

**Advantest Corporation**  
**FY2024 (Period ended March 31, 2025) Financial Briefing**  
**Q & A Summary**

April 25, 2025

FY2024 gross margin

- Q1: Your FY2024 4Q gross margin of approximately 60% was very high. Will you be able to maintain such a high gross margin if your SoC tester sales stay around 150 billion yen, or was your 4Q gross margin reflective of some one-off items?
- A1: This is product mix driven. 4Q had a higher mix of SoC testers, which have a higher gross margin. Upgrades, which are more profitable than full systems, also contributed. Sustaining a 60% gross margin is difficult, and our gross margin will likely fluctuate based on product mix. We aim to continue to increase our margins, but favorable conditions aligned in 4Q, helping to boost our gross profit.

FY2025 earnings outlook

- Q2: Some in the capital markets are concerned that in around July of this year, you will cease to benefit from the temporary demand that has resulted from efforts to improve yields on semiconductors for high-end servers. What sort of change do you expect to see in your sales between FY2025 1H and 2H? If you are not anticipating a major change, what do you expect to sustain your strong sales?
- A2: Different devices do have varying yield profiles, and that does affect the test capacity required, but we are not seeing any anomalies impacting overall demand. Demand is continuous, driven by AI/HPC devices that are either at peak ramp or transitioning to the next generation. This applies both to traditional GPU players and new custom ASIC and cloud service provider (CSP) players. We see more complexity leading to increased test content. Regarding 1H versus 2H guidance, our visibility into 2H is limited to six months out, but 1H appears a little bit stronger at this point in the year. Visibility drives much of this, and customers might increase test capacity towards the end of our fiscal year for their next-generation device ramp. This could fluctuate between FY2025 4Q and FY2026 1Q, depending on ramp timing.
- Q3: Could you describe the assumptions on which your FY2025 guidance is premised? Are you seeing any changes in customer behavior driven by the US's tariffs and other trade policies, or by increased macroeconomic uncertainty?

A3: Our FY2025 guidance is formulated based on the midpoint of our TAM estimate. For SoC testers, our TAM estimate and foreign exchange movements suggest that we will gain some market share. Regarding customer behavior, we have not seen changes owing to tariffs or trade concerns. Recent earnings calls from customers and peers consistently indicate a lack of direct effects from tariffs. Any macro-level effects might come through a global recession, but the AI/HPC area seems somewhat protected from geopolitical issues. Regarding conservatism in our guidance, everyone, including us, is monitoring the macro economy and its potential effects. We are taking a cautious approach, especially beyond 1H.

Q4: My question is on the short term. Between FY2025 1Q and 2Q, which quarter do you expect to see the heftier weighting of sales?

A4: We anticipate roughly the same level of sales in FY2025 1Q and 2Q. Demand is consistent, and we plan our production cycle with long-term forecasts from customers. We work closely with them to manage production capacity, leading to less lumpiness and more consistent volumes.

#### Tester demand outlook and competitive environment for ASIC

Q5: I would like to ask about business opportunities related to custom ASIC. Over the next several years, how much growth do you expect in tester demand and in your customer base associated with the design of new ASIC? Also, how confident are you in your ability to gain share in the custom ASIC market?

A5: We cannot discuss individual devices or releases. However, there is a robust list of devices from hyperscale customers and their custom ASIC partners. The number of custom ASIC providers has expanded, introducing new players. We are well positioned in the hyperscale community and among existing and new custom ASIC players. We expect our market share to go higher. We are very well positioned with our V93000 platform in nearly all of those accounts.

Q6: Do you expect GPUs or custom ASIC to be the greater contributor to growth in the SoC tester market in CY2025? Also, if you look to the long term in CY2026 and beyond, which of the two do you believe will be the key driver of the SoC tester market?

A6: For CY2025, the traditional (GPU) market will contribute more. However, we still expect some sales growth to come from custom ASIC. Larger ramps are likely into CY2026 for new custom ASIC devices. We cannot speculate on the split between traditional and custom ASIC yet, but the custom ASIC area will be significant.

Custom ASIC players are increasing their presence in the AI inferencing market, and we expect traditional players and custom ASICs to co-exist there. We are well positioned in both spaces. As for the potential size, companies in custom ASIC have cited their serviceable market, and you can back calculate the test requirements, which are fairly large.

#### Competitive environment in the tester market

- Q7: Your share of the SoC tester market declined three percentage points in CY2024 versus the previous year. What did the competitive landscape in the high-end market look like in that context? Also, are local suppliers posing a threat in the memory tester market?
- A7: We are aware that in the market for low-end devices, sales of Chinese SoC testers to Chinese customers are growing. We, however, are focused on domains where increasing device complexity demands more difficult testing, and our share of those domains is high. We understand that Korean and Chinese suppliers also hold low single-digit percentages of the memory tester market. However, the market for testers for high-performance memory is expanding, and we have a significant share of that growing demand.

#### Sustainability of SoC tester demand

- Q8: I would like to ask about the PS5000, your most advanced digital module for the V93000 platform. Some in the equity market believe that you have seen significant demand benefits over the past year or two from the transition from prior modules to the PS5000 and that demand will peak out once adoption of the PS5000 has plateaued. What is your take on that?
- A8: We saw rapid customer uptake of the PS5000 in FY2024, but PS5000 utilization at volume production facilities now seems to be nearly maxed out. Given that customers are poised to put next-generation devices into production, we are not worried that utilization on the PS5000 or our SoC testers more broadly is likely to decline going forward. Conversely, our expectation is not only that tester utilization levels will remain high, but also that we will be receiving inquiries about additional testers. While macroeconomic uncertainty is making it difficult to forecast test demand, our customers' schedules for developing new logic devices and advances in technology suggest that test demand of the sort we have been seeing is likely to continue in CY2026.
- The PS5000 is our standard digital module for the EXA Scale platform and required for new mid-level or high-level digital applications. It has a long life due to its data rates and vector memory. There is no need for a new digital module soon. We expect most of our

future sales to come from entire systems, which would include digital , power supply, and sometimes mixed-signal or RF modules. A common uniform digital module with a long lifetime can be used with many different applications.

#### CY2026 TAM outlook

Q9: Could you tell us what you expect in terms of the directionality of the SoC tester and memory tester markets in CY2026? Also, what are your expectations regarding how test intensity will trend and what new business opportunities you might see from die-level testing and other new test solutions?

A9: Before going into the outlook for CY2026, for which we do not have official guidance, I would like to share our thinking on CY2025. We feel CY2025 could be a good year, but the macro environment remains uncertain. Without current macro effects like tariffs, increasing test content trends us towards the higher end of TAM. However, uncertainties led us to keep the midpoint.

That said, we have an optimistic outlook on CY2026 due to the ramping of next-generation HPC devices from traditional players and new devices from CSP and custom ASIC partners. This should add to the overall TAM, with associated DRAM, particularly HBM, providing an uplift.

If I speak to your question on test intensity in terms of test content, I would say that the business is on a promising growth trajectory.

Additional product lines, such as our die-level test solution, are expected to enhance our business both as standalone offerings and as part of a comprehensive strategic solution—particularly in addressing test challenges for advanced 3D packaging. These elements, together with our tester and service environments, are central to the company’s strategy.

#### Note

This document is prepared for those who were unable to attend the financial briefing and is intended only for reference purposes. The original content has been revised and edited by Advantest for ease of understanding.

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