares held by the Company	Number of shares held by the Company		
	Total carrying amount (Millions of Yen)	Total carrying amount (Millions of Yen)		
Micronics Japan Co., Ltd.	150,000	—	Probe cards are critical mechanical components positioned between the tester and the device in wafer-level testing. As devices continue to become more high-performance and complex, the wafer-level test becomes an increasingly important component. To provide customers with the best total test solutions, close collaboration between advantest and the semiconductor supply chain at the wafer-level stage has become critical. By acquiring shares in leading probe card makers, which are part of the semiconductor supply chain, we believe that partnerships and technical collaboration will be further promoted, enabling us to meet customers' future testing needs. Though it's difficult to disclose the quantitative holding effects, The Company considers such holding to be reasonable by the assessment mentioned in 2) a above.	None
	522	—		

3) Shares with Purposes of Pure Investment

The Company does not have any “Shares with purposes of pure investment”.

Item5. Financial Information

(1) Basis of Preparation of the Consolidated Financial Statements and the Non-Consolidated Financial Statements

1) The consolidated financial statements of Advantest Corporation (the “Company”) and its subsidiaries are prepared in accordance with International Financial Reporting Standards (“IFRS”), pursuant to the provision of Article 312 of the “Regulation on the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Regulation of the Ministry of Finance of Japan No. 28 of 1976, hereinafter “Regulation on consolidated Financial Statements.”)

2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on the Terminology, Forms and Preparation Methods of Financial Statements” (Regulation of the Ministry of Finance of Japan No. 59 of 1963, hereinafter “Regulation on Financial Statements.”) Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Regulation on Financial Statements.

3) Consolidated and non-consolidated financial statements are rounded to the nearest million yen.

(2) Audit Certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and the non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) were audited by Ernst & Young ShinNihon LLC.

(3) Particular Efforts to Secure the Appropriateness of the Consolidated Financial Statements.

The Company carries out special measures for ensuring the appropriateness of consolidated financial statements. Specifically, for the purpose of ensuring that the Company has an appropriate grasp of the contents and changes of Accounting Standards and related regulations, the Company has been a member of the Financial Accounting Standards Foundation and participates in seminars hosted by the foundation, auditing firms and other organizations.

(4) Structures to Properly Prepare the Consolidated Financial Statements in Accordance with IFRS

In order to prepare appropriate consolidated financial statements in accordance with IFRS, the Company obtains press releases and standards issued by the International Accounting Standards Board from time to time to keep abreast of the latest standards and analyze their impact on the Company’s consolidated financial statements. Furthermore, the Company developed group accounting policies and accounting guidelines in compliance with IFRS and conducts its accounting in accordance with those policies and guidelines. Also, the Company are striving to accumulate expertise within the company by establishing mandatory training programs including participating in seminars hosted by the Financial Accounting Standards Foundation and auditing firms.

1. Consolidated Financial Statements

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

Millions of Yen

	Note	As of March 31, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	7, 30	106,702	262,544
Trade and other receivables	8, 30	88,855	113,031
Inventories	9	204,389	209,707
Other current assets	10, 30	20,315	14,471
Total current assets		420,261	599,753
Non-current assets			
Property, plant and equipment, net	11	78,884	78,602
Right-of-use-assets	13	19,106	18,338
Goodwill and intangible assets, net	12	98,514	78,365
Other financial assets	10, 30	20,139	30,167
Deferred tax assets	15	33,423	47,894
Other non-current assets	19	902	1,091
Total non-current assets	6	250,968	254,457
Total assets		671,229	854,210
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables	16, 30	76,863	107,093
Short-term borrowings	17, 30	—	74,952
Income taxes payable		10,262	73,023
Provisions	18	8,668	12,454
Lease liabilities	13, 30	5,147	5,046
Other financial liabilities	30	1,868	5,790
Other current liabilities	22	23,469	31,066
Total current liabilities		126,277	309,424
Non-current liabilities			
Long-term borrowings	17, 30	75,143	3
Lease liabilities	13, 30	14,153	13,502
Retirement benefit liabilities	19	19,134	17,614
Deferred tax liabilities	15	3,934	4,709
Other non-current liabilities	30	1,410	2,419
Total non-current liabilities		113,774	38,247
Total liabilities		240,051	347,671
Equity			
Share capital	20	32,363	32,363
Share premium	20	45,441	46,665
Treasury shares	20	(56,353)	(104,193)
Retained earnings	20	355,299	489,850
Other components of equity	20	54,428	41,854
Total equity attributable to owners of the parent		431,178	506,539
Total equity		431,178	506,539
Total liabilities and equity		671,229	854,210

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	6, 22	486,507	779,707
Cost of sales	11, 12, 19	(240,477)	(334,622)
Gross profit		246,030	445,085
Selling, general and administrative expenses	11, 12, 18, 19, 23, 24	(158,963)	(195,392)
Other income	26	3,926	1,366
Other expenses	27	(9,365)	(22,898)
Operating income	6	81,628	228,161
Financial income	25	1,244	1,895
Financial expenses	25	(4,702)	(5,282)
Income before income taxes		78,170	224,774
Income taxes	15	(15,880)	(63,597)
Net income		62,290	161,177
Net income attributable to:			
Owners of the parent		62,290	161,177
Earnings per share:	29	Yen	Yen
Basic		84.45	218.67
Diluted		84.16	218.01

Consolidated Statement of Comprehensive Income

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income		62,290	161,177
Other comprehensive income (loss), net of tax			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan	19, 20, 28	(640)	825
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	20, 28	(3,238)	(6,740)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	20, 28	26,029	(5,834)
Total other comprehensive income (loss)		22,151	(11,749)
Total comprehensive income for the year		84,441	149,428
Comprehensive income attributable to:			
Owners of the parent		84,441	149,428

3) Consolidated Statement of Changes in Equity

Millions of Yen

	Note	Equity attributable to owners of the parent						Total Equity
		Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total	
Balance as of April 1, 2023		32,363	44,622	(59,099)	319,171	31,637	368,694	368,694
Net income					62,290		62,290	62,290
Other comprehensive income (loss), net of tax						22,151	22,151	22,151
Total comprehensive income for the year		—	—	—	62,290	22,151	84,441	84,441
Purchase of treasury shares	20			(17)			(17)	(17)
Disposal of treasury shares	20		(1,218)	2,727	(596)		913	913
Cancellation of treasury shares	20			36	(36)		—	—
Dividends	21				(24,890)		(24,890)	(24,890)
Share-based payments	24		1,639				1,639	1,639
Other			398				398	398
Transfer from other components of equity to retained earnings	20				(640)	640	—	—
Total transactions with the owners		—	819	2,746	(26,162)	640	(21,957)	(21,957)
Balance as of March 31, 2024		32,363	45,441	(56,353)	355,299	54,428	431,178	431,178
Net income					161,177		161,177	161,177
Other comprehensive income (loss), net of tax						(11,749)	(11,749)	(11,749)
Total comprehensive income for the year		—	—	—	161,177	(11,749)	149,428	149,428
Purchase of treasury shares	20		(48)	(50,005)			(50,053)	(50,053)
Disposal of treasury shares	20		(1,702)	2,165	(112)		351	351
Dividends	21				(27,339)		(27,339)	(27,339)
Share-based payments	24		2,893				2,893	2,893
Other			81				81	81
Transfer from other components of equity to retained earnings	20				825	(825)	—	—
Total transactions with the owners		—	1,224	(47,840)	(26,626)	(825)	(74,067)	(74,067)
Balance as of March 31, 2025		32,363	46,665	(104,193)	489,850	41,854	506,539	506,539

4) Consolidated Statement of Cash Flows

Millions of Yen

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities:			
Income before income taxes		78,170	224,774
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:			
Depreciation and amortization	11, 12, 13	26,104	27,075
Impairment losses	12	8,998	21,393
Share-based compensation expense	24	1,769	2,893
Changes in assets and liabilities:			
Trade and other receivables		17,400	(28,090)
Inventories		(30,923)	(4,682)
Trade and other payables		(16,857)	30,124
Warranty provisions		(478)	3,817
Advance receipts		(3,168)	11,099
Retirement benefit liabilities		(1,011)	(408)
Other		(249)	11,833
Subtotal		79,755	299,828
Interest and dividends received		1,202	1,808
Interest paid		(2,305)	(2,522)
Income taxes paid		(45,984)	(13,143)
Net cash provided by (used in) operating activities		32,668	285,971
Cash flows from investing activities:			
Proceeds from sale of equity instruments		1,150	—
Purchases of equity instruments		—	(18,529)
Proceeds from sale of property, plant and equipment		49	25
Purchases of property, plant and equipment		(19,592)	(17,414)
Purchases of intangible assets		(951)	(2,017)
Acquisition of subsidiaries	32	(8,260)	(3,815)
Other		(336)	(439)
Net cash provided by (used in) investing activities		(27,940)	(42,189)
Cash flows from financing activities:			
Proceeds from long-term borrowings	17	54,665	—
Repayments of long-term borrowings	17	(14,667)	—
Proceeds from disposal of treasury shares		867	352
Purchases of treasury shares	20	(17)	(50,080)
Dividends paid	21	(24,881)	(27,320)
Payments for lease liabilities	13	(5,207)	(5,323)
Other		—	(447)
Net cash provided by (used in) financing activities		10,760	(82,818)
Net effect of exchange rate changes on cash and cash equivalents		5,677	(5,122)
Net change in cash and cash equivalents		21,165	155,842
Cash and cash equivalents at the beginning of year		85,537	106,702
Cash and cash equivalents at the end of year	7	106,702	262,544

Notes to the Consolidated Financial Statements

1. Reporting Entity

Advantest Corporation is a public company located in Japan.

The Company’s consolidated financial statements consist of the Company and its subsidiaries (collectively, “Advantest”).

Advantest manufactures and sells semiconductor and component test system products and mechatronics-related products such as test handlers and device interfaces. Advantest also engages in research and development activities and provides maintenance and support services associated with these products.

2. Basis of Preparation

(1) Compliance with IFRS

Advantest prepares its consolidated financial statements in accordance with IFRS issued by the International Accounting Standard Board. As Advantest meets the requirements of a “Specified Companies applying Designated IFRS” pursuant to Article 1-2 of the “Regulation on Consolidated Financial Statements”, Advantest adopts Article 312 of the same regulation.

The consolidated financial statements were approved on June 25, 2025 by Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO and Hisako Takada, Senior Executive Officer, CFO of the Company.

(2) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments measured at their fair values, as included in Material Accounting Policies (see note 3 for additional details).

(3) Functional Currency and Presentation Currency

The consolidated financial statements are presented in Japanese Yen, which is the Company’s functional currency.

3. Material Accounting Policies

(1) Basis of Consolidation

Advantest's consolidated financial statements include financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control is obtained when the Company has risks or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the variable returns.

The Company consolidates all subsidiaries from the date on which the Company acquires control until the date on which the Company loses control.

Inter-company balances and transactions are eliminated in consolidation.

Subsidiaries' financial statements are adjusted, if necessary, when their accounting policies differ from those of the Company. For subsidiaries with different reporting dates from that of the Company, the financial statements based on provisional settlement of accounts made as of the reporting date are used in the preparation of the consolidated financial statements. The reporting date of the subsidiaries is not more than 3 months earlier than that of the Company.

(2) Business Combinations

Business combinations are accounted for using the acquisition method. Goodwill is measured as the excess of the total amount of the consideration transferred, the amount of any non-controlling interests in the acquiree and, if a business combination is achieved in stages, the amount of the fair value at the date of acquisition of acquirer's previously held equity interest in the acquiree over the net amounts recognized of the identifiable acquired assets and assumed liabilities (which is usually measured at fair value). If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. During the measurement period, which does not exceed one year from the acquisition date, the Company retrospectively adjusts the provisional amounts recognized at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which they are incurred.

(3) Foreign Currency Translation

1) Translation of Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency of each entity using the exchange rate at the end of the reporting period. Foreign currency transactions are converted into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the currency conversion and settlement are recognized as financial income (expenses).

2) Translation of Foreign Operations

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.

(4) Financial Instruments

1) Non-Derivative Financial Assets

Advantest classifies non-derivative financial assets into the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Advantest initially recognizes financial assets measured at amortized cost on the date that they are originated. All other financial assets are recognized initially on the trade date, the date on which Advantest becomes party to the contractual provisions.

Advantest derecognizes a financial asset when contractual rights to the cash flows from the asset expire. In transferring contractual rights to the cash flows from a financial asset, Advantest will derecognize the financial asset if Advantest neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

Financial assets and liabilities are offset and presented net in the consolidated statement of financial position only when Advantest has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

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

Advantest 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 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 Advantest 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 fair value through other comprehensive income are recognized in profit or loss, except when they are considered to be return of the investment.

Financial assets measured at fair value through profit or loss

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

2) Non-Derivative Financial Liabilities

Advantest classifies non-derivative financial liabilities into the following categories: financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss.

Advantest recognizes debt securities on the day when issued. Financial liabilities other than debt securities are initially recognized on the trade date, the date on which Advantest becomes party to contractual provisions.

Advantest derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

These financial liabilities measured at amortized cost are measured initially at fair value, less any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. The amortization charge for each period is recognized as financial expenses in profit or loss.

These financial liabilities measured at fair value through profit or loss are measured initially at fair value. After initial recognition, these are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

3) Equity

Share capital

Share capital is included in equity. The direct issuance costs of share capital are deducted, net of tax, from share premium.

Treasury shares

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized at purchase, sale and retirement of treasury shares.

4) Derivative Financial Instruments

Advantest uses derivative instruments primarily to manage exposures to foreign currency. The primary objective in holding derivatives is to reduce the volatility of earnings and cash flows associated with changes in foreign currency. The instruments are not designated for trading or speculative purposes. Derivative financial instruments contain an element of risk in the event the counterparties are unable to meet the terms of the agreements. However, Advantest minimizes risk exposure by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. Management of the Company does not expect any counterparty to default on its obligations and, therefore, does not expect to incur any losses due to counterparty default on its obligations. Advantest generally does not require or provide collateral for these derivative financial instruments.

Derivative financial instruments are initially recognized at fair value and remeasured after initial recognition to their fair value. If the derivative instrument is not designated as a hedge, the gain or loss is recognized in earnings in the period of change.

The accounting for changes in the fair value (that are, gains or losses) of a derivative instrument depends on the objective for holding such instrument and whether it meets the criteria for designation as a cash flow hedge or a fair value hedge.

If certain conditions are met, Advantest may elect to designate a derivative instrument as a hedge of exposures to changes in fair values, cash flows, or a net investment in a foreign operation.

(5) Impairment

1) Non-Derivative Financial Assets

Allowance for doubtful accounts against expected credit losses is recognized for financial assets measured at amortized cost.

Advantest assesses at the end of each reporting period whether the credit risk that relates to financial assets has increased significantly or not since initial recognition. If the credit risk has not increased significantly, Advantest recognizes an amount equal to 12-month expected credit losses as allowance for doubtful accounts. If the credit risk has increased significantly, Advantest recognizes an amount equal to lifetime expected credit losses as allowance for doubtful accounts. Advantest determines whether the credit risk has increased significantly or not based on the change of default risk.

Advantest always recognizes an amount equal to lifetime expected credit losses for trade receivables as allowance for doubtful accounts. If there has been a significant decrease of impairment loss on financial assets after initial recognition, Advantest recognizes in profit or loss, as an impairment gain, the amount of reversal that is required to adjust the allowance for doubtful accounts.

2) Non-Financial Assets

If there is any indication of impairment for non-financial assets other than inventories and deferred tax assets, the asset's recoverable amount is estimated, and the asset is tested for impairment. 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.

The recoverable amount of an asset, CGU or CGU group is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset, CGU or CGU group are discounted to present value using a pre-tax discount rate which reflects current market assessments of the time value of money and any risks specific to the asset, CGU or CGU group. For impairment testing purposes, assets are grouped together into the smallest assets, CGU or CGU group that generates cash inflows independently of cash inflows of other assets, CGU or CGU group. Goodwill is grouped together so that the impairment is tested for the smallest group of units used for internal reporting purposes. Goodwill acquired in a business combination is allocated to CGU or CGU group that is expected to benefit from the synergies of the business combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to that CGU or CGU group and then to reduce the carrying amounts of other assets in CGU or CGU group on a pro-rata basis.

Impairment losses on goodwill are not reversed. For all other assets, impairment losses are only reversed to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(6) 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.

(7) 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.

(8) Property, Plant and Equipment (except Right-of-Use Assets)

Property, plant and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs.

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. The estimated useful lives of major asset items are as follows:

・Buildings:10 to 50 years
・Machinery and equipment:4 to 10 years
・Tool, furniture and fixture:2 to 10 years

The estimated useful lives, depreciation method and residual value are reviewed at each fiscal year end and if there are any changes made to the estimated useful lives, depreciation method and residual value, such changes are accounted for on a prospective basis as changes in estimate.

(9) Goodwill and Intangible Assets

1) Goodwill

Details on the measurement of goodwill at initial recognition are included in Business Combinations (see note (2) for additional details).

Goodwill is not amortized. It is allocated to CGU or group of CGUs that are identified according to types of business and regions and tested for impairment each fiscal year or when there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

After initial recognition, goodwill is presented at cost less accumulated impairment losses.

2) Intangible Assets (except Right-of-Use Assets)

Intangible assets acquired separately are measured at cost at the initial recognition, and the cost of intangible assets acquired through business combinations are recognized at fair value at the acquisition date.

Expenses on internally generated intangible assets are recognized as expense in the period when incurred, except for those that satisfy the criteria for recognition as assets. Internally generated intangible assets that satisfy the criteria for recognition as assets are stated at cost in the total amount of spending that is incurred after the assets first met recognition standards.

Intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets for which useful lives can be determined are amortized on a straight-line method over their estimated useful lives from the date the assets are available for use. These assets are also tested for impairment whenever there is any indication of impairment.

Estimated useful lives, residual values and amortization methods are reviewed at each fiscal year end and the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

・Software:3 to 5 years
・Customer-related assets and technology-related assets:5 to 18 years

(10) Leases

1) Leases-Lessor

Advantest recognizes the lease transactions that do not transfer substantially all risks and rewards of ownership as property, plant and equipment in the consolidated statement of financial position and recognizes revenue on the straight line basis over the leasing period in the consolidated statement of profit or loss.

2) Leases-Lessee

Advantest 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.

Advantest has elected not to recognize short term leases and leases of low-value assets as right-of-use assets and lease liabilities, but expense over the lease term on a straight-line basis.

(11) 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.

The Company and certain of its subsidiaries have retirement and severance defined contribution plans. Defined contribution plans are post-employment benefit plans in which the employer makes a certain amount of contributions to fund post-employment benefits and does not bear more legal and constructive obligations than the amount contributed. The contribution in defined contribution plans is recognized in profit or loss in the period during which services were provided by employees.

(12) Provisions

Provisions are recognized when Advantest has present legal or constructive obligations as a result of past events, when 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.

Warranty Provisions

Advantest's products are generally subject to warranty, and Advantest provides contractual product warranty services, when the performance of products sold does not meet expected product specifications. Estimated repair expenses over the warranty period are accrued based on the historical ratio of actual repair expenses to corresponding sales, when product revenue is recognized.

(13) Share-Based Compensation

Advantest applies the fair-valued-based method of accounting for share-based compensation and recognizes share-based compensation expenses in the consolidated statement of profit or loss.

The cost of service received in share options is measured based on the grant-date fair value. The cost is recognized on the straight line basis over the period during which an employee is required to provide service in exchange for the award. The Black Scholes pricing model is used to estimate the value of share options. Expected dividend yield is determined by the Company's dividend ratio of the past and other associated factors. Risk free interest rate is determined by Japanese government bond yield for the period corresponding to expected life. Expected volatility is determined by historical volatility and trend of the Company's share prices, and other associated factors. Expected life is determined by the Company's option exercise history, post vesting employment termination behavior for similar grants, and other pertinent factors.

Advantest has performance-based stock remuneration plan and restricted stock compensation plan for directors, executive officers and executive employees as an incentive. The cost of service received in performance-based stock remuneration plan is measured based on the grant-date fair value of the Company's shares or any liabilities generated. The cost is recognized over the applicable period. The cost of service received in restricted stock compensation plan is measured based on the grant-date fair value of the Company's shares. The cost is recognized with a corresponding increase in equity over the applicable period.

(14) Revenue

Advantest recognizes revenue based on the five-step model.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations (accounting treatment for goods or services separately)

Step 3: Determine the transaction price (amount of consideration)

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

Advantest sells test system products of semiconductor and mechatronics-related products such as test handlers that handling semiconductor devices, the revenue for these is recognized when control of such products is transferred to customers as the performance obligation is satisfied based on contractual terms. The timing at which control of such products transferred to customers is determined upon delivery or acceptance.

Additionally, Advantest 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.

(15) Financial Income and Expenses

Financial income mainly consists of dividend income, interest income, foreign exchange gains and changes in the fair value of financial instruments measured at fair value through profit or loss. Dividend income is recognized on the date when the right of Advantest to receive the dividend is established. Interest income is recognized using the effective interest method as incurred.

Financial expenses mainly consist of interest expenses, foreign exchange losses and changes in the fair value of financial instruments measured at fair value through profit or loss. Interest expenses are recognized using the effective interest method as incurred.

(16) Income Taxes

Current and deferred taxes are stated as income taxes in the consolidated statement of profit or loss except when they relate to business combinations or on items recognized in other comprehensive income or directly in equity.

Current and deferred taxes related to items recognized in other comprehensive income are recognized as other comprehensive income.

1) Current Taxes

Current income taxes are measured at the amount that is expected to be paid to or refunded from the tax authorities. For the calculation of the tax amount, Advantest uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

2) Deferred Taxes

Deferred income taxes are calculated based on the temporary differences between the amounts used for tax purpose and the carrying amount for assets and liabilities at the fiscal year end. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year when the asset is realized or the liability is settled, based on the tax laws that have been enacted or substantively enacted by the fiscal year end.

Deferred tax assets and deferred tax liabilities are not recognized for the following temporary differences:

- taxable temporary differences on initially recognized goodwill
- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and that, at the time of the transaction, affect neither accounting profit or loss nor taxable profit or loss, and at the time of the transaction, do not give rise to equal taxable and deductible temporary differences
- taxable temporary differences on investments in subsidiaries to the extent that the timing of the reversal of the temporary difference is controlled and that it is probable the temporary difference will not reverse in the foreseeable future
- deductible temporary differences on investments in subsidiaries to the extent that it is not probable the temporary differences will reverse in the foreseeable future

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on the same taxable entity.

Advantest has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two Model rules published by the Organization for Economic Co-operation and Development (OECD) under the amendments to IAS 12. The impact of applying the exception on Advantest’s consolidated financial statements is immaterial.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires Advantest to make judgments, accounting estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on the best judgment of management in light of historical experience and various factors deemed to be reasonable according to the situation. Given their nature, however, actual results may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. The effects of a change in these estimates and assumptions are recognized in the period of the change and subsequent periods.

The estimates and assumptions that could have a material effect on the amounts recognized in its consolidated financial statements are as follows:

(1) Valuation of Inventories

1) Amount Recognized in the Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Inventories	204,389	209,707

2) Other Information that Deepens the Understanding of Users of the Consolidated Financial Statements Regarding the Content of Accounting Estimates

Inventories are measured at the lower of cost or net realizable value after initial recognition. If the net realizable value is less than the cost, the difference is accounted for as a write off and recognized as an impairment loss. In addition, based on forecasts by product model, Advantest analyzes whether there is an excess inventory balance and consider the necessity of recording an impairment loss. Furthermore, if inventories become excessive, or if the market environment deteriorates beyond forecasts and the net realizable value significantly declines, there is a possibility that a loss may occur.

In the fiscal year ended March 31, 2025, demand for semiconductors related to the proliferation of AI drove market growth. In the Advantest's semiconductor test equipment business, demand for high-performance semiconductors related to AI increased significantly. On the other hand, demand for products other than AI-related applications, such as consumer electronics, automotive and industrial equipment, has remained soft. The inventory turnover period for some raw materials related to these specific products, which account for approximately 9% of total raw materials and suppliers, has become particularly long.

(2) Impairment of Property, Plant and Equipment, Right-of-use Assets, Goodwill and Intangible Assets

1) Amount Recognized in the Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment, net	78,884	78,602
Right-of-use assets	19,106	18,338
Goodwill and intangible assets, net	98,514	78,365

2) Other Information that Deepens the Understanding of Users of the Consolidated Financial Statements Regarding the Content of Accounting Estimates

Advantest performs an impairment test for property, plant and equipment, right-of-use assets, goodwill and intangible assets when there is any indication that the recoverable amount is less than the carrying amount of the assets. Goodwill is tested for impairment both annually and when there is any indication of impairment.

The impairment test is performed by comparing the carrying amount and the recoverable amount of cash-generating unit (CGU) or CGU group. If the recoverable amount is less than the carrying amount, impairment loss is recognized. The recoverable amount is based on the value in use mainly calculated by the discounted cash flow model. The estimated future cash flows associated with CGU or CGU group are discounted to present value using a pre-tax discount rate which reflects current market assessments of the time value of money and any risks specific to CGU or CGU group. The estimated future cash flows associated with CGU or CGU group are based on the business plan for 3 years approved by management and the growth rate after 3 years. Pre-tax discount rates used for measuring the value in use for the fiscal years ended March 31, 2024 and 2025 were 12.9% - 17.9% and 11.8% - 19.8%, respectively.

CGU that has significant goodwill and assets as of March 31, 2024 are Essai, Inc. and R&D Altanova group, and the amount of goodwill allocated to these CGUs are ¥6,356 million and ¥27,826 million, respectively. Essai, Inc. and R&D Altanova group also have significant intangible assets of ¥16,795 million and ¥8,901 million as of March 31, 2024, respectively.

CGU that has significant goodwill and assets as of March 31, 2025 is R&D Altanova group, and the amount of goodwill and intangible assets allocated to the CGU are ¥27,479 million and ¥8,398 million, respectively.

The key assumptions in the impairment test of CGU above are the sales forecast to existing large-volume customers and prospects for new customers that form the basis of the three-year business plan, discount rate and growth rate after 3 years. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales.

These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions may have a material impact on amount recognized in the consolidated financial statements in future periods.

At the end of the fiscal year ended March 31, 2024, Essai, Inc. recognized ¥8,998 million of impairment loss, which is included in other expenses in the consolidated statement of profit or loss, for a portion of goodwill as sales forecast for a large-volume customer was weaker than originally expected, causing future cash flow projections to deteriorate. At the end of the fiscal year ended March 31, 2025, Essai, Inc. recognized ¥21,393 million of impairment losses, which is included in other expenses in the consolidated statement of profit or loss, for goodwill and intangible assets due to softness in sales for a major customer and delays in expanding sales to new customers. As a result, Essai, Inc. has no balance of goodwill and intangible assets.

The method of calculating the recoverable amount of goodwill is included in Goodwill and Intangible Assets (see note 12 for additional details).

(3) Post-Employment Benefits

1) Amount Recognized in the Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Retirement benefit liabilities	19,134	17,614

2) Other Information that Deepens the Understanding of Users of the Consolidated Financial Statements Regarding the Content of Accounting Estimates

The Company and certain of its subsidiaries have retirement and severance plans, which are defined benefit and defined contribution plans covering substantially all of their employees. For defined benefit plans, the present value of defined benefit obligations on each of these plans and the service costs are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables such as discount rates. The key assumptions are discount rate and rate of compensation increase.

The actuarial assumptions are determined based on the best estimates and judgments made by management; however, there is the possibility that these assumptions may be affected by changes in uncertain future economic conditions, which may have a material impact on amount recognized in the consolidated financial statements in future periods.

These actuarial assumptions and related sensitivity analysis are included in Post-Employment Benefits (see note 19 for additional details).

(4) Valuation of Deferred Tax Assets

1) Amount Recognized in the Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	33,423	47,894

2) Other Information that Deepens the Understanding of Users of the Consolidated Financial Statements Regarding the Content of Accounting Estimates

Advantest judges the recoverability of deferred tax assets depending on taxable income based on the business plan and tax planning.

Key assumption for estimates of taxable income is sales forecast of each business unit as the basis for business plan. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales due to significant demand volatility in the semiconductor industry. In addition, the semiconductor industry has been highly cyclical with recurring periods of excess inventory, which possibly have a severe effect on the semiconductor industry’s demand for semiconductor test systems. Therefore, Advantest estimates the timing, period, and amount of taxable income taking into account deviation of past forecast and actual results as well as uncertainty due to future changes in economic conditions.

Differences in result and forecast of taxable income may have a material impact on the amount of deferred tax assets recognized in the consolidated financial statements in future periods.

The contents and amounts related to income taxes are included in the Income Taxes (see note 15 for additional details).

5. New Accounting Standards and Interpretations Issued but not yet Applied

New or revised accounting standards and interpretations that were issued by the date of approval of the consolidated financial statements but have not yet been applied by Advantest as of March 31, 2025, are principally as follows:

Standards and Interpretations	Title	Date of mandatory application (fiscal year beginning on or after)	Reporting periods of application (end date of the reporting period)	Overview of new/revised Standards and Interpretations
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 31, 2028	New standard of the presentation and disclosure of information in financial statements that replaces IAS 1

Advantest is currently assessing the impacts of adopting IFRS 18 “Presentation and Disclosure in Financial Statements”.

6. Segment Information

(1) Overview of Reportable Segments

Advantest manufactures and sells semiconductor and component test system products and mechatronics-related products such as test handlers and device interfaces. Advantest also engages in research and development activities and provides maintenance and support services associated with these products. Advantest manages its reportable segments and operating segments under the same classification and has three reportable segments. These reportable segments are determined based on the nature of the products and the markets. Segment information is prepared on the same basis that management reviews financial information for operational decision making purposes.

The semiconductor and component test system segment provides customers with test system products for the semiconductor industry and the electronic parts industry. Product lines provided in the semiconductor and component test system segment include test systems for SoC semiconductor devices and test systems for memory semiconductor devices.

The mechatronics system segment provides product lines such as test handlers, mechatronic-applied products, for handling semiconductor devices, device interfaces that serve as interfaces with the devices that are measured and operations related to nano-technology products.

The services, support and others segment consists of comprehensive customer solutions provided in connection with the above segments, test solutions of system level testing for such as semiconductor and modules, support services, sales of consumables, sales of used products, equipment lease business and others.

(2) Information of Reportable Segments

Accounting treatment applied to operating segments is the same as in the note “3. Material Accounting Policies”.

Advantest uses the operating income (loss) before share-based compensation expense for management’s analysis of operating segments’ results.

Share-based compensation expense represents expenses for performance-based stock remuneration expense and restricted stock compensation expense.

Segment income (loss) is presented on the basis of operating income (loss) before share-based compensation expense.

Inter-segment sales are based on market prices.

Fiscal year ended March 31, 2024

Millions of Yen

	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	331,542	52,695	102,270	—	486,507
Inter-segment sales	—	—	—	—	—
Total	331,542	52,695	102,270	—	486,507
Segment income (loss) (operating income (loss) before share-based compensation expense)	91,916	9,171	(2,828)	(14,862)	83,397
Adjustment: Share-based compensation expense	—	—	—	—	(1,769)
Operating income	—	—	—	—	81,628
Financial income	—	—	—	—	1,244
Financial expenses	—	—	—	—	(4,702)
Income before income taxes	—	—	—	—	78,170
(Other profit and loss items)					
Depreciation and amortization	14,926	1,300	8,836	1,042	26,104

Fiscal year ended March 31, 2025

Millions of Yen

	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	598,128	73,180	108,399	—	779,707
Inter-segment sales	—	—	—	—	—
Total	598,128	73,180	108,399	—	779,707
Segment income (loss) (operating income (loss) before share-based compensation expense)	244,021	16,786	(10,914)	(18,839)	231,054
Adjustment: Share-based compensation expense	—	—	—	—	(2,893)
Operating income	—	—	—	—	228,161
Financial income	—	—	—	—	1,895
Financial expenses	—	—	—	—	(5,282)
Income before income taxes	—	—	—	—	224,774
(Other profit and loss items)					
Depreciation and amortization	15,564	1,306	9,105	1,100	27,075

(Notes) 1. Adjustments to segment income (loss) in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments.

2. For services, support and others, the segment loss for the fiscal year ended March 31, 2024, includes an impairment loss of ¥8,998 million on a portion of the goodwill acquired through a business combination with Essai, Inc. in the system level test business, as well as a ¥3,179 million settlement income from a dispute with the counterparty. The segment loss for the fiscal year ended March 31, 2025, includes impairment losses of ¥21,393 million on the goodwill and intangible assets acquired through a business combination with Essai, Inc. in the system level test business.

(3) Net Sales to Unaffiliated Customers by Segments of Products and Services

The segments of similar products and services are the same as the segments in the report.

(4) Net Sales to Unaffiliated Customers by Region

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Japan	19,723	15,849
Americas	37,621	47,119
Europe	17,643	19,962
Asia	411,520	696,777
Total	486,507	779,707

Net sales to unaffiliated customers are based on customer’s location. Net sales indicated as Asia were mainly generated in Taiwan, China and South Korea in the amount of ¥108,357 million, ¥157,064 million and ¥92,891 million for the fiscal year ended March 31, 2024 and ¥326,506 million, ¥175,105 million and ¥156,994 million for the fiscal year ended March 31, 2025, respectively. Substantially all net sales indicated as Americas were generated in the United States of America.

(5) Non-Current Assets (Property, Plant and Equipment, Right-of-Use Assets, Goodwill and Intangible Assets, Other Non-Current Assets) by Region

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Japan	50,164	49,310
Americas	106,932	79,152
Europe	16,718	24,097
Asia	23,592	23,683
Total	197,406	176,242

Non-current assets are those assets located in each geographic area.

Substantially all non-current assets indicated as Americas were located in the United States of America. Substantially all non-current assets indicated as Europe were located in Germany and Netherlands. Non-current assets in Asia were primarily located in Taiwan, South Korea, China and Singapore.

(6) Information of Main Customers

The customer group that accounted for 10% or more of the net sales was the Samsung Group, mainly in the semiconductor and component system and the mechatronics system segments of Advantest for the fiscal years ended March 31, 2024. Net sales to the Samsung Group amounted to ¥57,725 million for the fiscal year ended March 31, 2024.

The customer groups that accounted for 10% or more of the net sales were Taiwan Semiconductor Manufacturing Co., Ltd. and the Samsung Group for the fiscal years ended March 31, 2025. Net sales to Taiwan Semiconductor Manufacturing Co., Ltd. were mainly related to the semiconductor and component system segment of Advantest. Net sales to the Samsung Group were mainly related to the semiconductor and component system and the mechatronics system segments of Advantest. Net sales to Taiwan Semiconductor Manufacturing Co., Ltd. and the Samsung Group amounted to ¥96,158 million and ¥87,734 million for the fiscal year ended March 31, 2025, respectively.

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Cash and short-term deposits with maturities of three months or less	106,702	262,544

Cash and cash equivalents are classified as financial assets measured at amortized cost.

The balances of cash and cash equivalents on the consolidated statement of financial position agreed with the respective balances in consolidated statement of cash flows.

8. Trade and Other Receivables

The breakdown of trade and other receivables was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Note Receivables	6,662	4,942
Trade Receivables	74,153	100,942
Other Receivables	8,040	7,197
Allowance for doubtful accounts	—	(50)
Total	88,855	113,031

Trade and other receivables are presented net of the allowance for doubtful accounts in the consolidated statement of financial position.

Trade and other receivables are classified as financial assets measured at amortized cost.

9. Inventories

The breakdown of inventories was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Finished goods	23,979	27,730
Work in process	38,872	53,225
Raw materials and supplies	141,538	128,752
Total	204,389	209,707

Inventory valuation losses recognized as an expense due to the decline in profitability for the fiscal years ended March 31, 2024 and 2025 were ¥7,347 million and ¥17,712 million, respectively.

10. Other Financial Assets

The breakdown of other financial assets was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Financial assets that are measured at fair value through other comprehensive income		
Equity instruments	18,008	27,680
Financial assets that are measured at fair value through profit or loss		
Derivatives	—	165
Financial assets measured at amortized cost	2,131	2,641
Total	20,139	30,486
Current assets	—	319
Non-current assets	20,139	30,167
Total	20,139	30,486

11. Property, Plant and Equipment, Net

(1) Increase or Decrease Table

Changes in carrying amount of property, plant and equipment were as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	Land	Buildings	Machinery	Equipment and Furniture	Construction in progress (Note)	Total
Balance at beginning of year	11,786	13,529	30,902	2,743	5,086	64,046
Acquisition	―	2,598	12,726	1,455	3,104	19,883
Acquisition through business combinations	3,852	1,358	342	7	158	5,717
Sales and disposals	―	(4)	(260)	(22)	―	(286)
Depreciation	―	(1,485)	(13,646)	(1,212)	―	(16,343)
Exchange differences	918	1,129	2,825	189	806	5,867
Balance at end of year	16,556	17,125	32,889	3,160	9,154	78,884

Fiscal year ended March 31, 2025

Millions of Yen

	Land	Buildings	Machinery	Equipment and Furniture	Construction in progress (Note)	Total
Balance at beginning of year	16,556	17,125	32,889	3,160	9,154	78,884
Acquisition	―	8,757	11,475	2,149	(3,383)	18,998
Acquisition through business combinations	―	123	133	50	―	306
Sales and disposals	―	(28)	(929)	(40)	―	(997)
Depreciation	―	(1,903)	(13,775)	(1,342)	―	(17,020)
Exchange differences	(318)	(674)	(463)	(53)	(61)	(1,569)
Balance at end of year	16,238	23,400	29,330	3,924	5,710	78,602

(Note) Acquisitions of “construction in progress” are stated at net amounts, including increases from new acquisitions and transfers to each property, plant and equipment category.

Gross carrying amount, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment were as follows:

Millions of Yen

	Land	Buildings	Machinery	Equipment and Furniture	Construction in progress	Total
As of March 31, 2024						
Gross carrying amount	17,595	46,675	102,699	11,729	9,154	187,852
Accumulated depreciation and impairment losses	1,039	29,550	69,810	8,569	—	108,968
Carrying amount	16,556	17,125	32,889	3,160	9,154	78,884

Millions of Yen

	Land	Buildings	Machinery	Equipment and Furniture	Construction in progress	Total
As of March 31, 2025						
Gross carrying amount	17,279	53,536	105,750	12,982	5,710	195,257
Accumulated depreciation and impairment losses	1,041	30,136	76,420	9,058	—	116,655
Carrying amount	16,238	23,400	29,330	3,924	5,710	78,602

Depreciation expense is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

(2) Impairment Losses

No impairment losses were recorded on property, plant and equipment for the year ended March 31, 2024 and 2025, respectively.

(3) Commitments Related to Acquisition of Fixed Assets

Commitments related to acquisition of fixed assets were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Acquisition of Fixed Assets	460	368

12. Goodwill and Intangible Assets

(1) Increase or Decrease Table

Changes in carrying amount of goodwill and intangible assets were as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	Goodwill	Software	Intangible assets recognized by business combination (Note)	Others	Total
Balance at beginning of year	63,092	2,423	29,993	259	95,767
Acquisition	—	940	—	8	948
Acquisition through business combinations	2,522	—	457	—	2,979
Sales and disposals	—	(5)	—	—	(5)
Amortization	—	(943)	(3,867)	(18)	(4,828)
Impairment losses	(8,998)	—	—	—	(8,998)
Exchange differences	8,638	158	3,823	32	12,651
Balance at end of year	65,254	2,573	30,406	281	98,514

Fiscal year ended March 31, 2025

Millions of Yen

	Goodwill	Software	Intangible assets recognized by business combination (Note)	Others	Total
Balance at beginning of year	65,254	2,573	30,406	281	98,514
Acquisition	—	2,016	—	1	2,017
Acquisition through business combinations	3,004	342	1,258	—	4,604
Sales and disposals	—	(19)	—	—	(19)
Amortization	—	(1,048)	(3,493)	(15)	(4,556)
Impairment losses	(6,381)	—	(15,012)	—	(21,393)
Exchange differences	(717)	(35)	(46)	(4)	(802)
Balance at end of year	61,160	3,829	13,113	263	78,365

(Note) “Intangible assets recognized by business combination” were mainly customer-related assets and technology-related assets.

Gross carrying amount, accumulated amortization and impairment losses and carrying amount of goodwill and intangible assets were as follows:

Millions of Yen

	Goodwill	Software	Intangible assets recognized by business combination	Others	Total
As of March 31, 2024					
Gross carrying amount	74,367	10,142	48,840	884	134,233
Accumulated amortization and impairment losses	9,113	7,569	18,434	603	35,719
Carrying amount	65,254	2,573	30,406	281	98,514
As of March 31, 2025					
Gross carrying amount	76,435	12,091	49,499	871	138,896
Accumulated amortization and impairment losses	15,275	8,262	36,386	608	60,531
Carrying amount	61,160	3,829	13,113	263	78,365

Amortization expense is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

The intangible assets at the end of the fiscal year ended March 31, 2024 were mainly intangible assets of ¥16,795 million and ¥8,901 million, recognized by the business combination of Essai, Inc. and R&D Altanova Inc., respectively.

The remaining amortization period at the end of the fiscal year ended March 31, 2024 were 7 years and 6 to 16 years, respectively.

The intangible assets at the end of the fiscal year ended March 31, 2025 was mainly intangible assets of ¥8,398 million, recognized by the business combination of R&D Altanova Inc. group.

The remaining amortization period at the end of the fiscal year ended March 31, 2025 was 3 to 15 years.

(2) Impairment Test for Goodwill

Carrying amounts of goodwill allocated to CGU or CGU group were as follows:

Millions of Yen

CGU or CGU group	As of March 31, 2024	As of March 31, 2025
Semiconductor and component test system business		
-Japan	11,949	14,787
-Collaudi Elettronici Automatizzati S.r.l.	1,713	1,701
Services, support and others		
-Japan	8,194	8,092
-Advantest Test Solutions, Inc.	9,216	9,101
-Essai, Inc.	6,356	—
-R&D Altanova, Inc. (Note)	27,826	27,479

The recoverable amounts of CGU or CGU group are calculated by the values in use based on the business plan for 3 years approved by management and the growth rate. The business plan reflects the past experience using external and internal data, for the cash flows exceeding the period, its value in use is calculated by the growth rate that does not exceed the expected long-term growth rate of the market CGU or CGU group belongs to. The growth rates used for fiscal years ended March 31, 2024 and 2025 were 0.4% - 6.0% and 0.5% - 6.0%, respectively.

Pre-tax discount rates used for measuring the value in use for fiscal years ended March 31, 2024 and 2025 were 12.9% - 17.9% and 11.8% - 19.8%, respectively. Since the recoverable amount of CGU or CGU group except for Essai, Inc. is well above the carrying amount, the probability that the recoverable amount is less than the carrying amount is expected low even when the primary assumption of the goodwill changes to reasonable extent.

At the end of the fiscal year ended March 31, 2025, R&D Altanova group had significant goodwill, and pre-tax discount rate used for measuring the value in use was 19.4%. R&D Altanova group might have a risk of impairment loss if pre-tax discount rate goes above 22.9%.

At the end of the fiscal year ended March 31, 2024, Essai, Inc. recognized ¥8,998 million of impairment loss, which is included in other expenses in the consolidated statement of profit or loss, for a portion of goodwill as sales forecast for a large-volume customer is weaker than originally expected, causing future cash flow projections to deteriorate. At the end of the fiscal year ended March 31, 2025, Essai, Inc. recognized ¥21,393 million of impairment losses, which is included in other expenses in the consolidated statement of profit or loss, for goodwill and intangible assets due to softness in sales for a major customer and delays in expanding sales to new customers. As of March 31, 2025, Essai, Inc. has no balance of goodwill and intangible assets, and pre-tax discount rate used for measuring the value in use was 15.5%.

(Note) See note 32 for R&D Altanova, Inc.

(3) Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for fiscal years ended March 31, 2024 and 2025 were ¥65,492 million and ¥71,399 million, respectively.

13. Leases

(1) Leases- Lessor

Advantest provides leases that enable its customers to use its semiconductor test systems. All leases are classified as operating leases. Lease terms range from 1 year to 3 years. Certain of the lease agreements as of March 31, 2024 are cancelable and all lease agreements as of March 31, 2025 are not cancelable. Maturity analysis for operating lease fee were as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Leasing fee	548	6	—	—	—	—	554

Fiscal year ended March 31, 2025

Millions of Yen

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years	Total
Leasing fee	338	—	—	—	—	—	338

(2) Leases- Lessee

Advantest leases certain office space and office equipment under the lease contracts. Profit and loss related to right-of-use assets was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation expense of right-of-use assets		
Buildings	3,605	3,950
Others	1,327	1,549
Total	4,932	5,499
Interest expense related to lease liabilities	421	514
Expenses related to short-term leases	25	57
Expenses related to leases of low-value assets	25	29

Carrying amount related to right-of-use assets was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Right-of-use assets		
Buildings	16,831	16,040
Others	2,275	2,298
Total	19,106	18,338

The increase in right-of-use assets were ¥5,352 million and ¥5,450 million for the fiscal years ended March 31, 2024 and 2025, respectively.

In cases where the lessee is able to exercise an extension option without the lessor’s consent, it is considered that the lessee has an extension option. In case where the lessee is able to terminate its lease contract in the middle of the contract, it is considered that the lessee has a termination option. Each of the affiliates exercises these options, as necessary.

Total cash outflows for leases were ¥5,257 million and ¥5,409 million for the fiscal years ended March 31, 2024 and 2025, respectively.

Of the changes in liabilities arising from financing activities, lease liabilities were as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	As of April 1, 2023	Changes arising from cash flows	Non-cash changes		As of March 31, 2024
			Increase of right-of-use assets	Others	
Lease liabilities	17,487	(5,207)	5,352	1,668	19,300

Fiscal year ended March 31, 2025

Millions of Yen

	As of April 1, 2024	Changes arising from cash flows	Non-cash changes		As of March 31, 2025
			Increase of right-of-use assets	Others	
Lease liabilities	19,300	(5,323)	5,450	(879)	18,548

Maturity analyses for lease liabilities as of March 31, 2025 is disclosed in note 30.

14. Subsidiaries

Please see “4 Status of Affiliated Companies” in “1 Company Overview” for details.

15. Income Taxes

(1) Deferred Tax Assets and Liabilities

The breakdown of deferred tax assets and liabilities was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Inventories	4,757	5,703
Warranty provisions	2,544	3,813
Retirement benefit liabilities	7,409	7,233
Accrued expenses	3,307	7,475
Research and development expenses capitalized for tax purposes	5,575	7,029
Operating loss carryforwards	273	195
Property, plant and equipment and Intangible assets	16,094	16,701
Tax credits	212	389
Lease liabilities	5,276	5,152
Others	3,116	3,400
Total deferred tax assets	48,563	57,090
Deferred tax liabilities		
Net change in fair values of financial assets	(1,566)	—
Undistributed earnings of foreign subsidiaries	(4,200)	(5,190)
Right-of-use assets	(5,226)	(5,095)
Property, plant and equipment and Intangible assets	(7,579)	(3,526)
Others	(503)	(94)
Total deferred tax liabilities	(19,074)	(13,905)
Net deferred tax assets	29,489	43,185

Net deferred tax assets were included in the following line items in the consolidated statement of financial position.

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	33,423	47,894
Deferred tax liabilities	3,934	4,709

Changes in net deferred tax assets were as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net deferred tax assets		
Balance at beginning of year	20,749	29,489
Recognized in profit or loss	6,534	12,556
Recognized in other comprehensive income	2,716	1,589
Acquisition through business combinations	(772)	(386)
Others	262	(63)
Balance at end of year	29,489	43,185

Advantest recognizes deferred tax assets after taking into consideration taxable temporary differences, the forecasted future taxable profits and tax planning.

Deductible temporary differences, operating loss carryforwards and tax credits that are not recognized as deferred tax assets in the consolidated statement of financial position were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deductible temporary differences	29,450	82,322
Operating loss carryforwards	169	174
Tax credits	967	1,016

The expiration dates of operating loss carryforwards and tax credits that were not recognized as deferred tax assets in the consolidated statement of financial position were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Operating loss carryforwards		
Not later than 1 year	—	—
Later than 1 year and not later than 5 years	—	—
Later than 5 years	169	174
Total	169	174
Tax credits		
Not later than 1 year	—	—
Later than 1 year and not later than 5 years	25	—
Later than 5 years	942	1,016
Total	967	1,016

The taxable temporary difference related to investments in subsidiaries for which deferred tax liabilities were not recognized for the fiscal year ended March 31, 2024 and 2025 were not material, respectively.

Deferred tax liabilities are not recognized for this difference for which Advantest can control timing of the reversal and that will unlikely reverse in the foreseeable future.

(2) Income Tax Expense

The breakdown of income tax expense was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Income tax expense		
Current income tax expense	22,414	76,153
Deferred income tax expense		
Origination and reversal of temporary differences	(3,142)	(16,170)
Changes in unrecognized deferred tax assets	(3,383)	4,025
Adjustments to deferred tax assets and liabilities due to changes in tax rate	(9)	(411)
Total	15,880	63,597

Current and deferred income tax expense include tax benefit from operating loss carryforwards, tax credits, or temporary differences in past periods, which were not recognized as deferred tax assets. The tax benefits for the fiscal year ended March 31, 2024 and 2025 were not material, respectively.

(3) Reconciliation between Applicable Tax Rate and Effective Tax Rate

Reconciliation between the applicable tax rate and the effective tax rate was as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Applicable tax rate	30.5%	30.5%
Differences in statutory tax rate of foreign subsidiaries	(0.7)	(0.3)
Tax credits	(8.1)	(5.0)
Non-deductible expenses	2.1	0.6
Undistributed earnings of foreign subsidiaries	1.8	0.8
Changes in unrecognized deferred tax assets	(4.3)	1.8
Effect of tax rate changes	(0.0)	(0.2)
Others	(1.0)	0.1
Effective tax rate	20.3%	28.3%

The Company and its domestic subsidiaries are primarily affected by the corporation tax, resident tax and business tax. The statutory income tax rate calculated based on these rates for the fiscal years ended March 31, 2024 and 2025 were 30.5% and 30.5%, respectively.

Its foreign subsidiaries are affected by the corporation tax and other taxes at the domicile of each subsidiary.

16. Trade and Other Payables

The breakdown of trade and other payables was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Accounts payable	44,211	70,875
Accrued expenses	25,303	28,855
Other payables	7,349	7,363
Total	76,863	107,093

17. Borrowings

(1) Breakdown of Borrowings

The breakdown of borrowings was as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025	Average interest rate (%)	Repayment Due (Year)
Short-term borrowings	—	—	—	—
Current portion of long-term borrowings	—	74,952	1.24%	2026
Long-term borrowings (excluding current portion)	75,143	3	12.97%	2029
Total	75,143	74,955		
Current liabilities	—	74,952		
Non-current liabilities	75,143	3		
Total	75,143	74,955		

(Notes) 1. Borrowings are classified as financial liabilities measured at amortized cost.
2. The average interest rates and the repayment due are as of the end of the current fiscal year.
3. With regard to the borrowings above, there are no assets pledged as collateral.

(2) Reconciliation of Changes in Liabilities Relating to Cash Flows Arising from Financing Activities

Fiscal year ended March 31, 2024

Millions of Yen

	Short-term borrowings	Long-term borrowings (Note)	Total
Balance at beginning of year	—	33,357	33,357
Changes from financing cash flows	—	39,998	39,998
Changes from non-cash activities			
Exchanges differences	—	1,788	1,788
Balance at end of year	—	75,143	75,143

(Note) These include amount of current portion of long-term borrowings.

Fiscal year ended March 31, 2025

Millions of Yen

	Short-term borrowings	Long-term borrowings (Note)	Total
Balance at beginning of year	—	75,143	75,143
Changes from financing cash flows	—	—	—
Changes from non-cash activities			
Exchanges differences	—	(188)	(188)
Balance at end of year	—	74,955	74,955

(Note) These include amount of current portion of long-term borrowings.

(3) Committed Line of Credit

The agreement for committed line of credit and the unused balance were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Total amount of committed line of credit	60,000	60,000
Balance of borrowings	—	—
Unused committed line of credit	60,000	60,000

18. Provisions

Changes in warranty provisions were as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of year	9,093	8,668
Increase during the year	13,780	17,809
Decrease due to intended use	(14,271)	(13,987)
Reversal during the year	—	—
Exchange differences	66	(36)
Balance at end of year	8,668	12,454
Current liabilities	8,668	12,454

Advantest’s products are generally subject to warranty, and Advantest provides contractual product warranty services, when the performance of products sold does not meet expected product specifications. Estimated repair expenses over the warranty period are accrued based on the historical ratio of actual repair expenses to corresponding sales, when product revenue is recognized. Most of these expenses are expected to be incurred in the next fiscal year.

19. Post-Employment Benefits

Advantest has post-employment plans as follows:

(Defined benefit corporate pension plan and retirement and severance plans for Japan)

The Company and its domestic subsidiaries have a defined benefit corporate pension plan and unfunded retirement and severance plans (point-based benefits system) covering substantially all employees. The Company and its domestic subsidiaries shifted a part of defined benefit corporate pension plan to defined contribution plan on October 1, 2018.

The benefits for both defined benefit corporate pension plan and retirement and severance plans (point- based benefits system) are calculated based on accumulated points allocated to employees each year according to their job classification and their performance.

In defined benefit corporate pension plan, in accordance with the Defined-Benefit Corporate Pension Act of Japan, the Company and its domestic subsidiaries have an obligation to make contributions to Advantest Pension Fund (the Fund) which manages the corporate pension plans. The directors of the Fund are responsible for faithfully executing operations in compliance with laws and regulations, and any orders issued by the Minister of Health, Labor and Welfare, and the Director-General of Regional Bureaus of Health and Welfare based on laws and regulations, as well as the rules of the Fund and the resolution of the Board of Representatives. And the directors are jointly and severally liable for damages if they fail to manage and operate the Fund. The actual management of the contributions is conducted by trustees in accordance with rules approved by the Board of Representatives.

The Company and its domestic subsidiaries are required to make contributions to the Fund and obligated to make contributions in the amount stipulated by the Fund. Contributions are also regularly reviewed and adjusted as necessary to the extent permitted by laws and regulations. The Company and its domestic subsidiaries introduced a risk reserve contribution at ¥6,018 million, which has been contributed for five years within future expected risks from fiscal year ended March 31, 2022.

Plan assets are managed on the basis of soundness. However, financial instruments have inherent investment risks. Discount rates and other aspects of defined benefit plan obligations are based on pension actuarial assumptions. There is a risk when these pension actuarial assumptions are changed.

The retirement and severance plans (point-based system) are principally unfunded.

(Defined benefit pension plans for foreign subsidiaries)

Certain foreign subsidiaries also have defined benefit pension plans covering substantially all of their employees. Benefits payable under the plans are based on employee compensation levels and years of service.

(Defined contribution plan)

In defined contribution plan, the Company and its subsidiaries pay fixed contributions over entitlement period, and employees manage the contributed funds by themselves. Benefit is paid by a trustee organization, and the Company and its subsidiaries' obligation is limited to the contribution.

Disclosure of the amount recognized as an expense for the defined contribution plan is omitted since its immateriality.

(1) Defined Benefit Liabilities Recognized in the Consolidated Statement of Financial Position

Net defined benefit liabilities and assets recognized in the consolidated statement of financial position, defined benefit obligations and plan assets were as follows.

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Present value of defined benefit obligations	79,890	78,236
Fair value of plan assets	(67,877)	(70,580)
Subtotal	12,013	7,656
Effect of the asset ceiling	7,121	9,803
Net defined benefit liabilities	19,134	17,459

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Retirement benefit liabilities	19,134	17,614
Retirement benefit assets	—	(155)
Net defined benefit liabilities	19,134	17,459

(2) Defined Benefit Obligations and Plan Assets

The changes in present value of defined benefit obligations and fair value of plan assets of the Company and certain of its consolidated subsidiaries were as follows:

Japanese Plans

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Defined benefit obligations:		
Balance at the beginning of year	46,328	44,800
Service cost	1,038	951
Interest cost	551	691
Remeasurements:		
Actuarial (gain) or loss - Changes in demographic assumptions	134	146
Actuarial (gain) or loss - Changes in financial assumptions	(1,836)	(3,021)
Benefits paid	(1,415)	(1,830)
Balance at the end of year	44,800	41,737
Plan assets:		
Balance at the beginning of year	37,131	41,536
Interest income	442	641
Remeasurements:		
Actual return on plan assets, excluding interest income	3,517	(105)
Employer contributions	1,519	1,060
Benefits paid	(1,073)	(1,287)
Balance at the end of year	41,536	41,845
Net balance	3,264	(108)

Non-Japanese Plans

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Defined benefit obligations:		
Balance at the beginning of year	27,966	35,090
Service cost	1,660	1,841
Interest cost	1,066	1,200
Remeasurements:		
Actuarial (gain) or loss - Changes in demographic assumptions	439	157
Actuarial (gain) or loss - Changes in financial assumptions	601	(1,244)
Benefits paid	(797)	(828)
Exchange differences	3,427	(549)
Others	728	832
Balance at the end of year	35,090	36,499
Plan assets:		
Balance at the beginning of year	20,351	26,341
Interest income	807	927
Remeasurements:		
Actual return on plan assets, excluding interest income	532	(87)
Employer contributions	1,548	1,753
Plan participants' contributions	728	832
Benefits paid	(148)	(531)
Exchange differences	2,523	(500)
Balance at the end of year	26,341	28,735
Net balance	8,749	7,764

(3) Plan Assets

The fair value of pension plan assets by asset category was as follows:

Japanese Plans

Millions of Yen

	As of March 31, 2024			As of March 31, 2025		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	929	—	929	887	—	887
Equity securities:						
Pooled funds	—	13,342	13,342	—	13,651	13,651
Debt securities:						
Pooled funds	—	6,210	6,210	—	6,254	6,254
Hedge funds	—	13,027	13,027	—	13,141	13,141
Life insurance company general accounts and separate accounts	—	8,028	8,028	—	7,912	7,912
Total	929	40,607	41,536	887	40,958	41,845

Non-Japanese Plans

Millions of Yen

	As of March 31, 2024			As of March 31, 2025		
	With quoted market price in an active market	With no quoted market price in an active market	Total	With quoted market price in an active market	With no quoted market price in an active market	Total
Cash and cash equivalents	3,137	—	3,137	3,149	—	3,149
Equity securities:						
Pooled funds	8,164	664	8,828	8,842	762	9,604
Debt securities:						
Pooled funds	9,861	113	9,974	10,800	121	10,921
Others	908	3,494	4,402	1,577	3,484	5,061
Total	22,070	4,271	26,341	24,368	4,367	28,735

Investment policies of Advantest are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants by attaining necessary long-term total returns on plan assets. Taking into consideration the expected returns, associated risks and correlations of returns between asset categories in plan assets, Advantest determines an optimal combination of equity, debt securities and other investments as Policy Asset Allocation (“PAA”). Plan assets are invested in accordance with PAA with mid-term to long-term viewpoint, which is revised periodically to the extent considered necessary to achieve the expected long-term rate of return on plan assets.

Advantest expects to contribute ¥2,832 million including risk reserve contribution to defined benefit plans during the following fiscal year.

(4) Effect of the Asset Ceiling

The asset ceiling on the consolidated statement of financial position represents the limit of defined benefit plan assets accrued. It is defined as the present value of future economic benefits, such as refunds from the defined benefit plan or reductions in future contributions, that become available when the plan's reserves exceed the balance required.

Changes in the effect of the asset ceiling generated in Japanese plans are as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
The effect of the asset ceiling at beginning of year	—	7,121
Interest income	—	—
Remeasurements		
Changes in the effect of the asset ceiling	7,121	2,682
The effect of the asset ceiling at end of year	7,121	9,803

(5) Actuarial Assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligations were as follows:

Japanese Plans

	As of March 31, 2024	As of March 31, 2025
Discount rate (%)	1.5	2.2
Rate of compensation increase (%)	2.3	2.3

Non-Japanese Plans

	As of March 31, 2024	As of March 31, 2025
Discount rate (%)	3.4	3.7
Rate of compensation increase (%)	3.1	3.1

The effects on defined benefit obligations of 0.5% increase or decrease in the discount rate were as follows.

The sensitivity analysis is based on an assumption that all other variables other than the one analyzed are held constant. In reality, changes in other assumptions may impact the analysis.

Japanese Plans

Millions of Yen

	Changes in actuarial assumptions	As of March 31, 2024	As of March 31, 2025
Discount rate	0.5% increase	(2,348)	(2,074)
	0.5% decrease	2,564	2,259

Non-Japanese Plans

Millions of Yen

	Changes in actuarial assumptions	As of March 31, 2024	As of March 31, 2025
Discount rate	0.5% increase	(1,553)	(1,379)
	0.5% decrease	1,705	1,521

The weighted average duration of defined benefit obligations was as follows:

Japanese Plans

	As of March 31, 2024	As of March 31, 2025
Weighted average duration (Years)	11	10

Non-Japanese Plans

	As of March 31, 2024	As of March 31, 2025
Weighted average duration (Years)	15	14

(6) Employee Benefit Expenses

The total amount of employee benefit expenses in the consolidated statement of profit or loss for the fiscal years ended March 31, 2024 and 2025 were ¥115,493 million and ¥131,623 million, respectively.

20. Equity and Other Equity Items

(1) Share Capital

1) Authorized Shares

The number of authorized shares as of March 31, 2024 and 2025 were 1,760,000,000 common shares.

2) Fully Paid Issued Shares

The movement of the number of issued shares was as follows:

	Number of issued common shares
As of April 1, 2023	191,542,265
Increase (decrease)	574,598,991
As of March 31, 2024	766,141,256
Increase (decrease)	—
As of March 31, 2025	766,141,256

(Notes) 1. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. The Company's issued shares increased by 574,605,942 as a result of the share split for the fiscal year ended March 31, 2024.

2. The cancellation of treasury shares from the resolution of the Board of Directors' meeting held on August 30, 2023, resulted in a decrease of treasury shares by 6,951 for the fiscal year ended March 31, 2024.

The shares issued by the Company are non-par value common shares that have no restriction of rights.

(2) Treasury Shares

The movement of the number of treasury shares was as follows:

	Number of shares
As of April 1, 2023	7,328,226
Increase (decrease)	20,401,449
As of March 31, 2024	27,729,675
Increase (decrease)	4,692,556
As of March 31, 2025	32,422,231

(Notes) 1. The number of treasury shares as of April 1, 2023 includes 162,183 shares that were kept as performance-based stock remuneration in trust account. There were no shares held in the trust account as of March 31, 2024.

2. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. The number of treasury shares as of March 31, 2024 presents the shares after the share split.

3. The share repurchase from the resolution of the Board of Directors' meeting held on October 30, 2024, resulted in an increase of treasury shares by 5,711,000 for the fiscal year ended March 31, 2025.

(3) Surplus

1) Share Premium

Under the Companies Act of Japan, at least 50% of the proceeds of certain issues of common shares shall be credited to share capital. The remainder of the proceeds shall be credited to the additional paid-in capital component of the share premium.

2) Retained Earnings

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve component of the retained earnings equals 25% of share capital.

(4) Other Components of Equity

Millions of Yen

	Remeasurements of defined benefit pension plan (Note 1)	Exchange differences on translation of foreign operations (Note 2)	Net change in fair value measurements of equity instruments at fair value through other comprehensive income (Note 3)	Total
As of April 1, 2023	—	24,353	7,284	31,637
Increase (decrease)	(640)	26,029	(3,238)	22,151
Transfer to retained earnings	640	—	—	640
As of March 31, 2024	—	50,382	4,046	54,428
Increase (decrease)	825	(5,834)	(6,740)	(11,749)
Transfer to retained earnings	(825)	—	—	(825)
As of March 31, 2025	—	44,548	(2,694)	41,854

(Notes) 1. Remeasurements of defined benefit pension plan include differences in return on plan assets and interest income on plan assets and differences between actuarial assumptions and actual results.

2. Exchange differences on translation of foreign operations are exchange differences resulting from the translation of financial statements of foreign operations.

3. Net change in fair value measurements of equity instruments at fair value through other comprehensive income is cumulative in nature.

21. Dividends

(1) Dividends Paid

Fiscal year ended March 31, 2024

Resolution	Class of shares	Amount of dividend (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 19, 2023	Common shares	12,906	70	March 31, 2023	June 5, 2023
Board of Directors' meeting held on October 31, 2023	Common shares	11,995	65	September 30, 2023	December 1, 2023

(Notes) 1. Dividend of ¥11 million to the Company Shares for the BIP Trust and the ESOP Trust is included in the amount of dividend which was resolved at the Board of Directors' meeting held on May 19, 2023.

2. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Dividend per share" presents the amount prior to the share split.

Fiscal year ended March 31, 2025

Resolution	Class of shares	Amount of dividend (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 21, 2024	Common shares	13,291	18	March 31, 2024	June 7, 2024
Board of Directors' meeting held on October 30, 2024	Common shares	14,047	19	September 30, 2024	December 2, 2024

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Dividend per share" presents the amount after the share split.

(2) Dividends Whose Record Date is in the Fiscal Year under Review but Whose Effective Date is in the Following Fiscal Year

Resolution	Class of shares	Amount of dividend (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors' meeting held on May 22, 2025	Common shares	14,674	20	March 31, 2025	June 6, 2025

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Dividend per share" presents the amount after the share split.

22. Revenue

(1) Disaggregation of Revenue

As disclosed in note 6, Advantest has three reportable segments: “semiconductor and component test system business”, “mechatronics system business” and “services, support and others”. Net sales disaggregated by region and segment were as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Main regions					
Japan	11,068	4,115	4,540	—	19,723
Americas	15,217	3,197	19,207	—	37,621
Europe	11,364	1,134	5,145	—	17,643
Asia	293,893	44,249	73,378	—	411,520
Total	331,542	52,695	102,270	—	486,507

Fiscal year ended March 31, 2025

Millions of Yen

	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Main regions					
Japan	9,471	2,835	3,543	—	15,849
Americas	20,584	4,746	21,789	—	47,119
Europe	10,916	2,368	6,678	—	19,962
Asia	557,157	63,231	76,389	—	696,777
Total	598,128	73,180	108,399	—	779,707

The breakdown of semiconductor and component test system business was as follows:

Fiscal year ended March 31, 2024

Millions of Yen

	SoC	Memory	Total
Semiconductor and Component Test System Business	245,688	85,854	331,542

Fiscal year ended March 31, 2025

Millions of Yen

	SoC	Memory	Total
Semiconductor and Component Test System Business	440,452	157,676	598,128

Revenue is accounted for in accordance with the accounting policy described in note 3. The transaction price is measured based on the amount promised in the contracts with customers. Contracts include no significant financing components because payment terms are generally within 3 months. There are no contracts with long payment terms from the satisfaction of performance obligation to payment of transaction price. Additionally, there is no significant revenue including variable consideration.

In case there are multiple performance obligations in the contract, transaction price is allocated to each individual performance obligation based on the standalone selling price which is calculated from reasonably available information including prices of similar transactions.

(2) Contract Balances

Receivables and liabilities from contracts with customers were as follows:

Millions of Yen

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2025
Receivables from contracts with customers			
- Notes and trade accounts receivable	96,477	80,815	105,884
- Allowance for doubtful accounts	—	—	(50)
Total	96,477	80,815	105,834
Contract liabilities			
- Advance receipts	19,782	18,233	28,798

Contract liabilities are mainly cash received from customers before satisfied performance obligations or consideration paid for the unfulfilled service when the service is continuously provided. Both are included in the advance receipts.

Advance receipts are included in “Other current liabilities” in the consolidated statement of financial position.

Advantest recognized ¥17,140 million and ¥15,591 million from the balance of contract liabilities as of April 1, 2023 and 2024 as revenue in the fiscal years ended March 31, 2024 and 2025, respectively. Both amounts carried forward to the following fiscal years onward are insignificant.

There was no revenue recognized in the fiscal years ended March 31, 2024 and 2025 from performance obligations satisfied or partially satisfied in past periods, respectively.

(3) Transaction Price Allocated to the Remaining Performance Obligations

Advantest uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with performance obligation terms exceeding one year. Additionally, the consideration from contracts with customers, which is not included in the transaction price, is insignificant.

23. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Employee benefit expenses	92,963	107,325
Depreciation and amortization	17,790	18,498
Others	48,210	69,569
Total	158,963	195,392

24. Share-Based Compensation

(1) Stock Options

Advantest has share-based compensation plans using stock options as incentive plans for directors (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officers and executive employees. Stock options have been issued to directors, executive officers and certain employees of the Company and its subsidiaries under stock option plans approved at the Board of Directors' Meeting. Options were generally granted with exercise prices of per share that were equal to the higher of (1)1.05 times the average price of the Company's common shares of the preceding month on the date of grant and (2) the closing price of the Company's common shares traded on the Tokyo Stock Exchange on the date of grant.

The options have an exercise period of 3 years.

The exercisable stock option plans were as follows:

No.	Number of shares to be issued/delivered	Grant date	Exercise Period	Settlement Method	Vesting Conditions
32	1,659,840	July 12, 2019	From July 13, 2021 to July 12, 2024	Equity-settled	Persons who are entitled: director (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officer, employee, adviser, part-time worker or any other similar position of the Company or its subsidiaries after grant date (July 12, 2019) to vesting date (July 12, 2021)
33	766,080	July 13, 2020	From July 14, 2022 to July 13, 2025	Equity-settled	Persons who are entitled: director (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officer, employee, adviser, part-time worker or any other similar position of the Company or its subsidiaries after grant date (July 13, 2020) to vesting date (July 13, 2022)

The exercise price of the stock options is subject to adjustment, if there is a share split or consolidation of shares, or if new shares are issued or treasury shares are sold at a price that is less than the market price.

The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. Accordingly, "Number of shares to be issued/delivered" is adjusted to the number that reflects the share split.

Stock option activity was as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding at beginning of year	1,428,720	1,140	574,560	1,328
Granted	—	—	—	—
Exercised	(854,160)	1,013	(339,150)	1,037
Expired	—	—	—	—
Forfeited	—	—	—	—
Outstanding at end of year	574,560	1,328	235,410	1,748
Exercisable at end of year	574,560	1,328	235,410	1,748

The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. Accordingly, “Number of shares” and “Weighted average exercise price” are adjusted to the numbers that reflect the share split.

Weighted-average share prices as of exercise date were ¥4,643 and ¥7,342 for stock option plans exercised during the fiscal years ended March 31, 2024 and 2025, respectively.

The outstanding stock options of the two most recent fiscal years were as follows:

As of March 31, 2024

Exercise Price	Outstanding		Exercisable	
	Number of shares	Weighted average remaining contractual life (Years)	Number of shares	Weighted average remaining contractual life (Years)
773	247,380	0.3	247,380	0.3
1,748	327,180	1.3	327,180	1.3

As of March 31, 2025

Exercise Price	Outstanding		Exercisable	
	Number of shares	Weighted average remaining contractual life (Years)	Number of shares	Weighted average remaining contractual life (Years)
1,748	235,410	0.3	235,410	0.3

The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. Accordingly, “Exercise Price” and “Number of shares” are adjusted to the numbers that reflect the share split.

Share-based compensation expenses were not recognized for the fiscal years ended March 31, 2024 and 2025.

(2) Performance-Based Stock Remuneration Plan

1) Outline of the Performance-Based Stock Remuneration Plan

Advantest has performance-based stock remuneration plan with the trust (“Plan”) for directors (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officers and executive employees as an incentive.

In the Plan, Advantest contributes funding to the share delivery trust (“Trust”) whose trust period is approximately 3 years set by itself. The Trust uses the fund to purchase the Company’s shares, and it will give the shares to the members of the Plan depending on the achievement of the designated performance indicators for designated periods after the end of three-consecutive fiscal years started from April 1, 2018, 2019 and 2020, respectively.

Eligibility for the Plan is directors (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officers or employees over the designated periods.

The number of granted points which are base of the number of shares is calculated by average of performance achievement of designated performance indicators, the consolidated financial results of net sales, net income, operating ratio and ROE for designated periods.

The Plan is booked as equity-settled type share-based compensation. The Plan does not have exercise price because the shares are delivered as remuneration.

The Plan terminated in August, 2023.

Advantest has Performance Share Unit Plan (“PSU”) for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) and executive officers as an incentive from fiscal year ended March 31, 2022.

The PSU is a performance-based stock compensation plan, under which numerical targets for the Company’s performance during the performance evaluation period consisting of the fiscal years that correspond to the period of the Company’s Mid-Term Management Plan (“Performance Evaluation Period”) are preliminarily set by the Board of Directors, and cash compensation claims for the delivery of shares of common stock of the Company are delivered according to the rate of achievement of such numerical targets as compensation for the Performance Evaluation Period. Accordingly, the payment of cash compensation claims for the delivery of shares of common stock the Company to the eligible directors and executive officers shall, in principle, take place after the Performance Evaluation Period ends.

The Performance Evaluation Period will be three-consecutive fiscal years started from April 1, 2021 and 2024, which corresponds to the period of the Company’s Mid-Term Management Plan. After the Performance Evaluation Period ends, the Board of Directors may approve to grant the PSU for the three fiscal years covered by the Management Plan as the Performance Evaluation Period to the extent approved at the general meeting of shareholders.

The PSU may fluctuate between 60% to 140% of the standard amount according to how close actual results come to mid-term management targets. The indicators for evaluating achievement of mid-term management targets are earnings per share (EPS) during the mid-term management plan, relative total shareholders return(r-TSR) and ESG evaluation for three-consecutive fiscal years started from April 1, 2021. Those for three-consecutive fiscal years started from April 1, 2024 are earnings per share (EPS) during the mid-term management plan, relative total shareholders return(r-TSR) and sustainability indicators. EPS is the main indicator, and the others are the sub-indicators. The degree of fluctuation is determined by the total value of these indicators.

In principle, the Company shall issue or dispose of the number of shares of common stock of the Company calculated by multiplying basic points by the degree of the fluctuation to the eligible directors and executive officers after the end of the Performance Evaluation Period if the eligible directors and executive officers fulfill the following requirements.

a. Eligible directors and executive officers have continuously remained in the position of either director or executive officer of the Company throughout the Performance Evaluation Period
b. Eligible directors and executive officers have not engaged in any misconduct as defined by the Board of Directors
c. Other requirements deemed necessary by the Board of Directors to achieve the purpose of the PSU

If, during the Performance Evaluation Period, a director or an executive officer is newly appointed or an eligible director or an eligible executive officer resigns from his/her position as either director or executive officer of the Company for a justifiable reason, the Board of Directors shall issue or dispose of shares of common stock of the Company in the number that have been reasonably adjusted in accordance with the term of office of such director and executive officer.

The PSU is booked as equity-settled type share-based compensation. The PSU does not have exercise price because the shares are delivered as remuneration.

2) Number of Estimated Granted Points and Fair Value

The fair value of the Plan was calculated based on the market price of the Company's share at the grant date and expected dividends.

As described in 1), the number of granted points is calculated based on the payment rate between 0% and 150% depending on the achievement of the designated performance indicators for three-consecutive fiscal years, and they will be distributed in a lump. 100% is defined as basic points.

The fair values of the PSU granted in the fiscal year ended March 31, 2024 and 2025 were ¥4,959 and ¥6,232, respectively. The fair value was calculated based on the market price of the Company's share at the grant date, expected dividends and the impact by r-TSR. The Company enacted a 4 for 1 share split of its common share with an effective date of October 1, 2023, and the fair values are adjusted to the values that reflect share split.

As described in 1), the number of granted points is calculated based on the degree of fluctuation rate between 60% and 140% depending on the achievement of the mid-term management targets.

3) Share-Based Compensation Expense

Share-based compensation expenses from the Plan and PSU were ¥553 million and ¥980 million for the fiscal years ended March 31, 2024 and 2025, respectively.

4) Basic Points Activity

Basic points activity was as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of basic points	Weighted average exercise price (Yen)	Number of basic points	Weighted average exercise price (Yen)
Outstanding at beginning of year	880,180	1,794	423,368	2,471
Granted	22,172	4,959	331,503	6,232
Exercised	(464,820)	1,316	(423,368)	2,471
Expired	—	—	—	—
Forfeited	(14,164)	2,201	—	—
Outstanding at end of year	423,368	2,471	331,503	6,232
Exercisable at end of year	—	—	—	—

The Company enacted a 4 for 1 share split of its common share with an effective date of October 1, 2023. Regarding the Plans and the PSU granted prior to the share split, "Number of basic points" and "Weighted average exercise price" are adjusted to the numbers that reflect share split.

(3) Restricted Stock Compensation Plan

1) Outline of the Restricted Stock Compensation Plan

Advantest has restricted stock compensation plan (“RS”) for directors, executive officers and executive employees as an incentive.

Based on the resolution of the Board of Directors of the Company, eligible directors, executive officers and executive employees shall pay all of the cash compensation claims provided as in-kind contribution property and receive the issuance or disposal of the common shares of the Company. Regarding the issuance or disposal of the Company’s common shares and the payment of cash compensation receivables as its in-kind contribution property, a restricted stock allotment agreement (“Agreement”) is subject to be concluded between the Company and eligible directors, executive officers and executive employees.

For those who are directors and executive officers of the Company at the time of receiving the above-mentioned allotment of restricted stock shall not transfer, set of collateral rights or otherwise dispose of the Company’s common shares allotted under the Agreement (“Allotted Shares”) from the date of the allotment under the Agreement to the time immediately after he/she resigns from either position as a director or an executive officer of the Company for mid-to long-term incentive portion, not less than three years from the date of the allotment under the Agreement for the recruiting and retention program portion, and for those who are employees, during the period of three or five years from the day of receiving the Allotted Shares (“Transfer Restriction Period”) (this restriction is the “Transfer Restriction”).

In the event that a person who is a director or executive officer of the Company at the time of receiving the above-mentioned allotment of restricted stock resigns or retires as either director or executive officer of the Company before the expiration of the period determined in advance by the Board of Directors (“Term of Service”), and a person who is an executive employee resigns or retires from any of the positions of Director, Corporate Auditor, Executive Officer, employee, temporary employee, or any other position during the Term of Service, the Company shall automatically acquire the Allotted Shares without consideration, unless such resignation is due to expiration of term of office, death or for other justifiable reasons.

Notwithstanding the provisions of Transfer Restriction Period above, the Company shall lift the Transfer Restriction for all of the Allotted Shares upon expiration of the Transfer Restriction Period, on the condition that the person who is a director and an executive officer of the Company at the time of receiving the above-mentioned allotment of restricted stock continuously remains in the position as either director or executive officer of the Company throughout the Term of Service, and that the person who is an executive member continuously remains in the position as either directors (excluding directors who are Audit and Supervisory Committee members and outside directors), executive officers, employees, advisers, part-time workers or any other similar position of the Company or its subsidiaries throughout the Transfer Restriction Period. However, if an eligible director, executive officer or executive employee resigns or retires from the position as either director or executive officer of the Company prior to the expiration of the Term of Service due to expiration of term, death or for other justifiable reasons, the Company shall make reasonable adjustments, as necessary, to the number of Allotted Shares for which the Transfer Restriction will be lifted and the timing at which the Transfer Restriction will be lifted by a resolution of the Board of Directors. The Company shall automatically acquire without consideration Allotted Shares for which the Transfer Restriction has not been lifted at the time immediately after the Transfer Restriction is lifted in accordance with the above-stated provisions.

If eligible directors, executive officers and executive employees are non-resident at the time of receiving the allotment of the above-mentioned restricted stock, the restricted stock unit plan (a plan in which shares of the Company are delivered after a certain period of time) (“RSU”) may be applied instead of the above-stated RS for the purpose of avoiding the need to comply with laws and regulations and disadvantages in terms of taxation in the country of residence of such eligible directors, executive officers and employees. Even in such case, the terms shall be the same as those of the above-stated RS, except for the timing of the issuance or disposal of shares of common share of the Company, and will be managed within the framework of the amount of compensation and the total number of common shares set forth in the RS.

The RS and RSU are booked as equity-settled type share-based compensation. The RS and RSU do not have exercise price because the shares are delivered as remuneration.

2) Number of Estimated Granted Points and Fair Value

The fair values and allotted shares or points for RS and RSU granted in the fiscal year ended March 31, 2024 and 2025 were as follows;

Fiscal year ended March 31, 2024

	RS		RSU	
	Directors, Executive Officers	Executive Employees	Directors, Executive Officers	Executive Employees
Date of the allotment	July 27, 2023	July 27, 2023	July 7, 2023	August 31, 2023
Allotted shares/points	33,460	48,680	75,124	282,892
Fair value	4,959	4,959	4,959	4,447

Fiscal year ended March 31, 2025

	RS		RSU		
	Directors, Executive Officers	Executive Employees	Directors, Executive Officers	Executive Employees	
Date of the allotment	July 26, 2024	July 26, 2024	July 17, 2024	April 2, 2024	August 30, 2024
Allotted shares/points	32,107	40,480	105,536	84,663	211,793
Fair value	5,505	5,505	6,322	6,303	6,512

The fair value of RS was calculated based on the market price of the Company's share at the grant date, and the fair value of RSU was calculated based on the market price of the Company's share at the grant date and expected dividends.

The Company enacted a 4 for 1 share split of its common share with an effective date of October 1, 2023. Regarding the RS and the RSU granted prior to the share split, "Allotted shares/points" and "Fair value" are adjusted to the numbers that reflect share split.

3) Share-Based Compensation Expense

Share-based compensation expense from RS and RSU were ¥1,086 million and ¥1,913 million for the fiscal year ended March 31, 2024 and 2025, respectively.

4) Basic Points Activity

Basic points activity was as follows:

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Number of basic points	Weighted average exercise price (Yen)	Number of basic points	Weighted average exercise price (Yen)
Outstanding at beginning of year	1,474,788	2,154	1,828,478	2,748
Granted	440,156	4,630	474,579	6,278
Exercised	(38,018)	2,061	(36,797)	2,535
Expired	—	—	—	—
Forfeited	(48,448)	2,324	(27,696)	3,409
Outstanding at end of year	1,828,478	2,748	2,238,564	3,491
Exercisable at end of year	—	—	—	—

The Company enacted a 4 for 1 share split of its common share with an effective date of October 1, 2023. Regarding the RS and the RSU granted prior to the share split, "Number of basic points" and "Weighted average exercise price" are adjusted to the numbers that reflect share split.

25. Financial Income and Expenses

(1) Financial Income

The breakdown of financial income was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest income		
Financial assets measured at amortized cost	1,187	1,891
Dividend income		
Financial assets measured at fair value through other comprehensive income	31	4
Others	26	—
Total	1,244	1,895

(2) Financial Expenses

The breakdown of financial expenses was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expense		
Financial liabilities measured at amortized cost	1,325	1,493
Financial liabilities measured at fair value through profit or loss	968	1,028
Foreign exchange losses	2,378	2,546
Others	31	215
Total	4,702	5,282

26. Other Income

The breakdown of other income was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Settlement of a dispute and others with the counterparty (Note)	3,179	—
Others	747	1,366
Total	3,926	1,366

(Note) The settlement of a dispute with the counterparty which is in relation to the service, support and others segment is recognized as other income in the fiscal year ended March 31, 2024.

27. Other Expenses

The breakdown of other expenses was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impairment loss (Note)	8,998	21,393
Others	367	1,505
Total	9,365	22,898

(Note) Advantest recognized an impairment loss on a portion of goodwill acquired through a business combination of Essai, Inc. in system level test business for the fiscal year ended March 31, 2024. Advantest recognized an impairment loss on goodwill and intangible assets acquired through a business combination of Essai, Inc. for the fiscal year ended March 31, 2025. Details about impairment loss is described in note 12.

28. Other Comprehensive Income

Each component of other comprehensive income, reclassification adjustments to net income and tax effects were as follows:

Millions of Yen

	Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
	Pretax amount	Tax (expense) or benefit	Net of tax amount	Pretax amount	Tax (expense) or benefit	Net of tax amount
Remeasurements of defined benefit pension plan						
Gains (losses) during the year	(2,438)	1,798	(640)	1,043	(218)	825
Net change during the year	(2,438)	1,798	(640)	1,043	(218)	825
Net change in fair value measurements of equity instruments at fair value through other comprehensive income						
Gains (losses) during the year	(4,156)	918	(3,238)	(8,547)	1,807	(6,740)
Net change during the year	(4,156)	918	(3,238)	(8,547)	1,807	(6,740)
Exchange differences on translation of foreign operations						
Gains (losses) during the year	26,029	—	26,029	(5,834)	—	(5,834)
Reclassification adjustments to Net income	—	—	—	—	—	—
Net change during the year	26,029	—	26,029	(5,834)	—	(5,834)
Total other comprehensive income	19,435	2,716	22,151	(13,338)	1,589	(11,749)

29. Earnings per Share

(1) Earnings per Share

Basic earnings per share is calculated by dividing net income or loss attributable to owners of the parent by the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the maximum possible dilution from conversion, exercise, or contingent issuance of securities. All potentially dilutive securities are excluded from the calculation in a situation where there is a net loss attributable to owners of the parent.

(2) The Basis of Calculation of Basic Earnings per Share and Diluted Earnings per Share

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income attributable to owners of the parent (Millions of Yen)	62,290	161,177
Net income not attributable to owners of the parent (Millions of Yen)	—	—
Net income to calculate basic earnings per share (Millions of Yen)	62,290	161,177
Net income adjustment (Millions of Yen)	—	—
Net income to calculate diluted earnings per share (Millions of Yen)	62,290	161,177
Weighted average number of common shares-basic	737,560,501	737,064,308
Dilutive effect of stock options	679,616	309,713
Dilutive effect of performance-based stock remuneration	716,468	298,012
Dilutive effect of restricted stock compensation	1,164,412	1,638,715
Weighted average number of common shares-diluted	740,120,997	739,310,748
Basic earnings per share (Yen)	84.45	218.67
Diluted earnings per share (Yen)	84.16	218.01
Financial instruments not included in the calculation of diluted earnings per share because they have anti-dilutive effect	—	—

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.
"Basic earnings per share" and "Diluted earnings per share" are calculated based on the assumption that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

30. Financial Instruments

(1) Capital Management

Advantest seeks out the most appropriate methods to enhance capital efficiency considering safety and liquidity for the sake of securing the fund.

Advantest raises fund through bonds and borrowings when required. Derivative transactions for speculation purposes are prohibited by Advantest's policy, and limited to transactions to avoid the risks discussed later.

Advantest manages net interest-bearing debt, where cash and cash equivalents are deducted from interest-bearing debt, and capital. The amounts as of each fiscal year end were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Interest-bearing debt (Note 1)	75,143	74,955
Cash and cash equivalents	(106,702)	(262,544)
Net interest-bearing debt (Note 2)	(31,559)	(187,589)
Capital (equity attributable to owners of the parent company)	431,178	506,539

(Notes) 1. Interest-bearing debt is borrowings.
2. The figure represents the net amount of cash and cash equivalents after deducting interest-bearing debt.

Advantest monitors financial indicators in order to maintain a well-balanced capital structure that ensures an appropriate return on equity and a stable and flexible financial condition for future investment.

Advantest monitors credit ratings for a financial stability and flexibility, and ROE (return on equity) for profitability, while focusing on changes in the domestic and overseas environment.

(2) Basic Policy on Financial Risk Management

Advantest is exposed to financial risks (credit risks, liquidity risks, foreign exchange risks, and market price fluctuation risks) in the process of its management activities and it manages risks based on a specific policy in order to avoid or reduce said risks. The results of risk management are quarterly reported by the Accounting Department to management.

Advantest's policy limits derivatives to transactions for the purpose of mitigating risks from transactions based on actual demand. Therefore, Advantest does not transact derivatives for speculation purposes or trading purposes.

(3) Credit Risk

Receivables such as notes and trade receivables, resulting from operating activities of Advantest are exposed to customers' credit risks.

Equity securities held for strategic purposes are exposed to the issuer's credit risks.

Additionally, derivative transactions in order to hedge foreign exchange fluctuation risks are exposed to credit risks of counter party financial institutions.

Advantest strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services.

Advantest assesses the credit standing of customers and manages collection date and outstanding balance for each customer to ensure smooth collection of trade receivables.

Advantest minimizes risk exposure by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines.

Any maximum exposure to credit risk in financial assets is stated in the carrying amounts presented in the consolidated statement of financial position.

Aging of Trade and other receivables that are past due but not impaired as of March 31, 2024 was as follows:

Millions of Yen

	As of March 31, 2024				
	Financial assets that are measured at an amount equal to 12-month expected credit losses	Financial assets that are measured at an amount equal to lifetime expected credit losses			Total
		Trade and other receivables	Financial assets whose credit risk has increased significantly	Financial assets whose credit is impaired	
Before due date	8,019	67,719	—	—	75,738
Within 90 days	21	11,876	—	—	11,897
Over 90 days, within 180 days	—	1,154	—	—	1,154
Over 180 days	—	66	—	—	66
Total	8,040	80,815	—	—	88,855

Aging of Trade and other receivables that are past due but not impaired as of March 31, 2025 was as follows:

Millions of Yen

	As of March 31, 2025				
	Financial assets that are measured at an amount equal to 12-month expected credit losses	Financial assets that are measured at an amount equal to lifetime expected credit losses			Total
		Trade and other receivables	Financial assets whose credit risk has increased significantly	Financial assets whose credit is impaired	
Before due date	7,056	97,756	—	—	104,812
Within 90 days	22	7,307	—	—	7,329
Over 90 days, within 180 days	119	673	—	—	792
Over 180 days	—	148	—	—	148
Total	7,197	105,884	—	—	113,081

Impairment is accounted for using the allowance for doubtful accounts, not directly reducing the carrying amount of financial assets.

The allowance for doubtful accounts against the financial assets is included in “Trade and other receivables” and “Other financial assets” in the consolidated statement of financial position.

The change in the allowance for doubtful accounts was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at the beginning of year	—	—
Increase during the year	—	50
Decrease due to intended use	—	—
Reversal during the year	—	—
Exchange differences	—	—
Balance at the end of year	—	50
Current	—	50
Non-current	—	—
Total	—	50

The amount of allowance for doubtful accounts of the financial assets for which credit losses were occurred as of March 31, 2024 and 2025 were zero. The amount of other allowance for doubtful accounts mainly consists of the lifetime expected credit losses related to Trade and other receivables.

(4) Liquidity Risk

Advantest establishes a financing plan based on the annual business plan and the Accounting Department monitors and collects information on the balance of liquidity-on-hand and interest-bearing debt and reports it to management.

In addition, Advantest manages liquidity risks with the balance of liquidity-on-hand maintained at a proper level by working out the financing plan on a timely basis, and by taking into consideration the financial environment.

The financial liability balance by maturity was as follows:

As of March 31, 2024

Millions of Yen

	Carrying amount	Contractual cash flow	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	76,863	76,863	76,863	—	—	—	—	—
Borrowings	75,143	77,028	952	76,074	—	—	2	—
Lease liabilities	19,300	20,613	5,419	4,995	4,191	3,011	2,981	16
Other financial liabilities	1,868	1,868	1,868	—	—	—	—	—
Total	173,174	176,372	85,102	81,069	4,191	3,011	2,983	16
Derivative financial liabilities								
Cross-currency rate swap	3,030	3,030	—	3,030	—	—	—	—
Total	3,030	3,030	—	3,030	—	—	—	—

As of March 31, 2025

Millions of Yen

	Carrying amount	Contractual cash flow	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	107,093	107,093	107,093	—	—	—	—	—
Borrowings	74,955	75,879	75,876	—	—	3	—	—
Lease liabilities	18,548	19,749	5,304	4,391	4,086	3,008	2,903	57
Other financial liabilities	4,329	4,405	2,866	215	868	226	230	—
Total	204,925	207,126	191,139	4,606	4,954	3,237	3,133	57
Derivative financial liabilities								
Cross-currency rate swap	2,924	2,924	2,924	—	—	—	—	—
Total	2,924	2,924	2,924	—	—	—	—	—

(5) Market Risk

1) Foreign Exchange Risk Management

As part of developing its global business, Advantest has foreign currency receivables and payables, which are subject to foreign exchange fluctuation risk.

To manage this risk, Advantest determines its foreign exchange fluctuation risk in each currency every month and, in principle, hedges this risk by using forward exchange transactions, and by using currency options and cross-currency rate swap as necessary.

Depending on foreign exchange market conditions, Advantest may also enter into forward exchange contracts on foreign currency receivables and payables for expected transactions it deems certain to occur.

Details of forward exchange contracts, currency options and cross-currency rate swap are presented below.

Millions of Yen

<table>
<tr><th rowspan="3"></th><th colspan="4">Fiscal year ended
March 31, 2024</th><th colspan="4">Fiscal year ended
March 31, 2025</th></tr>
<tr><th rowspan="2">Contract amount</th><th rowspan="2">Over one year</th><th colspan="2">Carrying amount</th><th rowspan="2">Contract amount</th><th rowspan="2">Over one year</th><th colspan="2">Carrying amount</th></tr>
<tr><th>Assets</th><th>Liabilities</th><th>Assets</th><th>Liabilities</th></tr>
<tr><td>Foreign exchange forward contracts
Selling
USD</td><td>—</td><td>—</td><td>—</td><td>—</td><td>30,785</td><td>—</td><td>145</td><td>—</td></tr>
<tr><td>Currency options
Selling and Buying
USD</td><td>—</td><td>—</td><td>—</td><td>—</td><td>2,536</td><td>—</td><td>20</td><td>—</td></tr>
<tr><td>Cross-currency rate swap</td><td>19,613</td><td>19,613</td><td>—</td><td>3,030</td><td>19,613</td><td>—</td><td>—</td><td>2,924</td></tr>
</table>

2) Foreign Exchange Sensitivity Analysis

The table below shows the impact on income before income taxes of a 1% increase in value of the functional currency included U.S. Dollar and the Euro, due to its holdings of financial instruments at the end of each fiscal year, assumed no changes in currencies other than those used.

The impact from the translation of functional currency-denominated financial instruments, assets and liabilities of foreign operations into presentation currency is not included.

Millions of Yen

	Currency	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Impact on income before income taxes	U.S. Dollar	(115)	(740)
	Euro	(31)	(39)

3) Interest Rate Risk

Advantest raises funds through borrowings. Borrowings with floating interest rates are exposed to interest rate fluctuation risks. In addition, disclosure of sensitivity analysis for interest rate is omitted as there were no borrowings with floating interest rates during the fiscal years ended March 31, 2024 and 2025.

(6) Carrying Amount and Fair Value of Financial Instruments

(Borrowings)

Short-term borrowings are settled on a short-term basis, and their fair value approximates their carrying amount. The fair value of long-term borrowings with floating rates is assumed to be quite similar to the carrying amount, because it reflects market interest rates in a short period of time and the Advantest's credit status is not significantly different after the execution. The fair value of long-term borrowings with fixed rates is calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Other accounts payable)

The fair value of other accounts payable measured at amortized cost is calculated based on the present value discounted by interest rate reflecting the effect of credit risk.

The fair value of other accounts payable measured at fair value through profit or loss is calculated based on the present value of the expected payment amount. The expected payment amount is calculated based on factors such as share price and discounted by interest rate reflecting the effect of credit risk to find the present value.

(Others)

Financial instruments other than above are settled mainly on a short-term basis, and their fair value approximates their carrying amount.

(7) Fair Value Hierarchy of Financial Instruments

Financial instruments are classified into three levels of the fair value hierarchy based on the measurement inputs' observability and materiality as follows:

Level 1: Fair value measured at quoted prices for identical assets or liabilities in active markets

Level 2: Fair value measured by direct or indirect observable inputs other than Level 1

Level 3: Fair value measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input with the lowest level in the fair value measurement as a whole.

The transfers between levels in the fair value hierarchy are deemed at the beginning of each reporting period.

There were no transfers of financial instruments between levels during the fiscal years ended March 31, 2024 and 2025.

1) The financial assets and financial liabilities measured at amortized cost were classified by hierarchy as follows. The table does not include financial instruments whose fair values approximate their carrying amounts or are immaterial:

As of March 31, 2024

Millions of Yen

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings	75,141	—	74,954	—	74,954
Other non-current accounts payable	638	—	605	—	605
Total financial liabilities	75,779	—	75,559	—	75,559

As of March 31, 2025

Millions of Yen

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Current portion of long-term borrowings	74,952	—	74,558	—	74,558
Other non-current accounts payable	638	—	619	—	619
Total financial liabilities	75,590	—	75,177	—	75,177

2)The financial assets and financial liabilities measured at fair value on a recurring basis were classified by hierarchy as follows:

As of March 31, 2024

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets that are measured at fair value through other comprehensive income				
Equity instruments (Note)	17,079	—	929	18,008
Total financial assets	17,079	—	929	18,008
Financial liabilities that are measured at fair value through profit or loss				
Derivatives	—	3,030	—	3,030
Total financial liabilities	—	3,030	—	3,030

As of March 31, 2025

Millions of Yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets that are measured at fair value through profit or loss				
Derivatives	—	165	—	165
Financial assets that are measured at fair value through other comprehensive income				
Equity instruments (Note)	26,698	—	982	27,680
Total financial assets	26,698	165	982	27,845
Financial liabilities that are measured at fair value through profit or loss				
Other current accounts payable	—	231	—	231
Other non-current accounts payable	—	825	—	825
Derivatives	—	2,924	—	2,924
Total financial liabilities	—	3,980	—	3,980

(Notes) Advantest holds equity instruments to accomplish expansion of revenue base by maintaining and enforcing relationships with investees. These equity instruments are designated as financial assets measured at fair value through other comprehensive income (“FVTOCI”).

The breakdown of equity instruments designated as financial assets measured at FVTOCI was as follows.

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Technoprobe S.p.A.	—	15,247
PDF Solutions, Inc.	16,859	9,449
Others	1,149	2,984
Total	18,008	27,680

The movement of financial assets categorized within Level 3 of the fair value hierarchy was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance at beginning of year	866	929
Gains or losses		
Other comprehensive income (Note)	38	54
Others	25	(1)
Balance at end of year	929	982

(Notes) Gains or losses recognized in other comprehensive income are presented in net change in fair value measurements of equity instruments at FVTOCI of the consolidated statement of comprehensive income.

(8) Derivatives and Hedge Accounting

1) Derivatives Subject to Hedge Accounting

There were no derivatives designated as hedging instruments as of March 31, 2024 and 2025.

2) Derivatives Not Subject to Hedge Accounting

Details of derivatives are presented below.

Millions of Yen

	Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2025		
	Contract amount	Over one year	Fair value	Contract amount	Over one year	Fair value
Foreign exchange forward contracts	—	—	—	30,785	—	145
Currency options	—	—	—	2,536	—	20
Cross-currency rate swap	19,613	19,613	(3,030)	19,613	—	(2,924)

31. Related Party Disclosures

Management personnel compensation was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Base compensation	349	350
Performance-based bonus	99	254
Share-based compensation expense	314	728
Total	762	1,332

32. Business Combinations

Fiscal year ended March 31, 2024

(Business combination through acquisition)

(1) Overview of Acquired Business

Name of Company: Shin Puu Technology Co., Ltd.

Business Description of acquired company:

Manufacture of printed circuit boards (PCBs) and printed circuit board assemblies (PCBAs)

Voting rights ratio after acquisition of shares: 100%

(2) Overview of Business Combination

R&D Altanova, the Company’s subsidiary, acquired all outstanding shares of Taiwan-based company, Shin Puu Technology Co., Ltd. ("Shin Puu”) on April 28, 2023, and Shin Puu became a wholly owned subsidiary of R&D Altanova.

Shin Puu is a supplier of PCBs that manufactures PCBs and PCBAs, key components used in electronics, in Taiwan, a global hub of the electronics industry. By combining R&D Altanova’s high-performance and high-density PCB design technology with Shin Puu's manufacturing capabilities, Advantest will expand its manufacturing footprint for high-end test boards in the Asia region, enhancing Advantest's ability to provide turnkey solutions to its customers.

(3) Acquisition Date

April 28, 2023

(4) Legal Form of Business Combination

Acquisition of shares

(5) Acquisition-Related Expense

Acquisition-related expense of ¥595 million is included in Selling, general and administrative expenses in the consolidated statement of profit or loss for the fiscal year ended March 31, 2024.

(6) Fair Value of Assets Acquired, Liabilities Assumed and Consideration Paid as of the Acquisition Date

With the purchase price allocation completed during the second half of the fiscal year ended March 31, 2024, the fair value of the assets acquired, liabilities assumed and consideration paid as of the acquisition date were as follows:

Millions of Yen

	Provisional fair value	Revision	Revised fair value
Current assets	1,899	19	1,918
Non-current assets	5,866	458	6,324
Total assets	7,765	477	8,242
Current Liabilities	1,135	―	1,135
Non-current liabilities	2,031	101	2,132
Total liabilities	3,166	101	3,267
Goodwill	2,948	(426)	2,522
Total	7,547	(50)	7,497
Fair value of consideration paid			
Cash and cash equivalents	7,547	(50)	7,497

Goodwill generated from this business combination was attributable to the Services, Support and Others segment and was not deductible for tax purposes. Goodwill primarily represented a synergy effect with existing businesses and the excess earning power expected from the acquisition.

(7) Acquisition of Subsidiary

Millions of Yen

	Amount
Consideration paid	7,497
Cash and cash equivalents of the acquired subsidiary	(539)
Repayments of the long-term borrowings and others	1,302
Acquisition of subsidiary	8,260

(8) Impact on the Business Performance

Disclosure of profit and loss information from the acquisition date and pro forma profit and loss information assuming the business combination was conducted at the beginning of the fiscal year ended March 31, 2024 (unaudited information), was omitted because of its immateriality for the consolidated statement of profit or loss.

Fiscal year ended March 31, 2025

(Business combination through acquisition)

(1) Overview of Acquired Business

Name of Company: Salland Engineering International B.V.

Business Description of acquired company:

Development and manufacture of embedded measurement systems and small measurement instruments for ATE, and provision of semiconductor testing services

Voting rights ratio after acquisition of shares: 100%

(2) Overview of Business Combination

Advantest Netherlands B.V., a newly established entity of Advantest Europe GmbH, the Company's European subsidiary, acquired all outstanding shares of the Netherlands-based company, Salland Engineering International B.V. ("Salland") on April 2, 2024, and Salland became a wholly owned subsidiary of Advantest Netherlands B.V.

Salland is a developer and manufacturer of embedded measurement systems and small measurement instruments for ATE and a semiconductor test service provider that has an outstanding history of enabling semiconductor manufacturers to improve the efficiency and quality of their testing. By integrating Advantest's test systems with Salland's expertise, Advantest aims to strengthen test engineering services in Europe, enabling Advantest to offer test and measurement solutions to a broader range of customers. Additionally, by providing custom test services to emerging European startups and fabless companies, Advantest can expand its customer base and deliver services to global customers.

(3) Acquisition Date

April 2, 2024

(4) Legal Form of Business Combination

Acquisition of shares

(5) Acquisition-Related Expense

Acquisition-related expense of ¥566 million is included in Selling, general and administrative expenses in the consolidated statement of profit or loss for the fiscal year ended March 31, 2025.

(6) Fair Value of Assets Acquired, Liabilities Assumed and Consideration Paid as of the Acquisition Date

With the purchase price allocation completed during the first half of the fiscal year ended March 31, 2025, the fair value of the assets acquired, liabilities assumed and consideration paid as of the acquisition date were as follows:

Millions of Yen

	Fair Value
Current assets	853
Non-current assets	1,918
Total assets	2,771
Current Liabilities	571
Non-current liabilities	386
Total liabilities	957
Goodwill	3,004
Total	4,818
Fair value of consideration paid	
Cash and cash equivalents	3,815
Accounts payable	1,003
Total	4,818

Goodwill generated from this business combination was attributable to the Semiconductor and Component Test System Business segment and was not deductible for tax purposes. Goodwill primarily represented a synergy effect with existing businesses and the excess earning power expected from the acquisition.

(7) Acquisition of Subsidiary

The amount, after deducting the cash and cash equivalents held by Salland from the consideration paid of ¥3,815 million is included in Acquisition of subsidiaries in the consolidated statement of cash flows for the fiscal year ended March 31, 2025.

(8) Impact on the Business Performance

Disclosure of profit and loss information from the acquisition date and pro forma profit and loss information assuming the business combination was conducted at the beginning of the fiscal year ended March 31, 2025 (unaudited information), was omitted because of its immateriality for the consolidated statement of profit or loss.

33. Subsequent Event

(Information about Changing Reportable Segments)

Advantest has decided to change its reportable segments from the fiscal year ending March 31, 2026.

Advantest's conventional organizational structure consists of three reportable segments, which are the semiconductor and component test system business, mechatronics system business and services, support and others. In efforts to provide comprehensive test solutions that include not only test equipment but also peripherals, Advantest has decided to reclassify the sources of revenue in management approach perspectives and to change reportable segments.

From the fiscal year ending March 31, 2026, Advantest will change its reportable segments into two reportable segments, which are the test system business and services and others.

The amounts of each item for the fiscal year ended March 31, 2025 reclassified by new reportable segments are currently being calculated.

(Share Repurchase)

The Company resolved to acquire its own shares under Article 459, paragraph 1 of the Companies Act, at the Board of Directors' meeting held on April 25, 2025 as follows:

Total number of shares acquired as of May 31, 2025 is as described in "Item4 Status of the Company 2. Status of Acquisition of Treasury Shares."

(1) Reason for Acquisition of Own Shares

The Company has set a target to achieve a cumulative total return ratio (*) of 50% or more over the three years of the third mid-term management plan. In consideration of the earnings forecast for the following fiscal year and the situation of cash on hand, the Company acquires treasury shares for the purpose of shareholder returns and improving capital efficiency.

(*) Total return ratio: (Dividend + Share repurchase)/Consolidated net income

(2) Details of Acquisition

1) Type of shares to be acquired
The Company's common shares

2) Total number of shares to be acquired
Up to 19 million shares (Equivalent to 2.6% of outstanding shares excluding treasury shares as of March 31, 2025)

3) Total cost of acquisition
Up to 70 billion yen

4) Period of acquisition
From May 7, 2025 to September 22, 2025

5) Acquisition method
Purchase on the Tokyo Stock Exchange

2. Others

Semi-annual information for the fiscal year ended March 31, 2025.

	Six months ended September 30, 2024	Fiscal year ended March 31, 2025
Net sales (Millions of Yen)	329,206	779,707
Income before income taxes (Millions of Yen)	92,645	224,774
Net income attributable to owners of the parent (Millions of Yen)	69,343	161,177
Basic earnings per share (Yen)	93.92	218.67

2. Non-Consolidated Financial Statements

(1) Financial Statements

1) Non-Consolidated Balance Sheet

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	61,446	220,553
Trade notes receivable	13	0
Electronically recorded monetary claims	3,303	1,366
Accounts receivable	*1 89,722	*1 143,914
Merchandises and finished goods	18,739	21,752
Work in progress	33,605	40,523
Raw materials and supplies	114,299	102,981
Other current assets	*1 25,695	*1 16,627
Total current assets	346,822	547,716
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,326	5,426
Land	8,089	8,089
Other property, plant and equipment	7,680	7,659
Total property, plant and equipment	21,095	21,174
Intangible fixed assets		
Patent right	36	13
Other intangible fixed assets	905	1,547
Total intangible fixed assets	941	1,560
Investments and other assets		
Investment securities	373	684
Investment in affiliated companies	149,731	165,316
Long-term loans receivable	*1 38,187	*1 37,632
Deferred tax assets	22,763	28,713
Other non-current assets	6,292	7,185
Total investments and other assets	217,346	239,530
Total non-current assets	239,382	262,264
Total assets	586,204	809,980

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Trade accounts payable	*1 39,670	*1 64,180
Current portion of long-term borrowings	—	74,952
Other accounts payable	*1 12,612	*1 12,813
Accrued expenses	*1 7,786	*1 7,420
Income taxes payable	232	61,475
Advance receipts	7,329	13,489
Deposits received	*1 79,252	*1 113,413
Accrued warranty expenses	8,106	12,287
Bonus accrual for directors	130	277
Provision for share-based remuneration	5,688	2,537
Other current liabilities	4,325	4,673
Total current liabilities	165,130	367,516
Non-current liabilities		
Long-term borrowings	75,141	—
Provision for retirement benefits	11,314	11,225
Asset retirement obligations	40	40
Provision for share-based remuneration	1,511	4,026
Other non-current liabilities	461	488
Total non-current liabilities	88,467	15,779
Total liabilities	253,597	383,295
Net assets		
Shareholders' equity		
Common stock	32,363	32,363
Capital surplus		
Capital reserve	32,973	32,973
Other capital surplus	—	2,665
Total capital surplus	32,973	35,638
Retained earnings		
Legal reserve	3,083	3,083
Other retained earnings		
Retained earnings carried forward	320,258	459,773
Total retained earnings	323,341	462,856
Treasury shares	(56,353)	(104,193)
Total shareholders' equity	332,324	426,664
Valuation and translation adjustments		
Valuation difference on available for-sale securities	66	(101)
Total valuation and translation adjustments	66	(101)
Stock acquisition rights	217	122
Total net assets	332,607	426,685
Total liabilities and net assets	586,204	809,980

2) Non-Consolidated Statement of Operations

Millions of yen

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Net sales	*2 394,694	*2 673,095
Cost of sales	*2 199,551	*2 296,520
Gross profit	195,143	376,575
Selling, general and administrative expenses	*1, *2 140,062	*1, *2 159,147
Operating income	55,081	217,428
Non-operating income		
Interest and dividends income	*2 10,189	*2 16,805
Other	*2 374	*2 579
Total non-operating income	10,563	17,384
Non-operating expenses		
Interest expenses	*2 5,422	*2 5,712
Foreign exchange losses	1,730	1,415
Other	424	*2 734
Total non-operating expenses	7,576	7,861
Ordinary income	58,068	226,951
Income before income taxes	58,068	226,951
Income taxes-current	*2 13,339	*2 66,047
Income taxes-deferred	(4,665)	(5,950)
Total income taxes	8,674	60,097
Net income	49,394	166,854

3) Statement of Changes in Net Assets

Fiscal year ended March 31, 2024

Millions of Yen

	Shareholders' equity					
	Common stock	Capital surplus	Retained earnings		Treasury shares	Total shareholders' equity
		Capital reserve	Legal reserve	Other retained earnings Retained earnings carried forward		
Balance at beginning of year	32,363	32,973	3,083	296,201	(59,099)	305,521
Changes in the year						
Dividends from retained earnings				(24,901)		(24,901)
Net income				49,394		49,394
Purchase of treasury shares					(17)	(17)
Disposal of treasury shares				(400)	2,727	2,327
Cancellation of treasury shares				(36)	36	—
Changes of items other than shareholders' equity, net						
Total changes in the year	—	—	—	24,057	2,746	26,803
Balance at end of year	32,363	32,973	3,083	320,258	(56,353)	332,324

	Valuation and translation adjustments Valuation difference on available-for-sale securities	Stock acquisition rights	Total net assets
Balance at beginning of year	18	450	305,989
Changes in the year			
Dividends from retained earnings			(24,901)
Net income			49,394
Purchase of treasury shares			(17)
Disposal of treasury shares			2,327
Cancellation of treasury shares			—
Changes of items other than shareholders' equity, net	48	(233)	(185)
Total changes in the year	48	(233)	26,618
Balance at end of year	66	217	332,607

Fiscal year ended March 31, 2025

Millions of Yen

	Shareholders' equity						
		Capital surplus		Retained earnings			
	Common stock	Capital reserve	Other capital surplus	Legal reserve	Other retained earnings Retained earnings carried forward	Treasury shares	Total shareholders' equity
Balance at beginning of year	32,363	32,973	―	3,083	320,258	(56,353)	332,324
Changes in the year							
Dividends from retained earnings					(27,339)		(27,339)
Net income					166,854		166,854
Purchase of treasury shares						(50,005)	(50,005)
Disposal of treasury shares			2,665			2,165	4,830
Changes of items other than shareholders' equity, net							
Total changes in the year	―	―	2,665	―	139,515	(47,840)	94,340
Balance at end of year	32,363	32,973	2,665	3,083	459,773	(104,193)	426,664

	Valuation and translation adjustments Valuation difference on available-for-sale securities	Stock acquisition rights	Total net assets
Balance at beginning of year	66	217	332,607
Changes in the year			
Dividends from retained earnings			(27,339)
Net income			166,854
Purchase of treasury shares			(50,005)
Disposal of treasury shares			4,830
Changes of items other than shareholders' equity, net	(167)	(95)	(262)
Total changes in the year	(167)	(95)	94,078
Balance at end of year	(101)	122	426,685

【Notes to Non-Consolidated Financial Statements】

(Significant Accounting Policies)

1. Valuation Criteria and Methods of Assets

(1) Valuation of Securities

Investments in Subsidiaries………………………………Stated at cost using the moving average method

Other Securities

Securities other than ones without market 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)

Securities without market 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 is calculated using a method in which book values are written down in accordance with decreased profitability)

2. Depreciation and Amortization of Non-Current Assets

(1) Property, Plant and Equipment………Straight-line method

(2) Intangible Fixed Assets……………....Straight-line method

However, software for internal use is amortized using the straight-line method over its estimated useful life of 5 years.

3. Allowances/Provisions

(1) 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.

(2) 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.

(3) 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 the fiscal year ended March 31, 2025 is reported.

(4) Provision 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.

(5) Provision for Share-Based Remuneration

In preparation for share benefit expected to be paid in the future, an estimated amount for the fiscal year ended March 31, 2025 is reported.

4. Revenue Recognition

The Company has adopted Accounting Standard Board of Japan (ASBJ) Statement No. 29 (revised 2020) Accounting Standard for Revenue Recognition (March 31, 2020) and ASBJ Guidance No. 30 (revised 2020) Implementation Guidance on Accounting Standard for Revenue Recognition (March 31, 2020) and recognized revenue of goods or services upon transfer of the control of the promised goods or services to customers.

See note 3 (14) in the consolidated financial statements for additional details.

5. Implementation of a Group Tax Sharing System

The Company has implemented a group tax sharing system.

(Significant Accounting Estimates)

1. Valuation of Inventories

(1) Amount Recognized in the Non-Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Merchandises and finished goods	18,739	21,752
Work in progress	33,605	40,523
Raw materials and supplies	114,299	102,981

(2) Other Information that Deepens the Understanding of Users of the Non-Consolidated Financial Statements Regarding the Content of Accounting Estimates

See note 4 (1) in the consolidated financial statements for additional details.

2. Impairment of Property, Plant and Equipment and Intangible Assets

(1) Amount Recognized in the Non-Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	21,095	21,174
Intangible fixed assets	941	1,560

(2) Other Information that Deepens the Understanding of Users of the Non-Consolidated Financial Statements Regarding the Content of Accounting Estimates

See note 4 (2) in the consolidated financial statements for additional details.

3. Provision for Retirement Benefits

(1) Amount Recognized in the Non-Consolidated Financial Statements as of March 31, 2025.

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Provision for retirement benefits	11,314	11,225

(2) Other Information that Deepens the Understanding of Users of the Non-Consolidated Financial Statements Regarding the Content of Accounting Estimates

See note 4 (3) in the consolidated financial statements for additional details.

4. Valuation of Deferred Tax Assets

(1) Amount Recognized in the Non-Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	22,763	28,713

(2) Other Information that Deepens the Understanding of Users of the Non-Consolidated Financial Statements Regarding the Content of Accounting Estimates

See note 4 (4) in the consolidated financial statements for additional details.

5. Valuation of Investment in Affiliated Companies

(1) Amount Recognized in the Non-Consolidated Financial Statements as of March 31, 2025

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Investment in affiliated company (Advantest America, Inc. shares)	53,526	53,526

(2) Other Information that Deepens the Understanding of User of the Non-Consolidated Financial Statements Regarding the Content of Accounting Estimates

In valuing Advantest America, Inc. shares, the Company reflects the excess earning power of its subsidiaries Advantest Test Solutions, Inc., Essai, Inc., R&D Altanova, Inc. and its sub-subsidiary Shin Puu Technology Co., Ltd. in its valuation of real value. Determining whether the excess earning power is declining is based on estimated future cash flows based on a three-year business plan approved by management, growth rate after 3 years and discount rate.

The key assumptions in determining whether the excess earning power is declining are the sales forecast to existing large-volume customers and prospects for new customers that form the basis of the three-year business plan, growth rate after 3 years and discount rate. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales.

These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions may have a material impact on amount recognized in the non-consolidated financial statements in future periods.

(Changes in Accounting Policies)

The Company has adopted the revised accounting standards for current income taxes including ASBJ Statement No.27 Accounting Standard for Current Income Taxes (October 28, 2022) from the fiscal year ended March 31, 2025. There is no impact of this application on the non-consolidated financial statements.

(Additional Information)

The Company has introduced a performance-based stock remuneration plan and a restricted stock compensation plan as an incentive for directors (excluding outside directors and directors who are Audit and Supervisory Committee members), executive officers and executive employees.

(1) Transaction Overview

See note 24 (2) and (3) in the consolidated financial statements for additional details.

(2) Shares of the Company Remaining in the Trust

The Company’s shares remaining in the trust are recorded as treasury shares in the net assets section at the carrying amount of the trust (excluding the amount of ancillary expenses). Since the Company has terminated the trust, the Company has no shares in the trust as of March 31, 2024 and 2025.

(Balance Sheet)

*1 Monetary claims from affiliated companies and monetary debt to them were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Short-term monetary receivables from affiliated companies	63,851	123,813
Long-term monetary receivables from affiliated companies	38,140	37,580
Short-term monetary payables to affiliated companies	91,839	126,891

2 The Company has an agreement for committed line of credit with a financial institution in order to ensure efficient procurement of funding for business activities. The unused balances of borrowings at the fiscal year ended March 31, 2024 and 2025 based on this agreement were as follows:

Millions of Yen

	As of March 31, 2024	As of March 31, 2025
Total amount of loan limit	60,000	60,000
Balance of borrowings	—	—
Unused committed line of credit	60,000	60,000

(Statement of Operations)

*1. The approximate percentage of selling expenses for the previous fiscal year and the current fiscal year was 27%. The approximate percentage of general and administrative expenses for the previous fiscal year and the current fiscal year was 73%.

Major items and amounts of selling, general and administrative expenses are as follows:

Millions of Yen

	Previous fiscal year (From April 1, 2023 To March 31, 2024)	Current fiscal year (From April 1, 2024 To March 31, 2025)
R & D expenses	62,858	69,186
Salary	4,090	4,619
Depreciation	1,544	547
Provision for product warranty	12,996	17,516
Outsourcing expenses	37,929	46,137

*2. Transactions with affiliated companies are included as follows:

Millions of Yen

	Previous fiscal year (From April 1, 2023 To March 31, 2024)	Current fiscal year (From April 1, 2024 To March 31, 2025)
Sales Amount	221,405	469,637
Purchase Amount	124,852	149,811
Transaction Amount other than business transaction	13,234	19,269

(Securities)

Investments in affiliated companies, which amounts recorded on the balance sheet for the fiscal years ended March 31, 2024 and 2025 were ¥149,731 million and ¥165,316 million, respectively, do not state market prices because these are shares with no market value.

(Tax Effect Accounting)

1. The breakdown of deferred tax assets and liabilities was as follows:

Millions of Yen

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Deferred tax asset		
Appraised value of inventories	4,505	8,005
Provision for retirement benefits	2,125	3,496
Fixed assets	16,255	17,923
Accrued warranty expenses	2,469	3,765
Others	2,958	6,400
Subtotal of deferred tax assets	28,312	39,589
Valuation allowance for deductible temporary differences	(5,526)	(9,261)
Subtotal of valuation allowance	(5,526)	(9,261)
Total of deferred tax assets	22,786	30,328
Deferred tax liabilities		
Prepaid pension costs	—	(1,615)
Others	(23)	—
Total of deferred tax liabilities	(23)	(1,615)
Net deferred tax assets	22,763	28,713

2. Major components of difference between statutory effective tax rate and actual effective tax rate after application of tax effect accounting

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Statutory effective tax rate	30.5%	30.5%
(Reconciliation)		
Permanent non-taxable items such as dividends income	(4.1)	(1.8)
Tax credits for research and development expenses	(8.1)	(3.9)
Valuation allowance	(5.8)	1.7
Items that are not permanently deductible	0.3	0.3
Items that do not use income as a tax base, such as per capita rate of residence tax	0.0	0.0
Increase in deferred tax assets at end of year due to tax rate changes	—	(0.2)
Others	2.1	(0.1)
Actual effective tax rate after application of tax effect accounting	14.9	26.5

3. Adjustments to deferred tax assets and liabilities due to the change in corporate income tax rate
The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted on March 31, 2025. As a result, the “Defense Special Corporate Tax” will be imposed from the fiscal year beginning on or after April 1, 2026. Accordingly, the combined statutory income tax rate used to calculate deferred tax assets and liabilities has been revised from 30.5% to 31.4% for temporary differences expected to be realized or settled after the fiscal year beginning on April 1, 2026. Due to this change, the amount of deferred tax assets (net of deferred tax liabilities) increased by ¥426 million, and Income taxes-deferred decreased by the same amount in the current fiscal year.

4. The accounting treatment for corporate and local income taxes and tax effect accounting

The Company has adopted the group tax sharing system. Accordingly, the Company conducts accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

(Revenue Recognition)

The information that is the basis for understanding the revenue from contracts with customers is omitted since it is described in note 22 in the consolidated financial statements.

(Significant Subsequent Events)

(Share Repurchase)

The Company resolved to acquire its own shares under Article 459, paragraph 1 of the Companies Act, at the Board of Directors' meeting held on April 25, 2025.

For details, see note 33 (Share repurchase) under "Notes to Consolidated Financial Statements" in "1. Consolidated Financial Statements."

4) Supplementary Schedule

Details of Property, Plant and Equipment and Intangible Fixed Assets (Non-Consolidated)

Millions of Yen

Items	Types of assets	Balance at beginning of year	Increase for this year	Decrease for this year	Depreciation for this year	Balance at end of year	Accumulated depreciation
Property, plant and equipment	Buildings and structures	5,326	579	2	477	5,426	11,575
	Land	8,089	-	-	-	8,089	-
	Others	7,680	3,429	237	3,213	7,659	20,364
	Total	21,095	4,008	239	3,690	21,174	31,939
Intangible fixed assets	Patent right	36	-	-	23	13	88
	Others	905	1,127	37	448	1,547	1,071
	Total	941	1,127	37	471	1,560	1,159

(Note) : The primary items of "Increase for this year" were as follows.

Machinery and equipment	Production equipment	¥838 million
	Development equipment	¥343 million
Tools, furniture and fixtures	Development equipment	¥826 million
	Production equipment	¥402 million

【Details of Provisions (Non-Consolidated)】

Millions of yen

Items	Balance at beginning of year	Increase for this year	Decrease for this year	Balance at end of year
Accrued warranty expenses	8,106	17,516	13,335	12,287
Bonus accrual for directors	130	277	130	277
Provision for share-based remuneration-ST	5,688	778	3,929	2,537
Provision for share-based remuneration-LT	1,511	2,515	—	4,026

(2) Major Assets and Liabilities

The details of major assets and liabilities are stated in the consolidated financial statements.

(3) Others

Not applicable.

Item6. Overview of the Stock Affairs of the Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for dividends from surplus	September 30 March 31
Number of shares per unit	100 shares
Sales and purchase of shares less than one unit	
Handling office	(Special Account) 1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
Shareholder registry administrator	(Special Account) 1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Agency	-
Sales and purchases fees	Free of charge
Suspension period of acceptance of additional purchase requests	1. The Company shall suspend acceptance of the Request for Sale every year during (i) the period commencing the tenth business day prior to March 31 and ending on March 31, (ii) the period commencing the tenth business day prior to September 30 and ending on September 30, and (iii) the period commencing the tenth business day prior to the shareholder record date and ending on such shareholder record date that are provided by Japan Securities Depository Center. 2. Notwithstanding the immediately preceding paragraph, the Company may establish any other period to suspend acceptance of the Request for Sale whenever the Company deems it necessary.
Method of public notice	Electronic Reporting on the below site. Electric Public-notice (Japanese only) https://www.advantest.com In the event that electronic public notices cannot be provided due to accidents or other unavoidable circumstances, public notice shall be given in the Nihon Keizai Shimbun.
Benefits for shareholders	Not applicable

(Notes) 1. According to the Company's Articles of Incorporation, shareholders holding shares of less than one unit do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act, the right to make a request under Article 166, Paragraph 1 of the Companies Act, the right to receive allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by shareholders, and the right to request sale of shares less than one unit.

2. The Company has proposed for partial amendment of the Articles of Incorporation as items to be resolved for the Ordinary General Meeting of Shareholders to be held on June 27, 2025. If the proposal is approved, the record date for voting rights at the Ordinary General Meeting of Shareholders will be changed to May 15 and the Ordinary General Meeting of Shareholders will be convened within three months from the record date.

Item7. Reference Information of the Company

1. Information on the Parent Company of the Company

The Company does not have a parent company.

2. Other Reference Information

The following documents were filed between the beginning of the current fiscal year and the date of filing of the Annual Securities Report.

(1) Annual Securities Report and its attachments, and Confirmation Letter
Fiscal year 82nd Business Term (from April 1, 2023 to March 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024.

(2) Internal Control Report and its attachments
Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2024.

(3) Semi-Annual Securities Report and Confirmation Letter
(The Semi-annual accounting period of the 83rd Term) (from April 1, 2024 to September 30, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2024.

(4) Extraordinary Report
Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2024.
This is an Extraordinary Report according to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

(5) Extraordinary Report
Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2024.
This is an Extraordinary Report according to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

(6) Securities Registration Statement (Disposal of Treasury Shares as a Restricted Stock Compensation Plan) and its attachments
Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2024.

(7) Status Report of Repurchase of Treasury Shares
Reporting period (from October 1, 2024 to October 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 15, 2024.
Reporting period (from November 1, 2024 to November 30, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on December 16, 2024.
Reporting period (from December 1, 2024 to December 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on January 15, 2025.
Reporting period (from January 1, 2025 to January 31, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on February 17, 2025.
Reporting period (from February 1, 2025 to February 28, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on March 17, 2025.
Reporting period (from April 1, 2025 to April 30, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on May 15, 2025.
Reporting period (from May 1, 2025 to May 31, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2025.

Part II. Information on the Guarantee Companies of the Company

Not applicable.

English Translation

Independent Auditor's Reports on the Audit of Consolidated Financial Statements and the Internal Controls over Financial Reporting

June 25, 2025

The Board of Directors
Advantest Corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Toshiyuki Matsumoto
Designated Engagement Partner
Certified Public Accountant

Minoru Ota
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Nakada
Designated Engagement Partner
Certified Public Accountant

<The Audit of the Consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Advantest Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of March 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, pursuant to the provision of Article 312 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

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 consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

In our audit of the consolidated financial statements for the fiscal year ended March 31, 2025, we have determined “Valuation of goodwill and intangible assets related to the system level test business” and “Valuation of inventories” as key audit matters.

Valuation of goodwill and intangible assets related to the system level test business
Description of Key Audit Matter

The Group has been acquiring businesses under a strategy of expanding test and measurement solutions in the semiconductor value chain. At the end of the fiscal year ended March 31, 2025, the cash generating unit (CGU) with significant goodwill and assets among the main businesses of the system level test is R&D Altanova group, and the amount of goodwill and intangible assets allocated to the CGU are ¥27,479 million and ¥8,398 million, respectively. As of March 31, 2025, Essai, Inc. CGU has no balances of goodwill and intangible assets as impairment losses were recognized.

Company Name (Cash-generating Units)	Date of Acquisition	Main Business Activities	Balance of Goodwill / Intangible Assets
Essai, Inc.	January 2020	Design, manufacture and sale of test sockets and thermal control units	Goodwill: - Intangible assets: -
R&D Altanova, Inc.	November 2021	Design, manufacture and sale of test interface boards	Goodwill: ¥27,479 million Intangible assets: ¥8,398 million

The total of the above assets is ¥35,877 million, which accounts for approximately 4% of the total assets. The related amounts, the key assumptions used in the impairment test and the method used in the calculation are disclosed in Note 4 “Significant Accounting Judgments, Estimates and Assumptions” and Note 12 “Goodwill and Intangible Assets” of the Notes to the consolidated financial statements.

In the fiscal year ended March 31, 2025, the demand for semiconductors related to the proliferation of AI has driven the growth of the semiconductor market, and the demand for the Group’s products for high-performance semiconductors related to AI has also significantly increased. On the other hand, the demand for products other than AI-related applications, such as consumer electronics, automotive and industrial equipment, has remained soft.

As a result of the impairment test, there are no impairment losses recognized for the CGU related to R&D Altanova, Inc. as it is generally progressing according to the business plan. The value in use of the cash-generating unit related to Essai, Inc. has fallen below the carrying amount due to softness in sales for a large-volume customer and delays in expanding sales to new customers, resulting in impairment losses of ¥21,393 million being recorded.

The impairment test is performed by comparing the values in use of each cash-generating unit with the carrying amount of each business. The values in use of each cash-generating unit are determined by discounting estimated future cash flows to present value using pre-tax discount rates that reflect the time value of money and business specific risks based on the capital asset pricing model. The estimated future cash flows are determined based on the three-year business plan approved by management and the growth rates after three years. The key assumptions in estimating the values in use are the sales forecasts for existing large-volume customers and prospects for new customers on which to base a three-year business plan, the growth rates after three years, and the discount rates.

The above-mentioned businesses are belonging to the semiconductor industry, which is expected to grow in the long term; however, in the medium term, it is characterized by significant fluctuations in demand due to factors such as investment budgets of semiconductor manufacturers, who are the Group’s customers, and geopolitical risks. At present, sales of these businesses are highly dependent on large-volume customers, and it is important to acquire new customers by utilizing the customer base of the Group in order to achieve the business plan. Accordingly, there are uncertainties in the sales forecasts to existing large-volume customers and the prospects of new customers, which are the basis of the business plan and the forecasts of growth rates after three years, and management’s high degree of judgment is required to forecast these key assumptions. The calculation of the discount rates requires a high level of expertise in evaluation in selecting calculation methods and inputs.

Therefore, we determined the valuation of goodwill and intangible assets related to these businesses to be a key audit matter.

Auditor’s Response
We have performed the following audit procedures, among others to consider the valuation of goodwill and intangible assets: (Evaluation of calculation method) ・We involved the valuation specialists of our network firm to assess the method used to calculate the values in use. (Evaluation of the reasonableness of the business plan) ・We compared the estimated future cash flows for three years with the business plan approved by management to evaluate consistency between two data. ・We compared the Group’s business plan for prior years with actual results to evaluate the effectiveness of management’s estimation process. ・Regarding the sales forecasts to existing large-volume customers which serve as the basis of the business plan, we inquired of management and the responsible official of each business unit, compared with the sales backlog and publicly available data such as market reports and announcements published by customers and performed the trend analysis based on the past results. ・Regarding the prospects for new customers, we inquired of management and the responsible official of each business unit, examined the progress of new business negotiations, compared with the past customer acquisition results. ・Regarding the capital investments expected in the estimated future cash flows, we inquired of management and the responsible officials of each business unit and compared with the sales forecasts to evaluate consistency between these figures. Additionally, we visited the site and inquired of the responsible official of business unit about the status of the technology transfer to Shin Puu Technology Co., Ltd., which was acquired for the expansion of production capacity for the product of R&D Altanova, Inc., and the operational status of the production line. ・We performed a sensitivity analysis of the business plan reflecting uncertainty in the sales forecasts. (Evaluation of the reasonableness of the growth rates and discount rates) ・Regarding the growth rates for the period after three years, we inquired of management, compared with market reports, and performed the trend analysis based on the past results. ・We compared the discount rates with the estimation made by the valuation specialists of our network firm.

Valuation of inventories
Description of Key Audit Matter
The Group has recorded inventories of ¥209,707 million on the consolidated financial statements, which accounts for approximately 25% of the total assets. Of this amount, raw materials and supplies are recorded at ¥128,752 million. The related amounts, the estimation method, and the assumptions in valuation of inventories are disclosed in Note 4 “Significant Accounting Judgments, Estimates and Assumptions” of the Notes to the consolidated financial statements. Additionally, as described in Note 9 “Inventories” of the Notes to the consolidated financial statements, inventory valuation losses of ¥17,712 million has been recorded for the year ended March 31, 2025. The Group measures inventories at the lower of cost or net realizable value after initial recognition. If the net realizable value is less than the cost, the difference is accounted for as a write off and recognized as an impairment loss. In addition, the Group analyzes whether there is an excess inventory balance and considers the necessity of recording an impairment loss based on the demand forecast by item. The Group's business belongs to the semiconductor industry, which is expected to grow in the long term; however, in the medium term, it is characterized by significant fluctuations in demand due to factors such as investment budgets of semiconductor manufacturers, who are the Group’s customers, and geopolitical risks. The Group is strategically placing advance orders to prepare for sudden fluctuations in future demand, securing inventory balances at a high level, primarily focusing on raw materials. In the fiscal year ended March 31, 2025, the demand for semiconductors related to the proliferation of AI has driven the growth of the semiconductor market, and the demand for the Group’s products for high-performance semiconductors related to AI has also significantly increased. On the other hand, the demand for products other than AI-related applications, such as consumer electronics, automotive and industrial equipment, has remained soft. The inventory turnover period for certain raw materials related to these specific products, which account for approximately 9% of total raw materials and supplies, has become particularly long. Since the demand forecasts by item are based on customer demand forecasts and involve uncertainty, a high level of managerial judgment is required in the valuation of inventories. Therefore, we determined the valuation of certain inventories related to specific products for consumer electronics, automotive and industrial equipment to be a key audit matter.

Auditor's Response
We have performed the following audit procedures, among others to consider the valuation of certain inventories related to specific products for consumer electronics, automotive and industrial equipment: (1) Assessment of the Group's internal controls ・We assessed the effectiveness of the design and operation of the Group's internal controls relating to the valuation of inventories. (2) Evaluation of the reasonableness of the valuation of inventories ・We inquired of management regarding their judgments on the valuation of inventories. ・We performed the following procedures for the demand forecasts by item: ・We examined the consistency between the demand forecasts by item used for valuation of inventories and the future sales quantities by product model, as well as the consistency between the future sales quantities by product model and the Group's business plan. We also inquired of management about the demand forecasts for each business that underlie the business plan and compared them with available external data. ・We compared the estimated sales quantities by product model for prior years with actual sales results to evaluate the effectiveness of management's estimation process. ・Regarding the reasonableness of the demand forecasts by item, we inquired of the responsible officials of business units and examined their consistency with the raw material usage in the past to evaluate the reasonableness of the estimates. ・We inquired of the responsible officials of business units whether inventories that require a long period to be sold off, are considered excess inventory, and examined the reasonableness of their judgements. ・We performed analytical procedures on the inventory balance and the inventory valuation losses by product model. ・We verified the consistency of the allowance for inventory valuation by product model with the supporting evidence.

Other Information

The other information comprises the information included in the Annual Securities Report that contains audited consolidated and non-consolidated financial statements but does not include the consolidated and non-consolidated financial statements and our audit reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards, matters related to going concern.

The Audit and Supervisory Committee is 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.

・Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, 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 IFRS Accounting Standards.

・Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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 consolidated 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<The Audit of the Internal Control over Financial Reporting>

Opinion

Pursuant to Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we also have audited the accompanying management’s report on internal control over financial reporting of Advantest Corporation and its subsidiaries (the Group) as of March 31, 2025.

In our opinion, the accompanying management’s report on internal control over financial reporting, which states that the internal control over financial reporting was effective as of March 31, 2025, present fairly, in all material respects, the results of the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control over financial reporting in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Management's Report on the Internal Control over Financial Reporting

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the management's report on the internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the management's report on internal control over financial reporting is free from material misstatement based on our audit of the internal control over financial reporting and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

・Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the management's report on the internal control over financial reporting. The audit procedures for the audit of the internal control over financial reporting are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.

・Evaluate the overall presentation of the management's report on the internal control over financial reporting, including the appropriateness of the scope, procedures and results of the assessments that management presents.

・Plan and perform the audit of the internal control over financial reporting to obtain sufficient appropriate audit evidence regarding the results of the assessments of internal control over financial reporting in the management's report on the internal control over financial reporting. We are responsible for the direction, supervision and review of the audit of the management's report on the internal control over financial reporting. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit of the internal control over financial reporting, the results of the audit of the internal control over financial reporting, any material weaknesses, the remedial actions taken, and any other matters required by the auditing standards for internal control over financial reporting.

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 consolidated 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

<Fee-related Information>

The fees for the audits of the financial statements of Advantest Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2025 are presented in paragraph 3. titled "Status of Auditing" in Section 4. "Corporate Governance" included in Item 4 "Status of the Company" in Part 1 of the Annual Securities Report for the year ended March 31, 2025 of the Group.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Reports:
This is an English translation of the Independent Auditor's Reports as required by the Financial Instruments and Exchange Act for the conveniences of the reader.

English Translation

Independent Auditor's Report

June 25, 2025

The Board of Directors
Advantest Corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Toshiyuki Matsumoto
Designated Engagement Partner
Certified Public Accountant

Minoru Ota
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Nakada
Designated Engagement Partner
Certified Public Accountant

<The Audit of the Non-Consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying non-consolidated financial statements of Advantest Corporation (the Company), which comprise the non-consolidated balance sheet as of March 31, 2025, and the non-consolidated statements of operations and changes in net assets for the year then ended, and notes to the non-consolidated financial statements.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance for the year then ended 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 Non-consolidated 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 non-consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

In our audit of the non-consolidated financial statements for the fiscal year ended March 31, 2025, we have determined “Valuation of inventories” as a key audit matter.

Valuation of inventories
In the non-consolidated financial statements for the fiscal year ended March 31, 2025, the Company recorded ¥21,752 million of merchandises and finished goods, ¥40,523 million of work in progress, and ¥102,981 million of raw materials and supplies. The related disclosures are included in “Significant Accounting Policies” and “Significant Accounting Estimates” of the Notes to the non-consolidated financial statements. The reasons why we determined the matter to be of key audit consideration and the audit response are the same as the key audit matter (valuation of inventories) described in the independent auditor’s report of the consolidated financial statements, therefore the description has been omitted.

Other Information

The other information comprises the information included in the Annual Securities Report that contains audited consolidated and non-consolidated financial statements but does not include the consolidated and non-consolidated financial statements and our audit reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Company’s reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 is responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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.

・Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated 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 non-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 Company to cease to continue as a going concern.

・Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

・Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and review of the audit of financial information of the entities or business units within the Company. 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 non-consolidated financial statements in Japan, to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related Information>

Fee-related information is presented in the independent auditor's report on the audit of consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act for the conveniences of the reader.

[Cover]

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2025
[Company Name]	Kabushiki Kaisha Advantest
[Company Name in English]	ADVANTEST CORPORATION
[Title and Name of Representative]	Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO
[Title and Name of CFO]	Hisako Takada, Senior Executive Officer, CFO
[Address of Registered Office]	1-6-2, Marunouchi, Chiyoda-ku, Tokyo
[Place Where is Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi, Kabuto-cho, Chuo-ku, Tokyo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO and Hisako Takada, Senior Executive Officer, CFO of Advantest Corporation, confirmed that statements contained in the Annual Securities Report for the 83rd Business Term (from April 1, 2024 to March 31, 2025) were adequate under the Financial Instruments and Exchange Act.

2. Special Notes

None.

[Cover]

[Document Filed]	Internal Control Report
[Applicable Law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 25, 2025
[Company Name]	Kabushiki Kaisha Advantest
[Company Name in English]	ADVANTEST CORPORATION
[Title and Name of Representative]	Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO
[Title and Name of CFO]	Hisako Takada, Senior Executive Officer, CFO
[Address of Registered Office]	1-6-2, Marunouchi, Chiyoda-ku, Tokyo
[Place Where is Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi, Kabuto-cho, Chuo-ku, Tokyo)

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Koichi Tsukui, Representative Director, Senior Executive Officer and President, Group COO and Hisako Takada, Senior Executive Officer, CFO of Advantest Corporation (the "Company"), are responsible for designing and operating internal control over financial reporting of the Company and its consolidated subsidiaries ("Advantest Group"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objective to a reasonable extent through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters Related to Scope of Assessment, Assessment Date, and Assessment Procedure

We assessed the effectiveness of our internal control over financial reporting on the assessment date as of March 31, 2025. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we assessed internal controls which may have a material impact on the entire financial reporting on a consolidated basis ("company-level controls") and based on the results of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to assess the effectiveness of our internal controls.

We determined the scope of assessment of internal control over financial reporting for the Company, as well as its subsidiaries, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality of the impact on the financial reporting is determined by taking into account the degree of quantitative and qualitative impact and its likelihood on the financial reporting. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company and its consolidated subsidiaries.

Advantest Group's core business is the sale of semiconductor testers and test peripherals developed and manufactured by the Company through the Company and its consolidated subsidiaries. Therefore, we have determined that net sales after elimination of inter-company transactions is appropriate as an indicator to determine the significance of business units.

Regarding the assessment of company-level controls, the Company and its 8 consolidated subsidiaries, which assume development, manufacturing and sales of the products within Advantest Group, were in the scope of the assessment, by taking into account the materiality of quantitative and qualitative impact and its likelihood on the financial reporting. As a result, it covered approximately 98% of consolidated net sales after elimination of intercompany transactions in the current fiscal year. We did not include those 31 consolidated subsidiaries other than the above 8 consolidated subsidiaries, which we concluded that they do not have any materiality of quantitative or qualitative impact or its likelihood on the financial reporting, in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal controls over business processes, as the results of the evaluation of company-level controls were judged to be effective, we accumulated business units in descending order of net sales after elimination of intercompany transactions for the previous fiscal year, and those 3 business units (the Company and 2 consolidated subsidiaries) whose combined amount of net sales reaches approximately two-thirds of total net sales on a consolidated basis were selected as significant business units. As a result, it covered approximately 76% of consolidated net sales after elimination of intercompany transactions in the current fiscal year. For the selected significant business units, since manufacturing and sales of semiconductor testers and test peripherals are main revenue-generating activities for Advantest Group, we assessed the business processes related to accounts such as net sales, accounts receivable, and inventories, which are significantly related to the Company's business objectives. In those business processes, we have designed and operated the same internal controls by using a common core system and providing shared services to each regional business unit from the global functional units in charge of sales and supply chain functions. Therefore, in the assessment of those business processes, we have comprehensively assessed by including other business units (20 consolidated subsidiaries) that have designed and operated the same internal controls in the scope of test of controls.

Further, for all the business units including other than significant business units, we added the business processes related to valuation of goodwill and intangible assets, valuation of inventories, income tax calculation, and provision for retirement benefit to the scope of assessment as significant business processes in consideration of impact on financial reporting. These business processes were added to the scope of assessment due to their relatively high likelihood of material misstatement, as these business processes involve estimates and forecasts, and are highly complex.

3. Matters Related to Results of Assessment

As a result of the assessments above, we concluded that our internal control over financial reporting was effective as of March 31, 2025.

4. Supplementary Matters

None.

5. Special Notes

None.