

The Socionext logo is displayed in white lowercase letters on a dark blue background. The letters are spaced out and have a clean, sans-serif font. A small trademark symbol (TM) is located at the top right of the letter 't'.

socionext™

2Q FY2023/3

Consolidated Financial Results

October 31, 2022

Socionext Inc.

socionext™

Introduction

Socionext at a Glance

Solution SoC Business Model

Transformation

Consolidated Financial Results

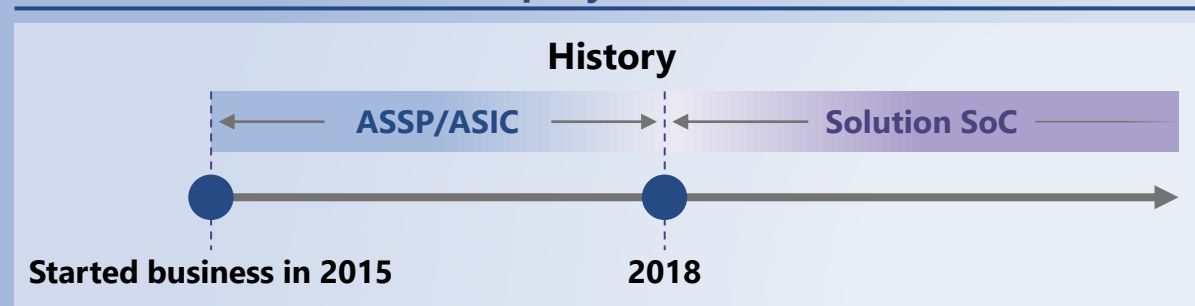
for the 6 Months Ended September 30, 2022



Socionext at a Glance

- Socionext has developed a new and distinctive “Solution SoC” business model to provide optimal custom SoCs to customers who need advanced and innovative chips

Company Overview

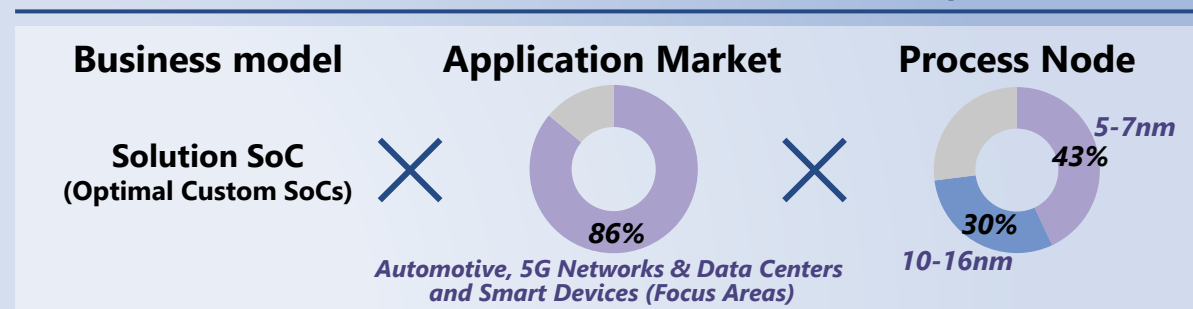


Business description Design, development and sales of SoCs	Capital JPY 30.2bn	Employees¹ As of Sep./30/2022 Global Employees 2,546 Engineers ² 1,900 (Approx.)
--	-------------------------------------	--

Key Financials FY22/3

Net Sales JPY 117bn	Net Sales Growth (YoY) 17.3%	OP Margin 7.2%
--------------------------------------	---	---------------------------------

Business Overview (Ratio is NRE revenue breakdown for FY22/3)



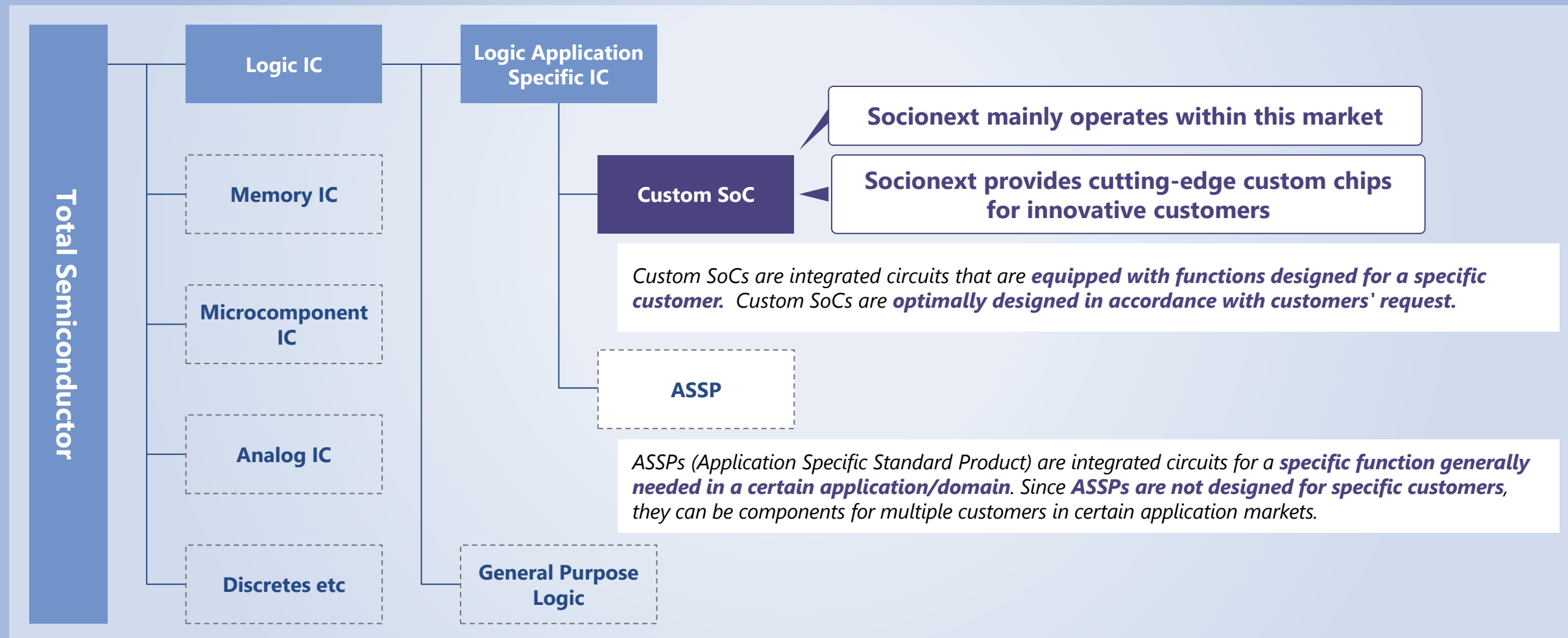
~Socionext’s Positioning in Semiconductor Market~



1. Numbers of employees and engineers are on a consolidated basis
 2. Number of our staff working in our division relating to technical development and analysis in and outside Japan
 3. This market size is estimated by Socionext based on Omdia data “Competitive Landscaping Tool CLT, Annual- 1Q22”.

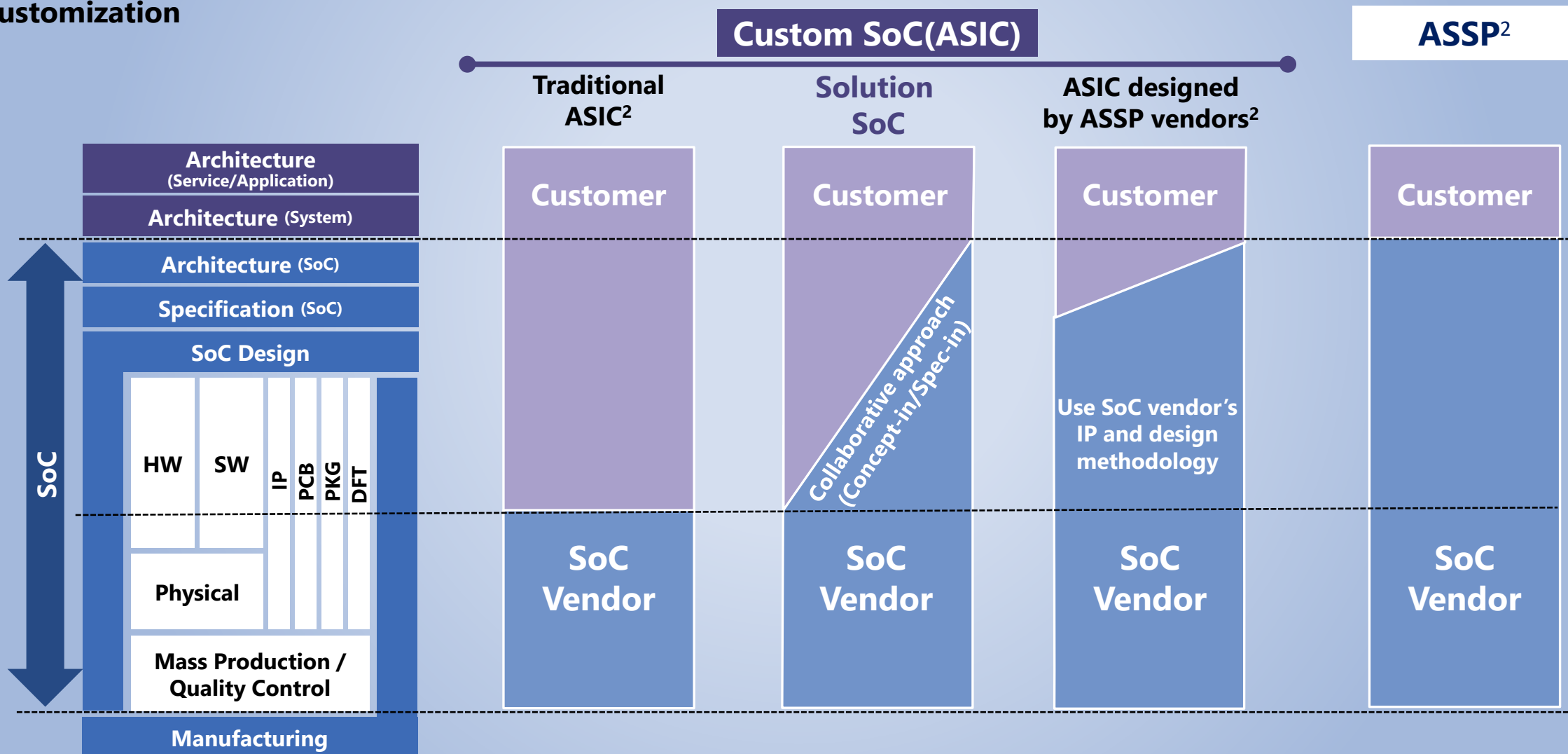
Detail of Custom SoC & ASSP

- Socionext operates mainly within the Custom SoC market, which are designed for a specific customer (Although ASSPs are designed also for specific applications, they are not designed for a specific customer)



Features of Solution SoC Business Model (1/2)

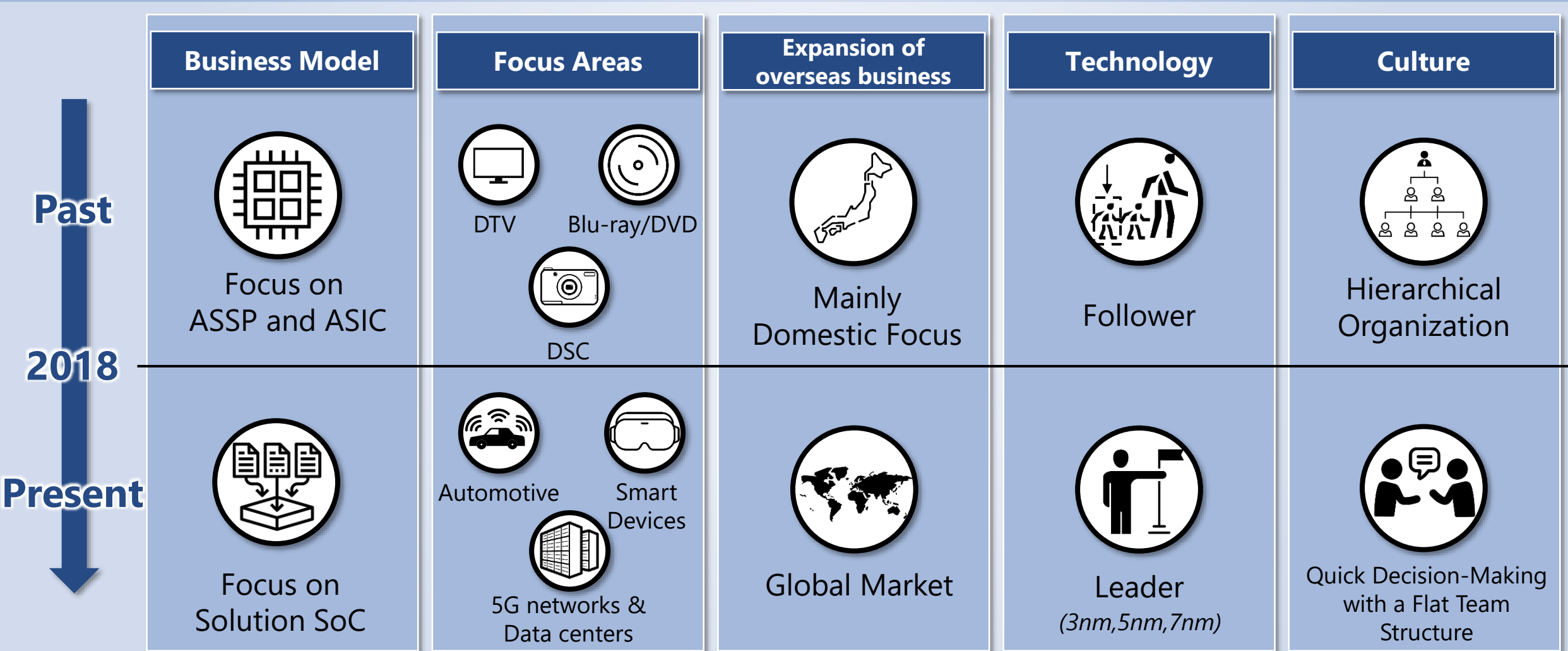
- The primary difference between “traditional ASIC”² and “Solution SoC” is how we interface with our customers
- The primary difference between “Solution SoC” and “ASIC designed by ASSP vendors”² is the breadth of optional customization



1. This slide is an image based on our own recognition.
 2. This graphic provides an illustrative framework of the types of industry players based on our own classifications.

Transformation into a Global Custom SoC Vendor in Advanced Technology Area

- Through a transformation of our business and company culture, Socionext has turned into a global leading custom SoC vendor with a new and distinctive business model that we refer to as "Solution SoC"



The Image of Timeline from Design Win to Mass Production

Illustrative Description of “Design Win Amount”

“Design Win Amount” . . .

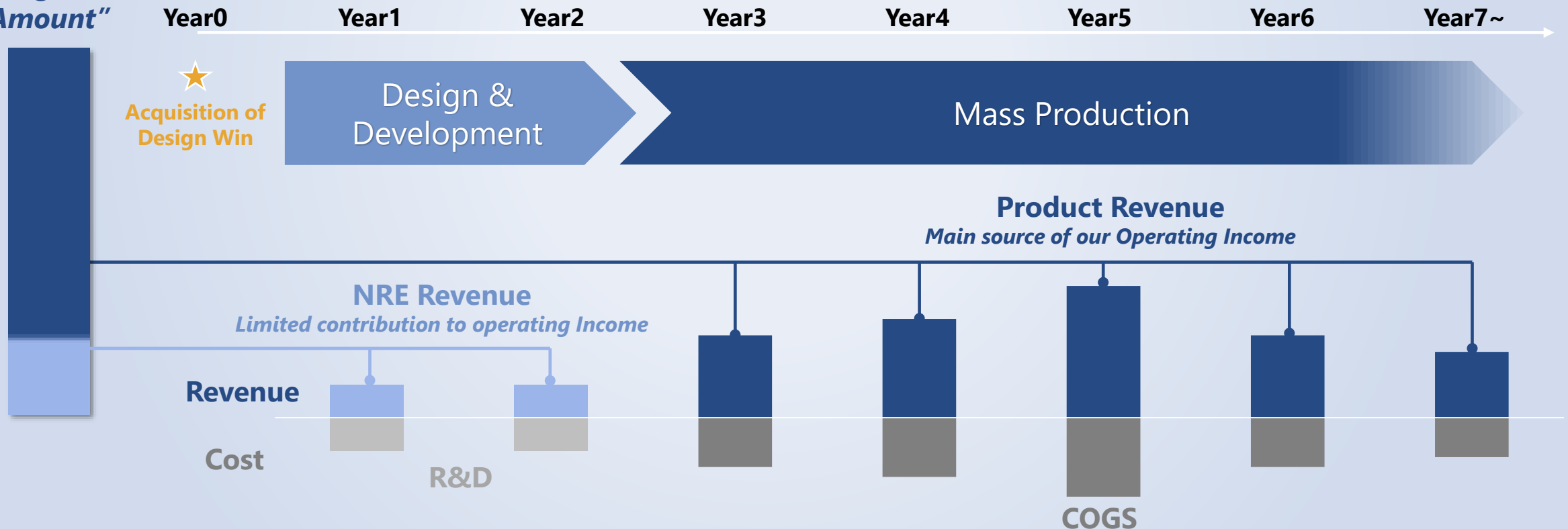
“Design win amount” represents our estimate of the lifetime demand from design projects. “Design win amount” is divided into NRE-based and product-based amounts. “Design win amounts” are expected to contribute to product revenue once projects progress to the mass production stage of the project lifecycle.

We calculate “Design win amount” in accordance with prudent procedures as below

- We estimate each “design win amount” based on our assumptions such as per-unit prices and estimated future product sales volumes, not on sales forecasts provided by customers¹
- A foreign exchange assumption of \$1=¥100 has been used

Illustrative Timeline from Design Win to Mass Production²

“Design Win Amount”

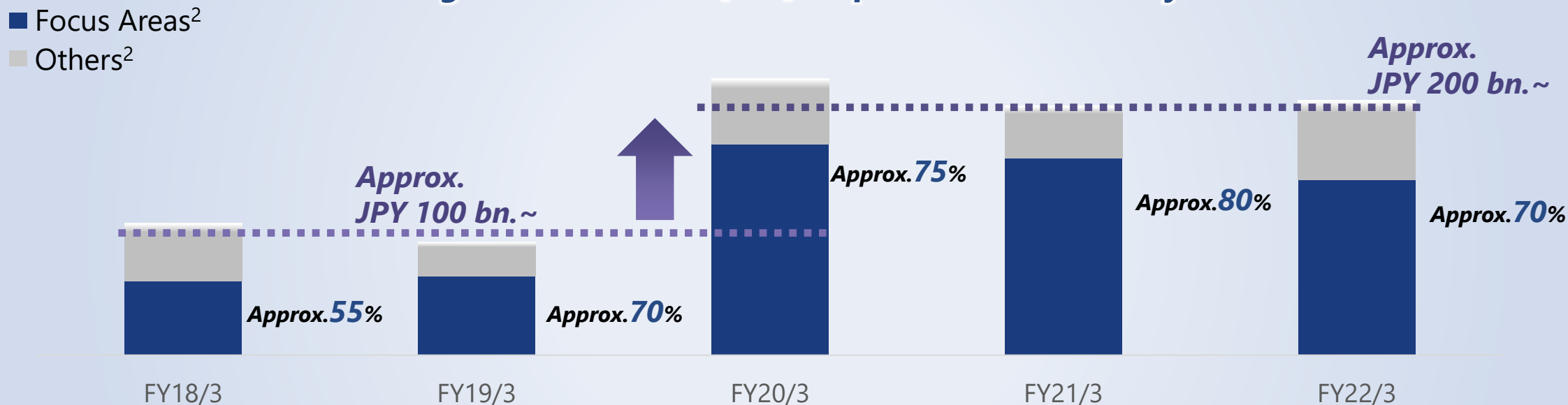


1. Refer to p.25

2. For illustrative purposes only. The actual timeline of product development to mass production may differ materially based on the product and actual customer demand

- Roughly doubled annual “Design Win Amount¹” since the transformation in 2018, especially in the focus areas²

“Design Win Amount” (LTR) acquired in each fiscal year

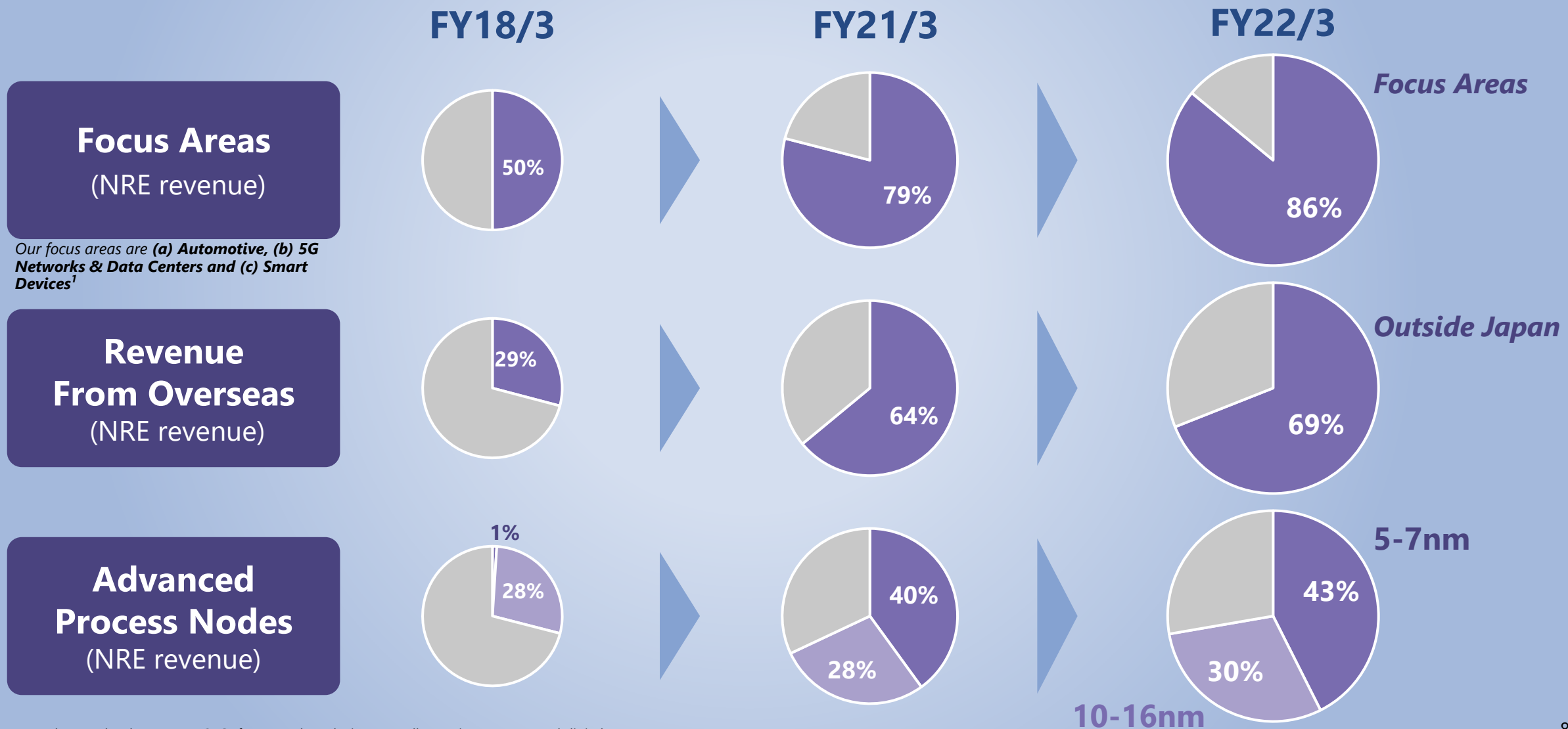


We do not update the “design win amount” for any changes in circumstances that we become aware of after such period-end date. Those changes includes: (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, and (2) any subsequent cancellation of projects. For example, certain projects in our focus areas reflected in the “design win amount” for FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for more than 10% and 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY18/3, FY19/3, FY20/3 and FY21/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective “design win” amounts for such years after taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. A foreign exchange assumption of \$1=¥100 has been used with respect to all five periods set forth in the above graph.

1. The life-time revenue (or LTR) of the “design win amount” for a particular period reflects our expectations as of the end of such period, based on various estimations and assumptions that we believe to be reasonable at such time, regarding the total future revenue from the design win projects that were acquired during such period, many of which involve a considerable degree of subjective judgment. Actual revenues could differ, and our expectations regarding future revenues could change after such period-end date, due to various factors such as subsequent cancellations, changes in the development process and costs, actual revenues earned, changes regarding sales volumes and product durations, price changes, changes in our manufacturing capacity and the impact of foreign exchange fluctuations, among others. In addition, we continue to refine our estimation methods without retroactively updating past-period amounts. As a result of the foregoing, a direct period-to-period comparison may not be meaningful beyond describing general trends over extended periods.
2. Our focus areas are (a) Automotive, (b) 5G networks & Data Centers and (c) Smart Devices. Others mainly include Industrial Automation and IoT & Radar Sensing (RF-CMOS Solution)

Transforming into a Global SoC Company with Cutting-edge Technologies

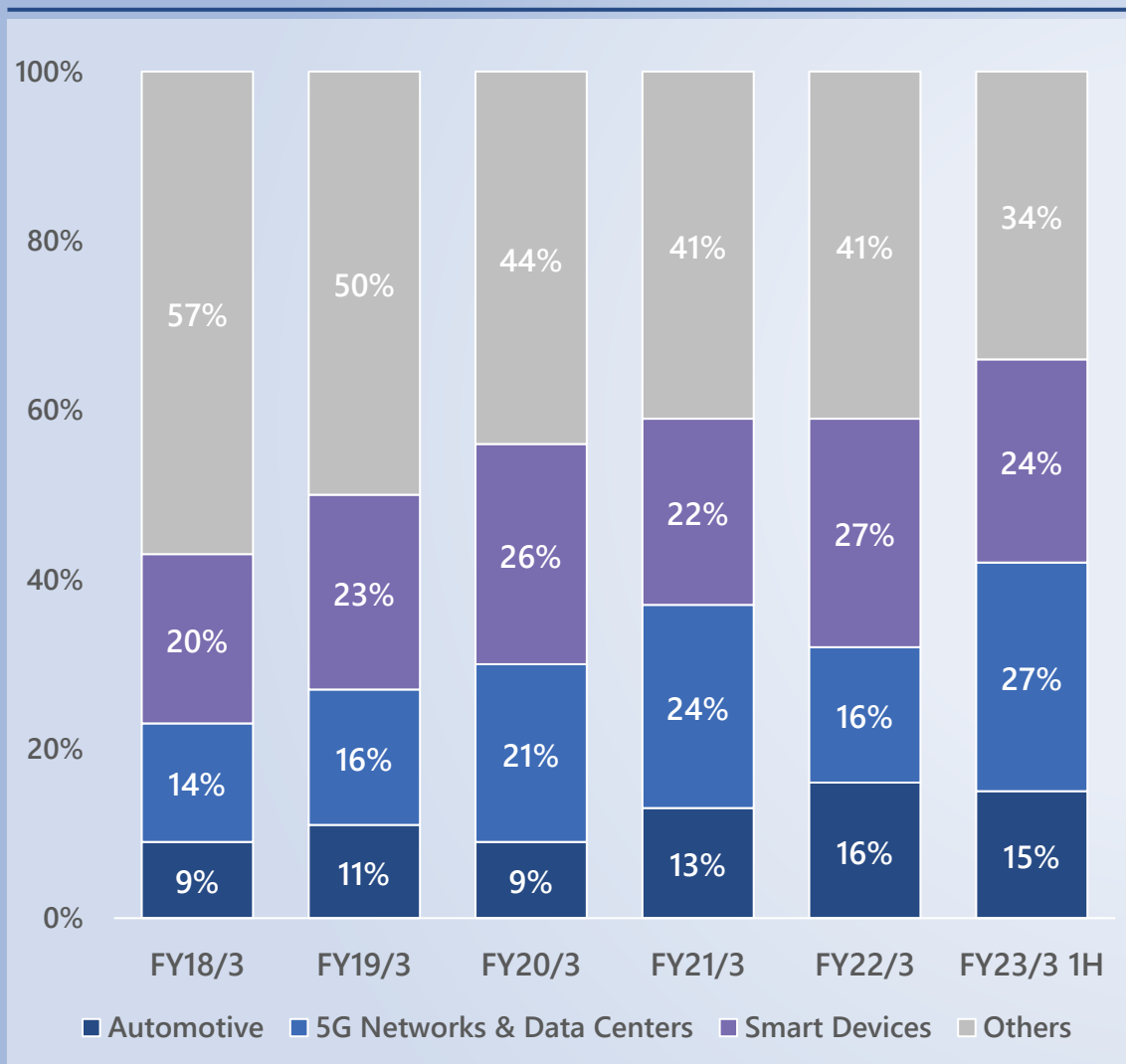
- Shift in NRE revenue composition illustrates the steady progress of business transformation



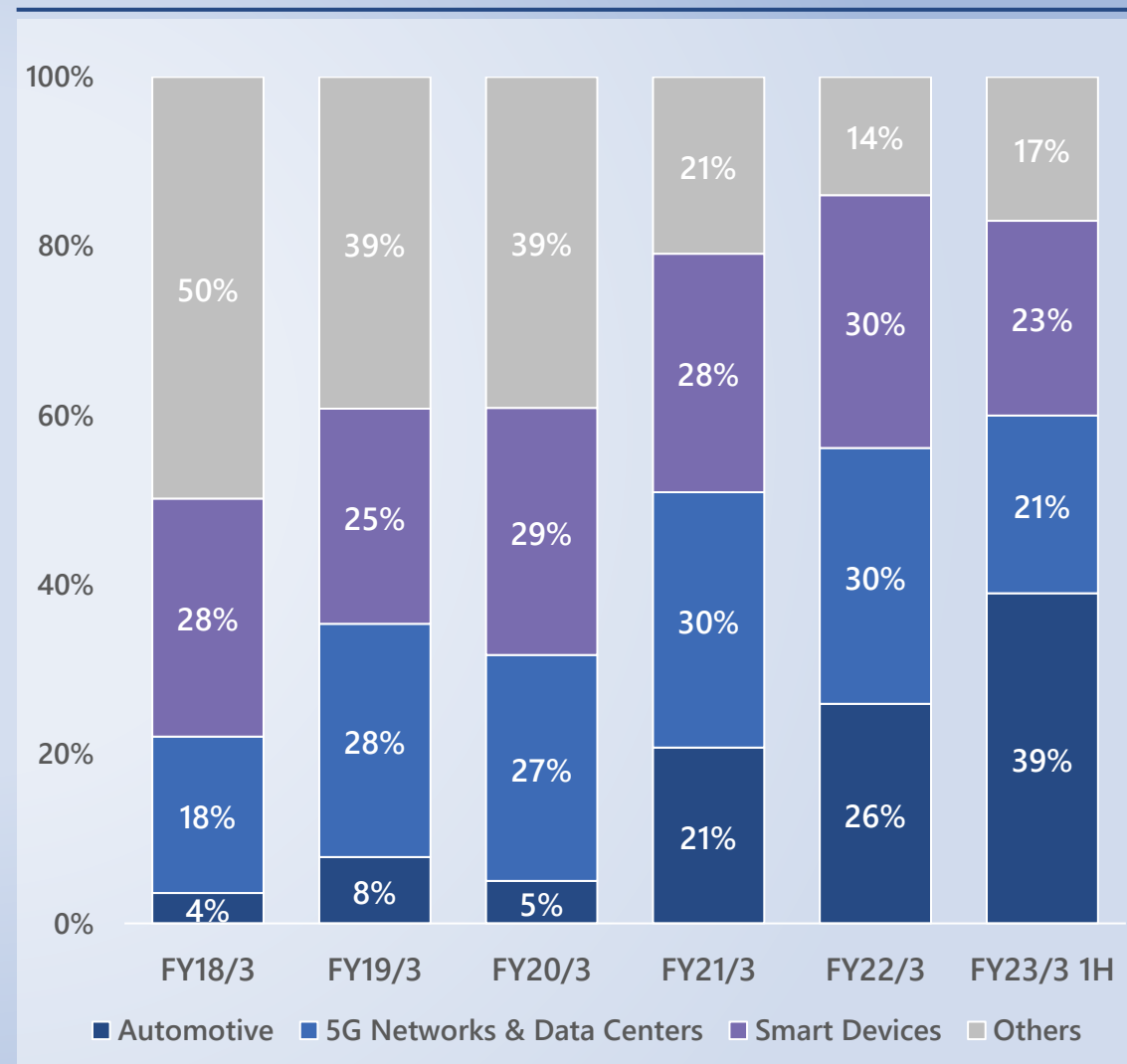
1. Note that we develop custom SoCs for AR and VR devices as well as action cameras and digital cameras

Breakdowns by Application Market (Yearly Ratios)

Net Sales

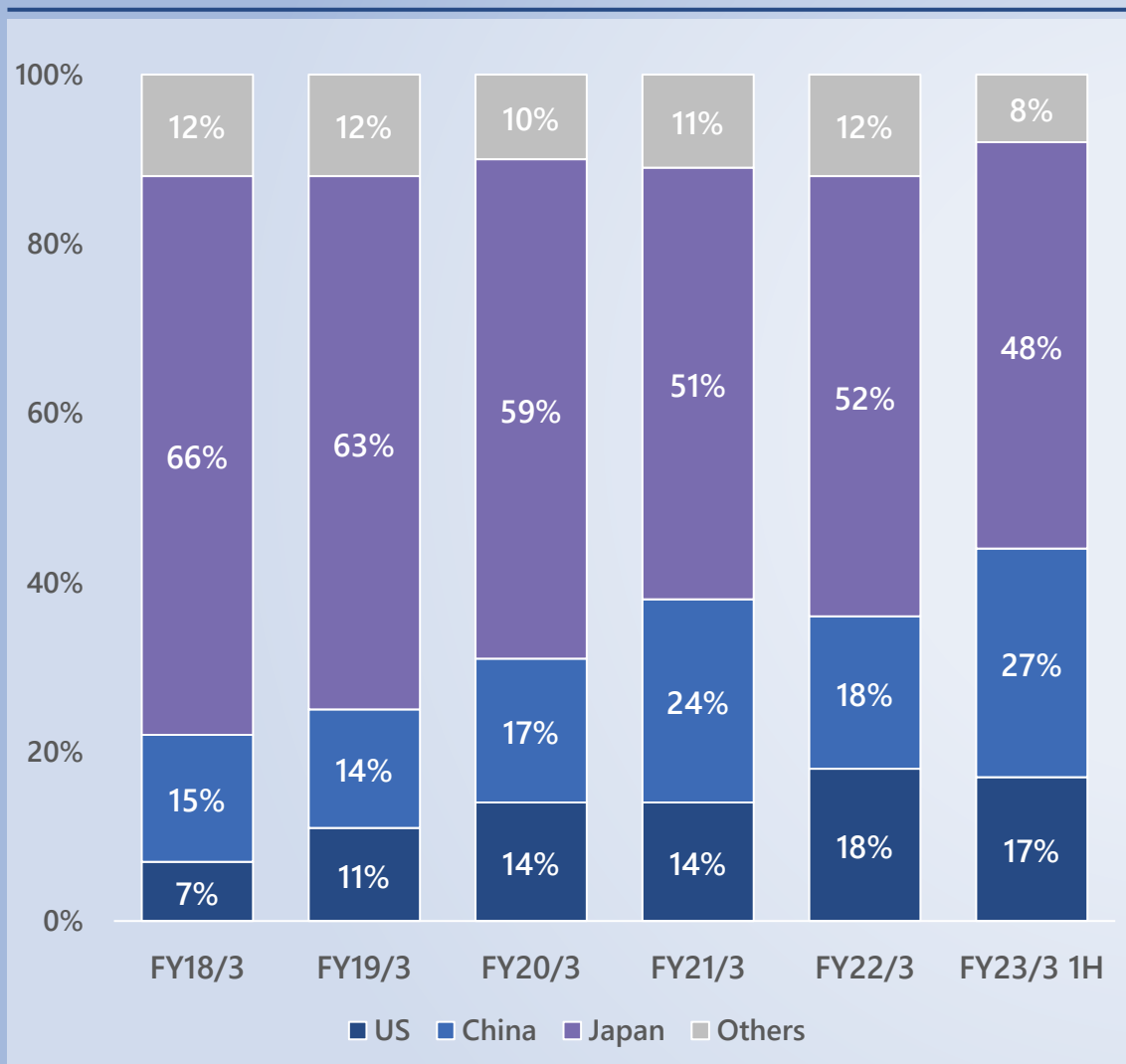


NRE Revenue

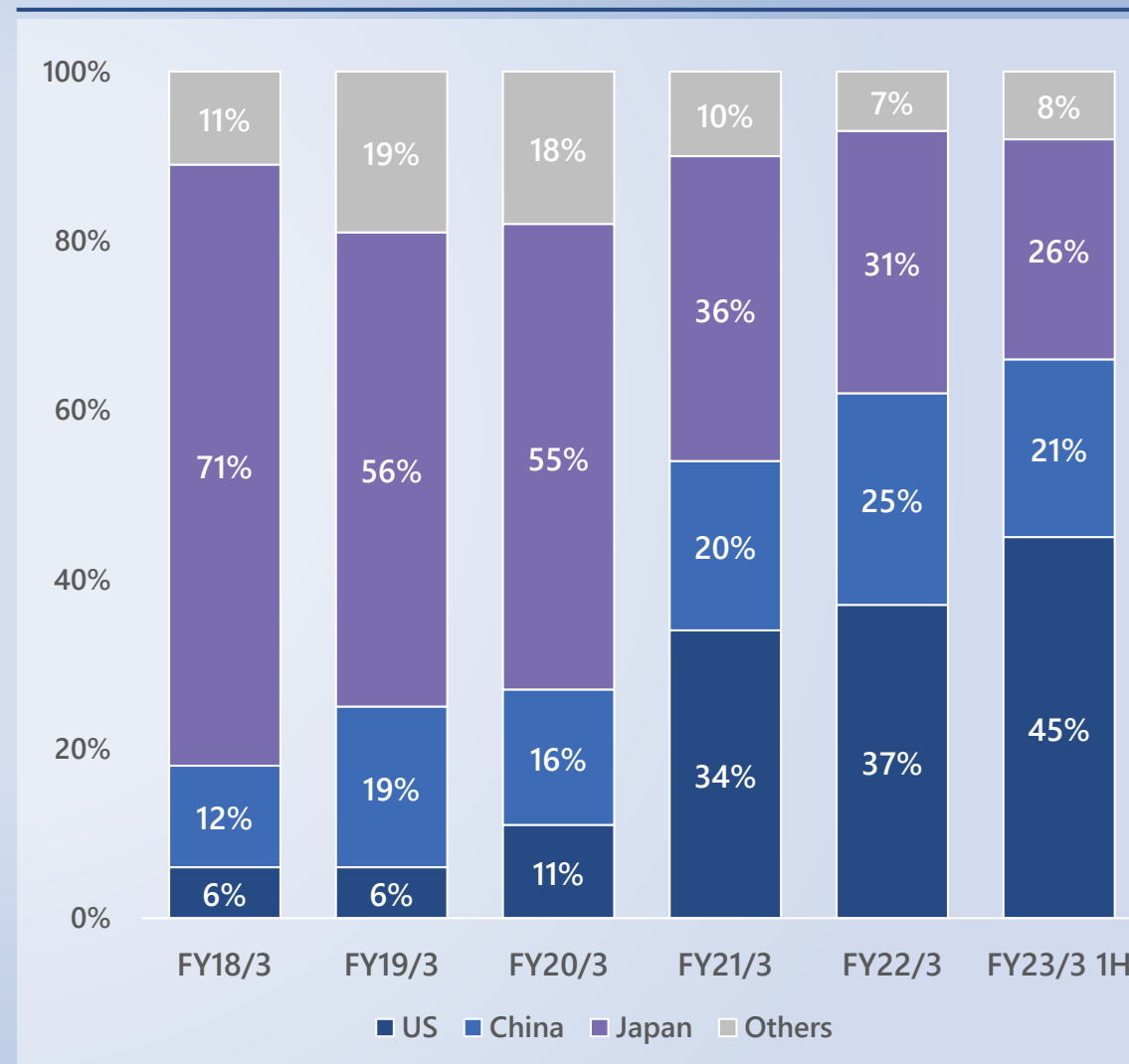


Breakdowns by Geographic Region (Yearly Ratios)

Net Sales

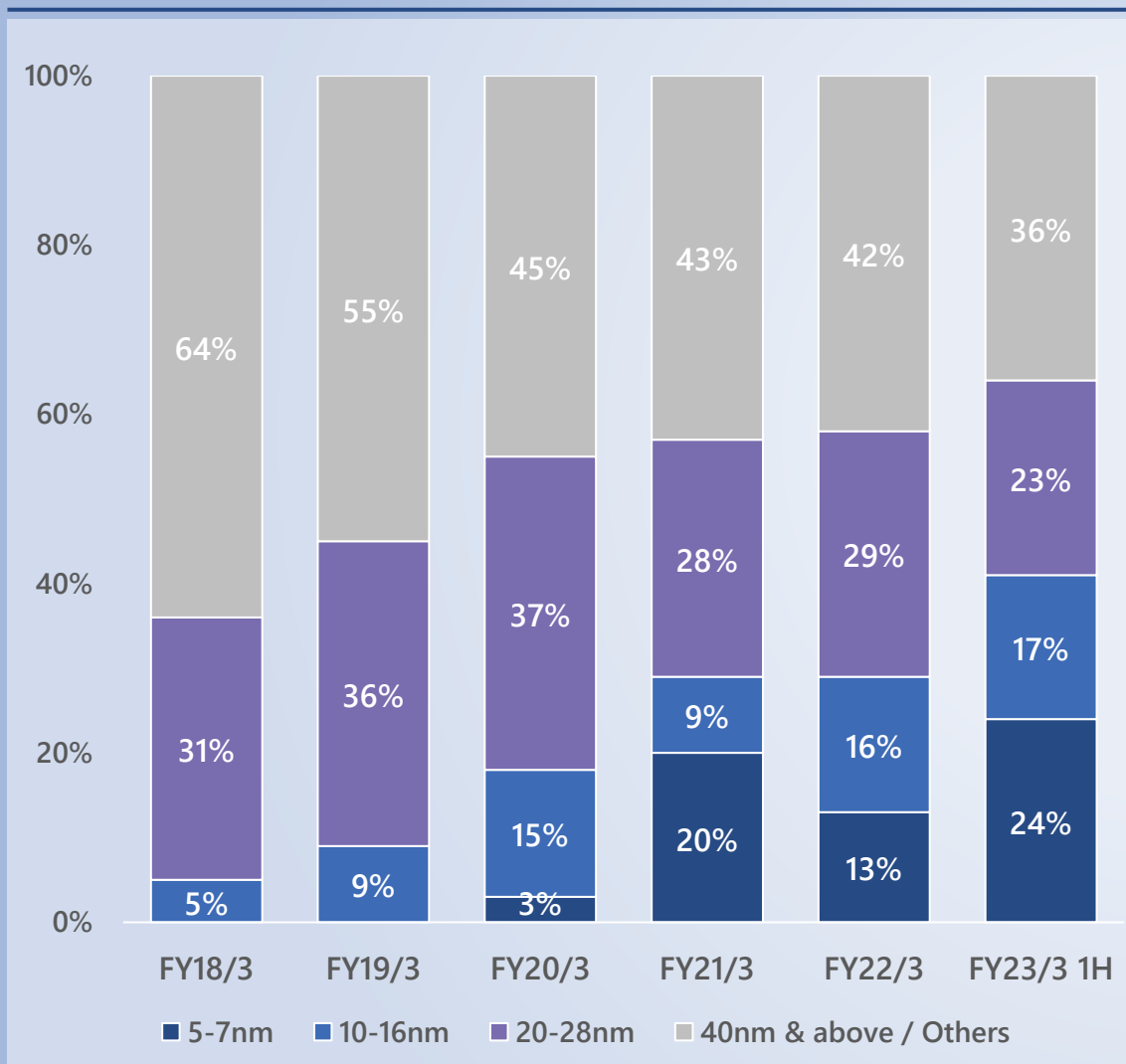


NRE Revenue

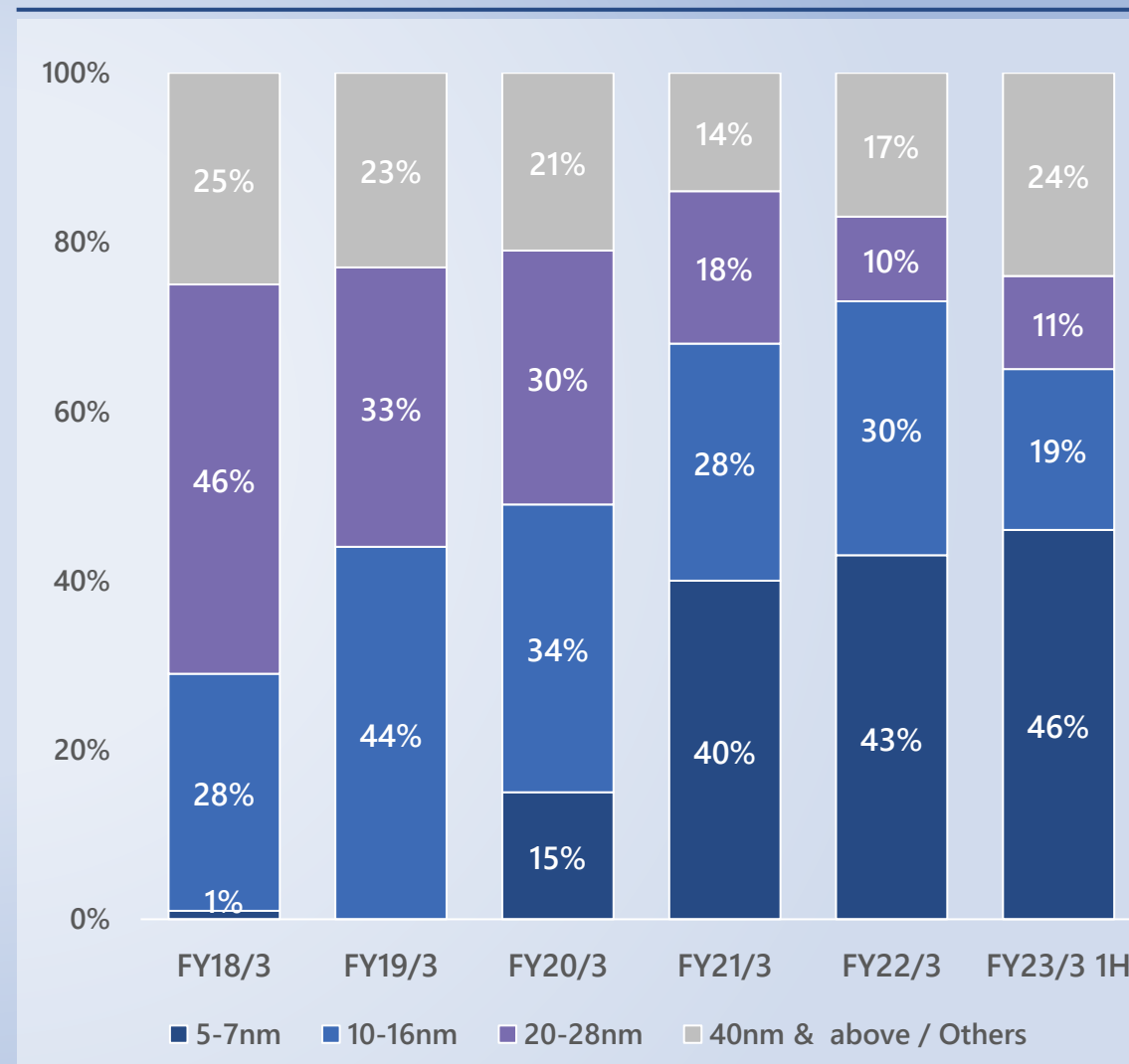


Breakdowns by Process Node(Yearly Ratios)

Net Sales



NRE Revenue



socionext™

Introduction

Consolidated Financial Results for the 6 Months Ended September 30, 2022

- *Actual Consolidated Financial Results*
- *Forecast Consolidated Earnings*



2Q FY2023/3 Consolidated Statements of Income

(Yen in billions)

	FY2022/3				FY2023/3			
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	YoY %
Net Sales	27.1	28.3	29.8	31.8	39.9	42.8	+14.5	+51.1%
Product Revenue	19.2	21.2	20.4	23.7	31.0	35.3	+14.1	+66.4%
NRE Revenue	6.4	6.4	7.7	7.5	8.7	7.4	+0.9	+14.5%
Others	1.5	0.7	1.6	0.5	0.2	0.2	-0.5	-74.0%
Cost of Goods Sold	11.9	12.2	12.1	13.5	19.9	22.1	+9.9	+81.3%
Selling, general and administrative	14.4	13.6	15.3	15.5	14.5	15.9	+2.2	+16.5%
R&D	10.4	10.0	11.5	11.3	10.6	11.5	+1.6	+15.6%
SG&A	4.0	3.7	3.8	4.2	3.9	4.4	+0.7	+18.9%
Operating Income	0.8	2.5	2.4	2.7	5.6	4.9	+2.3	+91.9%
Margin	3.0%	8.9%	8.0%	8.7%	14.0%	11.4%	+2.5%pt	
Profit¹	0.2	2.4	2.1	2.8	5.1	5.0	+2.5	+102.6%
Margin	0.6%	8.6%	6.9%	8.9%	12.7%	11.6%	+3.0%pt	
FX Rate (USD/JPY)	109.5	110.1	113.7	116.2	129.6	138.4		

1. "Profit" means profit attributable to owners of parent

*Quarterly financial results of FY22/3 are unaudited • unreviewed by external auditors

1H FY2023/3 Consolidated Statements of Income

(Yen in billions)

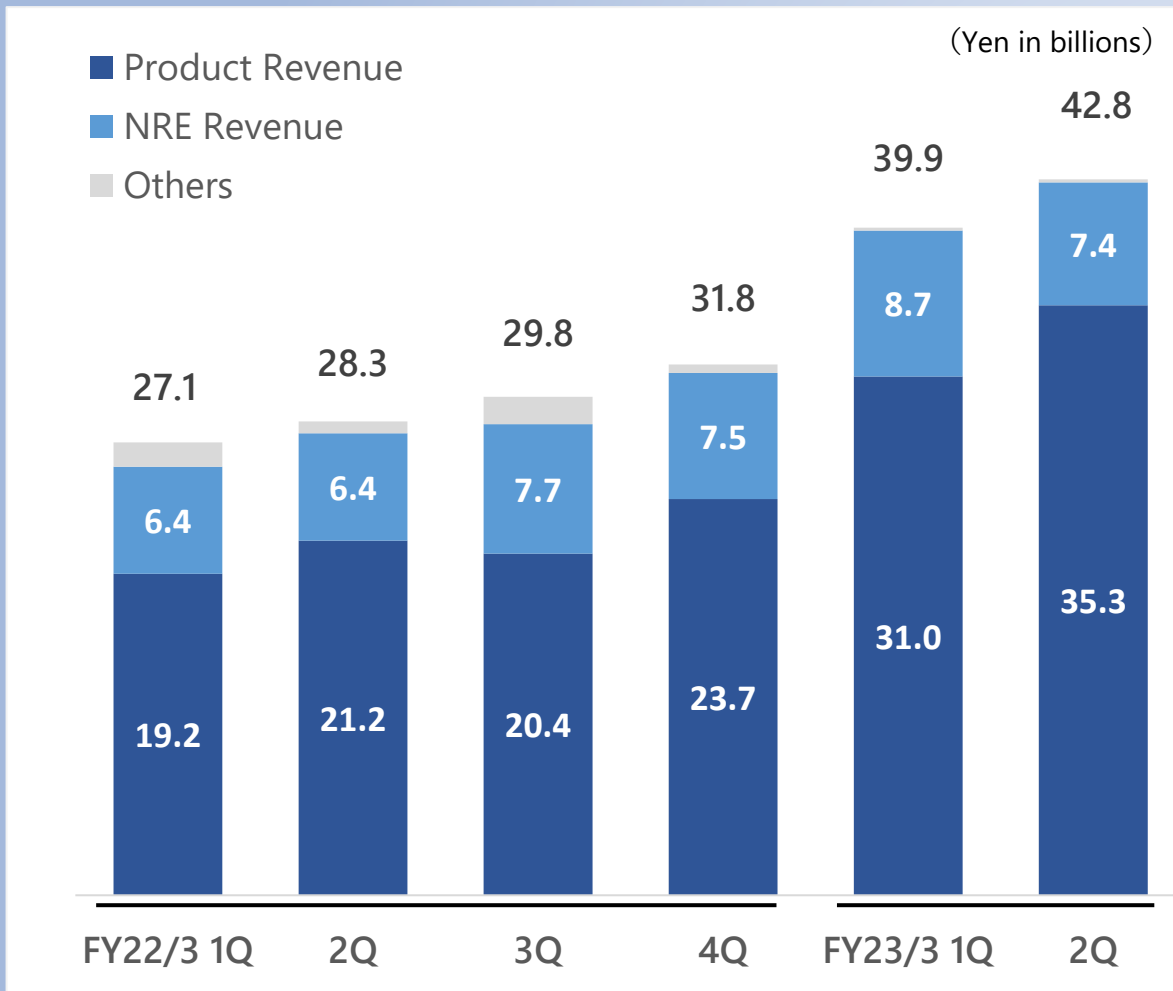
	FY2022/3		FY2023/3		
	1H	2H	1H	YoY	YoY%
Net Sales	55.4	61.6	82.8	+27.3	+49.3%
Product Revenue	40.4	44.1	66.3	+25.9	+64.0%
NRE Revenue	12.8	15.3	16.1	+3.3	+25.4%
Others	2.2	2.1	0.4	-1.8	-83.6%
Cost of Goods Sold	24.1	25.7	42.0	+17.9	+74.3%
Selling, general and administrative expenses	28.0	30.8	30.4	+2.3	+8.3%
R&D	20.4	22.8	22.1	+1.7	+8.4%
SG&A	7.6	8.0	8.3	+0.6	+8.2%
Operating Income	3.3	5.1	10.5	+7.1	+212.9%
Margin	6.0%	8.3%	12.6%	+6.6%pt	
Profit¹	2.6	4.9	10.0	+7.4	+285.3%
Margin	4.7%	7.9%	12.1%	+7.4%pt	
FX Rate (USD/JPY)	109.8	115.0	134.0		

1. "Profit" means profit attributable to owners of parent

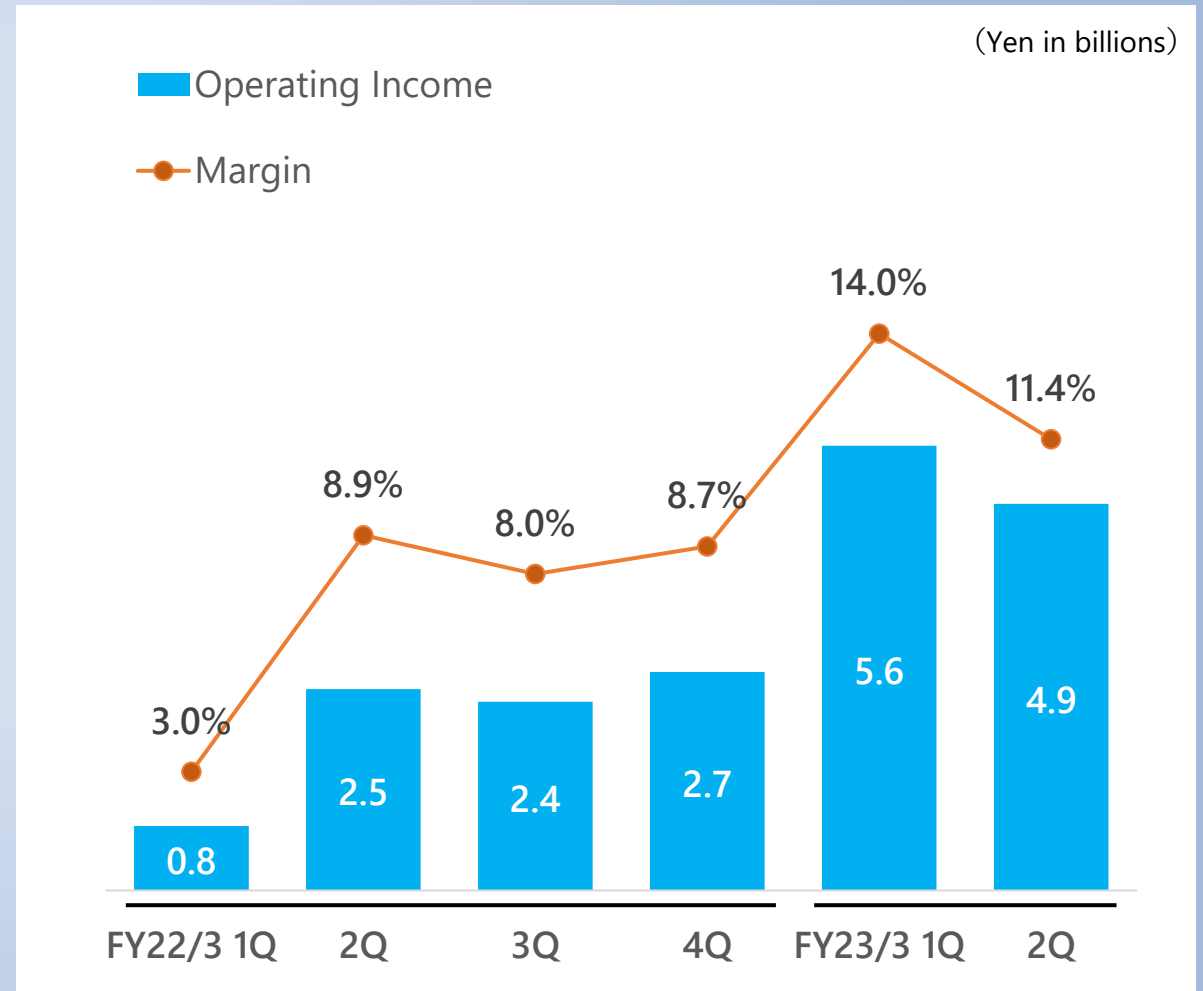
* Half year financial results of FY22/3 are unaudited •unreviewed by external auditors

Quarterly Net Sales and Operating Income

Net Sales



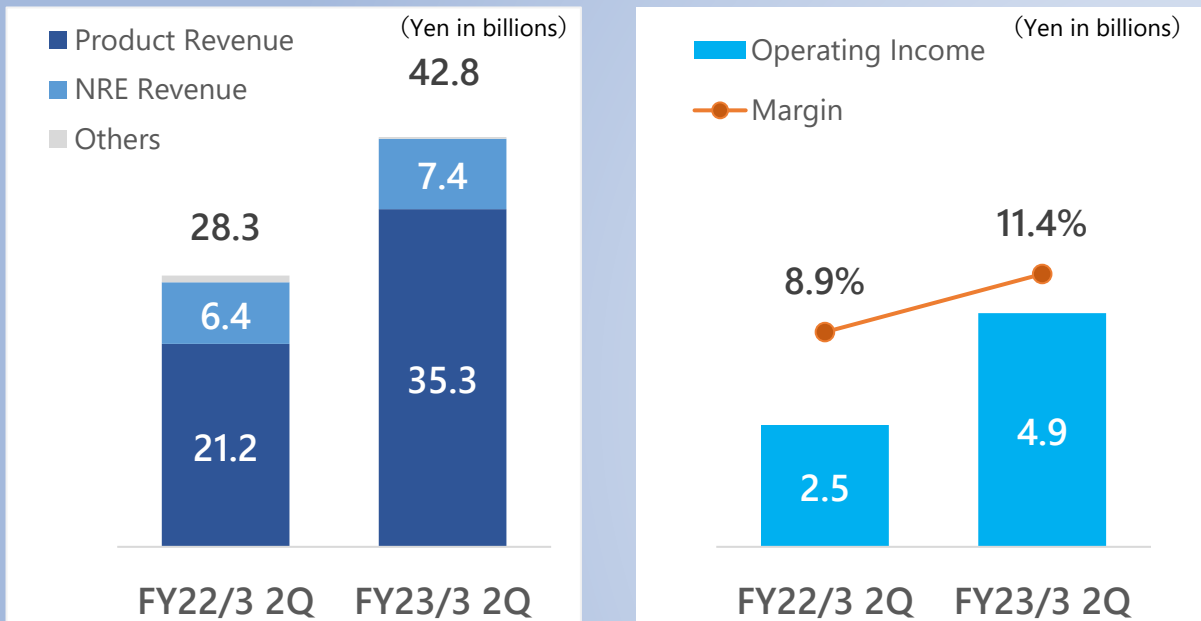
Operating Income



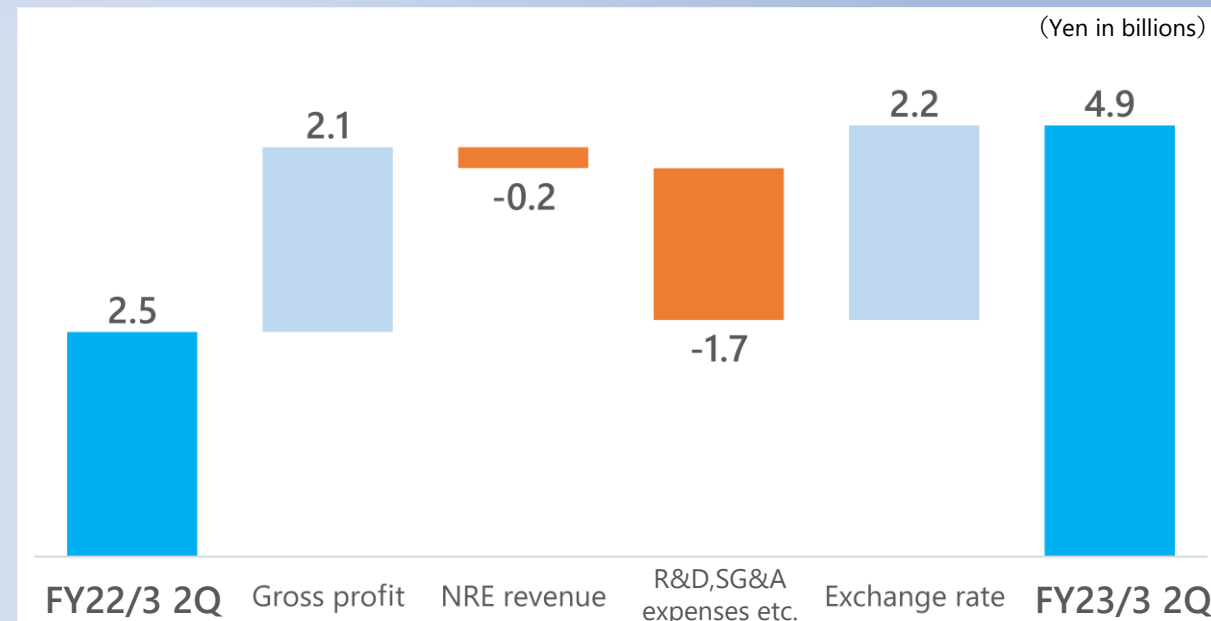
*Quarterly financial results of FY22/3 are unaudited •unreviewed by external auditors

Details of 2Q FY2023/3 Financial Results (Including YoY changes)

2Q Net Sales & Operating Income



Operating Income YoY changes analysis



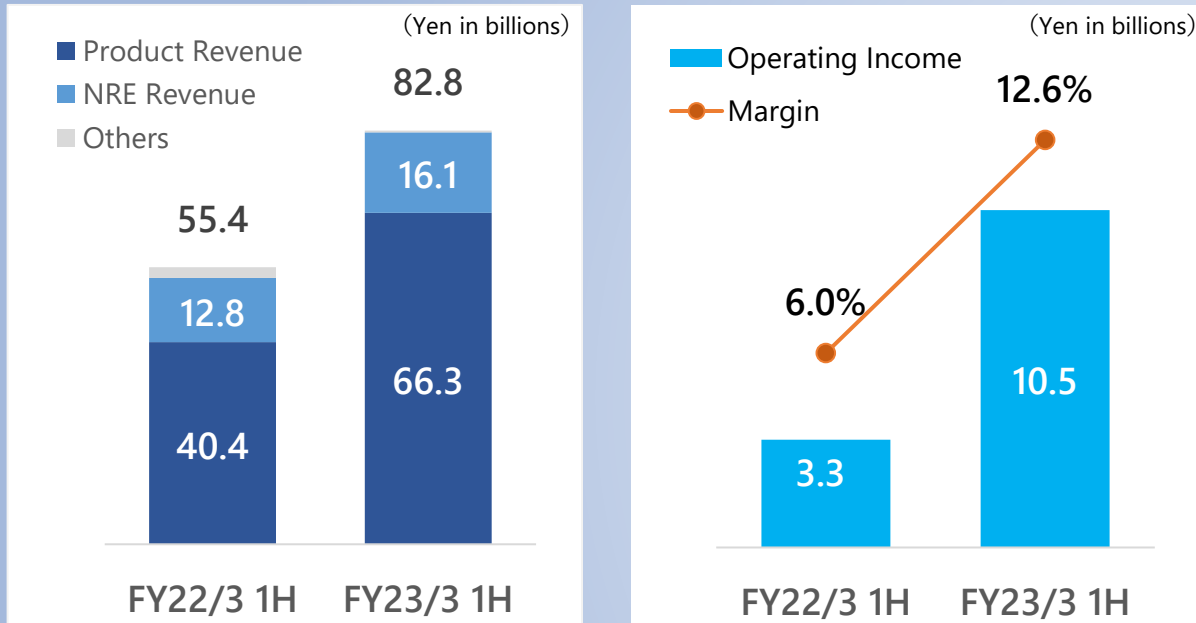
<Net Sales> YoY +14.5 bn JPY (+51.1%)

- Product revenue +14.1 bn JPY
(Shipment volume increase +8.3 bn JPY, FX impact +5.8 bn JPY)
- NRE revenue +0.9 bn JPY
(FX impact +1.1 bn JPY, NRE revenue before FX impact -0.2 bn JPY)
- Others -0.5 bn JPY (IP license revenue decrease)
- Depreciation of Japanese yen +6.9 bn JPY (USD/JPY 110→138)

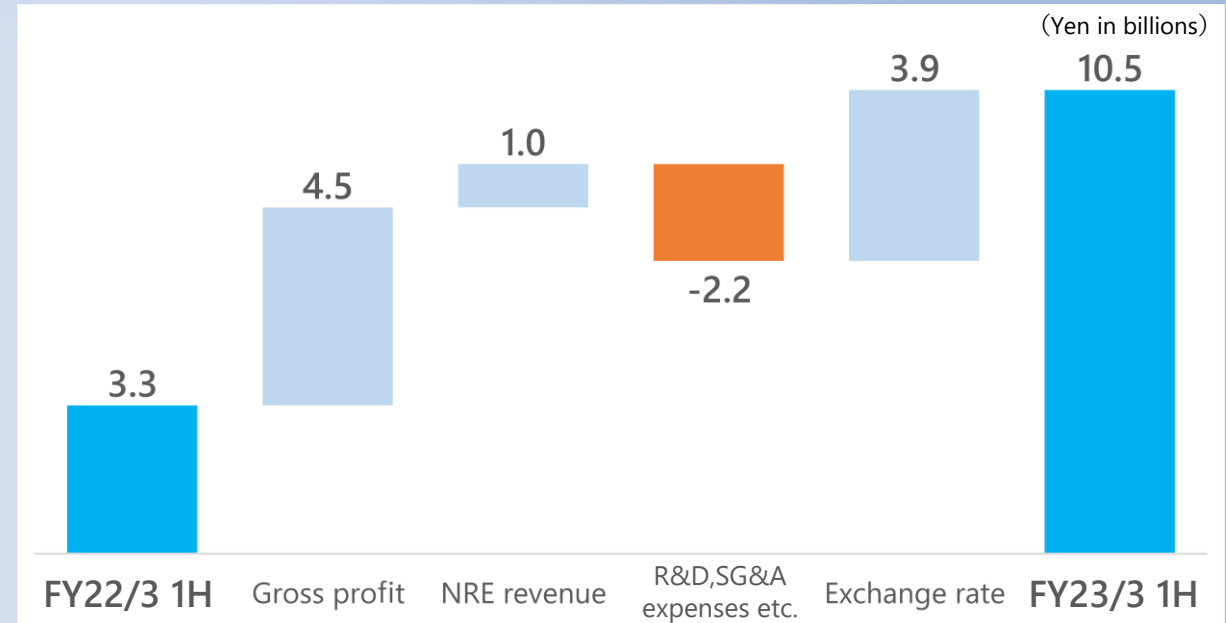
<Operating Income> YoY +2.3 bn JPY (+91.9%)

- Increase gross profit related to product revenue +2.1 bn JPY
- Increase R&D•SG&A, etc. -1.7 bn JPY
- Depreciation of Japanese yen +2.2 bn JPY

1H Net Sales & Operating Income



Operating Income YoY changes analysis



<Net Sales> YoY +27.3 bn JPY (+49.3%)

- Product revenue +25.9 bn JPY
(Shipment volume increase +16.4 bn JPY, FX impact +9.5 bn JPY)
- NRE revenue +3.3 bn JPY
(FX impact +2.3 bn JPY, NRE revenue before FX impact +1 bn JPY)
- Other -1.8 bn JPY (IP license revenue decrease)
- Depreciation of Japanese yen +11.5 bn JPY (USD/JPY 110→134)

<Operating Income> YoY +7.1 bn JPY (+212.9%)

- Increase gross profit related to product revenue +4.5 bn JPY
- Increase NRE revenue +1 bn JPY
- Increase R&D•SG&A, etc. -2.2 bn JPY
- Depreciation of Japanese yen +3.9 bn JPY

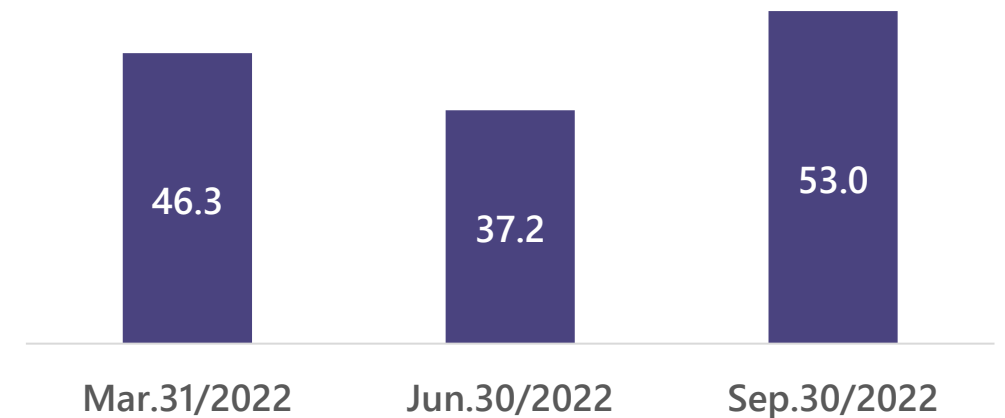
Consolidated Balance Sheets (As of September 30, 2022)

(Yen in Billions)

	As of Mar.31,2022	As of Sep.30,2022	Change
Total Assets	118.4	168.9	+50.4
Total Current Assets	90.6	135.4	+44.8
Cash on-hand and in banks	46.3	53.0	+6.7
Accounts receivable-trade	25.1	31.6	+6.6
Inventories ¹	16.4	29.6	+13.2
Accounts receivable-other	0.9	15.0	+14.1
Total non-Current Assets	27.8	33.4	+5.6
Total Liabilities	28.8	68.4	+39.6
Total Current Liabilities	27.4	66.6	+39.2
Accounts payable-trade	16.6	30.2	+13.6
Accounts payable-other	2.1	12.1	+10.1
Liabilities related to changeable subcontracting	-	13.3	+13.3
Total Net Assets	89.6	100.5	+10.9
Shareholders' Equity Ratio	76%	59%	

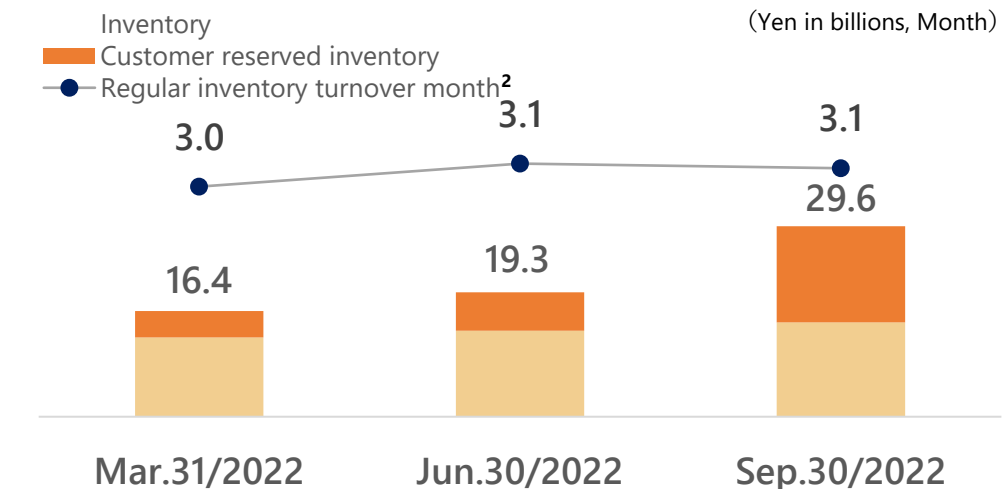
Cash on hand and in banks

(Yen in billions)



Inventories

(Yen in billions, Month)



1. Inventories consist of finished goods and work in process

2. The holding months of ordinary inventories = ordinary inventories balance/COGs in 3-month average

socionext™

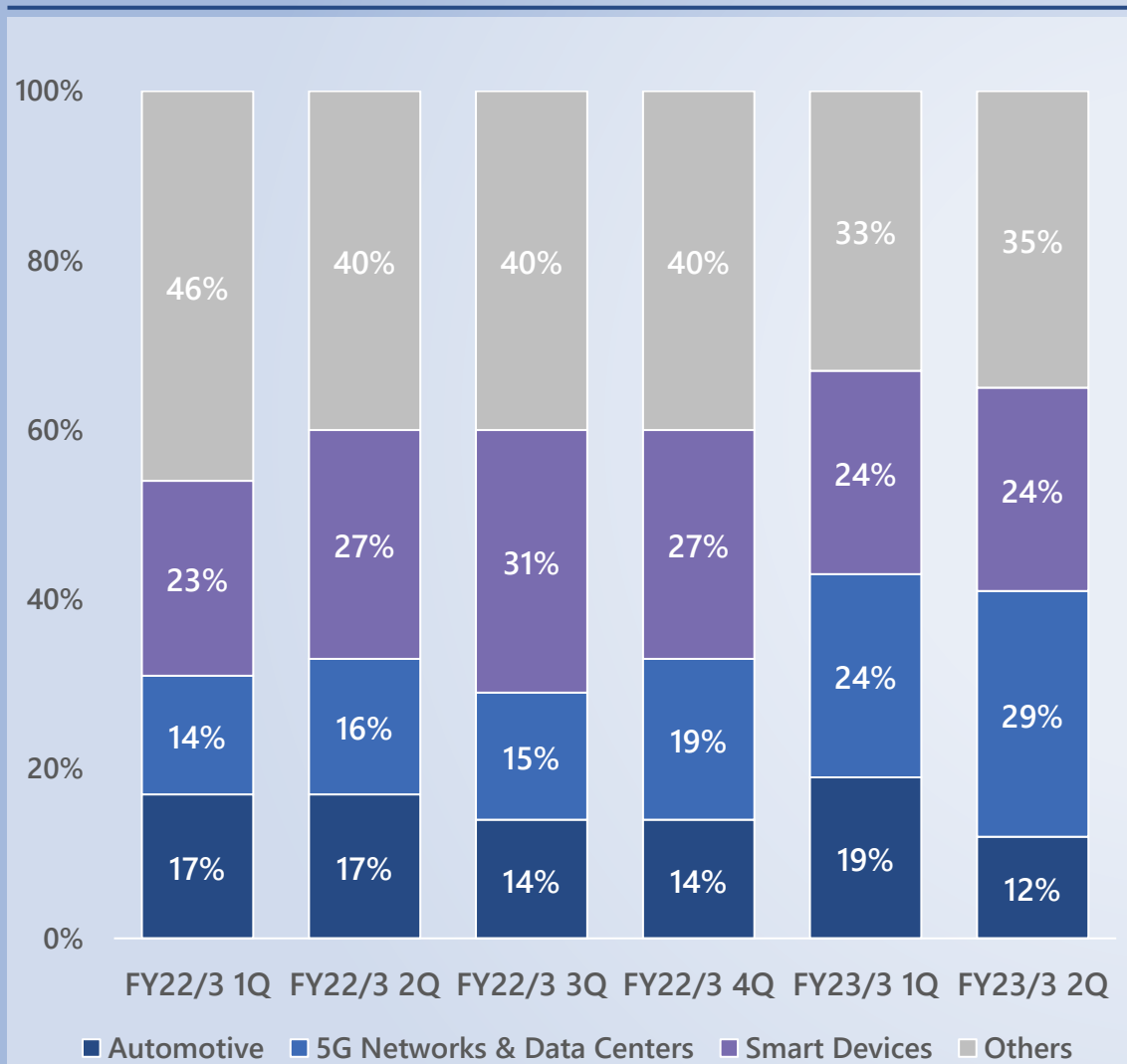
Appendix:

**Breakdowns of Net Sales and Operating Income
(Quarterly ratios)**

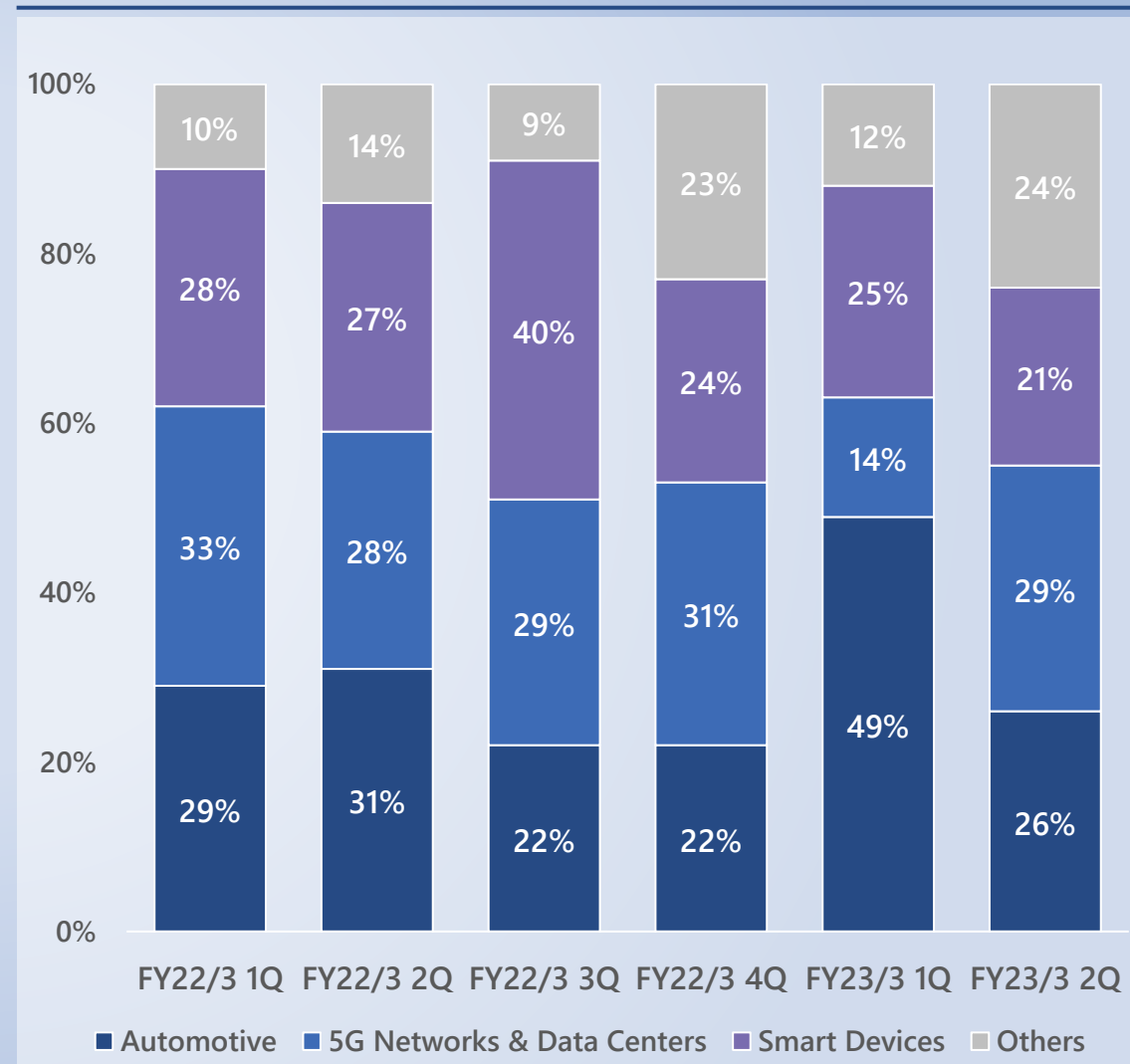


Breakdowns by Application Market (Quarterly Ratios)

Net Sales



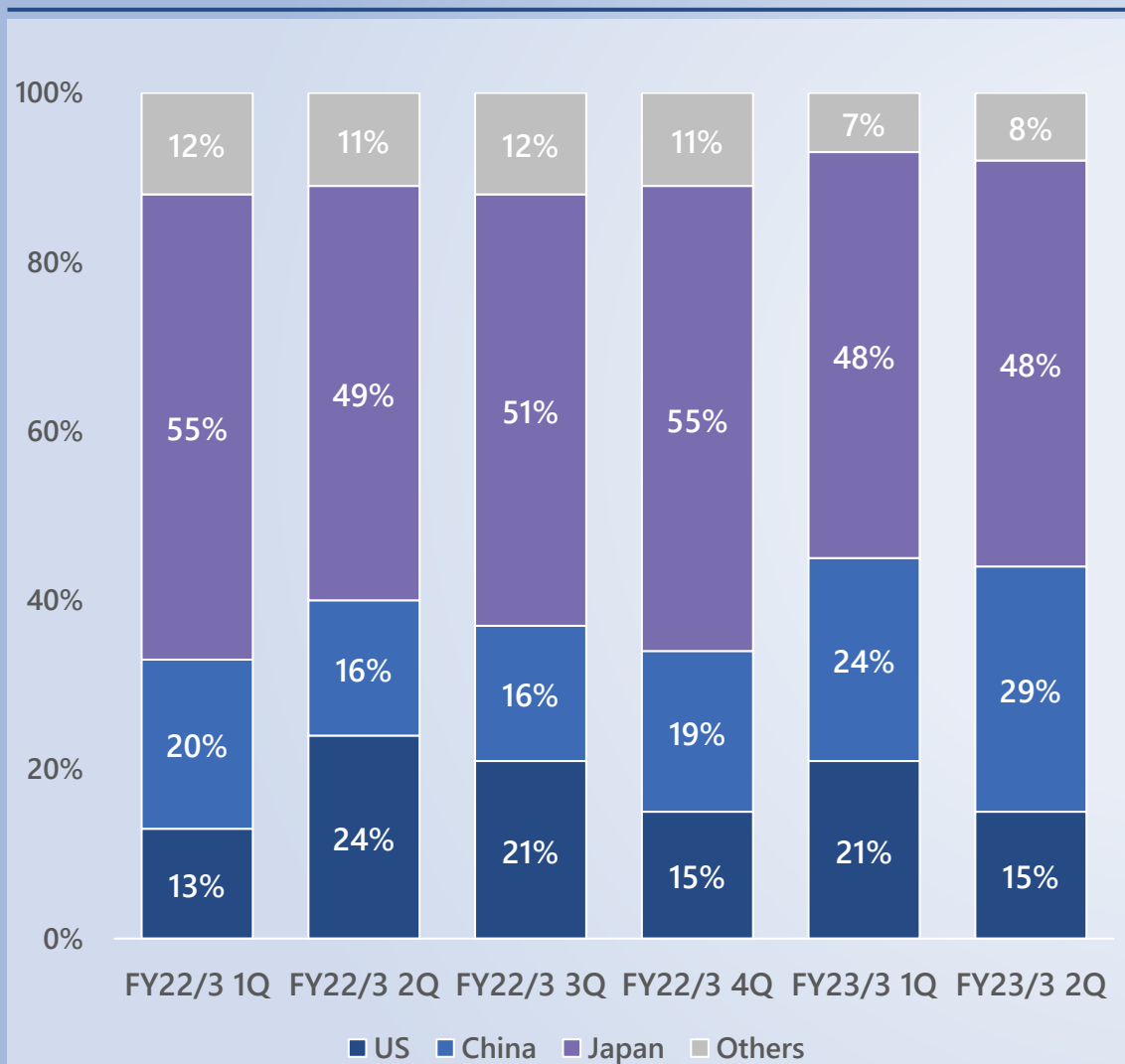
NRE Revenue



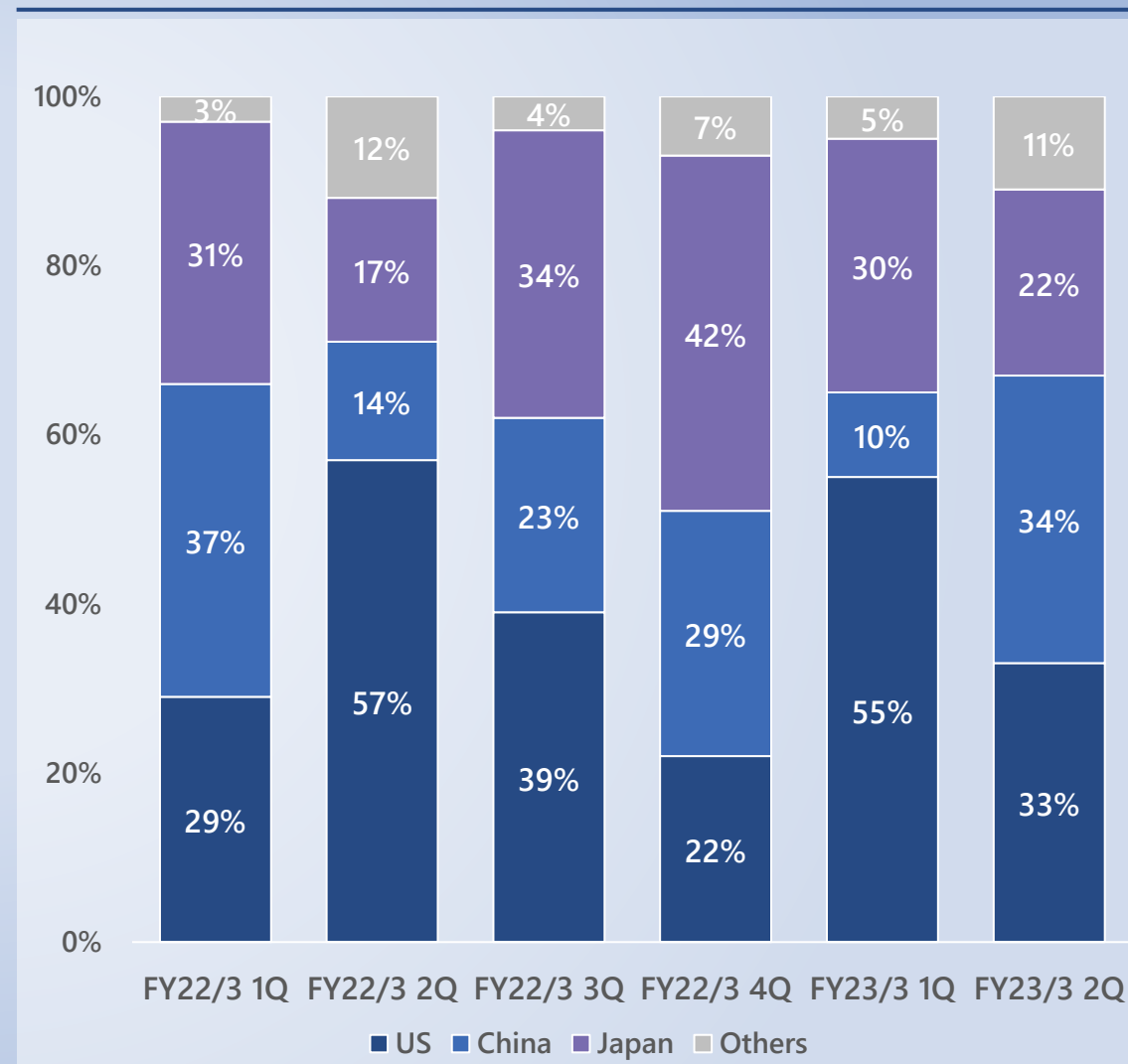
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Breakdowns by Geographic Region(Quarterly Ratios)

Net Sales



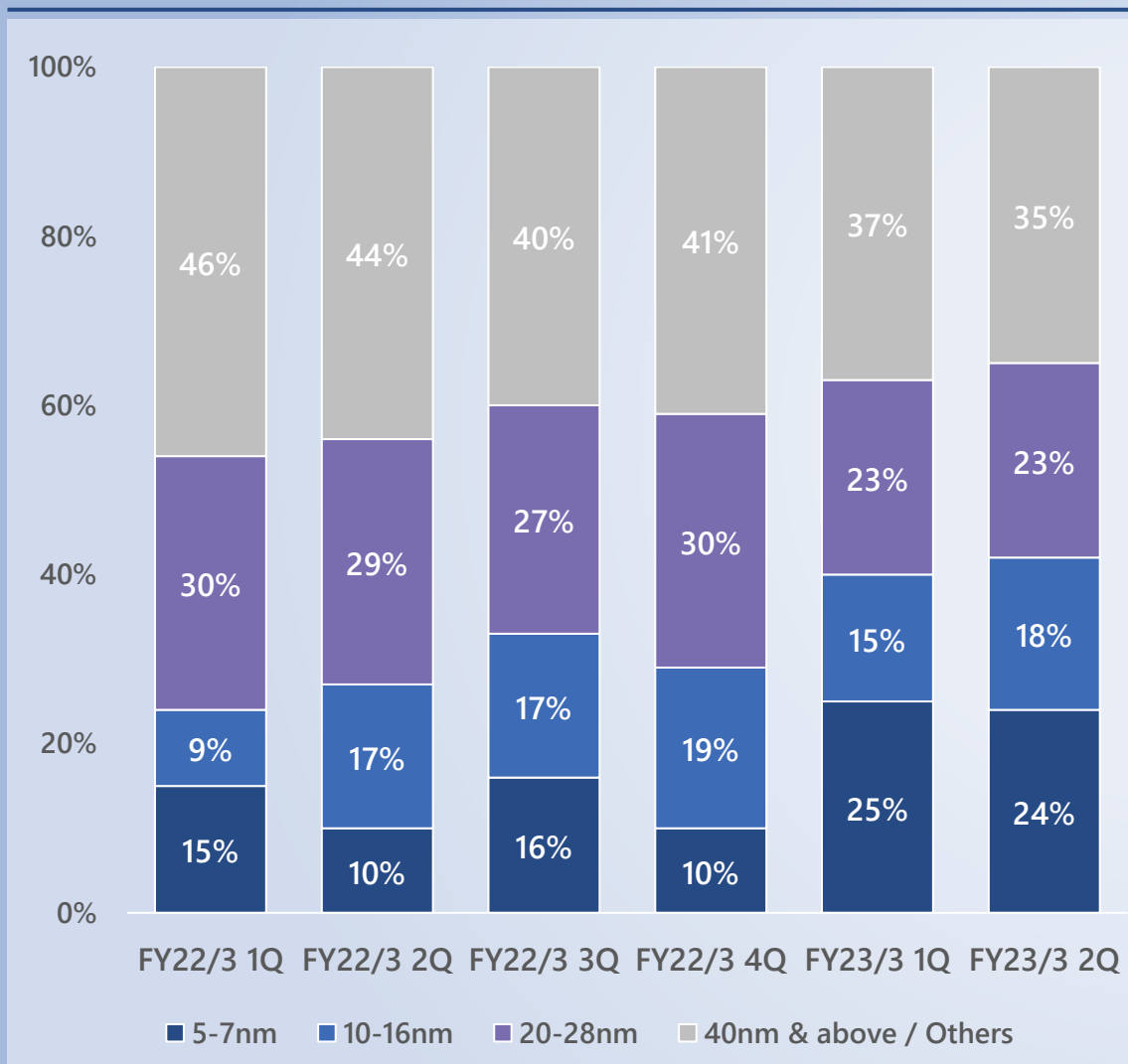
NRE Revenue



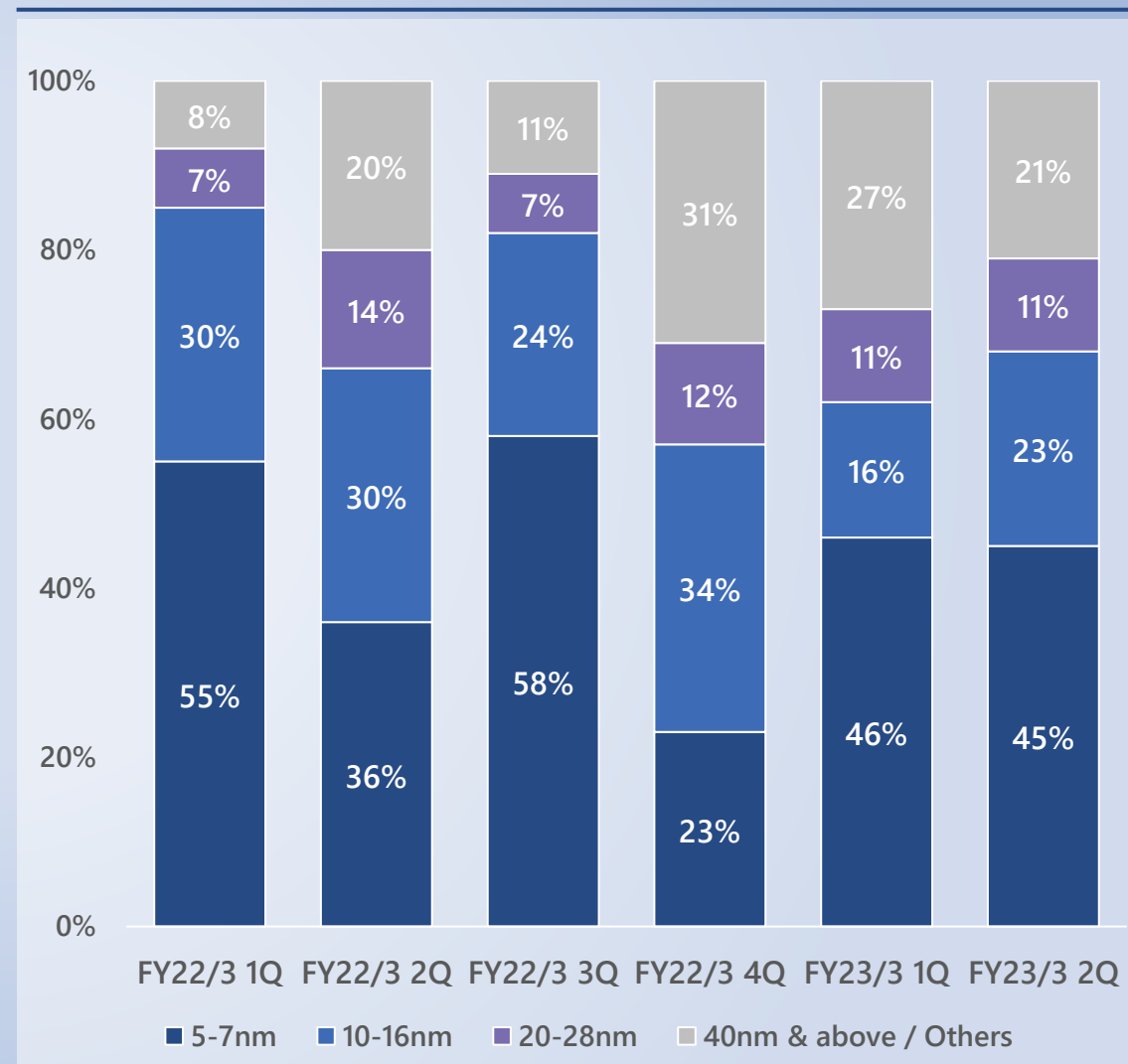
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Quarterly Breakdowns by Process Node(Quarterly Ratios)

Net Sales



NRE Revenue



1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

This presentation has been prepared solely for the purpose of presenting relevant information regarding Socionext Inc. ("Socionext"). This presentation and the information contained herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for shares of our common stock (the "securities") in any jurisdiction in which such offer, solicitation or invitation would be unlawful. This presentation and the information contained herein is being furnished to you solely for your information and may not be reproduced, disclosed to or redistributed to any other person, in whole or in part without our prior written consent.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof, and neither Socionext nor its advisors or representatives guarantees that the information contained in this presentation is true, accurate or complete. It should be understood that subsequent developments may affect the information contained in this presentation, which neither Socionext nor its advisors or representatives are under an obligation to update, revise or affirm. The information in this presentation is subject to change without prior notice and such information may change materially. Neither this presentation nor any of its contents may be disclosed to or used by any other person for any purpose without the prior written consent of Socionext.

This presentation contains statements that constitute forward-looking statements, including estimations, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance. Any forward-looking statements in this presentation are based on the current assumptions and beliefs of Socionext in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Socionext's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information.

Except as otherwise indicated, the views, statements and outlook indicated herein are those of Socionext. The information related to or prepared by companies or third parties other than Socionext is based on publicly available and other information as cited, and Socionext has not independently verified the accuracy and appropriateness of, nor makes any warranties regarding, such information.

Cautionary Note Regarding “Design Win Amount”

The calculation of “design win amount” involves a considerable degree of future estimation and subjective judgment, including assumptions regarding development plans, development costs, NRE revenues, per-unit prices and estimated future product sales volumes as well as the estimated lifespan and likelihood of cancellation of particular products. Product sales volumes are estimated based on preliminary customer indications of volume as well as our own projections made using historical customer transaction data, third-party market data and other factors while restrictions on the available manufacturing capacity for our products are not fully taken into account. We may change our calculation method for “design win amount” and have done so in the past, and thus a direct period-to-period comparison may not be meaningful beyond describing general trends over an extended period. Design win information is calculated on a management accounting basis and is formulated and used internally for management’s assessment of business performance and strategic initiative planning. Due to our relatively short operating history under our new business model and the extended period of time before a design win contributes to our product revenue, we have limited financial data that can be used to evaluate our business and future prospects, and our management believes that our operating results in recent fiscal years may not be indicative of our future performance. We present design win information for reference purposes only. You should not place undue reliance on design win information presented herein. Please refer to page 23 of this presentation regarding certain risks associated with forward-looking statements.

SOCIONEXT™