



FY24 3Q

(Three months ended December 31st, 2024)

Financial Briefing

January 29th, 2025
Advantest Corporation

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NOTE

Accounting Standards

- Our results and outlook, described in this presentation, have been prepared in accordance with IFRS.

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Summary

[FY24 3Q Results]

- Sales/Operating Income/Net Income: Reached record highs on a quarterly basis
 - ✓ Timely procurement of parts and expanded product supply capabilities through long-term agreements with existing suppliers and diversification of the supply chain for core parts
 - ✓ JPY depreciation against USD elevated our sales and profits (FY24 3Q actual: 149 JPY/USD vs. assumption: 140 JPY/USD)

[Outlook]

- FY24 Full Year: Full-year guidance is revised upward
 - ✓ Continued strength in underlying tester demand for AI-related applications, especially for SoC. Our improved supply capabilities allow us to capture unforecasted demand
- CY25 Tester Market: Strong tester demand is likely to continue despite limited visibility in 2H
 - ✓ Strong demand is expected to continue against the backdrop of increasing complexity and production volume of AI-related semiconductors
 - ✓ Recovery of tester demand for markets other than AI-related semiconductors is likely to take more time

○ Summary

- Hello to everyone. I am happy to welcome you all to our call. Let me start by providing an overview of today's presentation.
- Our FY2024 3Q sales, operating income, and net income posted record highs on a quarterly basis.
- As of late, we have seen further growth in tester demand for AI-related high-performance semiconductors, especially for SoC. Given that we are now able to meet this strong tester demand, we have revised our full-year earnings forecast for FY2024 upwards. I will give the details later in the presentation.
- As we look into CY2025, while the 2H is unclear as usual, we expect tester demand to remain strong. Tester demand for markets other than AI-related semiconductors is still taking time to recover, but strong demand for the AI-related semiconductors is expected to continue against the backdrop of increasing semiconductor complexity and production volume. I will also give some further details later in the presentation.
- Now, Mihashi will explain the 3rd quarter results.

Financial Results for FY24 3Q

Yasuo Mihashi

Senior Executive Officer, CFO & CSO (Chief Strategy Officer)
Executive Vice President, Corporate Strategy Group

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FY24 3Q Summary of Results

(JPY B)

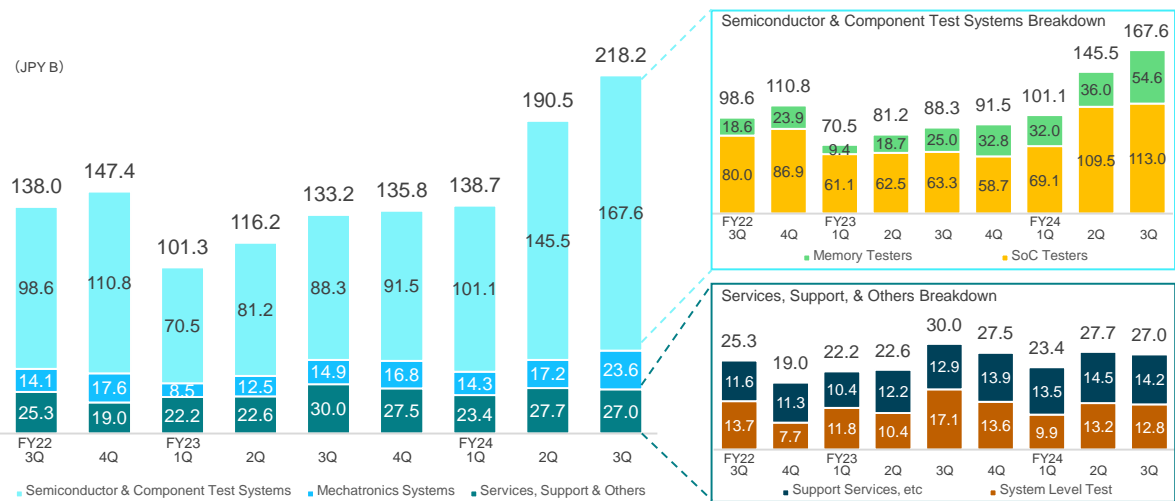
| | FY23 | | | | FY24 | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|--|--------|------------------------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | QoQ | | YoY | |
| | | | | | | | | Change | (%) | Change | (%) |
| Sales | 101.3 | 116.2 | 133.2 | 135.8 | 138.7 | 190.5 | 218.2 | +27.7 | +14.5% | +84.9 | +63.7% |
| Gross Profit | 51.0 | 58.0 | 67.4 | 69.6 | 76.9 | 110.1 | 118.9 | +8.8 | +8.0% | +51.5 | +76.4% |
| Gross Margin % | 50.3% | 49.9% | 50.6% | 51.3% | 55.4% | 57.8% | 54.5% | -3.3pts | | +3.9pts | |
| Operating Income | 14.3 | 21.0 | 26.8 | 19.5 | 31.3 | 63.6 | 69.2 | +5.7 | +9.0% | +42.4 | 2.6x |
| Operating Margin % | 14.1% | 18.1% | 20.1% | 14.4% | 22.6% | 33.4% | 31.8% | -1.6pts | | +11.7pts | |
| Income Before Tax | 13.0 | 20.3 | 26.3 | 18.6 | 31.9 | 60.7 | 70.6 | +9.8 | +16.2% | +44.3 | 2.7x |
| Net Income | 9.2 | 16.7 | 21.2 | 15.2 | 23.9 | 45.4 | 51.9 | +6.4 | +14.1% | +30.7 | 2.4x |
| Net Income Margin % | 9.1% | 14.4% | 15.9% | 11.2% | 17.2% | 23.9% | 23.8% | -0.1pts | | +7.9pts | |
| Exchange Rate 1 US\$ (JPY) | 135 146 | 142 156 | 149 159 | 147 159 | 153 165 | 154 168 | 149 162 | JPY5 Appreciation JPY6 Appreciation | | - JPY3 Depreciation | |
| Dividend Per Share*1 (JPY) | - | 16.25 (65) | - | 18 | - | 19 | - | - | | - | |

*1: Advantest has enacted a 4-for-1 stock split of common share, effective October 1, 2023. The above dividend per share figures are based on the assumption that the stock split had been enacted at the beginning of FY23. (values in parentheses are those before the split).

○ FY2024 3Q Summary of Results

- I will now explain the results for the 3rd quarter of FY2024.
- In the 3rd quarter, we achieved record-breaking sales and profit. Operating margin exceeded 30% for two consecutive quarters.
- Details of the results will be explained in the following pages.

Quarterly Sales by Segment



○ FY2024 3Q Summary of Results

○ Semiconductor & Component Test Systems

- SoC tester sales were JPY 113.0 billion, sustaining a high level of sales as in 2Q. Robust tester demand from HPC/AI-related applications mainly drove sales, with some contribution coming from edge AI-related demand. Sales for mature process products, such as those for automotive and industrial equipment, remained soft.
- Memory tester sales were JPY 54.6 billion, an increase of JPY 18.7 billion QoQ. Sales for DRAM wafer test, particularly for HBM, have increased, as well as for DRAM final test.

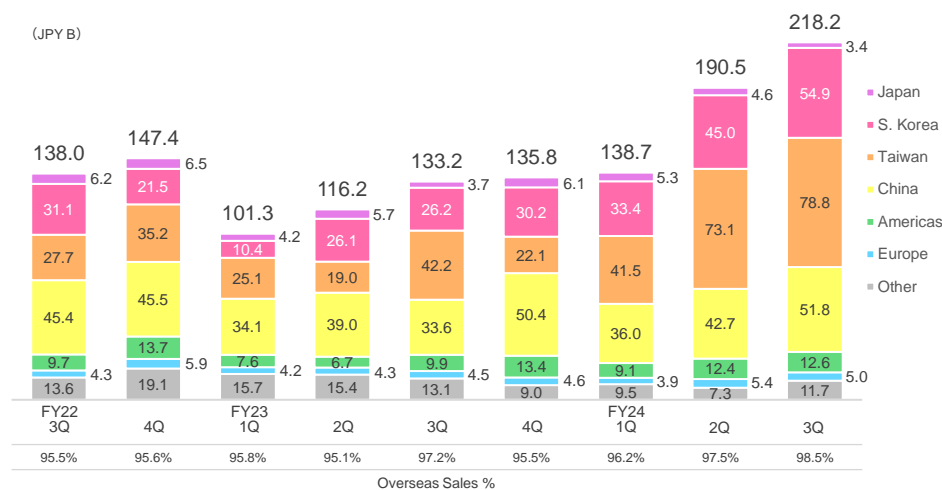
○ Mechatronics Systems

- Sales of device interfaces increased QoQ in tandem with increased sales of testers.

○ Service, Support, & Others

- Sales of Service, Support and System Level Test (SLT) business remained nearly flat QoQ.

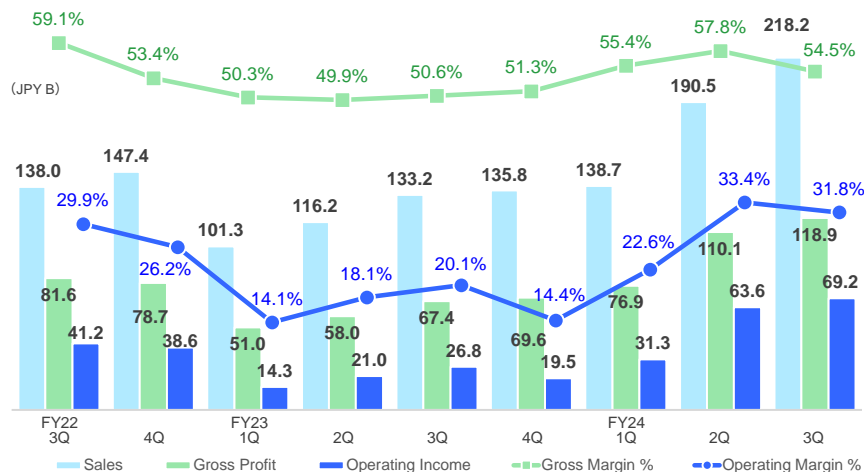
Quarterly Sales by Region (Ship to Region)



○ FY2024 3Q Sales by Region (Ship to Region)

- Taiwan
Due to strengthened quality assurance requirements for high-end SoC semiconductors from several U.S. fabless companies, sales to the related foundries and OSATs increased further in 3Q.
- South Korea, China
Memory tester sales increased sequentially for DRAM.

Sales / Gross Profit / Operating Income

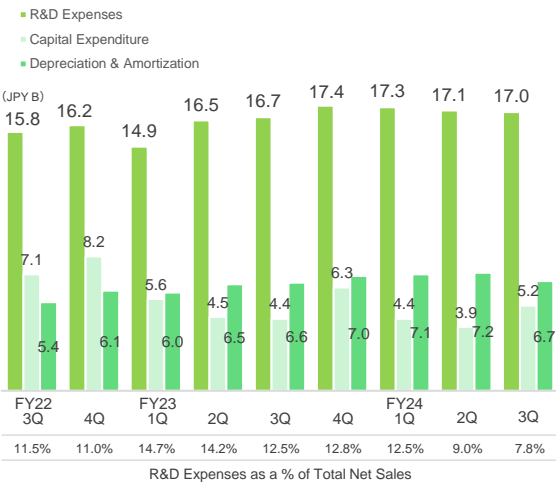


○ FY2024 3Q Sales / Gross Profit / Operating Income

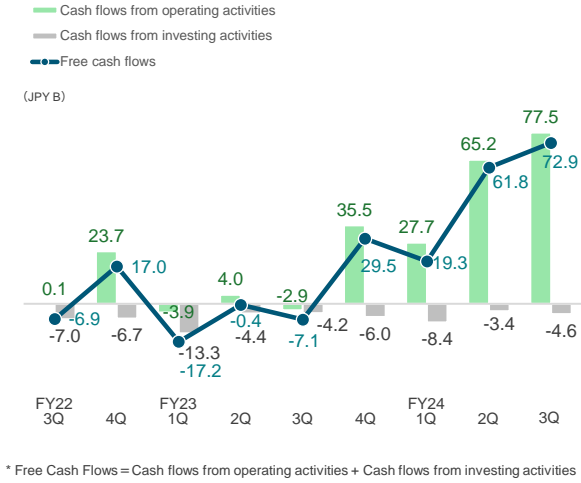
- Due to a high level of sales booking, the operating margin exceeded 30% as in the previous quarter.
- On the other hand, the gross profit margin decreased QoQ. This is mainly due to changes in the product mix and the recording of inventory valuation losses on testers for non-AI applications where demand is soft.
- SG&A (including all other income and expenses) was JPY 49.7 billion, mainly due to an increase in expenses associated with increased sales.

Investments / Cash Flow

<Investments>



<Cash Flow>



○ FY2024 3Q R&D Expenses/ CapEx/ D&A

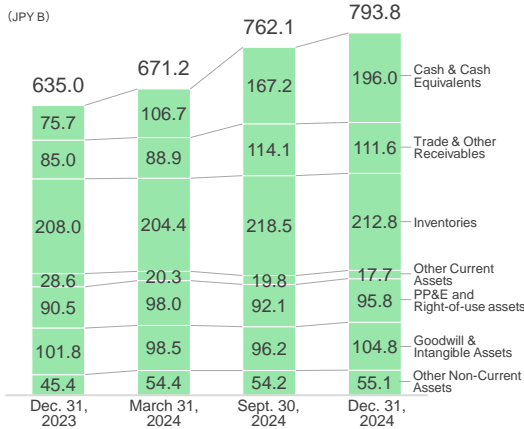
- R&D expenses, CapEx, and D&A are illustrated on this slide.
- CapEx increased compared to the 2Q. This was mainly due to investments related to the execution of operational excellence initiatives as outlined in our Third Mid-Term Management Plan.

○ FY2024 3Q Cash Flow

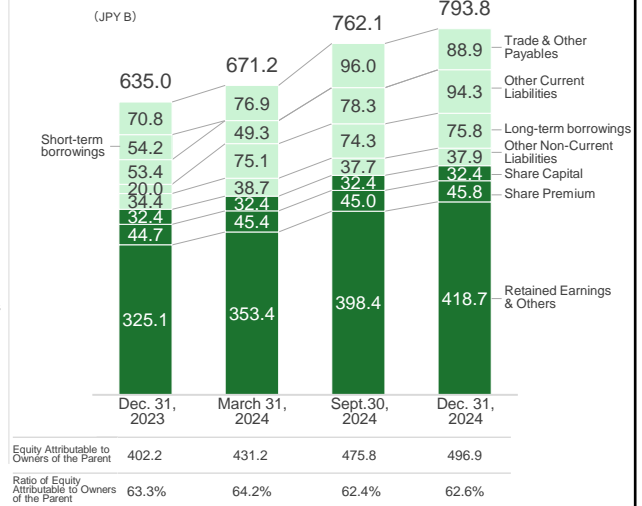
- Operating cash flow and free cash flow increased, reflecting high levels of sales and profits.

Financial Position

< Assets >



< Liabilities & Equity >



○ Balance Sheet for the Period Ended December 31st, 2024

- Inventories decreased QoQ due to progress in our product shipment. We will continue to work on inventory management, considering the uncertain business environment in light of geopolitical risks and other factors.
- As disclosed today, the share repurchase program announced in October reached the upper limit of JPY 50 billion and was completed yesterday. The total number of shares acquired was approximately 5.71 million shares, for a total cost of approximately JPY 50.0 billion.
- We will continue to work on balance sheet management while optimally balancing growth investment and capital efficiency.
- This concludes my presentation. Now I will hand over to Doug who will go over the FY2024 outlook.



FY24 Outlook

Douglas Lefever

Representative Director, Senior Executive Officer, Group CEO

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Business Environment / Semiconductor Tester Market Trends: Jan. 2025 Outlook

CY25 Business Environment

- The semiconductor market demand is expected to continue to be driven mainly by AI-related applications, as in CY24
- Meanwhile, increased uncertainty about the future due to rising geopolitical risks

CY25 Semiconductor Tester Market Forecast

- CY24 market size estimate is raised from previous estimate, mainly due to our increased tester supply capabilities
- For CY25, although demand recovery for applications such as automotive and industrial equipment is expected to take more time, high demand for testers for AI-related applications is expected to continue

| | CY23 Actual | CY24 Actual (Prelim.) | CY25 Estimate |
|----------------------|----------------|--|-----------------------|
| SoC Tester Market | Approx. \$3.3B | Approx. \$3.9B - 4.0B (Oct. 2024 estimate: approx. \$3.5B - 3.8B) | Approx. \$4.2B - 4.8B |
| Memory Tester Market | Approx. \$1.1B | Approx. \$1.9B - 2.0B (Oct. 2024 estimate: approx. \$1.7B - 1.9B) | Approx. \$1.7B - 2.2B |

Source: Advantest

○ Business Environment/Semiconductor Tester Market Trends

- First, let me explain our business environment.
- The semiconductor market in CY2025 is expected to continue to be driven mainly by AI-related demand, as in CY2024. Unit volumes continue to increase as more wafer and advanced packaging capacity is coming online. At the same time, device complexity is driving increased test content.
- On the other hand, uncertainties about the future are continuing due to rising geopolitical risks and we continue to monitor these carefully.
- Based on this business environment, I will now explain the outlook for the semiconductor tester market.
- We have revised up our market size estimate for CY2024, primarily reflecting the expansion of our tester supply capabilities.
- For CY2025, we estimate the SoC tester market size to be between USD 4.2 billion to 4.8 billion, and memory testers to be in the range of USD 1.7 billion to 2.2 billion.
- While the recovery in tester demand for applications other than AI, such as for automotive and industrial equipment, is expected to take more time, robust demand is expected to continue for AI-related applications.

FY24 Forecast

| | (JPY B) | | | | | | | | | |
|------------------------------|---------|------------|------------|------------|-------------|--------------------|-------------------|--------|--------------------------|-------------------|
| | FY23 | FY24 | | | | | | | Prior Full-Year Forecast | |
| | Results | 1Q Results | 2Q Results | 3Q Results | 4Q Forecast | Full-year Forecast | vs. FY23 | | As of Oct. 2024 | Change |
| | | | | | | | Change | (%) | | |
| Sales | 486.5 | 138.7 | 190.5 | 218.2 | 192.6 | 740.0 | +253.5 | +52.1% | 640.0 | +100.0 |
| Operating Income | 81.6 | 31.3 | 63.6 | 69.2 | 61.9 | 226.0 | +144.4 | 2.8x | 165.0 | +61.0 |
| Operating Margin % | 16.8% | 22.6% | 33.4% | 31.8% | 32.1% | 30.5% | +13.7pts | | 25.8% | +4.7pts |
| Income Before Tax | 78.2 | 31.9 | 60.7 | 70.6 | 61.8 | 225.0 | +146.8 | 2.9x | 162.5 | +62.5 |
| Net Income | 62.3 | 23.9 | 45.4 | 51.9 | 46.3 | 167.5 | +105.2 | 2.7x | 122.0 | +45.5 |
| Net Income Margin % | 12.8% | 17.2% | 23.9% | 23.8% | 24.0% | 22.6% | +9.8pts | | 19.1% | +3.5pts |
| Basic EPS*1 (JPY) | 84.45 | 32.35 | 61.56 | 70.30 | 63.53 | 227.74 | +143.29 | 2.7x | 165.01 | +62.73 |
| R&D Expenses | 65.5 | 17.3 | 17.1 | 17.0 | 20.6 | 72.0 | +6.5 | +9.9% | 72.0 | - |
| CapEx | 20.8 | 4.4 | 3.9 | 5.2 | 7.5 | 21.0 | +0.2 | +1.0% | 22.0 | -1.0 |
| D&A | 26.1 | 7.1 | 7.2 | 6.7 | 6.0 | 27.0 | +0.9 | +3.4% | 27.0 | - |
| Exchange Rate*2 1 US\$ (JPY) | 143 | 153 | 154 | 149 | 140 | 149 | JPY6 Depreciation | | 147 | JPY2 Depreciation |
| 1 Euro | 155 | 165 | 168 | 162 | 155 | 163 | JPY8 Depreciation | | 161 | JPY2 Depreciation |

*1: Advantest has enacted a 4-for-1 stock split of common share, effective October 1, 2023. The above Basic EPS figures are based on the assumption that the stock split had been enacted at the beginning of FY23. In the full-year forecast, the average number of outstanding shares used in the calculation of Basic EPS is calculated using the number of issued and outstanding shares as of Dec. 31, 2024 excluding number of treasury shares as of Dec. 31, 2024. The figure for 4Q forecast is calculated by subtracting the nine-month results from the full-year forecast

*2: Our latest forecast for the impact of exchange rate fluctuations on FY24 operating income is plus JPY1.3 billion per 1 yen of JPY depreciation vs USD, and minus JPY0.3 billion per 1 yen of JPY depreciation vs. the Euro

FY2024 Forecast

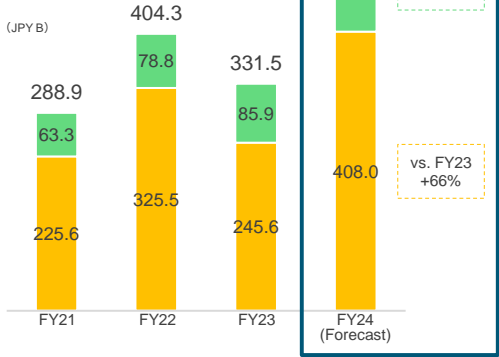
- We are revising our full year forecast upward, as shown on this slide.

| | |
|-------------------|-------------------|
| Sales | JPY 740.0 billion |
| Operating Income | JPY 226.0 billion |
| Income before tax | JPY 225.0 billion |
| Net income | JPY 167.5 billion |
- The upward revision of sales mainly reflects our timely procurement and enhanced supply capabilities which were achieved through long-term agreements and diversification of the supply chain for core parts. Our enhanced supply capabilities enable us to meet additional unforecasted demand, alongside the ongoing strong demand for testers in AI-related applications, particularly for SoC, in 4Q. In addition, the yen depreciation has been a tailwind.
- The gross profit margin for the full year is expected to be around 56%, slightly up from the previous forecast.
- In order to solve the challenges that our customers are facing in the increasingly complex semiconductor industry, we will continue our R&D and investment efforts to enhance the added value of testing, particularly targeting high-growth areas. These efforts include the development and evaluation of new test solutions.
- The exchange rate assumptions for 4Q are JPY 140 for the US dollar and JPY 155 for the Euro. The latest forecast for the impact of exchange rate fluctuations on operating profit for FY2024 is an increase of JPY 1.3 billion for every JPY 1 depreciation against the US dollar, and a decrease of JPY 300 million against the Euro.
- Our year-end dividend forecast is JPY 20 per share. Combined with the interim dividend of JPY 19, our annual dividend forecast is JPY 39 per share, which represents a dividend hike of JPY 4.75 YoY.
- Next, I will explain the details of the sales forecast.

FY24 Outlook by Segment

Semiconductor & Component Test Systems Sales Trends

Memory Testers
SoC Testers



Semiconductor & Component Test Systems

< SoC Testers > (+JPY84B vs. forecast as of Oct. 2024)

- Sales forecast is revised upward, reflecting increased product supply capabilities to keep up with customer delivery requirements for HPC/AI

| Applications | FY21 | FY22 | FY23 | FY24e |
|---|------|------|------|-------|
| Computing / Comms | 60% | 65% | 60% | 90% |
| Automotive / Industrial / Consumer / DDIC*1 | 40% | 35% | 40% | 10% |

*1 DDIC : Display Driver IC

Numbers are rounded to the nearest 5%

< Memory Testers > (+JPY9B vs. forecast as of Oct. 2024)

- Met robust investment appetite of our customers for DRAM by gradually enhancing our product supply capabilities

| Applications | FY21 | FY22 | FY23 | FY24e |
|---------------------|------|------|------|-------|
| DRAM | 60% | 60% | 90% | 95% |
| Non-Volatile Memory | 40% | 40% | 10% | 5% |

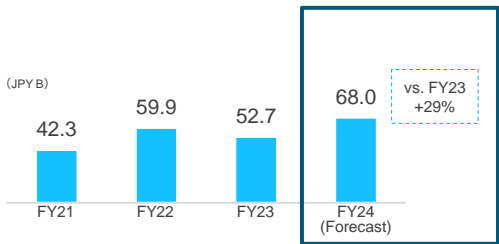
Numbers are rounded to the nearest 5%

FY2024 Semiconductor & Component Test Systems outlook

- FY2024 SoC tester sales forecast is JPY 408 billion, an upward revision of JPY 84 billion from the October forecast.
- Our efforts to improve supply chain management in order to keep up with the delivery requirements of HPC/AI customers have enabled us to increase the pace of supply. As a result, we have revised up our sales forecast.
- FY2024 memory tester sales forecast is JPY 155 billion, an upward revision of JPY 9 billion from the October forecast.
- The improvement of our product supply capabilities has been showing steady progress every quarter. By responding to customers’ robust investment appetite for DRAM in a timely manner, we expect to achieve sales growth.

FY24 Outlook by Segment

Mechatronics Sales Trends

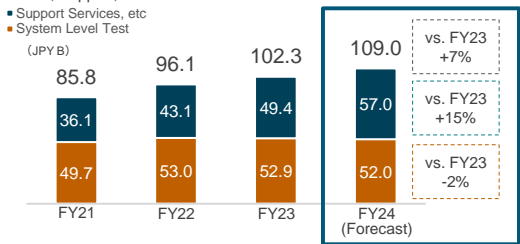


Mechatronics Systems

(+JPY3B vs. forecast as of Oct. 2024)

- Sales of device interface products are expected to increase YoY in tandem with the increase in tester demand
- Sales of nano-technology products are also expected to be solid

Services, Support, & Others Sales Trends



Services, Support, & Others

(+JPY4B vs. forecast as of Oct. 2024)

- Solid demand for support services is expected due to the steady growth of our installed base
- In the system level test business, sales are expected to be flat YoY due to continued uncertainty regarding the smartphone demand

○ FY2024 Mechatronics / Services, Support, & Others Business Outlook

- FY2024 Mechatronics System sales forecast is JPY 68.0 billion.
- With tester sales growth, device interfaces sales are expected to increase YoY.
- We also anticipate solid sales of nanotechnology products.
- FY2024 Service, Support, & Others sales forecast is JPY 109.0 billion.
- For support services, firm demand is anticipated due to the steady growth of our installed base.
- In our SLT business, sales are expected to be roughly flat YoY, as smartphone demand remains uncertain.
- Meanwhile, we will continue our efforts to expand our customer base in order to achieve mid-to long-term sales growth in this area. In the area of HPC/AI, the increasing complexity of semiconductors and high reliability requirements are driving new demand for SLT, burn-in, and high-quality device interfaces.
- In SLT, we have won several new key customers and expect to see this begin to contribute in the 2H in FY2025. For our test board consumable business, we have now brought our Taiwan factory online and are ramping production for high-performance products.

Strategic Partnership Agreement

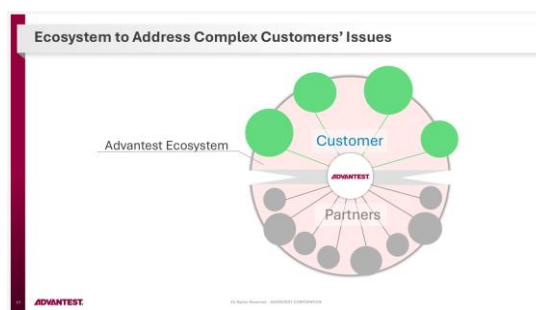
- “Advantest Forms Strategic Partnerships with Technoprobe S.p.A. and FormFactor, Inc.” (Announced on Jan. 9th, 2025)
 - ✓ Partnerships involve technology and printed circuit board (PCB) manufacturing collaboration
 - ✓ Ensure that customers will have access to viable probe card manufacturers
 - ✓ Technical collaboration will enable test solutions to meet customers' future needs

< Industry challenge >

- Increasing test complexity, especially for high-performance computing(HPC)-related semiconductors

< Our solution >

- Forming an ecosystem with Advantest as a hub to provide higher-performance test solutions to our customers



▲ Source: Briefing on Mid-/Long-term Management Policy (June 25, 2024)

○ Strategic Partnership Agreement

- We announced on January 9th that we have formed strategic partnerships with Technoprobe S.p.A. and FormFactor, Inc.
- This partnerships involve technology and manufacturing collaboration. Investments in and partnerships with two of major probe card manufacturers ensure that customers have access to the best wafer test solutions.
- Increasing test complexity is becoming an industry challenge, especially for HPC related semiconductors. As we have explained in the Mid-Term Management Plan Briefing in June last year, in order to solve this challenge, we intend to form an ecosystem to provide higher-performance test solutions for our customers. Therefore, we expect to continue expanding our partnerships in adding key partners in this ecosystem.
- This concludes my presentation. Thank you for your attention.

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