(The following is an unofficial English translation of the Reference Documents for the 82nd Ordinary General Meeting of Shareholders and Business Report (Matters for which Document Delivery is Omitted) of Advantest Corporation (the "Company"). Please understand that the order may differ from the original. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.
Pictures, graphs and reference matters in the Japanese have been omitted from this translated document.)

(Stock Code Number: 6857)

Commencement Date of electronic provision measures May 30, 2024

CONVOCATION NOTICE OF
THE 82nd ORDINARY GENERAL MEETING OF SHAREHOLDERS
(Items to be Omitted in Documents to be Delivered)

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Advantest Corporation

- Significant Sales Offices and Factories

(i) Japan

Category	Name of Office	Location
Head Office, Sales Offices and Service Offices	Head Office	Chiyoda-ku, Tokyo
R&D Centers, Laboratories	Gunma R&D Center	Meiwa-machi, Ora-gun, Gunma
	Saitama R&D Center	Kazo-shi, Saitama
	Kitakyushu R&D Center	Kitakyushu-shi, Fukuoka
	Sendai Laboratories	Sendai-shi, Miyagi
Factories	Gunma Factory	Ora-machi, Ora-gun, Gunma
	Sendai Laboratories	Sendai-shi, Miyagi

(ii) Overseas

Category	Name of Office	Location
Sales Offices, R&D Centers, Laboratories and Service Offices, Factories	Advantest America, Inc.	U.S.A.
	Essai, Inc.	U.S.A.
	Advantest Europe GmbH	Germany
	Advantest Taiwan Inc.	Taiwan
	Advantest (Singapore) Pte. Ltd.	Singapore
	Advantest Korea Co., Ltd.	Korea
	Advantest (China) Co., Ltd.	China

- Employees (as of March 31, 2024)

Employees of the Company group

Number of Employees	Increase from end of FY2022
6,766(583)	222(35)

(Note) The numbers set forth above indicate the numbers of regular employees. The numbers in brackets indicate the annual average numbers of non-regular employees which are excluded from the numbers set forth above.

- Major Lenders (as of March 31, 2024)

Lender	Balance of borrowings
MUFG Bank, Ltd.	JPY 60,000 million
Mizuho Bank, Ltd.	JPY 15,141 million

- Other significant matters with respect to the current status of the Company group

Not applicable.

- Stock Acquisition Rights

Stock acquisition rights held by directors and Audit and Supervisory Committee members (as of March 31, 2024)

<table>
<tr><th></th><th>Resolution at the meeting of the Board of Directors held on June 26, 2019</th><th>Resolution at the meeting of the Board of Directors held on June 25, 2020</th></tr>
<tr><td>Date of issuance</td><td>July 12, 2019</td><td>July 13, 2020</td></tr>
<tr><td>Issuance Price</td><td>JPY 76,608 per unit</td><td>JPY 206,283 per unit</td></tr>
<tr><td>Holding status of stock acquisition rights by directors and Audit and Supervisory Committee members</td><td>20 units (1 person)</td><td>250 units (2 persons)</td></tr>
<tr><td>Directors
(excluding Audit and Supervisory Committee members and Outside Directors)</td><td>20 units (1 person)</td><td>250 units (2 persons)</td></tr>
<tr><td>Outside directors
(excluding Audit and Supervisory Committee members)</td><td>0 units (0 persons)</td><td>0 units (0 persons)</td></tr>
<tr><td>Directors (Audit and Supervisory Committee members)</td><td>0 units (0 persons)</td><td>0 units (0 persons)</td></tr>
<tr><td>Class and aggregate number of shares to be issued or delivered upon exercise</td><td>7,980 shares of common stock (each stock acquisition right is exercisable for 399 shares)</td><td>99,750 shares of common stock (each stock acquisition right is exercisable for 399 shares)</td></tr>
<tr><td>Exercise price to be paid upon exercise</td><td>¥773 per share</td><td>¥1,748 per share</td></tr>
<tr><td>Exercise period</td><td>July 13, 2021 to July 12, 2024</td><td>July 14, 2022 to July 13, 2025</td></tr>
<tr><td>Terms of exercise</td><td colspan="2">The stock acquisition rights may not be inherited.</td></tr>
<tr><td>Reasons for the Company’s acquisition of the stock acquisition rights</td><td colspan="2">The Company shall automatically acquire the stock acquisition rights, for no consideration, if:
(a) the general meeting of shareholders or, if approval by the shareholders’ meeting is not legally required, then the board of directors resolves to approve (i) any merger agreement pursuant to which the Company shall dissolve, (ii) any agreement or a plan pursuant to which the Company shall split all or part of its business or (iii) any stock-for-stock exchange agreement or stock-transfer plan pursuant to which the Company shall become a wholly-owned subsidiary of another company;
(b) the rights holder becomes a person who does not hold any position as a director, corporate auditor, officer, employee or any other similar position of the Company or its domestic or overseas subsidiaries; except when he/she resigns due to expiration of term of office, and when the Company deems that it is appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her;
(c) the rights holder dies.</td></tr>
<tr><td>Restriction on the transfer of the stock acquisition rights</td><td colspan="2">Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, if it is the Company acquiring the stock acquisition rights by transfer, such transfer shall be deemed to be approved by the Board of Directors.</td></tr>
</table>

(note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. The number of shares after the stock split is stated.

- Overview of limited liability agreements

  The Company entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act, with outside directors Toshimitsu Urabe, Nicholas Benes, Naoto Nishida, Sayaka Sumida and Tomoko Nakada, and a director who is a standing Audit and Supervisory Committee member Yuichi Kurita. The upper limit of liability based on each agreement is the minimum liability as provided in the relevant laws and regulations.

- Overview of indemnification agreements

  The Company has concluded indemnification agreements with directors Yoshiaki Yoshida, Douglas Lefever, Koichi Tsukui, Toshimitsu Urabe, Nicholas Benes, Naoto Nishida, Yuichi Kurita, Sayaka Sumida and Tomoko Nakada pursuant to the Article 430-2, Paragraph 1 of the Companies Act. Under the said agreements, the Company shall indemnify them against expenses listed in Item 1 of the said Paragraph and losses listed in Item 2 of the said Paragraph to the extent permitted by laws and regulations. However, certain conditions of exemption are established to ensure that the appropriateness of the execution of duties by the insured persons is not impaired by the said agreements, and the amount of expenses and losses of no less than JPY 3 million requires the deliberation by the Board of Directors.

- Overview of the contents of the directors and officers liability insurance contracts

  The Company has concluded a directors and officers liability insurance contract with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act, covering all employees of the Company, including Directors, Executive Officers, and employees in managerial and supervisory positions, and also all employees of Company subsidiaries, including executives and employees in managerial and supervisory positions.

  The company to which the insured belongs bears the full amount of the insurance premium including the rider part, so there is no substantial insurance premium burden for the insured party.

  The insurance policy covers legal damages and litigation expenses that may arise when the insured party assumes liability for the execution of his or her duties or is subject to a claim for the pursuit of said liability.

  However, under such insurance contracts, measures are taken to ensure that the appropriateness of the execution of duties by the insured person is not impaired by establishing certain conditions of exemption, such as that damage to the insured person caused by an act committed by the insured person in recognition of a violation of laws and regulations is not covered.

- Independent Auditor

(i) Name of independent auditor

Ernst & Young ShinNihon LLC

(ii) Remuneration

	Amount
Remuneration to the independent auditor for this fiscal year	JPY164 million
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the independent auditor	JPY177 million

(Notes) 1. Under the agreement between the Company and the independent auditor, as the Company has not drawn any distinction between the remuneration for the audit services pursuant to the Companies Act and that pursuant to the Financial Instruments and Exchange Act of Japan, the amount set forth above represents the aggregate amount of these audit services.

2. The Company's significant overseas subsidiaries have been audited by the Ernst & Young group.

(iii) Non-audit remuneration

The Company has entrusted third-party assurance services for non-financial information and ESG consulting services to Ernst & Young ShinNihon LLC, in addition to audit attestation services under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(iv) Reason that the Audit and Supervisory Committee gave consent to the amount of remuneration to the independent auditor

The Audit and Supervisory Committee obtained necessary materials and received reports from directors, executive officers, the internal departments concerned, and the independent auditor, and reviewed appropriateness of the content of the audit plan of the independent auditor, the status of execution of independent audit duties, the basis for calculation of the estimated amount of remuneration. As a result, the Audit and Supervisory Committee concluded that the amount of remuneration to the independent auditor is appropriate and gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

(v) Policies on dismissal or non-reappointment of the independent auditor

In the case that the independent auditor falls under any of the items according to Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the independent auditor upon the unanimous consent of the Audit and Supervisory Committee members. In such case, an audit and supervisory committee member who is appointed by the Audit and Supervisory Committee shall report the dismissal and its reasons at the first general meeting of shareholders convened after such dismissal. In addition, other than the above, if it is deemed to be difficult for the independent auditor to conduct appropriate audits due to the occurrence of events that impair its qualification or independence, the Audit and Supervisory Committee shall determine the content of an agenda item about dismissal or non-reappointment of the independent auditor to be submitted to a general meeting of shareholders.

- The System to Ensure the Appropriateness of Business

The Board of Directors resolved a system that ensures the appropriateness of its business as follows:

Basic Policy for the System to Ensure the Appropriateness of Business

Holding “Enabling Leading-Edge Technologies” as our corporate mission, the Advantest Group established The Advantest Way that clarifies mission, vision, core values, guiding principle and ethical standards of the Advantest Group, and has strived to increase the transparency of its management and achieve a sustainable level of business development and mid-to-long term enhancement of corporate value. To further promote these efforts, the Company will prepare a framework as described in each paragraph below, implement the establishment, development and management of the internal control system, and ensure the sound operations of the Company.

1. Framework to the effective performance of duties by Board Directors of the Company and the Subsidiaries

(i) The Company promotes management efficiency by separating the management decision making function and supervisory function from the function of the execution of operations. The Board of Directors shall make management decisions and supervise management. Regarding execution of operations, executive officers and employees shall execute operations based on the Board of Directors’ clarification of the function and authority of the body executing operations, while delegating necessary authorities to ensure the prompt and efficient performance of duties.

(ii) The Board of Directors of the Company, as the management decision making body, shall make decisions on significant matters concerning the execution of business and basic management policies of Advantest Group, including the Internal Control System, and in its capacity to supervise management, the Board of Directors shall monitor and supervise execution of duties by Directors and executive officers.

(iii) The Board of Directors of the Company shall approve the basic management policy of the Advantest Group, receive reports on business results based on monthly closing account, financial situation, status of the performance of duties by each department, and review the appropriateness of such plans.

2. Framework to ensure the compliance with applicable laws and ordinances as well as the articles of incorporation by directors, executive officers, and employees of the Company and the Subsidiaries in performing their duties

(i) To ensure compliance with all applicable laws and regulations as well as the articles of incorporation, and to ensure that actions are taken faithfully and ethically, the Company shall establish The Advantest Way for all directors, executive officers and employees of the Advantest Group, and notify such directors, executive officers and employees of these codes. Furthermore, the Company shall establish the "Code of Ethics for Executives" for directors and executive officers.

(ii) The Advantest Group shall establish subcommittees such as the Internal Control Committee and the Disclosure Committee in order to ensure the appropriateness of business of Advantest Group.

- The Internal Control Committee shall report to the Board of Directors about the design and operation of Internal Control System as deemed necessary.
- The Disclosure Committee oversees the proper disclosure by management and report to the Board of Directors as deemed necessary.

(iii) Regarding compliance, Chief Compliance Officer (CCO) supervises the compliance of laws and regulations and the implementation of The Advantest Way and report to the Board of Directors as deemed necessary.

(iv) The Company establishes a corporate ethics helpline for whistleblowing such that employees can report behaviors that are illegal or inappropriate in light of applicable laws, Articles of Incorporation or The Advantest Way. The Company stipulates that the reporter / consultant will not treat such persons adversely for having reported an incident or sought consultation regarding a potential violation, and will thoroughly disseminate it.

3. Rules relating to the management of risk of loss and other frameworks of the Company and the Subsidiaries

(i) With respect to potential risks behind management environment, business activities and corporate assets of Advantest Group, the Company shall identify and classify risk factors for each important business process, analyze the magnitude of risks, possibility of actual occurrence and frequency of such occurrence, etc., and create written policies and procedures regarding the appropriate response to and avoidance/ reduction of the risks, as part of the internal control activities.

(ii) With respect to emergency situations such as disasters, the Company shall establish the Risk Management Group, create written emergency action guidelines and prepare by implementing education and training programs on a regular base.

(iii) The Internal Control Committee shall thoroughly manage risks of the Advantest Group and report material risks to the Board of Directors.

(iv) The Company is making efforts to prevent occupational injuries, create a comfortable working environment, and promote the good health of its employees through the establishment of the Safety and Health Committee.

4. Framework regarding the retention and management of information with respect to the performance of duties by Board Directors of the Company

(i) The Company shall properly retain and manage the following information regarding the exercise of duties by directors, pursuant to the internal rules that stipulate details such as the period of retention, person in charge of retention and method of retention.

-Minutes of general meetings of shareholders and reference materials
-Minutes of meetings of the Board of Directors and reference materials
-Other important documents regarding the exercise of duties by directors

(ii) The Company shall establish the Information Security Committee that is responsible for protecting personal information and preventing confidential information from leaking.

5. Framework to ensure the appropriateness of operations of the Company, and the group as a whole, including its subsidiaries

(i) The Advantest Group shall establish and operate the same quality of internal control system for the Company and each company of the Advantest Group in order to conduct the consolidated group management placing an emphasis on business evaluation based on consolidated accounting.

(ii) The internal control system of the Advantest Group is supported by each department of the Company that is responsible for each group company, and is established and operated as a unified system based on the policies of the group created by the Internal Control Committee. Significant matters concerning the status of each group company that is controlled by the Internal Control Committee shall be reported to the Board of Directors.

(iii) Auditing Group of the Company supervises an internal audit to each group company.

6. Matters relating to employee(s) who assist the Audit and Supervisory Committee

The Company shall establish the Audit and Supervisory Committee and assign the employee(s) who assist it.

7. Matters relating to the independence of the employee(s) referred to in the preceding Section from Board Directors of the Company (excluding directors who are Audit and Supervisory Committee members) and the matters for ensuring the effectiveness of direction to the employee(s)

(i) The personnel matters including but not limited to assignment, transfer, performance appraisal and disciplinary action of the employee(s) referred to in Section 6 shall be subject to a prior consent of the Audit and Supervisory Committee.

(ii) The employee(s) referred to in Section 6 shall perform their duties exclusively pursuant to the instruction and order by directors who are Audit and Supervisory Committee members and their independence from any officers or employees other than the directors who are Audit and Supervisory Committee members shall be ensured.

8. Framework for reporting to the Audit and Supervisory Committee of the Company

(i) In the event that any violation or breach of applicable laws, Articles of Incorporation or The Advantest Way or the fact that could cause serious damage is detected or reported, such event shall be reported immediately to the Audit and Supervisory Committee.

(ii) The Company shall adopt a system that allows directors who are Audit and Supervisory Committee members to attend important meetings such as the Executive Management Committee and to keep abreast important matters regarding the execution of operations.

(iii) In the event that a report or consultation is made to the Corporate Ethics Helpline, the Company shall adopt a system that such report or consultation shall be reported immediately to the Audit and Supervisory Committee.

(iv) Under the provisions of section 8. (i) and (iii), The Company stipulates that the reporter to the Audit and Supervisory Committee will not treat such persons adversely for having reported an incident, and will thoroughly disseminate it.

9. Other frameworks to ensure the effective implementation of audit by the Audit and Supervisory Committee

(i) The Company shall ensure that the Audit and Supervisory Committee cooperates with the Accounting Auditors, the Auditing Group (an internal audit division of the Company) and the corporate auditor of each Advantest Group Company, and that there are opportunities to exchange opinions with them as deemed necessary.

(ii) The Company shall ensure that there are opportunities to exchange opinions between the Audit and Supervisory Committee and the Representative Director and shall strive for communication between them.

(iii) In case that a member of Audit Supervisory Committee requests a prepayment of expense necessary to perform his or her duties, the Company shall establish a necessary procedure of the prepayment and execute it without delay in accordance with the designated procedure.

- Status of implementation of the system to ensure the appropriateness of business

The status of implementation of the system to ensure the appropriateness of business during the fiscal year is as follows:

(i) Framework for the effective performance of duties

To promote management efficiency, the Board of Directors performs management decision-making and supervision in accordance with Regulations of the Board of Directors and Executive Officers and employees execute business in accordance with the Global Organization and Authorization Rules. In conjunction with the June 2023 review of the CxO role and structure, the Global Organization and Authorization Rules were revised in November 2023 (effective December 2023) to simplify, clarify, and concise processes and operations while promoting the delegation of authority from the Executive Management Committee to the CxOs and unit leaders and maintaining appropriate internal controls.

The Executive Management Committee is positioned as a decision-making body for important business matters of the Company. Among Executive Officers, those who are deemed capable of leading the group management are nominated as Senior Executive Officers who serve as members of the Executive Management Committee. The Executive Management Committee has largely delegated authority to unit leaders to realize speedy management.

As the Company start the next mid-term management plan from FY 2024, the Company have appointed Mr. Douglas Lefever as Group CEO and Mr. Koichi Tsukui as Group COO and President of the Company as of April 1, 2024, in order to realize even greater progress for the rapidly changing, fast-growing semiconductor industry.

(ii) Framework concerning compliance

The Company established The Advantest Way, which articulates the Purpose & Mission, the Vision, the Core Values, the Guiding Principle, and the Ethical Standards, under which we raise INTEGRITY as our Core Values. We are promoting initiatives with the aim of materializing INTEGRITY in our daily operations and making INTEGRITY our true corporate culture. Specifically, we launched the “INTEGRITY award” to recognize and express appreciation for employees who have demonstrated INTEGRITY by recommendation from peer employees from FY2022.

In order to ensure that INTEGRITY is integrated into the corporate culture, the Company have established a system in which "INTEGRITY Ambassadors" are appointed from each unit worldwide and supported by a "Culture Council" headed by the Group CEO, instead of the conventional short-term project in FY 2022. The Company group aims to spread INTEGRITY by promoting specific activities throughout the Company group and at each unit.

The Company has established internal and external helplines. The Company has also transitioned the external helpline to more highly-confidential system since March 2023.The Company ensures that all officers and employees around the world are aware of the role of the helpline, and has established an appropriate reporting system. In FY 2023, the Company group launched the GCEP (Group-wide Compliance Education Program) to deliver basic education to all the company group employees with the aim of raising compliance awareness and acquainting them with the minimum rules. Eleven e-learning courses, including "The Advantest Way," "Fair Disclosure/Insider Trading," "Information Security," and "Export Control," are available in 16 languages (with some exceptions).

(iii) Framework for risk management

In addition to discussing a broad range of risks to the global economy and the overall business environment at Board of Directors and Executive Management Committee, the Internal Control Committee chaired by the representative director, President and Group CEO and attended by outside directors as observers identifies and analyzes important risks throughout the Company group and clarifies departments responsible for each risk and the policies and procedures for dealing with each risk. Moreover, the Company shall report to the Board of Directors on the design and operation status of internal control system and on the cases where significant defects and significant deficiencies are found in the internal control evaluation process.

The Company has established the Risk Management Group headed by the representative director to respond to emergency disasters, such as flooding and pandemics. In FY 2023, Business Continuity Management (BCM) at major domestic business sites was restructured into three phases: (1) initial response (ERP*1), (2) review and instructions by the head office and local task force (CMP*2), and (3) business continuity and recovery (BCP*3). The previous BCP was limited to earthquakes and river flooding, but a new BCP not limited to such events has been created in an ISO-compliant format. In addition, drills have been conducted based on the new BCP. Such scheme will be expanded to other domestic offices and major overseas locations in FY2024.

*1 ERP: Emergency Response Plan
*2 CMP: Crisis Management Plan
*3 BCP: Business Continuity (Recovery) Plan

(iv) Framework for retention and management of information

The Company retains and manages minutes of general meetings of shareholders and minutes of meetings of the Board of Directors and their reference materials, and important documents regarding the exercise of duties by directors pursuant to the internal rules. In addition, in order to implement the Company-wide Basic Policy on Information Security, the existing Information Security Committee was renamed the Global Information Security Committee in August 2023 and reorganized to include members from overseas subsidiaries. The Committee meets once a quarter to share security incidents and take measures to prevent recurrence, protect personal information and prevent leakage of confidential information, and maintain and improve the security of IT systems. In this current fiscal year, the Company conducted a simulation drill for dealing with cyberattacks and alerted all employees whenever phishing emails were received. In 2021, the Company began to obtain ISO 27001 certification for its information security management system. In August 2021, the Company acquired the certification in Japan, followed by our subsidiary in Germany obtained in May 2022 and our subsidiary in the U.S. obtained in May 2023.

(v) Framework to ensure the appropriateness of operations of the group

The Company establishes important business processes for Advantest as a whole, and by providing guidance on risk analysis and appropriate responses to such risks, the Company group establishes and operates the same internal control system. The Internal Control Committee monitors the status of internal controls of each company based on the CSA (Control Self-Evaluation) of each unit conducted by the internal audit division. It also monitors the status through audits by the internal audit division and gives instructions so that each group company can operate in accordance with the policy for building internal control systems. The Internal Control Committee reports to the Board of Directors if important matters concerning internal control of each group company are discovered

The internal audit division reports the audit results to the President and CEO and the Audit and Supervisory Committee, and also to the Board of Directors.

(vi) Framework for the implementation of audit by the Audit and Supervisory Committee

The Company has put in place a system whereby a standing Audit and Supervisory Committee member attends important meetings such as the meeting of the Executive Management Committee and grasp important matters regarding the execution of operations. The Audit and Supervisory Committee holds meetings with the independent auditor and the internal audit division, as necessary, to ensure good communication. The Company provides opportunities for the representative director, President & Group CEO and the Audit and Supervisory Committee to exchange opinions on a periodic basis or on an as-needed basis in order to ensure good communication.

The Company has established the Audit and Supervisory Committee Office to which a full-time employee who assists the Audit and Supervisory Committee is assigned. The employee who assists the Audit and Supervisory Committee performs his duties in accordance with instructions of the Audit and Supervisory Committee members, and thus his independence from directors who are not Audit and Supervisory Committee members and from other officers and employees is ensured.

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income
(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

	FY2022 (reference)	FY2023
Net income	130,400	62,290
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plan	3,327	(640)
Net change in fair value measurements of equity instruments at fair value through other comprehensive income	5,062	(3,238)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,093	26,029
Total other comprehensive income (loss)	16,482	22,151
Total comprehensive income for the year	146,882	84,441
Comprehensive income attributable to:		
Owners of the parent	146,882	84,441

Consolidated Statement of Changes in Equity
(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Equity attributable to owners of the parent						
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity	Total	Total Equity
FY2023							
Balance as of April 1, 2023	32,363	44,622	(59,099)	319,171	31,637	368,694	368,694
Net income				62,290		62,290	62,290
Other comprehensive income (loss), net of tax					22,151	22,151	22,151
Total comprehensive income for the year	—	—	—	62,290	22,151	84,441	84,441
Purchase of treasury shares			(17)			(17)	(17)
Disposal of treasury shares		(1,218)	2,727	(596)		913	913
Cancellation of treasury shares			36	(36)		—	—
Dividends				(24,890)		(24,890)	(24,890)
Share-based payments		1,639				1,639	1,639
Other		398				398	398
Transfer from other components of equity to retained earnings				(640)	640	—	—
Total transactions with the owners	—	819	2,746	(26,162)	640	(21,957)	(21,957)
Balance as of March 31, 2024	32,363	45,441	(56,353)	355,299	54,428	431,178	431,178

Notes to Consolidated Financial Statements

1. Notes to significant matters based on which the consolidated financial statements were prepared

(1) Basis of presentation

The consolidated financial statements of Advantest Corporation (The "Company") and its consolidated subsidiaries (collectively, The "Company group") have been prepared on the basis of International Financial Reporting Standards ("IFRS"), pursuant to paragraph 1 of Article 120 of the Ordinance on Accounting of Companies (*kaisha keisan kisoku*). However, certain disclosures required on the basis of IFRS are omitted pursuant to the latter part of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies.

(2) Scope of consolidation

Consolidated subsidiaries

(a) Number of consolidated subsidiaries 40

(b) Names of major consolidated subsidiaries are described in "1. Current Conditions of the Company group, (3) Significant Subsidiaries" of the Business Report.

(3) Material accounting policies

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with banks, and other short term highly liquid investments with maturities of 3 months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(ii) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. The weighted average method is used to calculate cost. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

(iii) Financial instruments

(a) Non-derivative financial assets

The Company group classifies non-derivative financial assets into the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

The Company group initially recognizes financial assets measured at amortized cost on the date that they are originated. All other financial assets are recognized initially on the trade date, the date on which the Company group becomes party to the contractual provisions.

The Company group derecognizes a financial asset when contractual rights to the cash flows from the asset expire. In transferring contractual rights to the cash flows from a financial asset, the Company group will derecognize the financial asset if the Company group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

Financial assets and liabilities are offset and presented net in the consolidated statement of financial position only when the Company group has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost in case they meet the following requirements:

・The financial asset is held within a business model with the objective of collecting contractual cash flows.

・The contractual terms of the financial asset provide cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value (including direct transaction costs). The carrying amount of financial assets measured at amortized cost is subsequently measured using the effective interest method, and the expected credit losses are recognized as allowance for doubtful accounts. The expected credit losses are calculated based on historical loss experience or future recoverable amounts.

Financial assets measured at fair value through other comprehensive income

The Company group holds certain instruments with the purpose of expanding its revenue base by maintaining and strengthening business relations with the investees. These equity instruments are classified as financial assets measured at fair value through other comprehensive income by designation. They are initially and subsequently measured at fair value, and the changes in fair value are recognized in other comprehensive income (OCI). The cumulative amount of OCI is recognized in equity as other components of equity. If the Company group derecognizes financial assets, the cumulative gain or loss recognized in OCI is reclassified from other components of equity to retained earnings. Dividends on financial assets measured at fair value through other comprehensive income are recognized in profit or loss, except when they are considered to be return of the investment.

Financial assets measured at fair value through profit or loss

The other financial assets are classified as financial assets measured at fair value through profit or loss. These instruments are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

(b) Non-derivative financial liabilities

The Company group classifies non-derivative financial liabilities into the following categories: financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss.

The Company group recognizes debt securities on the day when issued. Financial liabilities other than debt securities are initially recognized on the trade date, the date on which the Company group becomes party to contractual provisions.

The Company group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

These financial liabilities measured at amortized cost are measured initially at fair value, less any directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. The amortization charge for each period is recognized as financial expenses in profit or loss.

These financial liabilities measured at fair value through profit or loss are measured initially at fair value. After initial recognition, these are subsequently measured at fair value and the changes in fair value are recognized in profit or loss.

(iv) Property, plant and equipment (except right-of-use assets)
Except for assets that are not subject to depreciation such as land, assets are depreciated using the straight-line method over their estimated useful lives.

(v) Goodwill and other intangible assets
Goodwill is not amortized. Intangible assets (except right-of-use assets) for which useful lives can be determined are amortized by the straight-line method over their estimated useful lives from the date the assets are available for use.

(vi) Impairment
Property, plant and equipment, right-of-use assets, goodwill and intangible assets are tested for impairment if there is any indication of impairment for the assets. Goodwill is tested for impairment both annually and when there is any indication of impairment. An impairment loss is recognized if the recoverable amount of an asset, cash-generating unit (CGU) or CGU group is less than its carrying amount.

(vii) Provisions
Provisions are recognized when the Company group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made.
When the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

(viii) Post-employment benefits
The Company and certain of its subsidiaries have retirement and severance defined benefit plans covering substantially all of their employees. For each defined benefit plan, the present value of defined benefit obligations, related current service cost and past service cost are calculated using the projected unit credit method. The discount rates are the yields of high quality corporate bonds that have maturity terms approximating those of the obligations which the benefits are expected to be paid. Net defined benefit liability (asset) is measured at the present value of the defined benefit obligation less the fair value of plan assets. Remeasurements of net of liabilities or assets for defined benefit plans are recognized in full as other comprehensive income in the period when they are incurred and reclassified to retained earnings immediately. Past service costs are recognized immediately in profit or loss.

(ix) Revenue
The Company group recognizes revenue based on the five-step model.
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations (accounting treatment for goods or services separately)
Step 3: Determine the transaction price (amount of consideration)
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when the entity satisfies a performance obligation
The Company group sells test system products of semiconductor and mechatronics-related products such as test handlers that handling semiconductor devices, the revenue for these is recognized when control of such products is transferred to customers as the performance obligation is satisfied based on contractual terms. The timing at which control of such products transferred to customers is determined upon delivery or acceptance.
Additionally, the Company group has performance obligation towards customers on the service contracts. Revenue from such service contracts is recognized over the contract term on the straight-line basis.

(x) Foreign currency translation
Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the period. Gains or losses derived from translating foreign operations' financial statements are recognized in other comprehensive income and presented in other components of equity.

(xi) Income Taxes
The Company group has adopted exceptions stipulated by the amendments to IAS 12. Therefore, the Company group does not recognize and disclose deferred tax assets and liabilities related to the income taxes arising from the Pillar Two Model rules which were announced by the Organization for Economic Co-operation and Development's (OECD). The impact of applying the exceptions on the Company group's consolidated financial statements is immaterial.

2. Notes to accounting estimates

(1) Valuation of inventories

(i) Amount recognized in the consolidated financial statements as of March 31, 2024.

Inventories	¥204,389 million

(ii) Other information that deepens the understanding of users of the consolidated financial statements regarding the content of accounting estimates

Inventories are measured at the lower of cost or net realizable value after initial recognition. If the net realizable value is less than the cost, the difference is accounted for as a write off and recognized as an impairment loss. In addition, based on forecasts by product model, the Company group analyzes whether there is an excess inventory balance and consider the necessity of recording an impairment loss. Furthermore, if inventories become excessive, or if the market environment deteriorates beyond forecasts and the net realizable value significantly declines, there is a possibility that a loss may occur.

(2) Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets

(i) Amount recognized in the consolidated financial statements as of March 31, 2024.

Property, plant and equipment, net	¥78,884 million
Right-of-use assets	¥19,106 million
Goodwill and intangible assets, net	¥98,514 million

(ii) Other information that deepens the understanding of users of the consolidated financial statements regarding the content of accounting estimates

The Company group performs an impairment test for property, plant and equipment, right-of-use assets, goodwill and intangible assets when there is any indication that the recoverable amount is less than the carrying amount of the assets. Goodwill is tested for impairment both annually and when there is any indication of impairment.

The impairment test is performed by comparing the carrying amount and the recoverable amount of cash-generating unit (CGU) or CGU group. If the recoverable amount is less than the carrying amount, impairment loss is recognized. The recoverable amount is mainly calculated based on the discounted cash flow model. The estimated future cash flows associated with CGU or CGU group are discounted to present value using a pre-tax discount rate which reflects current market assessments of the time value of money and any risks specific to CGU or CGU group. The estimated future cash flows associated with CGU or CGU group are based on the business plan for 3 years approved by management and the growth rate after 3 years.

CGU that has significant goodwill as of March 31, 2024 are Essai, Inc., and R&D Altanova group and the amount of goodwill allocated to these CGUs are ¥6,356 million and \27,826 million, respectively. Essai, Inc. and R&D Altanova group also have significant intangible assets of ¥16,795 million and \8,901 million as of March 31, 2024, respectively.

The key assumptions in the impairment test of CGU above are the sales forecast to existing large-volume customers and prospects for new customers that form the basis of the three-year business plan, discount rate and growth rate after 3 years. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales.

These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions may have a material impact on amount recognized in the consolidated financial statements in future periods. At the end of the fiscal year ended March 31, 2024, Essai, Inc. recognized \8,998 million of impairment loss for a portion of goodwill as sales forecast for a large-volume customer is weaker than originally expected, causing future cash flow projections to deteriorate. The recoverable amount of R&D Altanova group approximates the carrying amount as of March 31, 2024 primarily due to high discount rate that derives from continued trend of high USD interest rate.

(3) Post-employment benefits

(i) Amount recognized in the Consolidated Financial Statements as of March 31, 2024.

Retirement benefit liabilities	¥19,134 million

(ii) Other information that deepens the understanding of users of the consolidated financial statements regarding the content of accounting estimates

The Company and certain of its subsidiaries have retirement and severance plans, which are defined benefit and defined contribution plans covering substantially all of their employees. For defined benefit plans, the present value of defined benefit obligations on each of these plans and the service costs are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables such as discount rates. The key assumptions are discount rate and rate of compensation increase.

The actuarial assumptions are determined based on the best estimates and judgments made by management; however, there is the possibility that these assumptions may be affected by changes in uncertain future economic conditions, which may have a material impact on amount recognized in the consolidated financial statements in future periods.

(4) Valuation of deferred tax assets

(i) Amount recognized in the Consolidated Financial Statements as of March 31, 2024

Deferred tax assets	¥33,423million

(ii) Other information that deepens the understanding of users of the consolidated financial statements regarding the content of accounting estimates

The Company group judges the recoverability of deferred tax assets depending on taxable income based on the business plan and tax planning.

Key assumption for estimates of taxable income is sales forecast of each business unit as the basis for business plan. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales due to significant demand volatility in the semiconductor industry. In addition, the semiconductor industry has been highly cyclical with recurring periods of excess inventory, which possibly have a severe effect on the semiconductor industry's demand for semiconductor test systems. Therefore, the Company group estimates the timing, period, and amount of taxable income taking into account deviation of past forecast and actual results as well as uncertainty due to future changes in economic conditions.

Differences in result and forecast of taxable income may have a material impact on the amount of deferred tax assets recognized in the consolidated financial statements in future periods.

3. Notes to consolidated statement of financial position

Accumulated depreciation on property, plant and equipment: ¥108,838 million
(Accumulated impairment losses are included)

4. Notes to consolidated statement of changes in equity

(1) Total number of issued shares as of March 31, 2024

Common shares 766,141,256 shares

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

(2) Dividends from surplus

(i) Dividends paid

Resolution	Class of shares	Amount of dividend	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 19, 2023	Common shares	¥12,906 million	¥70	March 31, 2023	June 5, 2023
Board of Directors' meeting held on October 31, 2023	Common shares	¥11,995 million	¥65	September 30, 2023	December 1, 2023

(Notes) 1. Dividend of ¥11 million to the Company shares for the BIP Trust and the ESOP Trust was included in the amount of dividend which was resolved at the Board of Directors' meeting held on May 19, 2023.

2. The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Dividend per share" presents the amount prior to the share split.

(ii) Dividend with a record date in the current fiscal year and an effective date in the next fiscal year

Resolution	Class of shares	Source of dividend	Amount of dividend	Dividend per share	Record date	Effective date
Board of Directors' meeting held on May 21, 2024	Common shares	Retained earnings	¥13,291 million	¥18	March 31, 2024	June 7, 2024

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Dividend per share" presents the amount after the share split.

(3) Stock acquisition rights outstanding as of March 31, 2024

(Excluding stock acquisition rights for which the exercise period has not begun)

Pursuant to the resolution adopted at the meeting of the Board of Directors of June 26, 2019

Common shares 247,380 shares

Pursuant to the resolution adopted at the meeting of the Board of Directors of June 25, 2020

Common shares 327,180 shares

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Stock acquisition rights" present the shares after the share split.

5. Notes to financial instruments

(1) Financial instruments

The Company group limits its fund management to short-term instruments including deposits at financial institutions with high credit ratings. Credit risk of notes receivable and trade accounts receivable pertaining to customers are minimized through credit administration standards.

The Company group keeps track of fair values of shares and other securities it owns, and annually reviews them to determine whether the Company group should continuously hold them. In addition, the Company group obtains financing from bonds issued and bank loans when needed. Furthermore, the Company group will not make any speculative derivative transactions other than to conduct derivative exchange rate transactions in order to cope with actual demand risks, pursuant to its fund management guidelines with high credit rating financial institutions.

(2) Fair value of financial instruments

(Borrowings)

Short-term borrowings are settled on a short-term basis, and their fair values approximate their carrying amounts. The fair value of long-term borrowings with floating rates is assumed to be quite similar to the carrying amounts because it reflects market interest rates in a short period of time and the Company group's credit status is not significantly different after the execution. The fair values of long-term borrowings with fixed rates is calculated by the total sum of the principal and interest discounted by using the interest rates that would be applied if similar new borrowings were conducted.

(Other non-current liabilities)

The fair value of other non-current liabilities is calculated based on the present value discounted by interest rate reflecting the effect of credit risk.

(Others)

Financial instruments other than above are settled mainly on a short-term basis, and their fair value approximates their carrying amount.

(3) Fair value hierarchy of financial instruments

Financial instruments are classified into three levels of the fair value hierarchy based on the measurement inputs' observability and materiality as follows:

Level 1: Fair value measured at quoted prices for identical assets or liabilities in active markets

Level 2: Fair value measured by direct or indirect observable inputs other than Level 1

Level 3: Fair value measured by significant unobservable inputs

When several inputs are used for a fair value measurement, the level is determined based on the input with the lowest level in the fair value measurement as a whole.

The transfers between levels in the fair value hierarchy are deemed at the beginning of each quarter period.

There were no transfers of financial instruments between levels during the fiscal year ended March 31, 2024.

(i) The financial assets and financial liabilities measured at amortized cost were classified by hierarchy as follows. The table does not include financial instruments whose fair value approximates their carrying amount or are immaterial:

As of March 31, 2024

Millions of Yen

	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings	75,141	—	74,954	—	74,954
Other non-current liabilities	638	—	605	—	605
Total financial liabilities	75,779	—	75,559	—	75,559

(ii) The financial assets and financial liabilities measured at fair value on a recurring basis were classified by hierarchy as follows:

As of March 31, 2024

Millions of Yen

	Level 1	Level 2	Level 3	Total
Financial assets that are measured at fair value through other comprehensive income				
Equity instruments (Note)	17,079	—	929	18,008
Total financial assets	17,079	—	929	18,008
Financial liabilities that are measured at fair value through profit or loss				
Derivatives	—	3,030	—	3,030
Total financial liabilities	—	3,030	—	3,030

(Note) The Company group holds equity instruments to accomplish expansion of revenue base by maintaining and enforcing relationships with investees. These equity instruments are designated as financial assets measured at fair value through other comprehensive income ("FVTOCI").

The movement of financial assets categorized within Level 3 of the fair value hierarchy was as follows:

Millions of Yen

	Fiscal year ended March 31, 2024
Balance at beginning of year	866
Gains or losses	
Other comprehensive income (Note)	38
Others	25
Balance at end of year	929

(Note) Gains or losses recognized in other comprehensive income are presented in net change in fair value measurements of equity instruments at FVTOCI of the consolidated statement of comprehensive income.

6. Notes to revenue recognition

(1) Disaggregation of revenue

The Company group has three reportable operating segments: “semiconductor and component test system business,” “mechatronics system business” and “services, support and others.” Net sales disaggregated by region and segment were as follows:

Millions of Yen

	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Main regions					
Japan	11,068	4,115	4,540	―	19,723
Americas	15,217	3,197	19,207	―	37,621
Europe	11,364	1,134	5,145	―	17,643
Asia	293,893	44,249	73,378	―	411,520
Total	331,542	52,695	102,270	―	486,507

The breakdown of semiconductor and component test system business was as follows:
SoC : \245,688 million
Memory : \85,854 million

Revenue is accounted for in accordance with the account policy described in (3) (ix) of note 1, “Notes to significant matters based on which the consolidated financial statements were prepared.”
The transaction price is measured based on the amount promised in the contracts with customers and includes no significant financing components because there are no contracts with long payment terms from the satisfaction of performance obligation to payment of transaction price. Payment terms are generally within 3 months. Additionally, there are no significant revenue including variable consideration.
In case there are multiple performance obligations in the contract, transaction price is allocated to each individual performance obligation based on the standalone selling price which is calculated from reasonably available information including prices of similar transactions.

(2) Contract balances

Receivables and liabilities from contracts with customers were as follows:

Millions of Yen

	As of March 31, 2023 (reference)	As of March 31, 2024
Receivables from contracts with customers		
- Notes and trade accounts receivables	96,477	80,815
Contract liabilities		
- Advance receipt	19,782	18,233

Contract liabilities are mainly cash received from customers before satisfied performance obligations or consideration paid for the unfulfilled service when the service is continuously provided. Both are included in the advance receipt. Advance receipt is included in “Other current liabilities” in the consolidated statement of financial position.

The Company group recognized \17,140 million as a revenue from the balance of contract liabilities as of April 1, 2023 in the fiscal year ended March 31, 2024, and the amount carried forward to the following fiscal years onward is insignificant.

There was no revenue recognized in the fiscal year ended March 31, 2024 from performance obligations satisfied or partially satisfied in past periods.

(3) Transaction price allocated to the remaining performance obligations

The Company group applies the practical expedients for exemption on disclosure of information on remaining performance obligations because it has no significant transactions with performance obligation terms exceeding one year. Additionally, the consideration from contracts with customers, which is not included in the transaction price, is insignificant.

7. Notes to per share information

Equity attributable to owners of the parent per share: ¥584.25

Basic earnings per share: ¥84.45

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. “Equity attributable to owners of the parent per share” and “Basic earnings per share” are calculated based on the assumption that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

8. Notes to significant subsequent events

Not applicable.

9. Other notes

Amounts less than one million yen are rounded.

Non-Consolidated Financial Statements

Balance Sheet (Non-Consolidated)
(As of March 31, 2024)

(Millions of Yen)

Items	FY2022 (reference)	FY2023
Assets		
Current assets	312,825	346,822
Cash and deposits	53,569	61,446
Trade notes receivable	2	13
Electronically recorded monetary claims	2,304	3,303
Accounts receivable	106,650	89,722
Merchandises and finished goods	21,379	18,739
Work in progress	27,142	33,605
Raw materials and supplies	86,133	114,299
Other current assets	15,646	25,695
Non-current assets	221,035	239,382
Property, plant and equipment	21,660	21,095
Buildings and structures	5,178	5,326
Land	8,089	8,089
Other property, plant and equipment	8,393	7,680
Intangible fixed assets	1,183	941
Patent right	61	36
Other intangible fixed assets	1,122	905
Investments and other assets	198,192	217,346
Investment securities	332	373
Investment in affiliated companies	149,731	149,731
Long-term loans receivable	28,643	38,187
Deferred tax assets	18,090	22,763
Other non-current assets	1,396	6,292
Total assets	533,860	586,204

Items	FY2022 (reference)	FY2023
Liabilities		
Current liabilities	198,518	165,130
Trade accounts payable	58,903	39,670
Current portion of long-term borrowings	13,353	—
Other accounts payable	15,608	12,612
Accrued expenses	7,191	7,786
Income taxes payable	22,816	232
Advance receipt	7,803	7,329
Deposits received	60,087	79,252
Accrued warranty expenses	8,877	8,106
Bonus accrual for directors	171	130
Provision for share-based remuneration	1,097	5,688
Other current liabilities	2,612	4,325
Non-current liabilities	29,353	88,467
Long-term borrowings	20,000	75,141
Provision for retirement benefits	7,705	11,314
Asset retirement obligations	40	40
Provision for share-based remuneration	1,131	1,511
Other non-current liabilities	477	461
Total liabilities	227,871	253,597
Net assets		
Shareholders' equity	305,521	332,324
Common stock	32,363	32,363
Capital surplus	32,973	32,973
Capital reserve	32,973	32,973
Retained earnings	299,284	323,341
Legal reserve	3,083	3,083
Other retained earnings	296,201	320,258
[Retained earnings carried forward]	[296,201]	[320,258]
Treasury shares	(59,099)	(56,353)
Valuation and translation adjustments	18	66
Valuation difference on available for-sale securities	18	66
Stock acquisition rights	450	217
Total net assets	305,989	332,607
Total liabilities and net assets	533,860	586,204

Statement of Operations (Non-Consolidated)

(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

Items	FY2022 (reference)	FY2023
Net sales	482,576	394,694
Cost of sales	216,685	199,551
Gross profit	265,891	195,143
Selling, general and administrative expenses	131,808	140,062
Operating income	134,083	55,081
Non-operating income		
Interest and dividends income	15,762	10,189
Foreign exchange gains	3,166	—
Other	538	374
Non-operating expenses		
Interest expenses	2,669	5,422
Foreign exchange losses	—	1,730
Other	512	424
Ordinary income	150,368	58,068
Income before income taxes	150,368	58,068
Income taxes - current	34,354	13,339
Income taxes - deferred	180	(4,665)
Net income	115,834	49,394

Statement of Changes in Net Assets
(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Shareholders' equity: Common stock	Shareholders' equity: Capital surplus: Capital reserve	Shareholders' equity: Retained earnings: Legal reserve	Shareholders' equity: Retained earnings: Other retained earnings: Retained earnings carried forward	Shareholders' equity: Treasury shares	Shareholders' equity: Total shareholders' equity	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Stock acquisition rights	Total net assets
Balance at beginning of year	32,363	32,973	3,083	296,201	(59,099)	305,521	18	450	305,989
Changes in the year									
Dividends from retained earnings				(24,901)		(24,901)			(24,901)
Net income				49,394		49,394			49,394
Purchase of treasury shares					(17)	(17)			(17)
Disposal of treasury shares				(400)	2,727	2,327			2,327
Cancellation of treasury shares				(36)	36	—			—
Changes of items other than shareholders' equity, net							48	(233)	(185)
Total changes in the year	—	—	—	24,057	2,746	26,803	48	(233)	26,618
Balance at end of year	32,363	32,973	3,083	320,258	(56,353)	332,324	66	217	332,607

Notes to Non-Consolidated Financial Statements

1. Notes to significant accounting policies
   (1) Valuation of securities
      (i) Investments in subsidiaries: Stated at cost using the moving average method

      (ii) Other securities
         (a) Securities other than ones without market value
             Stated at fair value based on market prices at the end of the relevant period (evaluation difference is accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method)
         (b) Securities without market value
             Stated at cost using the moving average method

   (2) Valuation of inventories
       Stated principally at cost using the gross average method (balance sheet value of assets are calculated using a method in which book values are written down in accordance with decreased profitability)

   (3) Depreciation and amortization of non-current assets
      (i) Depreciation of plant and equipment
          Based on the straight-line method

      (ii) Amortization of intangible fixed assets
          Based on the straight-line method
          However, software for internal use is amortized using the straight-line method over its estimated useful life of 5 years.

   (4) Allowances/Provisions
      (i) Allowance for doubtful accounts
          To prepare for credit losses on accounts receivable and loans, etc., an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on a historical write-off ratio and for bad receivables based on a case-by-case determination of collectability.

      (ii) Accrued warranty expenses
          To reasonably account for repair costs covered under product warranty in the respective periods in which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding year.

      (iii) Bonus accrual for directors
          In preparation for the payment of bonuses to directors of the total amount expected to be paid, an estimated amount for the fiscal year ended March 31, 2024 is reported.

      (iv) Provision for retirement benefits
          To provide for employee retirement benefits, an allowance is provided in an amount determined based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year.
          Prior service cost is amortized on a straight-line basis over the average remaining service period of employees.
          Any actuarial gains and losses are amortized on a straight-line basis over the average remaining service period of employees, and the amount is recorded in the fiscal year subsequent to its occurrence.

      (v) Provision for share-based remuneration
          In preparation for share benefit expected to be paid in the future, an estimated amount for the fiscal year ended March 31, 2024 is reported.

(5) Revenue recognition

The Company has adopted ASBJ Statement No. 29 (revised 2020) Accounting Standard for Revenue Recognition (March 31, 2020) and ASBJ Guidance No. 30 (revised 2020) Implementation Guidance on Accounting Standard for Revenue Recognition (March 31, 2020) and recognized revenue of goods or services upon transfer of the control of the promised goods or services to customers.

For details, see (3) (ix) of note 1, "Notes to significant matters based on which the consolidated financial statements were prepared" in the Notes to consolidated financial statements.

(6) Implementation of a group tax sharing system

The Company has implemented a group tax sharing system.

2. Changes in Presentation

(Statement of operations)

"Rental expenses on facilities," "Loss on disposal of non-current assets" and "Loss on valuation of investment securities," which were presented as separate line items under "Non-operating expenses" for the previous fiscal year ended March 31, 2023, are included in "Other" for the current fiscal year ended March 31, 2024 dut to considerations of materiality.

3. Notes to accounting estimates

(1) Valuation of inventories

(i) Amount recognized in the non-consolidated financial statements as of March 31, 2024

Merchandises and finished goods	¥18,739 million
Work in progress	¥33,605 million
Raw materials and supplies	¥114,299 million

(ii) Other information that deepens the understanding of users of the non-consolidated financial statements regarding the content of accounting estimates

See (1) (ii) of note 2, "Notes to accounting estimates" in the Notes to consolidated financial statements.

(2) Impairment of property, plant and equipment and intangible assets

(i) Amount recognized in the non-consolidated financial statements as of March 31, 2024

Property, plant and equipment	¥21,095 million
Intangible fixed assets	¥941 million

(ii) Other information that deepens the understanding of users of the non-consolidated financial statements regarding the content of accounting estimates

See (2) (ii) of note 2, “Notes to accounting estimates” in the Notes to consolidated financial statements.

(3) Provision for retirement benefits

(i) Amount recognized in the non-consolidated financial statements as of March 31, 2024

Provision for retirement benefits ¥11,314 million

(ii) Other information that deepens the understanding of users of the non-consolidated financial statements regarding the content of accounting estimates

See (3) (ii) of note 2, “Notes to accounting estimates” in the Notes to consolidated financial statements.

(4) Valuation of deferred tax assets

(i) Amount recognized in the non-consolidated financial statements as of March 31, 2024

Deferred tax assets ¥22,763 million

(ii) Other information that deepens the understanding of users of the non-consolidated financial statements regarding the content of accounting estimates

See (4) (ii) of note 2, "Notes to accounting estimates" in the Notes to consolidated financial statements.

(5) Valuation of investment in affiliated companies

(i) Amount recognized in the non-consolidated financial statements as of March 31, 2024

Investment in affiliated companies ¥53,526 million (Advantest America, Inc. shares)

(ii) Other information that deepens the understanding of users of the non-consolidated financial statements regarding the content of accounting estimates

In valuing Advantest America, Inc. shares, the Company reflects the excess earning power of its subsidiaries Advantest Test Solutions, Inc., Essai, Inc., R&D Altanova, Inc. and its sub-subsidiary Shin Puu Technology Co., Ltd. in its valuation of real value. Determining whether the excess earning power is declining is based on estimated future cash flows based on a three-year business plan approved by management, growth rate after 3 years and discount rate.

The key assumptions in determining whether the excess earning power is declining are the sales forecast to existing large-volume customers and prospects for new customers that form the basis of the three-year business plan, discount rate and growth rate after 3 years. Generally, a reduction rate of capital expenditures of semiconductor manufacturers during downturns in the semiconductor industry, including investments in semiconductor test systems, is much greater than a reduction rate of worldwide semiconductor sales.

These assumptions are based on the best estimates and judgments of management, but they could be affected by variable and uncertain future economic conditions. Any changes in these assumptions may have a material impact on amount recognized in the non-consolidated financial statements in future periods.

4. Notes to balance sheet

(1)	Accumulated depreciation on property, plant and equipment:	¥29,334 million
(2)	Short-term monetary receivables from affiliated companies:	¥63,851 million
	Long-term monetary receivables from affiliated companies:	¥38,140 million
	Short-term monetary payables to affiliated companies:	¥91,839 million

(3) The Company has a commitment line agreement with a financial institution in order to ensure efficient procurement of funding for business activities. The unexecuted balance of borrowings at the fiscal year ended March 31, 2024 based on this agreement is as follows.

Total amount of loan limit	\60,000 million
Borrowing outstanding balance	—
Balance	\60,000 million

5. Notes to statement of operations

Transactions with affiliated companies

Sales:	¥221,405 million
Purchases:	¥124,852 million
Non-operating transactions:	¥13,234 million

6. Notes to statement of changes in net assets

Total number of treasury shares as of March 31, 2024

Common shares	27,729,675 shares

(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023.

7. Notes to tax effect accounting

The breakdown of deferred tax assets and liabilities was as follows;

	(Millions of Yen)
Deferred tax assets	
Appraised value of inventories	4,505
Provision for retirement benefits	2,125
Fixed assets	16,255
Other	5,427
Subtotal of deferred tax assets	28,312
Valuation allowance for deductible temporary differences	(5,526)
Subtotal of valuation allowance	(5,526)
Total of deferred tax assets	22,786
Deferred tax liabilities	
Other	(23)
Total of deferred tax liabilities	(23)
Net deferred tax assets	22,763

8. Notes to transactions with related parties

(1) Parent company and major corporate shareholders

Not applicable.

(2) Officers and major individual investors

Not applicable.

(3) Subsidiaries

Company name	Address	Common stock	Principal Activities	Percentage of Voting Rights	Description of relationships		Details of transactions	Amount of transactions	Items	Balance at fiscal year end
					Officer of subsidiaries temporarily transferred from the Company	Business relationship				
Advantest America, Inc.	California, U.S.A.	4,059 thousand US Dollars	Development and sale of test systems, etc.	100.0%	Yes	Development and sale of the Company's products	Sales	¥52,574 million	Accounts receivable	¥34,480 million
							Loans	\9,085 million	Long-term loans receivable	¥37,853 million
Advantest Europe GmbH	Munich, Germany	10,793 thousand Euro	Development and sale of test systems, etc.	100.0%	Yes	Development and sale of the Company's products	Subcontract cost for R&D etc.	¥35,004 million	Other accounts payable	\3,451 million
							Depositing of cash	–	Deposits received	\9,048 million
Advantest Taiwan Inc.	Hsin-Chu Hsien, Taiwan	500,000 thousand New Taiwan Dollars	Sale of test systems, etc.	100.0%	Yes	Sale of the Company's products	Sales	¥76,525 million	Accounts receivable	¥13,699 million
							Depositing of cash	–	Deposits received	\6,970 million
Advantest (Singapore) Pte. Ltd.	Singapore	15,300 thousand Singapore Dollars	Sale of test systems, etc.	100.0%	Yes	Sale of the Company's products	Depositing of cash	–	Deposits received	\53,554 million

Terms and conditions of transactions and determination of policies thereof

1. With respect to sales, the price is determined by referring to the market price, among others.
2. With respect to deposit, it is from cash management system, and the interest rate is determined by taking into account the market interest rate. As the cash are continuously transferred, the amount of transactions are not listed.

9. Notes to revenue recognition
The information that is the basis for understanding the revenue from contracts with customers are omitted, as it is described in note 6, "Notes to revenue recognition" in the Notes to consolidated financial statements.

10. Notes to per share information
Net assets per share: ¥450.14
Net income per share: ¥66.93
(Note) The Company enacted a 4-for-1 share split of its common share with an effective date of October 1, 2023. "Net assets per share" and "Net income per share" are calculated based on the assumption that the share split was implemented at the beginning of the fiscal year ended March 31, 2024.

11. Notes to significant subsequent events
Not applicable.

12. Other notes
Amounts less than one million yen are roun