The Advantest Way

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

Mission

Enabling Leading-Edge Technologies

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

Vision

Adding Customer Value in an Evolving Semiconductor Value Chain

~ What we want to be ~

Core Values

~ What we value most ~

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 Advantest'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 of data collection is all consolidated financial results unless stated otherwise.

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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

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.

3. **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.

4. **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.

5. **Core Values: What we value most**
   - **INTEGRITY:**
     - “Integrity” means honesty and truthfulness.
     - “Integrity” means honesty and truthfulness.
   - We are a trusted, collaborative partner.
   - We earn our leadership position in our business fields every day.
   - We have confidence in each other's capabilities and intentions.
   - We are always ready. Anytime. Anywhere.
   - We embrace technologies and entrepreneurship to create superior customer value.
   - We establish an impeccable standard of excellence.
   - We own Advantest's success.
   - We embrace a world of constant change.
   - We are proud of and appreciate the range of different backgrounds that our talents represent.
   - We never compromise on our ethical standards.
   - We believe that strength can come from differences as well as similarities.
   - We respect different cultures, customs, and laws.
   - We are a trusted, collaborative partner.
   - We establish an impeccable standard of excellence.
   - We are empowered to make decisions with an owner's mentality.
   - We are always ready. Anytime. Anywhere.
   - We are a trusted, collaborative partner.
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   - We are a trusted, collaborative partner.

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.*
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.”

1971-1980

**Aiming for further growth through expansion into the semiconductor test equipment market**

- 1972: The company launches the first Japanese-made 10 MHz high-speed IC test system.
- 1979: The company launches a VLSI test system with a test frequency of 100MHz, boasting the highest performance in the world.

1981-2000

**Top of the industry and out into the world**

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

2001-2018

**Adapting to Changing Times with customers**

- 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

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.

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.

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Net Sales (Billion yen)</td>
<td>163.8</td>
<td>163.1</td>
<td>159.9</td>
<td>207.2</td>
<td>282.5</td>
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<tr>
<td>Operating income/operating income margin</td>
<td>10.3</td>
<td>7.6</td>
<td>8.9</td>
<td>11.9</td>
<td>12.9</td>
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<td>Total assets/shareholders' equity/ROE</td>
<td>233.2</td>
<td>210.5</td>
<td>231.6</td>
<td>254.8</td>
<td>304.6</td>
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<tr>
<td>Free cash flow (Billion yen)</td>
<td>23.2</td>
<td>5.3</td>
<td>12.3</td>
<td>25.9</td>
<td>28.8</td>
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<tr>
<td>Dividends per share (Net)</td>
<td>4.2</td>
<td>4.0</td>
<td>4.8</td>
<td>5.4</td>
<td>3.6</td>
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<td>Strategic expansion of future growth</td>
<td>15.1</td>
<td>29.1</td>
<td>25.4</td>
<td>32.6</td>
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### Non-Financial Highlights

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<th>2018</th>
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<tr>
<td>Number of employees (Each fiscal year)</td>
<td>4,744</td>
<td>4,638</td>
<td>4,565</td>
<td>4,721</td>
<td>4,936</td>
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<td>Female employees as percentage of total workforce (%)</td>
<td>17.3</td>
<td>16.9</td>
<td>17.6</td>
<td>18.0</td>
<td></td>
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<tr>
<td>Rate of improvement in per-unit energy consumption (Japan) (%)</td>
<td>22.9</td>
<td>22.6</td>
<td>22.7</td>
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<td>GHG (Scope 1 + Scope 2) CO₂ emissions (t-CO₂)</td>
<td>34,520</td>
<td>32,492</td>
<td>34,338</td>
<td>35,258</td>
<td>38,429</td>
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<td>Number of alleged incidents of dishonest acts (number of incidents)</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
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<td>Number of patents (Patents)</td>
<td>3,201</td>
<td>2,971</td>
<td>2,743</td>
<td>2,687</td>
<td>2,531</td>
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**ADVANTEST CORPORATION**