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# The Advantest Way

The concepts and actions that we share and present to all stakeholders

~ Why do we exist ~

## Mission

### Enabling Leading-Edge Technologies

We will contribute to the development of our society through the development of the most advanced technologies.

~ What we want to be ~

## Vision

Adding Customer Value in an Evolving Semiconductor Value Chain

~ What we value most ~

## Core Values

INNOVATION  
NUMBER ONE  
NUMBER ONE  
TRUST  
EMPLOYMENT  
GLOBAL  
RESPECT  
INCLUSION  
TEAMWORK  
RESISTANCE

### Three Pillars Supporting Our Mission, Vision, and Core Values

ESG for Sustainability

Guiding Principle: Quest for the Essence

Ethical Standards

#### Disclaimer Concerning Forward-looking Statements

This booklet contains forward-looking statements that are based on Advantest's current plans, estimates, strategies, and presumptions, and all statements not concerning historical facts are forward-looking statements on future performance. These are based on the judgments and assumptions made by the Company's management based on information available at the time of the publication of the booklet.

Fluctuations occur in the semiconductor test system business that is Advantest's principal line of business. Furthermore, significant elements that may impact performance include economic trends, sudden fluctuations in exchange rates and intensification of competition, and the risk of disaster. Due to these risks and uncertainties, the future performance of the Company may significantly differ from the details described in this booklet.

Therefore, the Company does not provide any assurances that the targets set in this booklet will be achieved.

#### Period and Scope of Report

The period covered by this report is the fiscal year 2018 (from April 1, 2018 to March 31, 2019). However, the periods before and after this period are also mentioned where necessary. The scope (boundary) of data collection is all consolidated financial results unless stated otherwise.

Introduction

# The Advantest Way

The technologies used in semiconductors and electronics are constantly evolving. To ensure consistent quality, the technology for testing and measuring semiconductors and electronics must always remain ahead of device development.

In the 65 years since Advantest was founded, we have continued to contribute to the advancement of society through quality assurance of electronics by developing and providing the cutting-edge measurement technologies required by the industries we serve at each point in time.

The environment surrounding the Company's business is constantly undergoing intense change. The semiconductor industry changes, and technology evolves, at breakneck speed, and the expectations placed on the Company are also being significantly transformed by the acceleration of movements aimed at resolving global social issues.

Taking account of such social trends, the Company reviewed its corporate philosophy from the ground up and began implementing the new Advantest Way in July 2019.

This new Advantest Way is the cornerstone for pulling together the 5,000 employees of the Company working around the globe, and aims to refine the Company's measurement technologies and resolve customers' issues by providing products utilizing these technologies, ensuring that our company is one that customers need. Furthermore, by expanding the reach of our products, we will also contribute to creating a safer and more secure society, which is an underlying issue for our customers. Also, as a result of this, we will realize mid/long-term improvement of the corporate value of our Company.

Structure of the Advantest Way



The top three layers of the cone represent Advantest's identity. The three components at the base represent the foundations of the top three layers. (An overall view of the Mid/Long-Term Management Policy is shown in detail on page 27)

**1 Mission: Why do we exist**  
**Enabling Leading-Edge Technologies**

We will continuously improve ourselves so that we can offer products and services that will satisfy our customers worldwide, and contribute to the development of our society through the development of the most advanced technologies.

**2 Vision: What we want to be**  
**Adding Customer Value in an Evolving Semiconductor Value Chain**

Advantest will further contribute to the semiconductor industry by enriching, expanding, and integrating our test and measurement solutions throughout the entire semiconductor value chain.  
=>P27 Overview of the Mid/Long-Term Management Policy

**4 ESG For Sustainability**

We have distilled our initiatives for the sustained growth of the Company and society derived from the three perspectives of Environment (E), Social (S), and Governance (G) into seven statements.  
\* See the Company's website for details.

**5 Guiding Principle: Quest for the Essence**

We will invariably pursue the sources of phenomena and seek their essence, so that we can find the correct solutions.

### 3 Core Values: What we value most



- "Integrity" means honesty and truthfulness.
- When you have integrity, it means being open, honest and respectful at all times with all stakeholders.

The value of Integrity can serve as a common thread uniting people of diverse cultures, religions, and viewpoints, and it is Advantest's core value globally. The nine letters of INTEGRITY are the first letters of the following values that we consider important for us.

<b>I</b> NNOVATION: is our Lifeblood	<ul style="list-style-type: none"> <li>● We challenge the status quo.</li> <li>● We embrace technologies and entrepreneurship to create superior customer value.</li> </ul>
<b>N</b> UMBER ONE: is our Aspiration	<ul style="list-style-type: none"> <li>● We earn our leadership position in our business fields every day.</li> <li>● We establish an impeccable standard of excellence.</li> </ul>
<b>T</b> RUST: is our Foundation	<ul style="list-style-type: none"> <li>● We are a trusted, collaborative partner.</li> <li>● We have confidence in each other's capabilities and intentions.</li> </ul>
<b>E</b> MPOWERMENT: is our Motivation	<ul style="list-style-type: none"> <li>● We are empowered to make decisions with an owner's mentality.</li> <li>● We own Advantest's success.</li> </ul>
<b>G</b> LOBAL: is our Reach	<ul style="list-style-type: none"> <li>● We embrace a world of constant change.</li> <li>● We are always ready. Anytime. Anywhere.</li> </ul>
<b>R</b> ESPECT: is our Heart	<ul style="list-style-type: none"> <li>● We respect different cultures, customs, and laws.</li> <li>● We never compromise on our ethical standards.</li> </ul>
<b>I</b> NCLUSION AND DIVERSITY: is our Commitment	<ul style="list-style-type: none"> <li>● We are proud of and appreciate the range of different backgrounds that our talents represent.</li> <li>● We believe that strength can come from differences as well as similarities.</li> </ul>
<b>T</b> EAMWORK: is our Approach	<ul style="list-style-type: none"> <li>● We work smart and best utilizing our talents across teams and regions to do extraordinary work.</li> <li>● We inspire each other, encourage openness, and recognize team results.</li> </ul>
<b>Y</b> ES: is our Attitude	<ul style="list-style-type: none"> <li>● We deliver on results promised to each other.</li> <li>● We recognize that impossible is an opinion, and with imagination, we can change the world.</li> </ul>

**6 Ethical Standards**

All officers and employees make a pledge to uphold the 17 items concerning laws, norms, and morals that we defend as members of society and business people.  
\* See the Company's website for details.

## Our history

## Advantest's 65-year History

Since 1954, Advantest has provided leading-edge support to the high-tech industry with measurement solutions that enable inspired engineering and promote technological progress.

Our advanced technologies and services meet the needs of customers in diverse sectors, while contributing to the safety, security and comfort of end users around the globe.

At Advantest, we believe that reliability is the key to enhancing corporate value through sustainable growth.

## 1954-1970

## BUILDING business FOUNDATIONS with electronic measurement technology

- 1954 Takeda Riken Industries is founded with four employees. The company's first product is the Micro Micro Ammeter.
- 1957 Electronic Counter for measuring frequency becomes a hit product.
- 1963 The company launches the Digital Multimeter, the first Japanese-made digital voltmeter. The company becomes known as "Takeda Riken, the digital counter company."

Net Sales

Net sales of 7 million yen in the second year after the company was founded

Sales reach 10 billion yen



Photograph taken at the time the company was founded, with the company's founder, Ikuo Takeda, seated second from the left in the front row



The company's first product, the Micro Micro Ammeter



Exhibit of the LSI Test System at the Company's technology forum (1975)



The T3380 memory test system with a test frequency of 100MHz

The history of Advantest began in a 10 square-meter office and a 13-square-meter workshop in a corner of Tokyo. The company's marketing strategy of gaining a first-mover advantage by releasing products utilizing creative technologies in niche markets, along with the growth of the Japanese electronics industry, led to steady growth from the time the company was founded.

When the semiconductor industry was still in its infancy, the company invested heavily in the development of semiconductor test equipment. Overcoming numerous difficulties such as technical problems and management crises, the company succeeded in developing a test system with world-class performance. It was very well received at ITC, an international test conference, which led to subsequent business success.

## 1981-2000

## Top of the industry and out into the world

Sales reach 100 billion yen

Dot-com bubble bursts

Global financial crisis

- 1982 The company establishes a local subsidiary in the United States, and facilities are later established elsewhere around the world.
- 1985 Company's name is changed to Advantest Corporation.
- 1997, 1998 The company is ranked first in the "Nikkei Ranking of Excellent Companies."



The development floor of the Gunma R&D Center (1998)



The T5581 memory test system

Backed by a high level of technology, the company's semiconductor test equipment is supported by users worldwide. The company became the world's leading semiconductor test equipment maker by market share in 1985 and was listed on the First Section of the Tokyo Stock Exchange that year. In the 1990s, the semiconductor industry grew rapidly due to the explosive spread of personal computers and the Internet. The company also experienced significant growth in earnings.

## 2001-2018

## Adapting to Changing Times with customers

Sales of 282.5 billion yen

Net Income of 57.0 billion yen

Both record highs for Advantest

Net Sales (Billion yen)

300.0

150.0

0

(Fiscal year)

- 2003 Acquires Japan Engineering Co., Ltd.
- 2008 Acquires Credence Systems GmbH.
- 2011 Acquires major semiconductor test equipment provider Verigy Ltd.
- 2018 Announces a Mid/Long-Term Management Policy
- 2019 Acquires semiconductor system level test business from Astronics Corporation



Press conference on the acquisition of Verigy



SoC Test System (V93000)

As the semiconductor industry underwent significant structural changes including specialization in design and manufacturing, the company executed numerous proactive moves such as M&A. In 2011, the company acquired Verigy, a major semiconductor test equipment manufacturer, establishing a broad and robust customer base. In 2018, the Mid/Long-Term Management Policy was announced, with the aim of creating new value in the semiconductor value chain.

## Highlights in FY2018

## Consolidated Financial and Non-Financial Highlights

(Each fiscal year begins on April 1)

## Financial Highlights

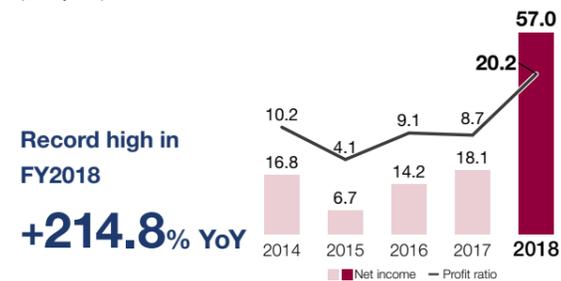
## Net Sales

(Billion yen)



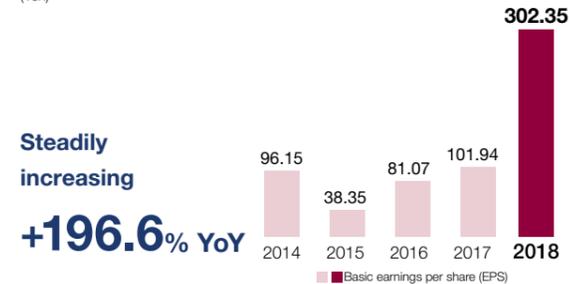
## Net income/profit ratio

(Billion yen/%)



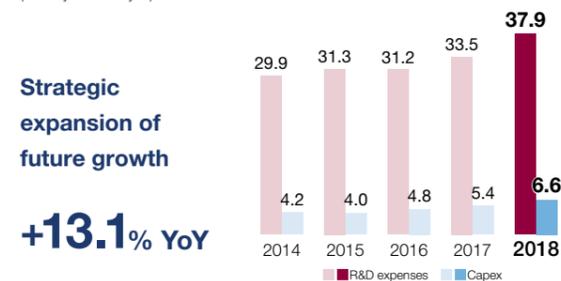
## Basic earnings per share (EPS)

(Yen)



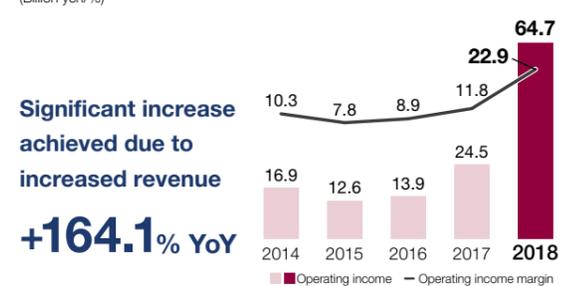
## R&amp;D expenses/capex

(Billion yen/Billion yen)



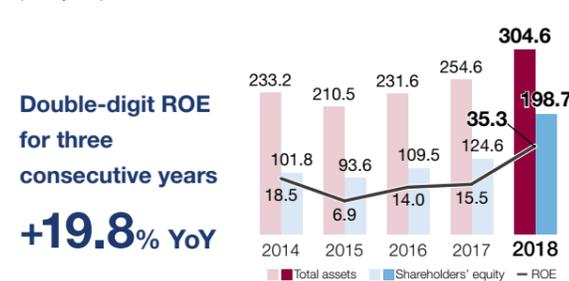
## Operating income/operating income margin

(Billion yen/%)



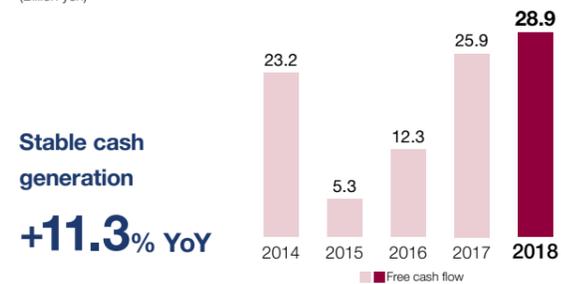
## Total assets/shareholders' equity/ROE

(Billion yen/%)



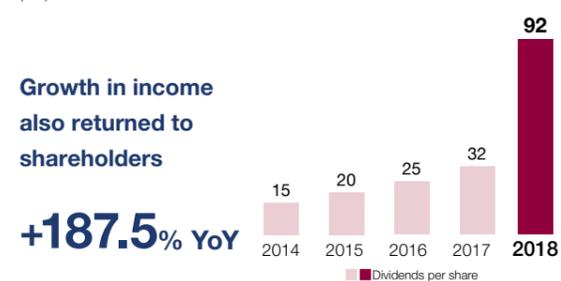
## Free cash flow

(Billion yen)



## Dividends per share

(Yen)



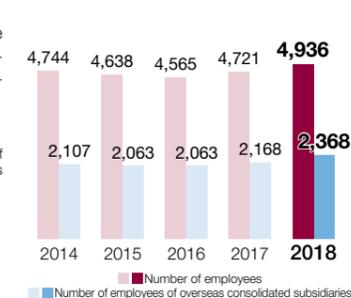
## Non-Financial Highlights

## Number of employees

(Person)

Advantest employs diverse human resources on principle with the aim of improving corporate value.

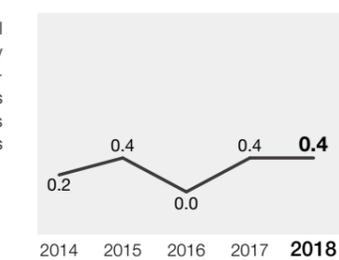
\* Number of employee is as of end of fiscal year and includes temporary employees.



## Occurrence rate of occupational accidents (Japan)

(Frequency)

Advantest makes continual efforts to ensure the safety and health of our employees, and raise awareness of health and safety issues while executing business activities.

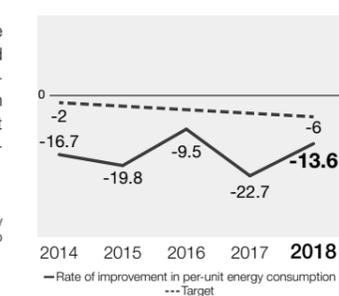


## Rate of improvement in per-unit energy consumption (Japan)

(%)

Advantest promotes the efficient use of energy and aims to achieve an average 1% annual reduction for the rate of improvement in per-unit energy consumption.

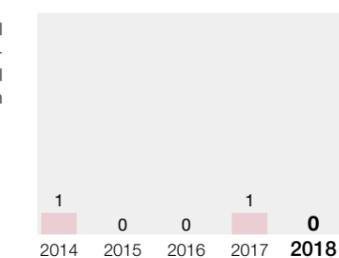
\* Rate of improvement in energy consumption in relation to FY2012 results



## Number of alleged incidents of dishonest acts

(Number of incidents)

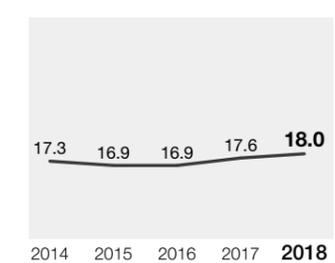
Advantest executes social responsibility without overlooking dishonest acts vital to earn the trust and faith of our stakeholders.



## Female employees as percentage of total workforce

(%)

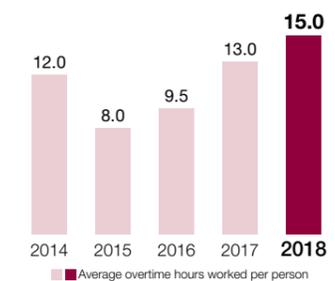
Advantest is undertaking initiatives aimed at gender equality, where both men and women are given equal opportunities and feel motivated to maximize their contribution.



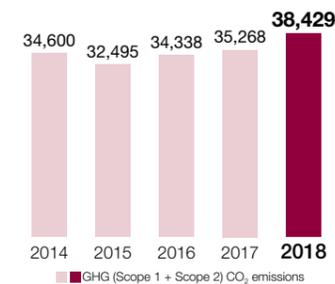
## Average overtime hours worked per person

(Hours/month)

Advantest strives to ensure employees work appropriate hours to protect their health and work-life balance.

GHG (Scope 1 + Scope 2) CO<sub>2</sub> emissions(t-CO<sub>2</sub>)

Advantest strives to promote the efficient use of energy and to reduce greenhouse gas emissions.



## Number of patents

(Patents)

Advantest carries out intellectual property activities aimed at the creation of an appropriate patent portfolio linked to our business, while considering the cost and effect of patent rights.

