

Advantest Corporation
FY2025 Q2 (Three months ended September 30, 2025) Financial Briefing
Q&A Summary

October 28, 2025

FY2025 Outlook

- Q1: Has there been any change in your outlook for quarterly sales trends in FY2025? Specifically, do you still expect Q3 to be the bottom, followed by a recovery in Q4 that continues into FY2026? Do you think that sales will continue to grow sequentially through 1H and 2H of FY2026?
- A1: We expect Q3 FY2025 to be a softer quarter. We had expected 2H to be somewhat of a digestion period as new device transitions are happening. However, what we are seeing now is somewhat of an acceleration of those device transitions—hence the upward revision to the full-year outlook.
- Even with this pull-in, our optimism for FY2026 remains unchanged.
- Establishing visibility into demand for the 1H and 2H of FY2026 is challenging as much depends on the timing of device releases and ramps, but our outlook is for fairly consistent business throughout FY2026. The major device ramps and their timing give us confidence in a consistent quarterly trend for FY2026, though this is a preliminary view.

Growth Drivers for FY2026

- Q2: Which do you expect to contribute more to your business growth next year—GPUs or custom ASICs? Additionally, will the demand be driven more by quality, complexity, or volume?
- A2: We anticipate both GPUs and custom ASICs to be significant growth drivers next year. While GPUs have led the growth this year, we expect the custom ASICs business to see strong growth and contribute alongside GPUs.
- In terms of test complexity, both device types feature similar architectures using advanced packaging and similar processors surrounded by HBM (High Bandwidth Memory). Therefore, the overall test content is comparable. Differences mainly arise from the specific test methodologies such as DFT (Design For Testability), as well as the number of test insertions to ensure quality. However, we expect no major differences between GPUs and custom ASICs testing.

MTP3

Q3: In updating your MTP3 (3rd Mid-Term Management Plan), what were your assumptions for the tester market in CY2026, and how would you describe the degree of visibility on which that outlook is based? Additionally, your main scenario for FY2026 seems to assume that you will reach the higher end of your forecasted range, which implies approximately 400 billion yen in operating profit. Is there potential for further upside beyond this scenario?

A3: We are optimistic about FY2026 and are leaning toward the higher end of the updated MTP3 range. We are still finalizing our outlook for the CY2026 TAM and plan to release it in next January, but initial indications appear to be fairly positive for both SoC and memory testers.

Looking at tester demand beyond FY2026, public announcements about new data center investments and other AI news flow to point to strong fundamentals and a solid foundation for continued growth. As such, we believe FY2026 will be positive, and we anticipate a multiyear, high-level of growth leading into our next mid-term plan.

Q4: At the higher end of your updated MTP3, it appears you are assuming margins will decline in FY2026 versus FY2025 despite a higher revenue outlook. What is the reason for this? Even if you reach 1 trillion yen in revenue, will higher R&D intensity still be a factor, and should we reflect this in future earnings modeling?

A4: As we stated in our prepared remarks, we are leaning towards the higher end of the range and have some optimism regarding the sales level and corresponding margin as we look into next year. However, we expect our R&D investment to continue to accelerate in order to keep pace with sales growth. This may have some impact on operating margin, but accelerating R&D is necessary to achieve our longer-term objectives.

Competitive Landscape

Q5: Do you see any risks from tougher competition in the test system market? What is your strategy and target market share for SoC and memory testers going forward? Can you maintain your current market position a lot of GPUs and custom ASICs players enter the market over the next two to three years?

A5: We feel confident in maintaining key accounts and in pursuing opportunities where we are not the incumbent. In short, we do not see any market share changes. If anything, when opportunities have presented themselves, we have worked to enhance our presence in the market.

We feel confident in our ability to maintain our market share into the future. Our strategy focuses on three critical areas: maintaining superior products, achieving the right economics, and fortifying our supply chain. We are investing heavily in all three to maintain our position in the marketplace.

Additionally, as SoC devices for the AI market have become more complex, we have been very deliberate in investing internally and in building partnerships to help customers navigate new test challenges associated with this complexity.

Production Capacity Expansion

Q6: To what extent has your supply chain resilience improved in recent quarters? Looking ahead to FY2026, how prepared are you to handle further upside in demand?

A6: Supply chain resilience is very important for us. We have nearly tripled our capacity over the past few years, and we are continuously expanding every year. We are scaling operations to match growth in the HPC (High Performance Computing)/AI devices market, along with the corresponding DRAM. We have already made significant investments, with more to come.

Additionally, we are creating buffer capacity, which has become increasingly important because of unforecasted business arising mainly from unknowns related to required test content for HPC/AI devices. These investments have allowed us to maintain standard lead times, and our production capacity and scale have become a competitive advantage for the Company.

Note

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