

The logo for Socionext, featuring the word "socionext" in a white, lowercase, sans-serif font with a trademark symbol (TM) to the right. The logo is positioned on a dark blue background that forms a large arrow pointing to the right, which is set against a light blue gradient background.

socionext™

3Q FY2023/3

Consolidated Financial Results

January 30, 2023

Socionext Inc.

socionext™

Introduction

- *Socionext at a Glance*
- *Solution SoC Business Model*
- *Transformation*
- *Market*

Consolidated Financial Results

for the 9 Months Ended December 31, 2022

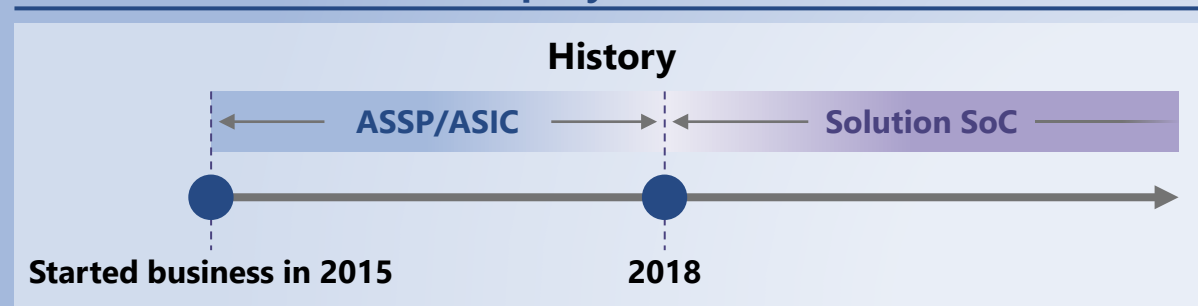
Mid-Term Financial Model



Socionext at a Glance

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

Company Overview

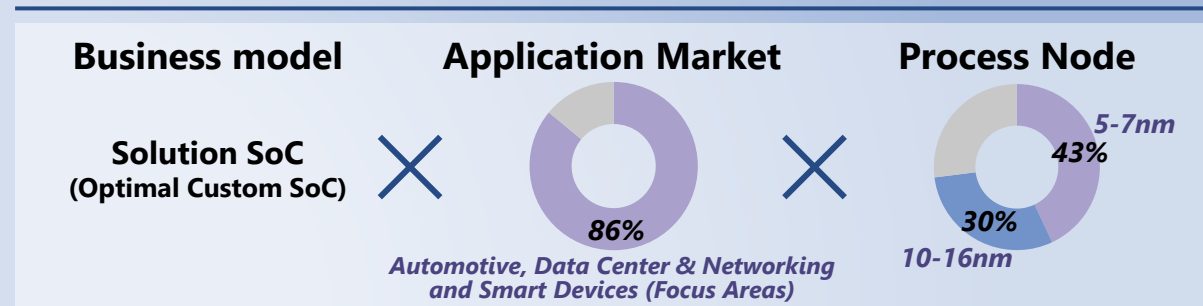


Business Description Fabless Custom SoCs	Capital 30.2 billion yen	Employees¹ As of 22/9/30 Global Employees 2,546 Engineers ² 1,900 Approx.
---	---	--

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)



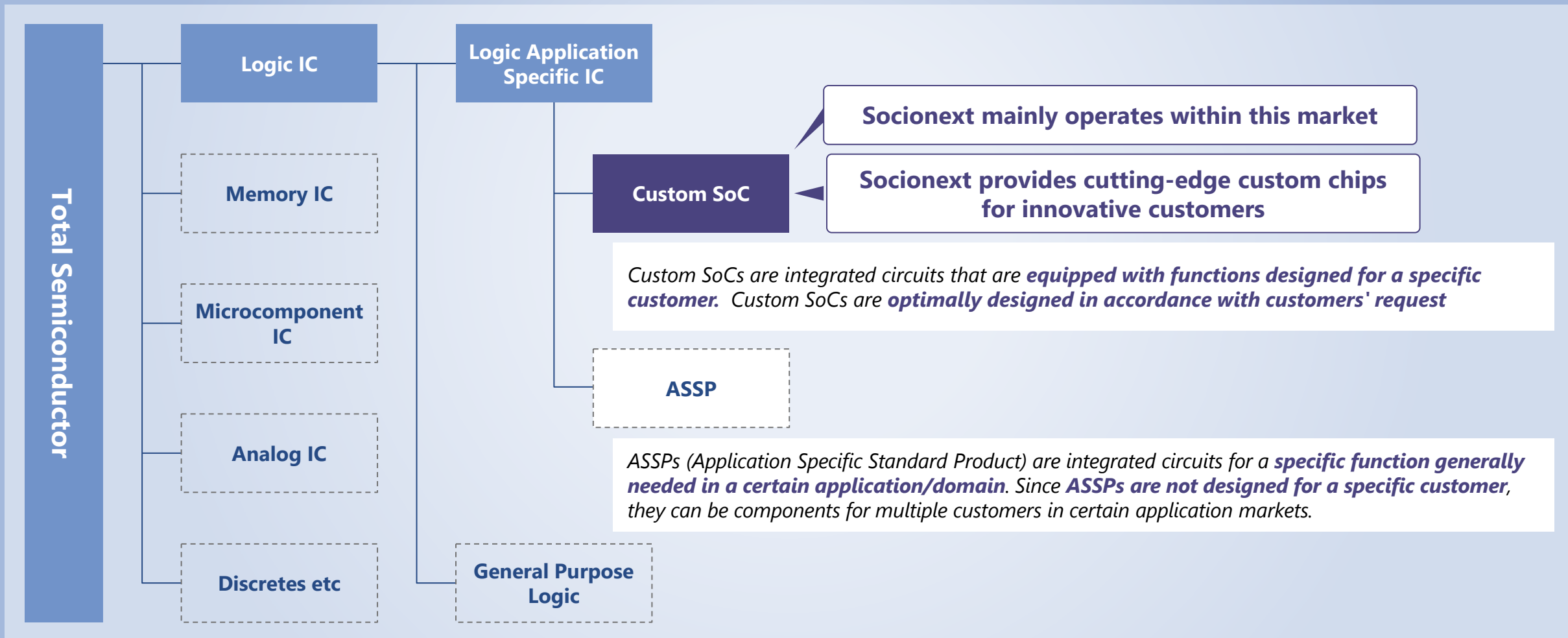
~Socionext's Positioning in Semiconductor Market~



1. Numbers of employees and engineers are on a consolidated basis
 2. Number of staff working in divisions 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- 4Q22".

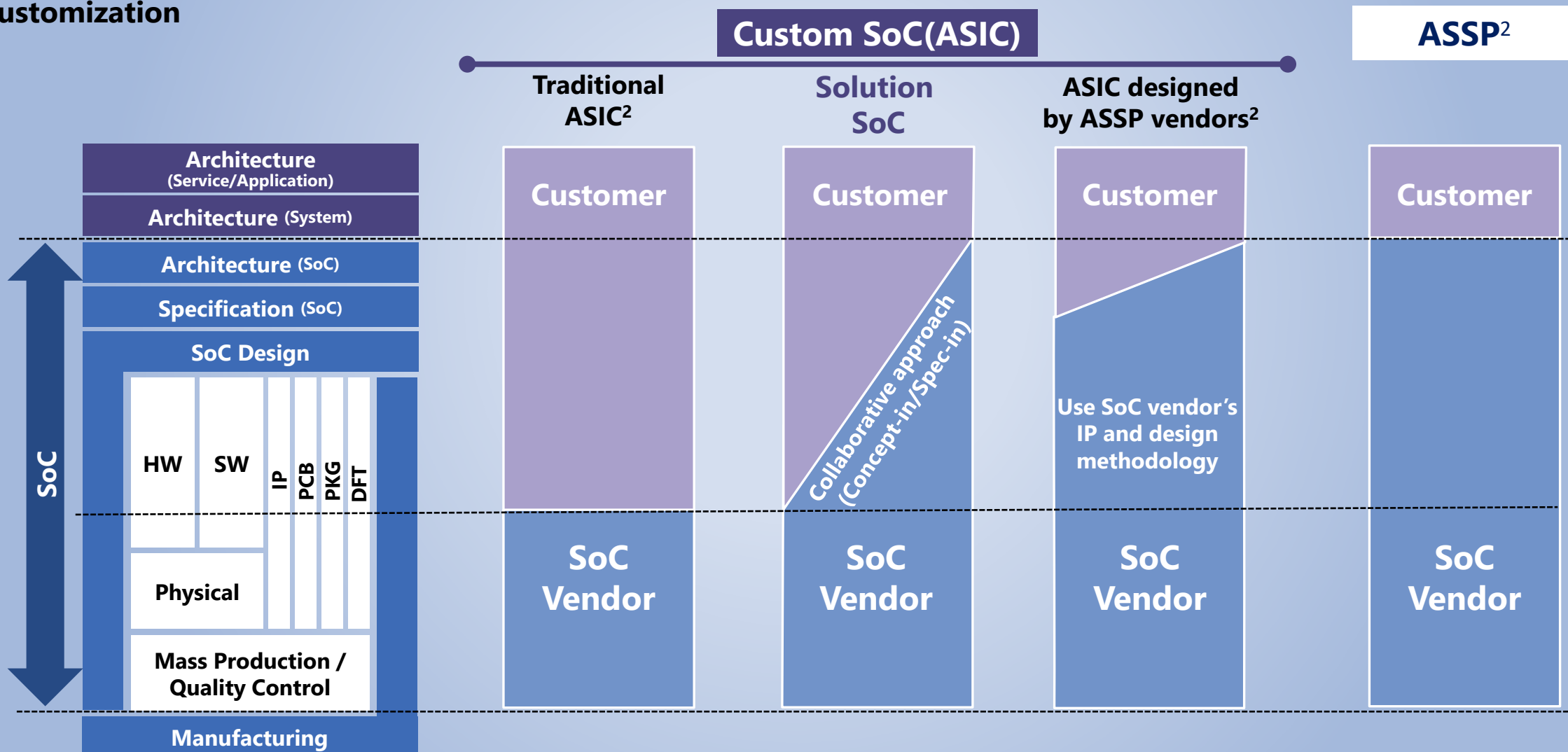
Detail of Custom SoC and ASSP

- Socionext operates mainly within Custom SoC market, where products 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

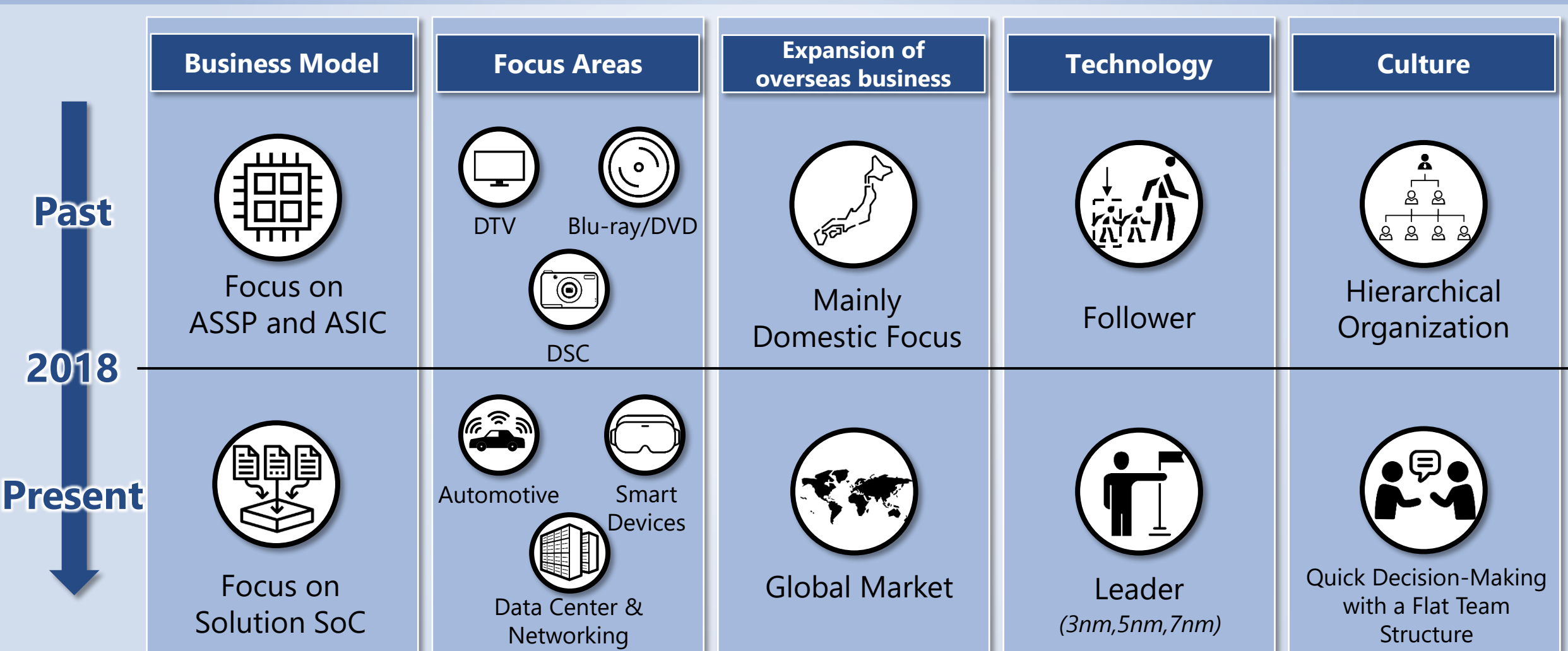
- The primary difference between “traditional ASIC”² and “Solution SoC” is how to interface with customers
- The primary difference between “Solution SoC” and “ASIC designed by ASSP vendors”² is the breadth of optional customization



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

Transformation into a Global Custom SoC Vendor in Advanced Technology Area

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



The Image of Timeline from Design Win to Mass Production

Illustrative Description of “Design Win Amount”

“Design Win Amount” . . .

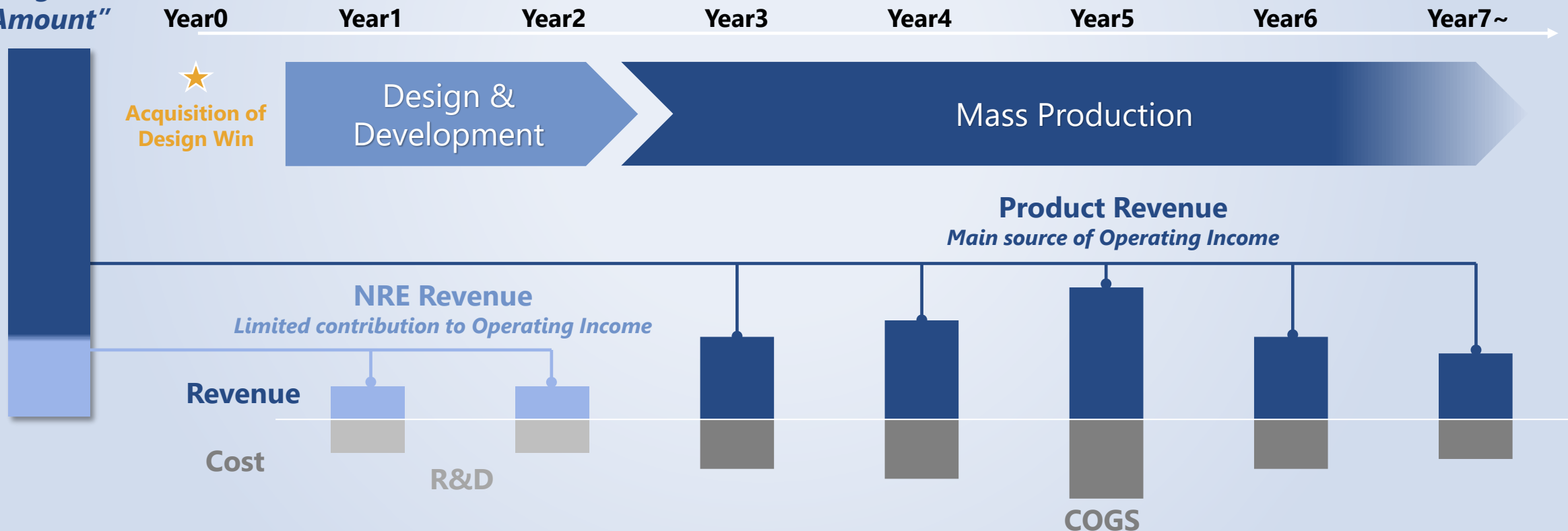
“Design Win Amount” represents estimate of the lifetime demand from design projects. “Design Win Amount” is divided into NRE-based and product-based amounts. “Design Win Amounts” are expected to contribute to product revenue once projects progress to the mass production stage of the project lifecycle.

“Design Win Amount” is calculated in accordance with prudent procedures as below

- Each “Design Win Amount” is estimated based on 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”

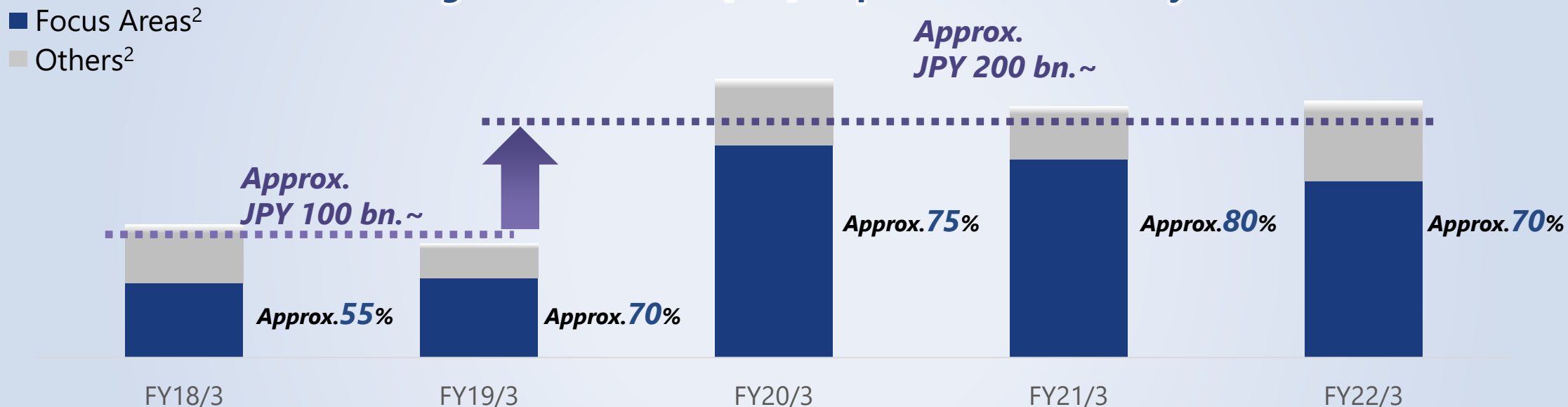


1. Refer to slide 41

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

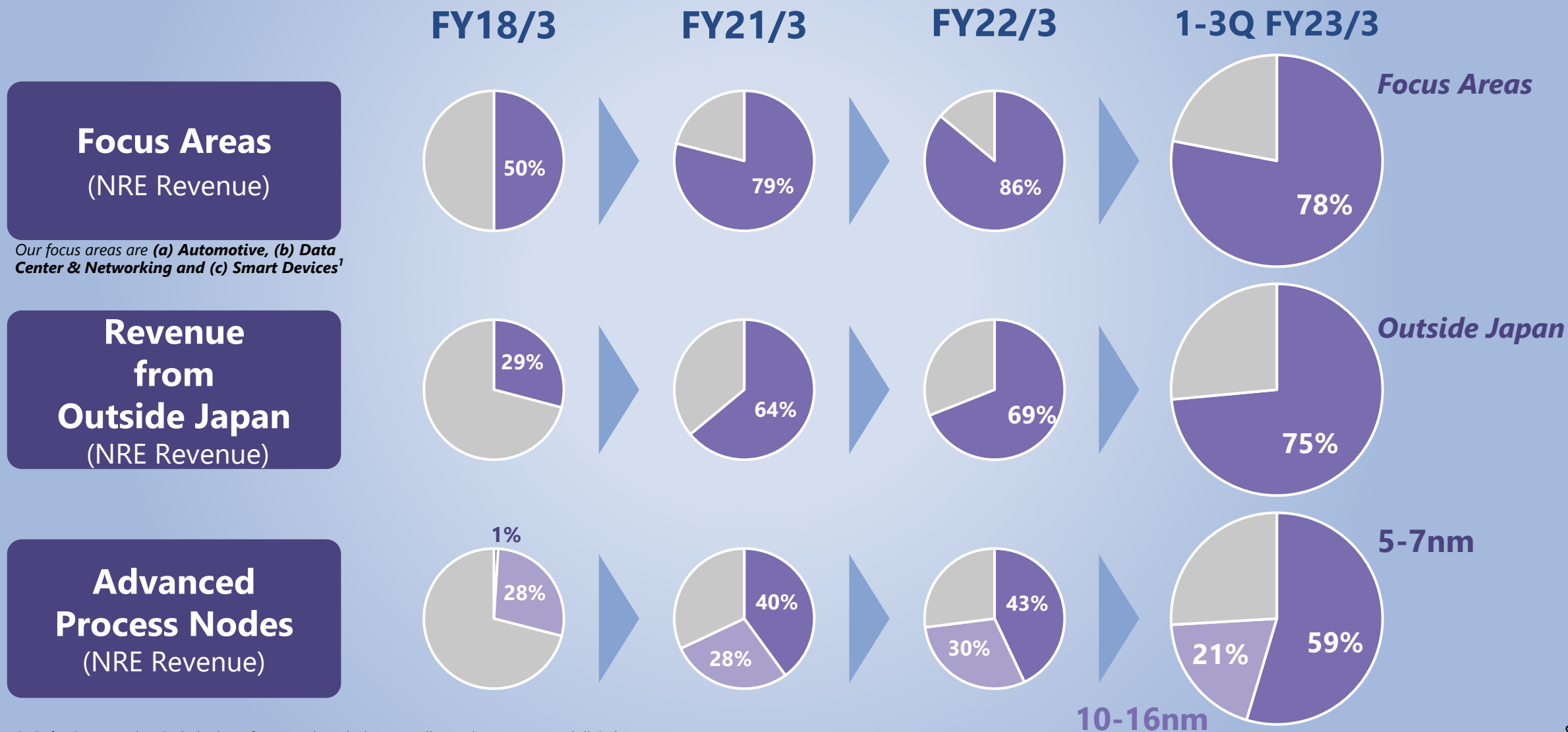


We do not update the “design win amount” for any changes in circumstances that we become aware of after such period-end date. Those changes includes: (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, 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) Data Center & Networking 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

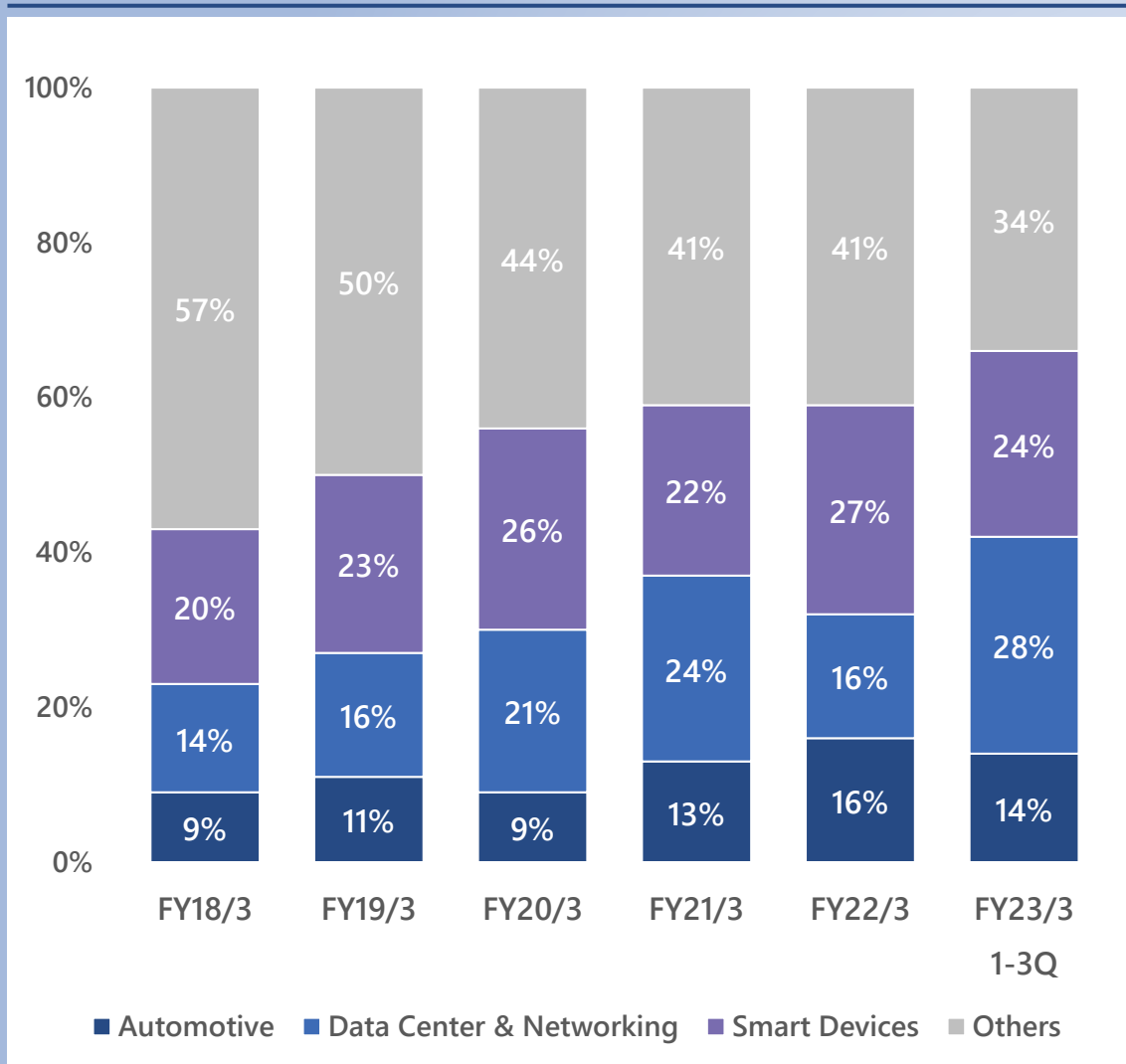
- Shift in NRE revenue composition illustrates the steady progress of business transformation



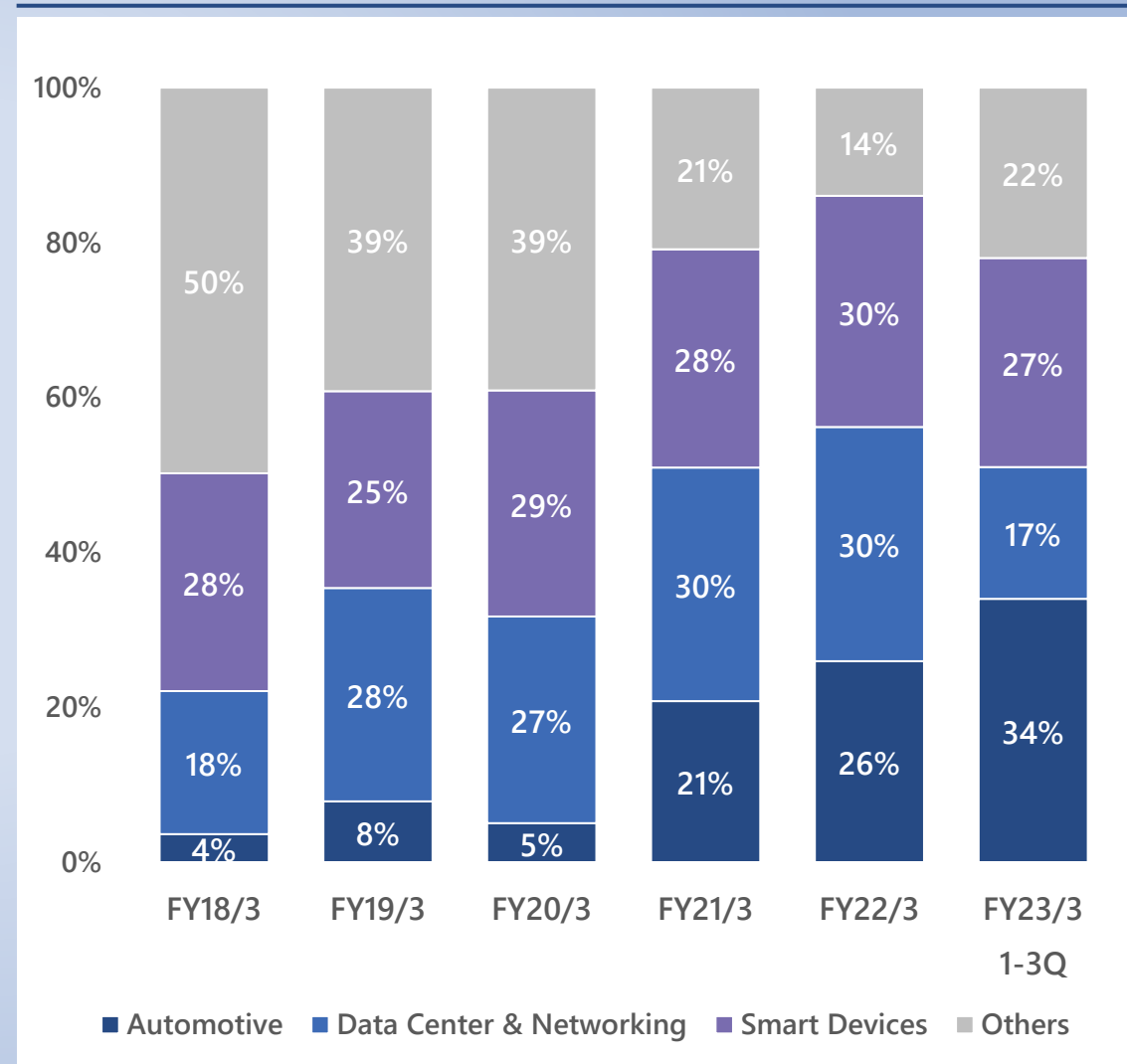
1. SoCs for Smart Devices include those for AR and VR devices as well as action cameras and digital cameras

Breakdowns by Application Market (Yearly Ratios)

Net Sales

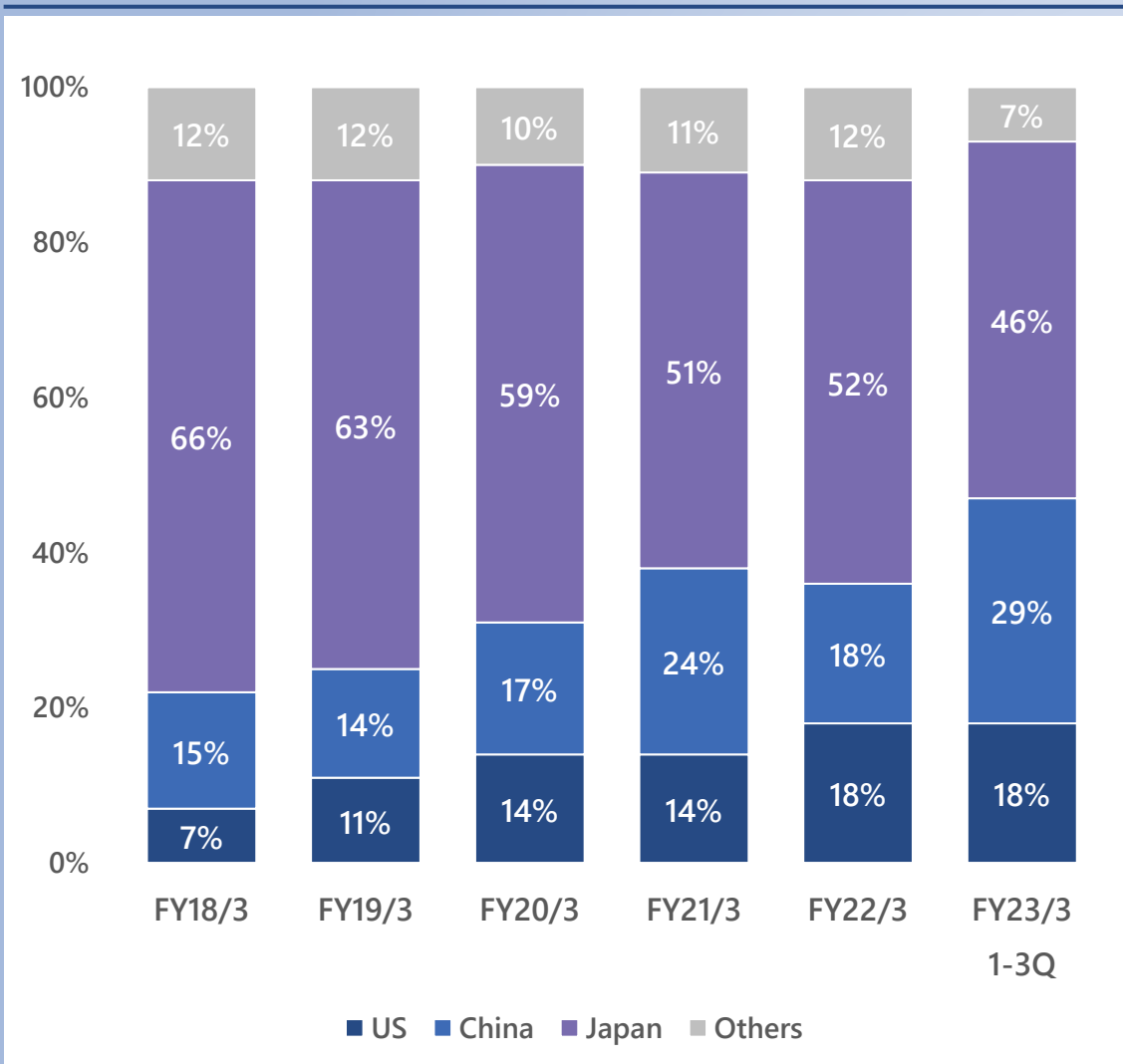


NRE Revenue

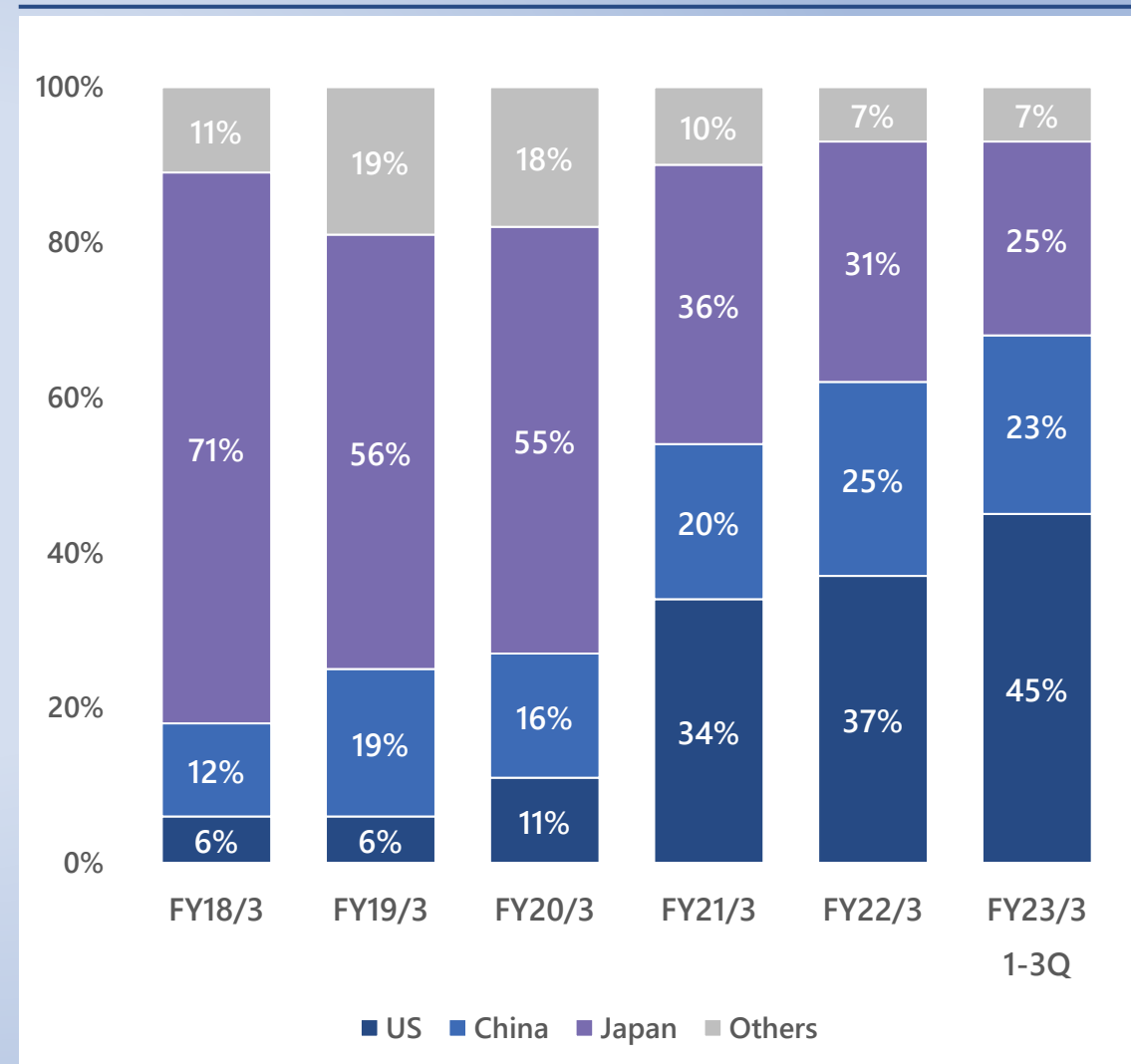


Breakdowns by Geographic Region (Yearly Ratios)

Net Sales

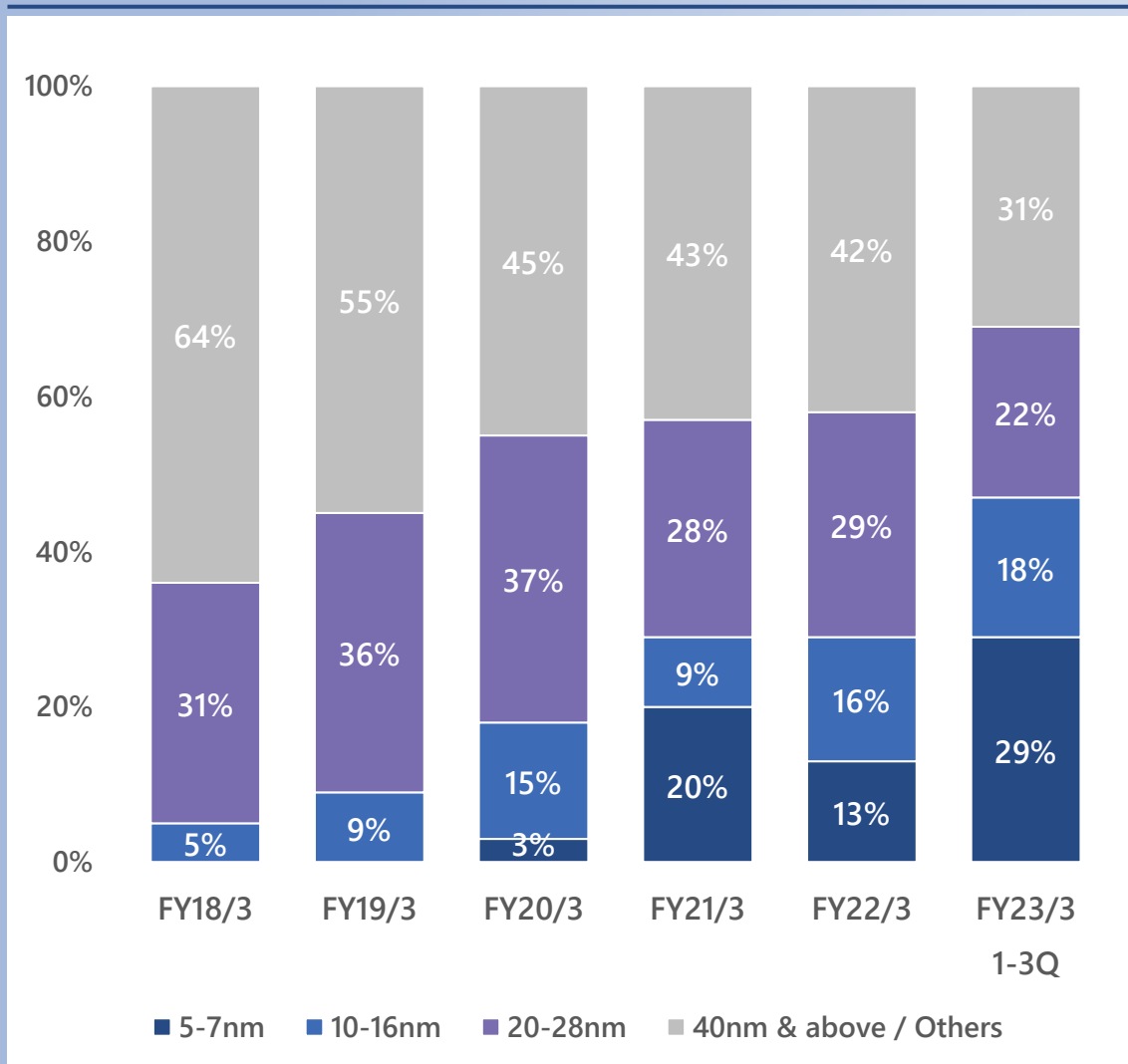


NRE Revenue

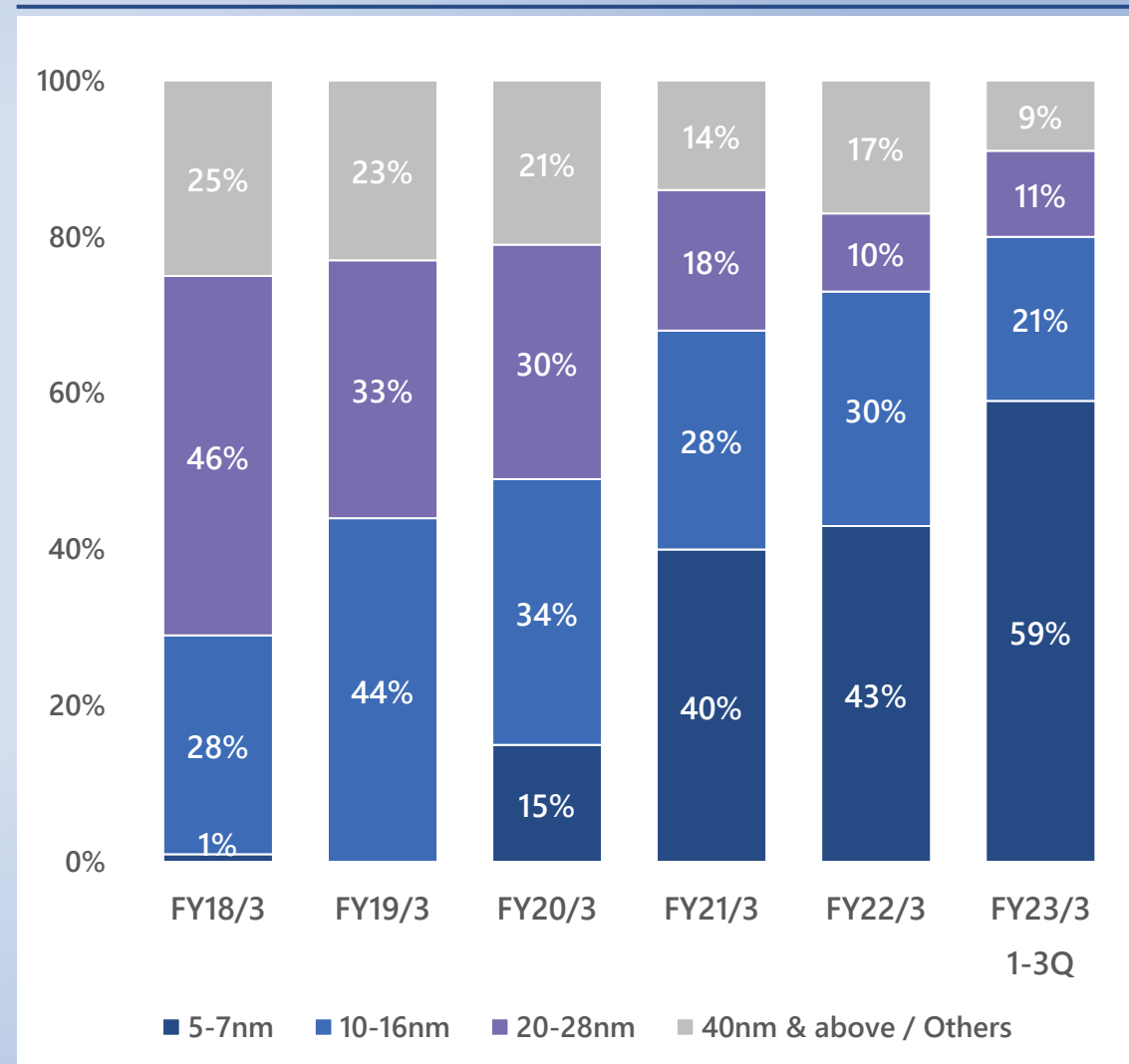


Breakdowns by Process Node (Yearly Ratios)

Net Sales



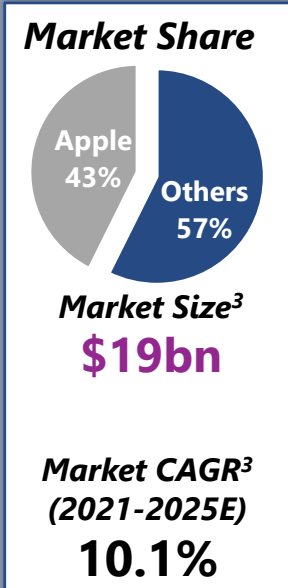
NRE Revenue



Positioning of Socionext in Semiconductor Market

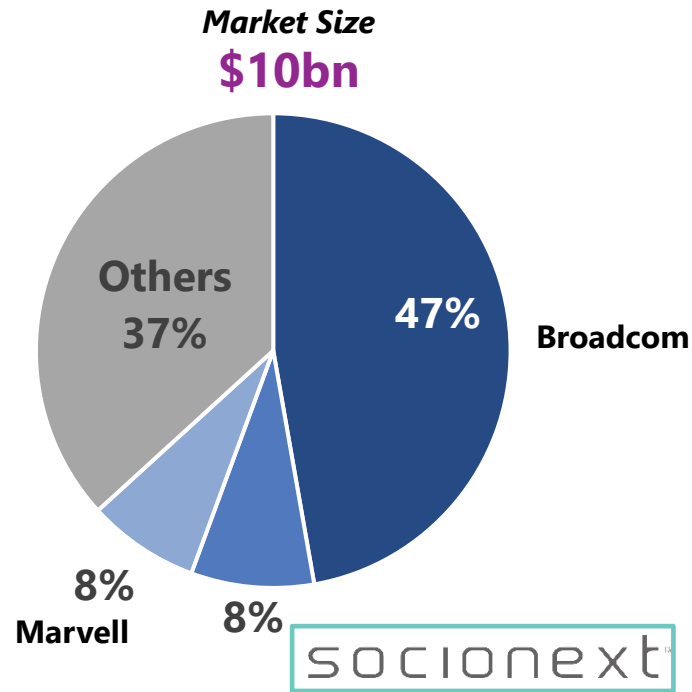
- With the exception of Apple, Socionext has the 2nd largest market share of 8% within the Custom SoC(ASIC)¹ market, where some players can design 7nm/5nm SoCs.

Custom SoC(ASIC)¹ Market Share² (2021)



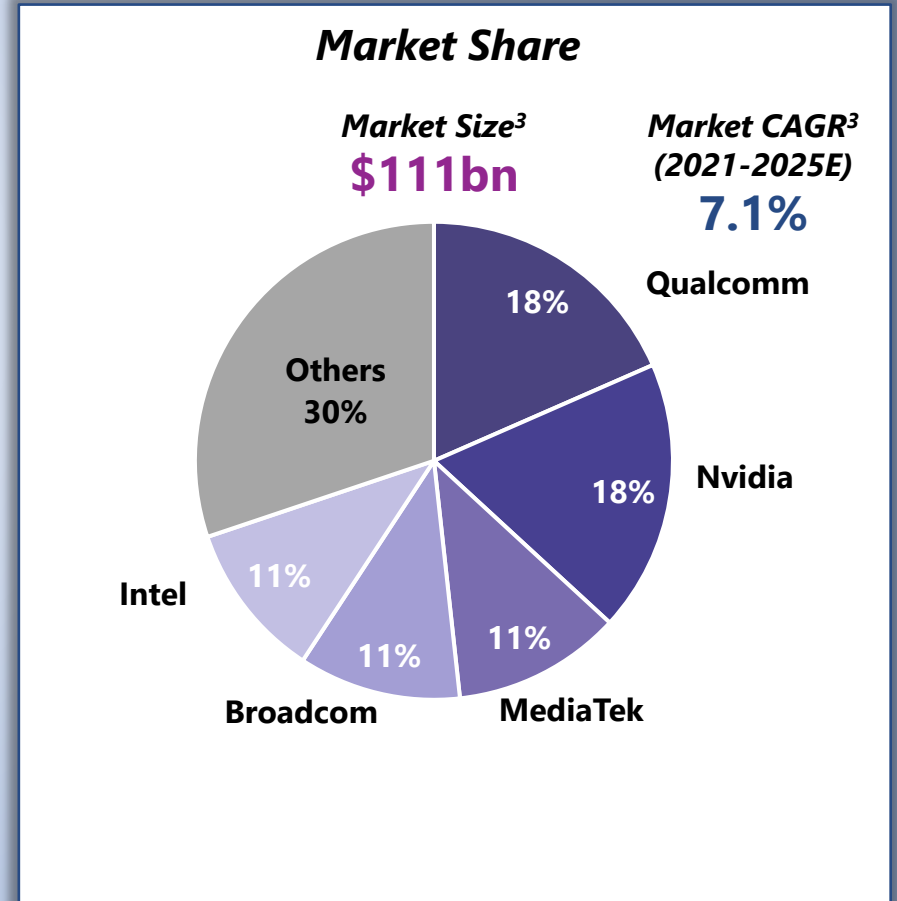
These Market Data are estimated by Socionext based on Omdia data

Market Share Excluding Apple



The market data above does not include certain traditional ASIC vendors in Taiwan such as GUC, Alchip and Faraday due to the lack of third-party statistical data.

ASSP¹ Market Share² (2021)



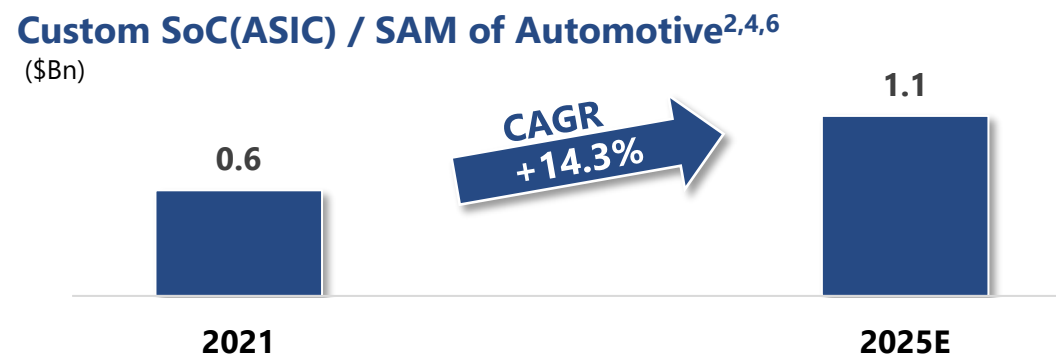
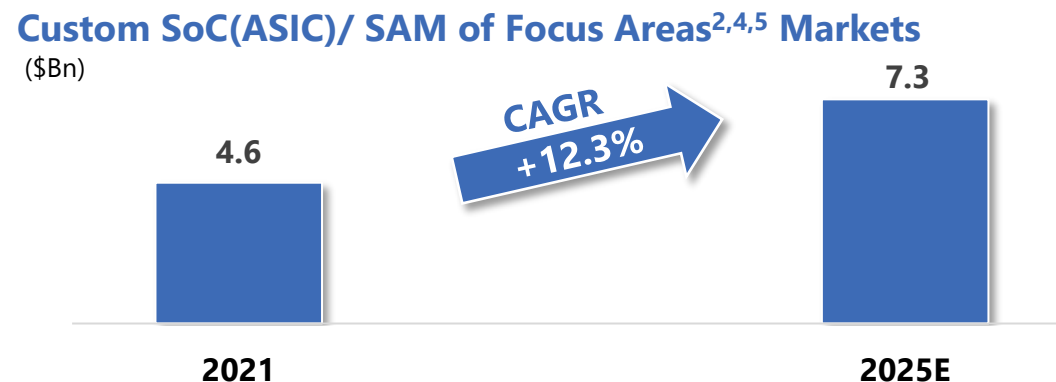
1. We define "ASSP" as the "Logic ASSP" segment based on Omdia "Application Market Forecast Tool-1Q 2022" classification and "Custom SoC(ASIC)" as "Logic ASIC" based on Omdia "Application Market Forecast Tool-1Q 2022". Omdia's classifications of the markets may differ in certain respects from our target markets. Classification are based on the company's recognition

2. These market data are estimated by Socionext based on Omdia data "Competitive Landscaping Tool CLT, Annual- 1Q22". All market sizes are calculated in terms of USD-based revenue

3. Calculated by Socionext based on Socionext internal information and Omdia "Application Market Forecast Tool-4Q 2022". Market CAGR(2021-2025E) is calculated (figure of 2025E / figure of 2021)^(1/4)-1

Socionext Based on Growing Market

- Total global market size of focus areas is expected to grow at 12.3% CAGR¹, higher than that of custom SoC (ASIC)
- Automotive custom³ SoC(ASIC) market is expected to grow at 14.3% CAGR¹



1. CAGR is calculated by $(\text{figure of 2025E} / \text{figure of 2021})^{(1/4)} - 1$
2. Calculated by Socionext based on Omdia "Application Market Forecast Tool-4Q 2022". These figures are our estimate of the market size for ASIC, ASSP and semiconductor markets and are not intended as an objective indicator of the size of the market for our current businesses model. Our estimates of the each Serviceable Available Market (SAM) and Our 3 Focus Markets are based on certain assumptions and were calculated using statistical data and publications from external sources as indicated herein. Actual market size may differ from these estimates due to the limitations peculiar to such statistical data and publications in terms of their accuracy
3. We define "ASSP" as the "Logic ASSP" segment based on Omdia's "Application Market Forecast Tool-2Q 2022".s classification and "Custom SoC(ASIC)" as "Logic ASIC" based on Omdia's classification. Omdia's classifications may differ in certain respects from our target
4. SAM are "Data Center Servers", "Solid-State Drives", "Other Peripherals", "Enterprise Ethernet Switches & Routers", "Carrier Ethernet Switches & Routers", "Optical Equipment", "Broadcast & Streaming Video", "Data Center Network", "M2M Modules", "Mobile Comm Infrastructure", "Other Consumer Electronics", "Other Wireless Communications", "LCD TV", "OLED TV", "Set-Top Boxes", "Connectivity & Telematics", "Infotainment & Cluster", "ADAS", "Chassis & Safety", "Medical Electronics", "Automation", and "Test & Measurement", "Security & Video Surveillance"
5. Our focus areas are (a) Automotive, (b) Data Center & Networking and (c) Smart Devices. SAM of Focus Areas' Market are "Data Center Servers", "Solid-State Drives", "Enterprise Ethernet Switches & Routers", "Carrier Ethernet Switches & Routers", "Optical Equipment", "Broadcast & Streaming Video", "Data Center Networking", "Mobile Comm Infrastructure", "Other Consumer Electronics", "Connectivity & Telematics", "Infotainment & Cluster", "ADAS" and "Chassis & Safety", "Security & Video Surveillance"
6. SAM of Automotive are "Connectivity & Telematics", "Infotainment & Cluster", "ADAS" and "Chassis & Safety" in Automotive Electronics Categories

socionext™

Introduction

Consolidated Financial Results for the 9 Months Ended December 31, 2022

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

Mid-Term Financial Model



3Q FY23/3 Consolidated Statements of Income

(Yen in billions)

	FY22/3				FY23/3			YoY	YoY %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Net Sales	27.1	28.3	29.8	31.8	39.9	42.8	56.1	26.3	88.1%
Product Revenue	19.2	21.2	20.4	23.7	31.0	35.3	43.9	23.5	114.9%
NRE Revenue	6.4	6.4	7.7	7.5	8.7	7.4	11.5	3.8	48.9%
Others	1.5	0.7	1.6	0.5	0.2	0.2	0.6	-1.0	-61.5%
Cost of Goods Sold	11.9	12.2	12.1	13.5	19.9	22.1	31.8	19.7	162.3%
Selling, General and Administrative Expenses	14.4	13.6	15.3	15.5	14.5	15.9	18.0	2.7	17.4%
R&D	10.4	10.0	11.5	11.3	10.6	11.5	13.4	1.9	16.4%
SG&A	4.0	3.7	3.8	4.2	3.9	4.4	4.6	0.8	20.7%
Operating Income	0.8	2.5	2.4	2.7	5.6	4.9	6.3	3.9	165.0%
Margin	3.0%	8.9%	8.0%	8.7%	14.0%	11.4%	11.2%	+3.2%pt	
Profit	0.2	2.4	2.1	2.8	5.1	5.0	5.2	3.2	155.0%
Margin	0.6%	8.6%	6.9%	8.9%	12.7%	11.6%	9.3%	+2.4%pt	
FX Rate (USD/JPY)	109.5	110.1	113.7	116.2	129.6	138.4	141.6		

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

1-3Q FY23/3 Consolidated Statements of Income

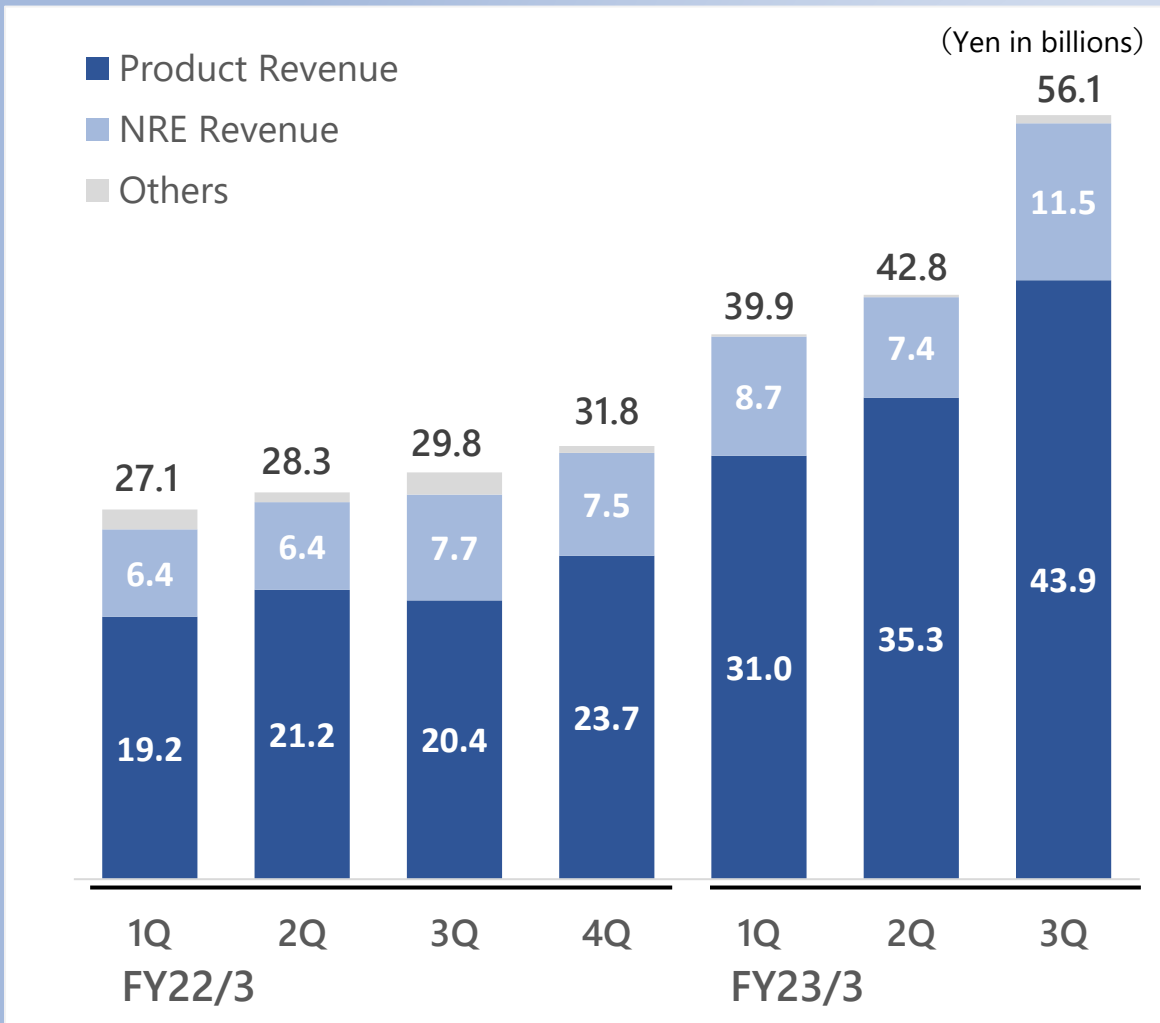
(Yen in billions)

	1-3Q FY22/3	1-3Q FY23/3	YoY	YoY %
Net Sales	85.3	138.8	53.6	62.8%
Product Revenue	60.9	110.2	49.4	81.1%
NRE Revenue	20.6	27.6	7.0	34.3%
Others	3.8	1.0	-2.8	-74.1%
Cost of Goods Sold	36.2	73.8	37.6	103.7%
Selling, General and Administrative Expenses	43.3	48.3	5.0	11.5%
R&D	31.9	35.5	3.6	11.2%
SG&A	11.4	12.8	1.4	12.4%
Operating Income	5.7	16.7	11.0	193.0%
Margin	6.7%	12.1%	+5.4%pt	
Profit	4.7	15.2	10.6	227.8%
Margin	5.5%	11.0%	+5.5%pt	
FX Rate (USD/JPY)	111.1	136.5		

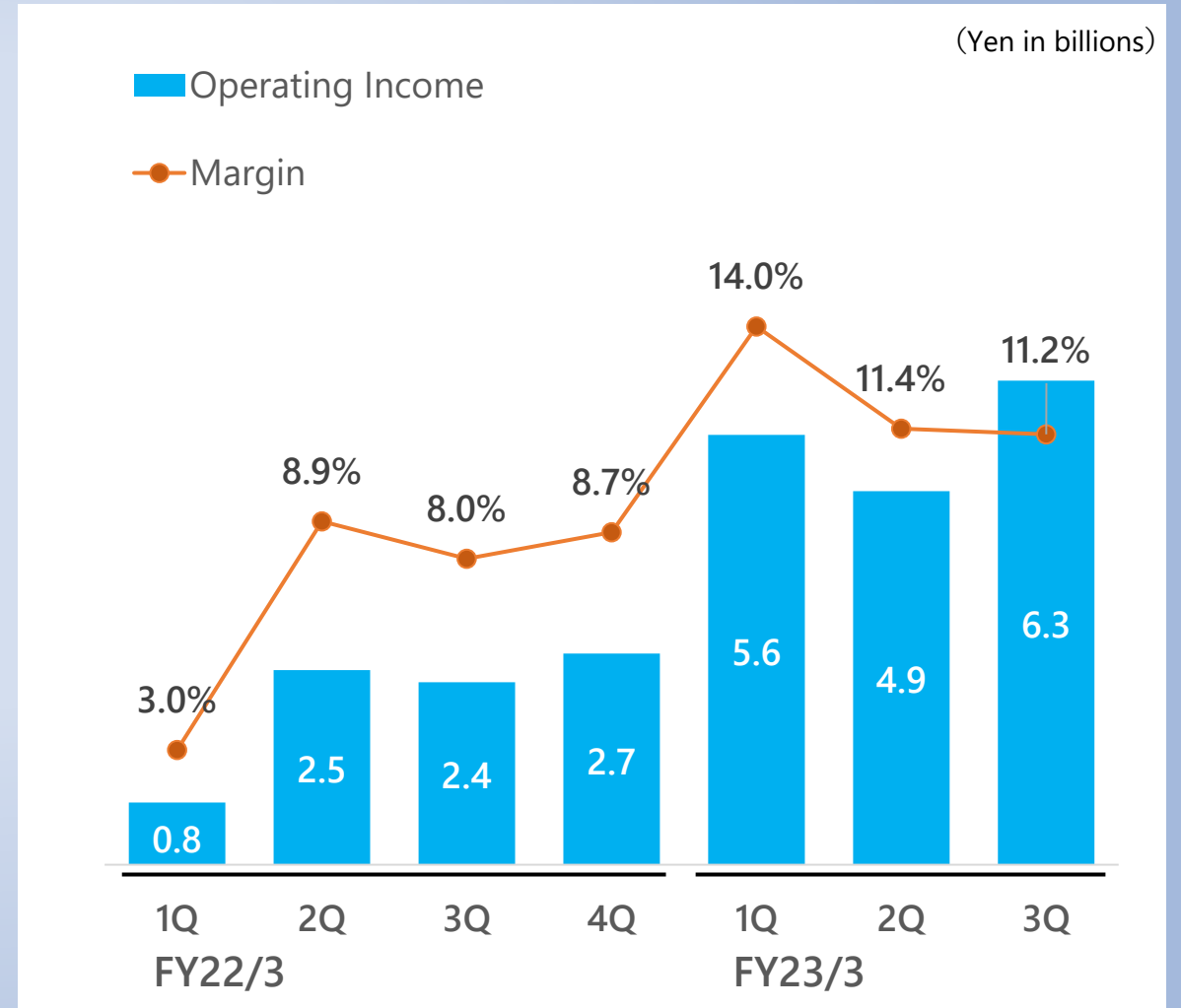
*Quarterly financial results of FY22/3 are unaudited · unreviewed by external auditors

Quarterly Net Sales and Operating Income and Changes

Net Sales

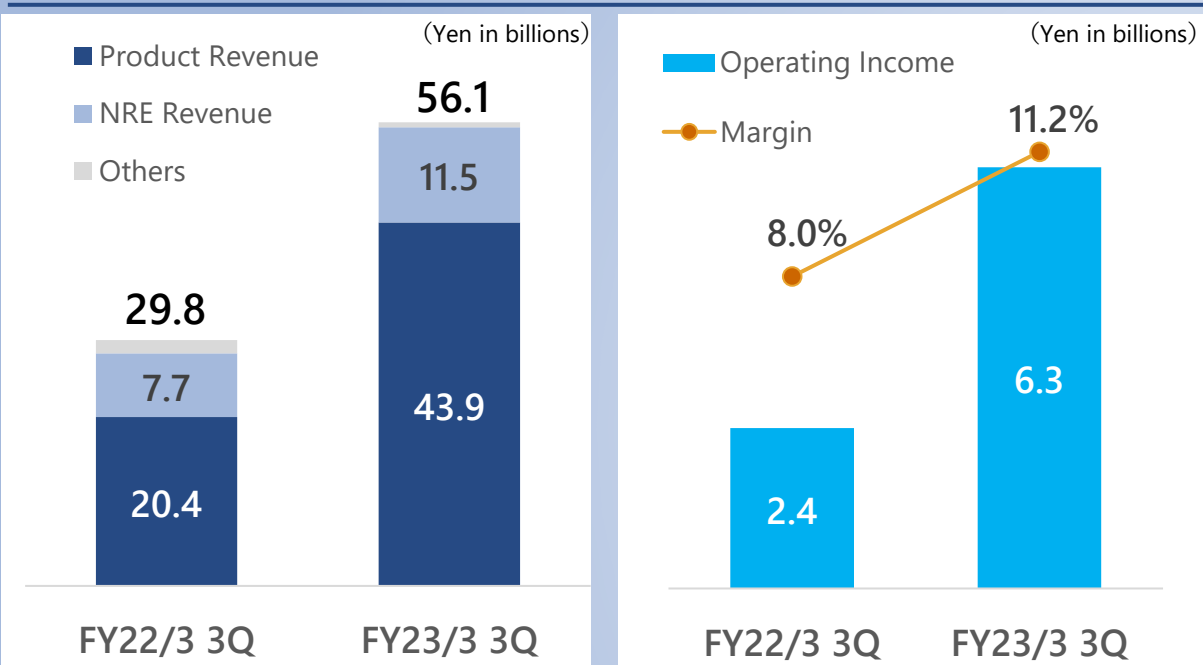


Operating Income



Details of 3Q FY23/3 Financial Results (Including YoY Changes)

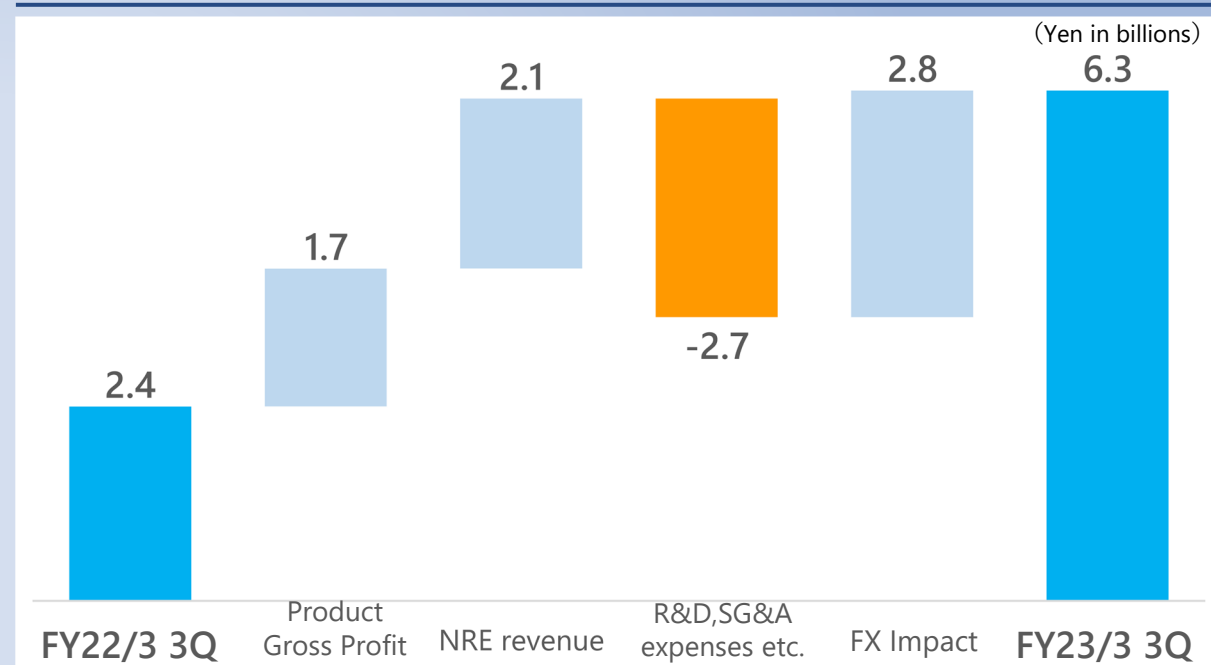
Net Sales & Operating Income



<Net sales> YoY +26.3 bn JPY (+88.1%)

- Product revenue +23.5 bn JPY (FX impact +6.9 bn JPY)
- NRE revenue +3.8bn JPY (FX impact +1.7bn JPY)
- Others -1.0bn JPY (IP license revenue)
- Depreciation of Japanese yen +8.7 bn JPY (USD/JPY 113.7→141.6)

Operating Income YoY Changes Analysis

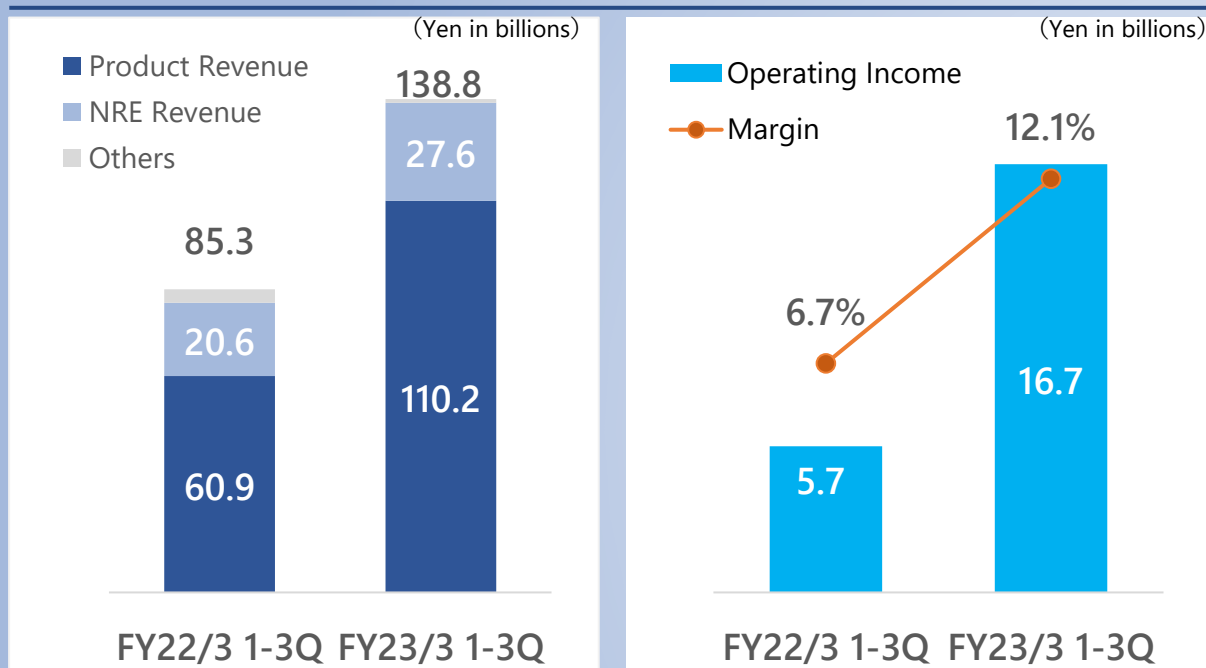


<Operating income> YoY +3.9 bn JPY (+165.0%)

- Increase in gross profit related to product revenue +1.7bn JPY
- Increase in NRE revenue +2.1 bn JPY
- Increase in R&D•SG&A, etc. -2.7 bn JPY (IP license revenue -1.0 bn JPY)
- Depreciation of Japanese yen +2.8 bn JPY

Details of Nine Months Ended Dec.31 2022 Financial Results (Including YoY Changes)

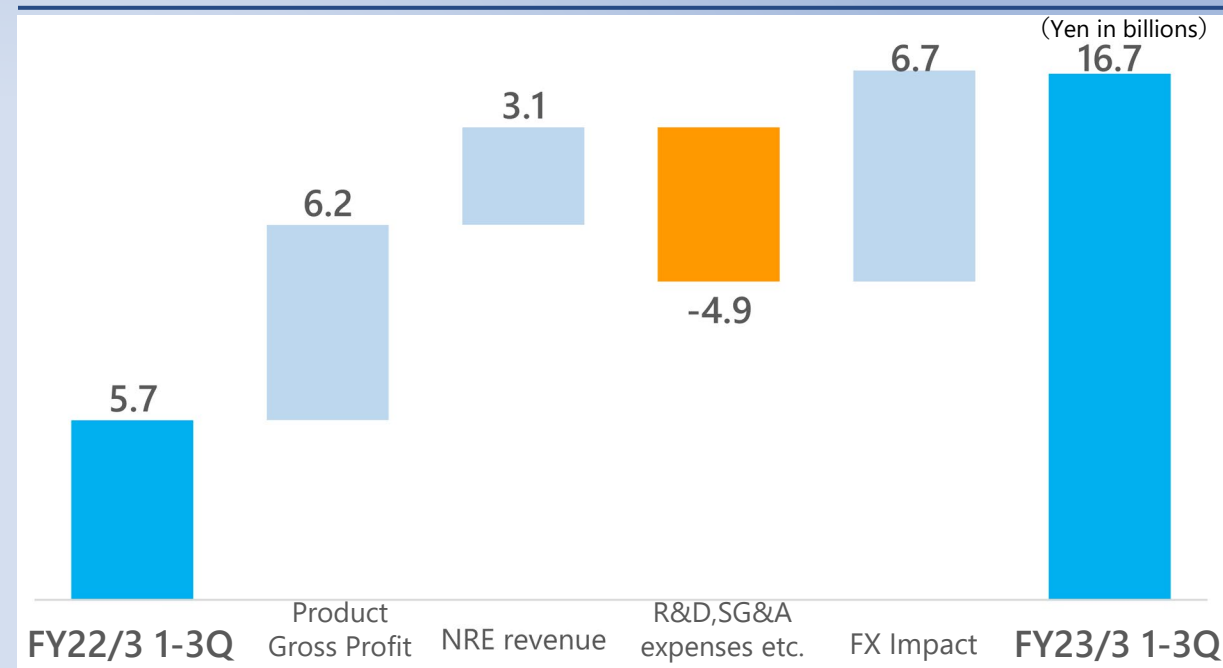
Net Sales & Operating Income



<Net sales> YoY +53.6 bn JPY (+62.8%)

- Product revenue +49.4 bn JPY (FX impact +16.2 bn JPY)
- NRE revenue +7.0 bn JPY (FX impact +3.9 bn JPY)
- Other -2.8 bn JPY (IP license revenue)
- Depreciation of Japanese yen +20.3 bn JPY (USD/JPY 111.1→136.5)

Operating Income YoY Changes Analysis



<Operating income> YoY +11.0 bn JPY (+193.0%)

- Increase in gross profit related to product revenue +6.2 bn JPY
- Increase in NRE revenue +3.1 bn JPY
- Increase in R&D•SG &A, etc. -4.9 bn JPY (IP license revenue -2.8 bn JPY)
- Depreciation of Japanese yen +6.7 bn JPY

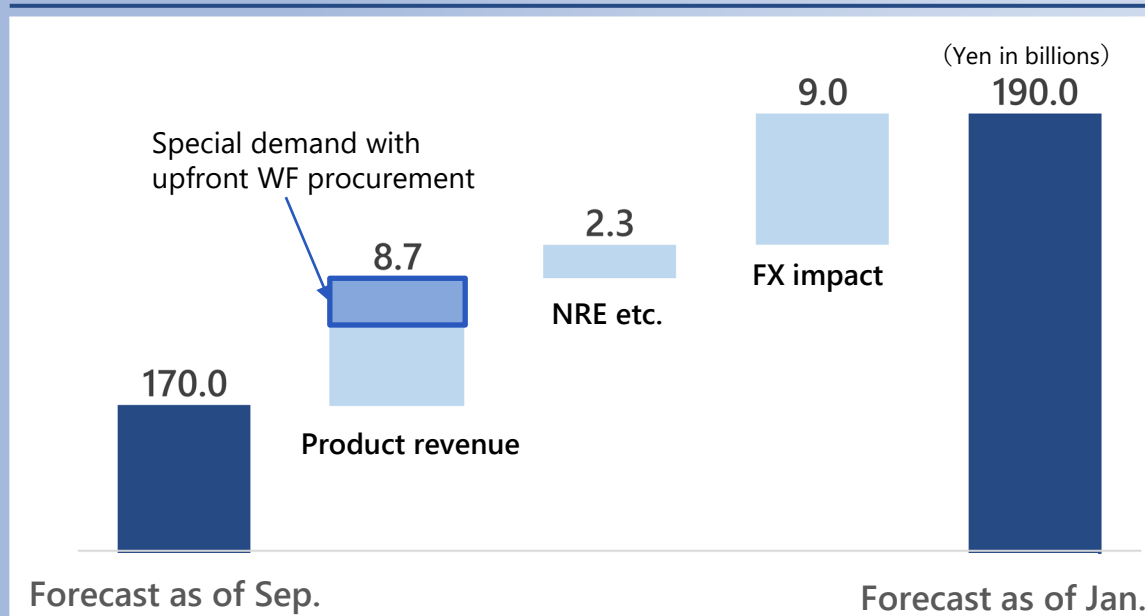
Consolidated Earnings Forecast

(Yen in billions)

	FY2022/3 Full Year Results	FY2023/3 Full Year Forecast as of Sept. 2022	FY2023/3 Full Year Forecast as of Jan. 2023	YoY	YoY %
Net Sales	117.0	170.0	190.0	73.0	62.4 %
Operating Income	8.5	17.0	19.5	11.0	130.4%
Margin	7.2%	10.0%	10.3%	+3.1%pt	
Profit	7.5	13.0	16.2	8.7	116.6%
Margin	6.4%	7.6%	8.5%	+2.1%pt	
Basic Earnings per Share	222.18yen	386.14yen	481.19yen		
Dividends per Share	-	160.00yen	190.00yen		
FX Rate (USD/JPY)	112yen	125yen	132yen		

- A foreign exchange assumption of \$1=¥120 has been used for 4Q of FY23/3.
- FX sensitivity analysis: Appreciation or depreciation of 1 yen against the dollar would have impact of approximately 1 bn yen on Net Sales and 0.35 bn yen on Operating Income annually. The exchange rate sensitivity of Japanese yen to other currencies would be minor.

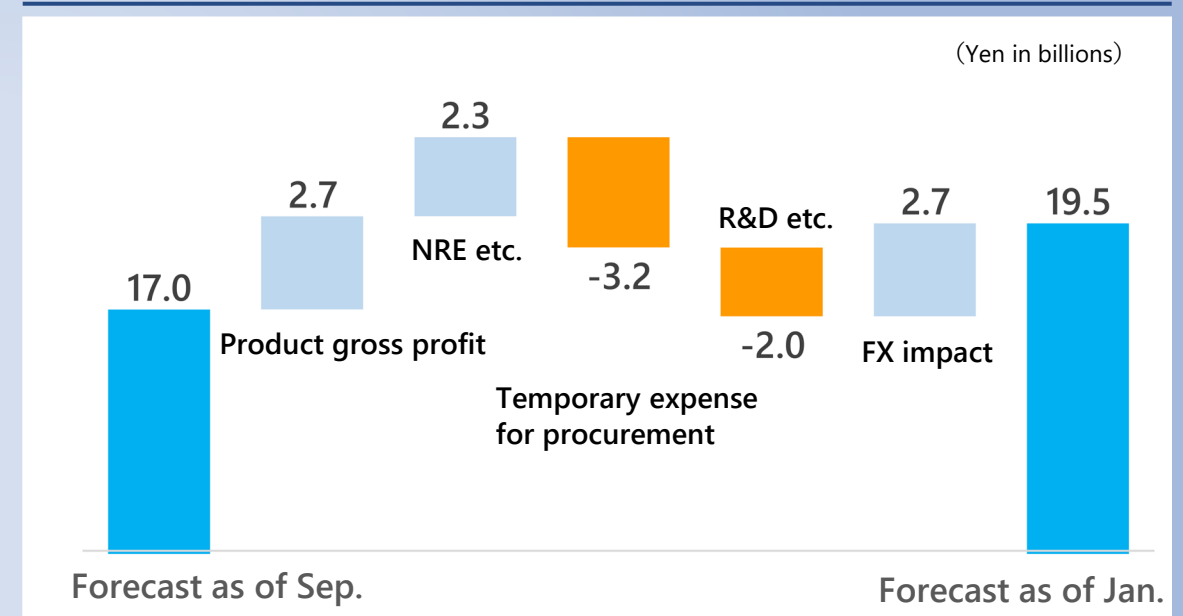
Net Sales



<Net Sales> +20.0 bn JPY

- Product revenue +8.7bn JPY
- NRE etc. +2.3 bn JPY
- Depreciation of Japanese yen +9.0 bn JPY (USD/JPY 125→132 for FY23/3)

Operating Income



<Operating Income> +2.5 bn JPY

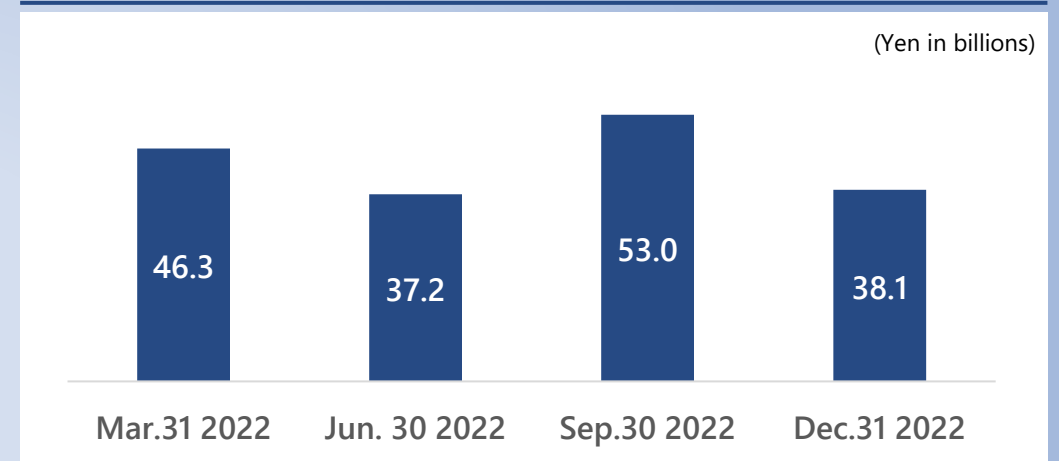
- Increase in gross profit related to product revenue +2.7 bn JPY
- Increase in NRE etc. +2.3 bn JPY
- Temporary expense for procurement -3.2 bn JPY
- Increase in R&D etc. -2.0 bn JPY
- Depreciation of Japanese yen +2.7 bn JPY

Consolidated Balance Sheets (As of December 31, 2022)

	As of Mar.31,2022	As of Dec.31,2022	Change
Total Assets	118.4	191.7	+73.3
Total Current Assets	90.6	154.6	+64.0
Cash on-hand and in banks	46.3	38.1	-8.1
Accounts receivable-trade	25.1	40.3	+15.3
Inventories ¹	16.4	45.7	+29.3
Accounts receivable-other	0.9	25.2	+24.3
Total non-Current Assets	27.8	37.1	+9.3
Total Liabilities	28.8	86.5	+57.6
Total Current Liabilities	27.4	84.8	+57.4
Accounts payable-trade	16.6	30.4	+13.8
Accounts payable-other	2.1	14.9	+12.9
Liabilities related to changeable subcontracting	0	28.5	+28.5
Total Net Assets	89.6	105.2	+15.6
Shareholders' Equity Ratio	76%	55%	

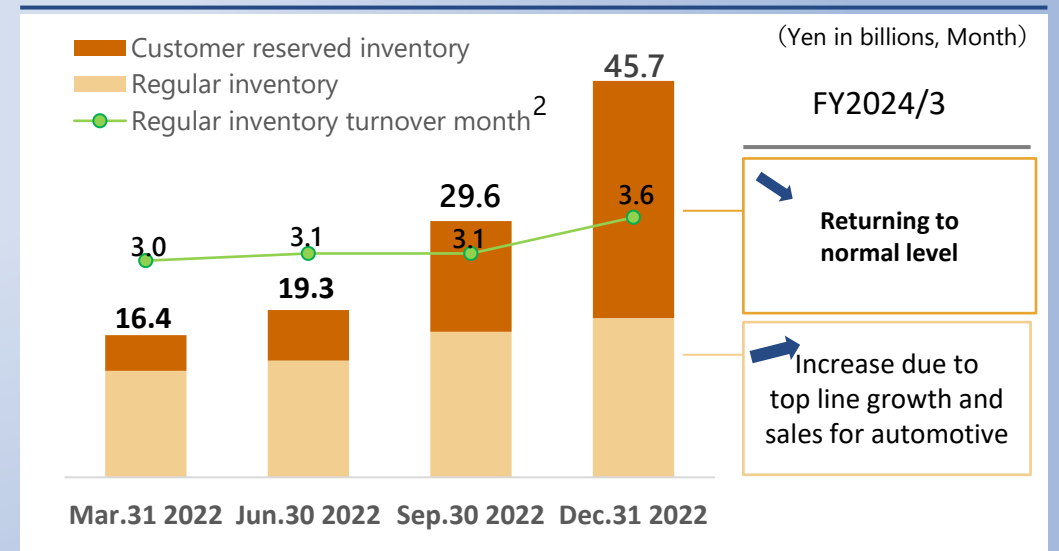
(Yen in billions)

Cash on Hand and in Banks



(Yen in billions)

Inventories



(Yen in billions, Month)

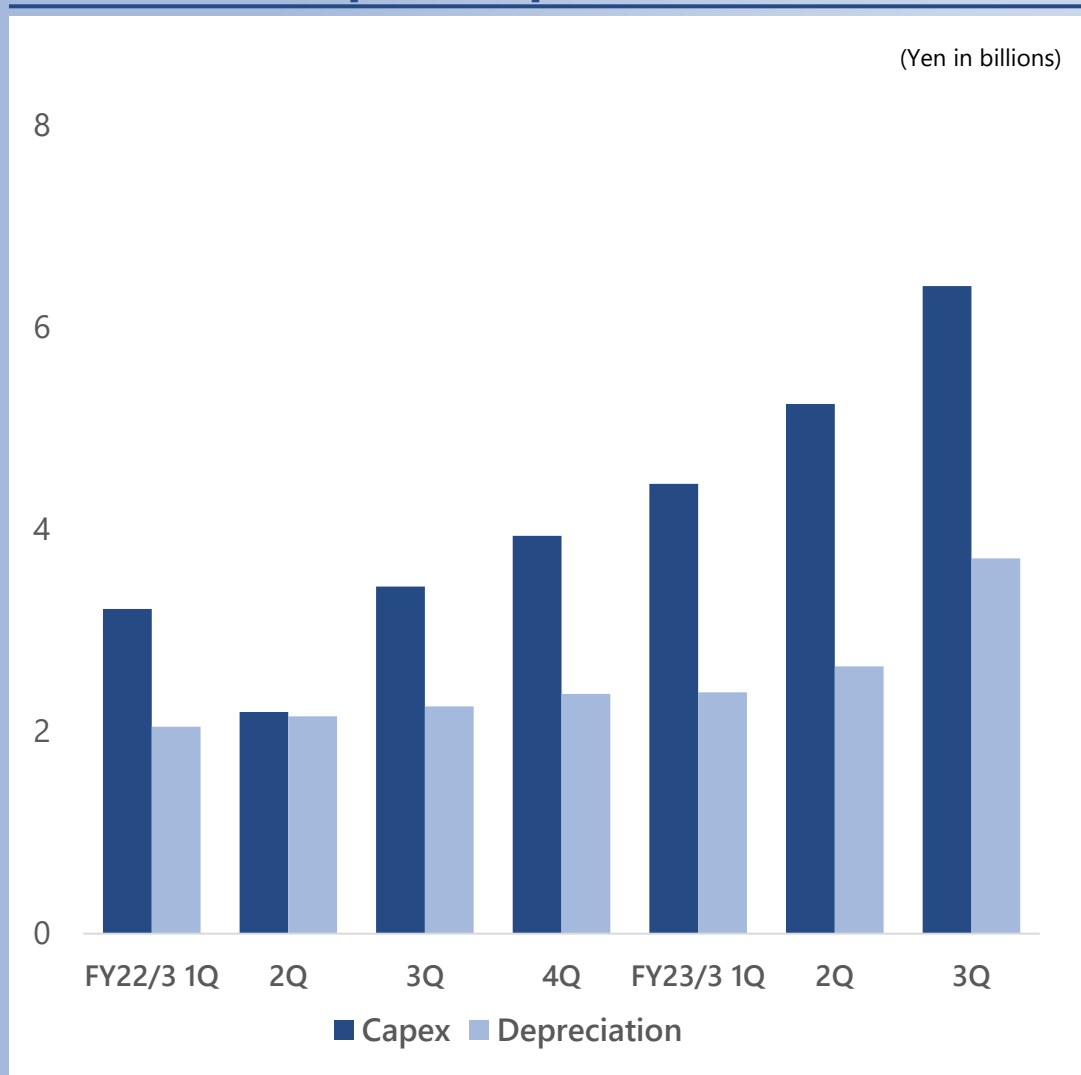
FY2024/3

1. Inventories consist of finished goods and work in process

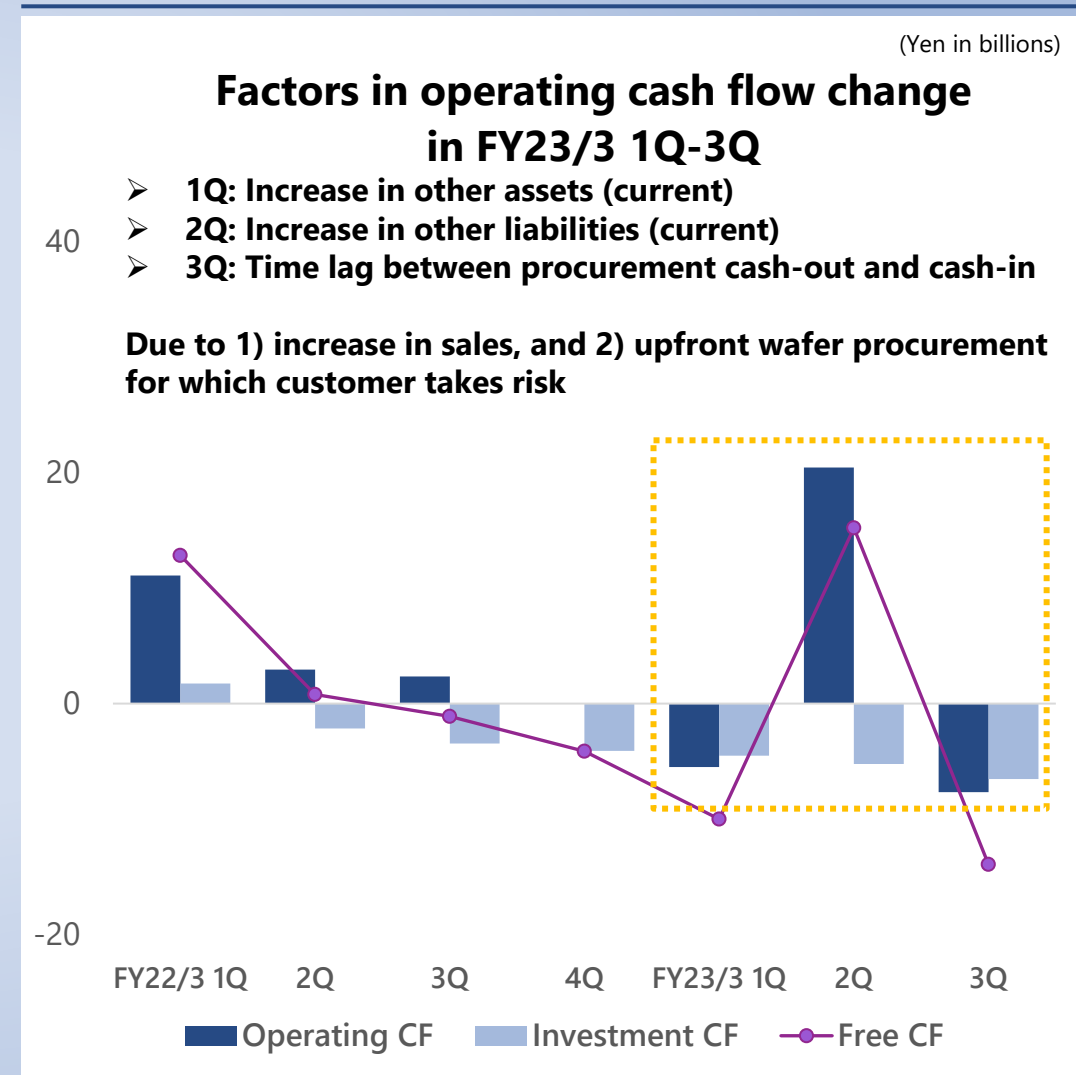
2. The holding days of ordinary inventories = ordinary inventories balance/COGS in 3-month average

Capex-Depreciation / Cash Flow

Capex¹-Depreciation



Cash Flow



1, Capex: Purchases of PPE + purchase of intangible assets

socionext™

Introduction

Consolidated Financial Results

for the 9 Months Ended December 31, 2022

Mid-Term Financial Model

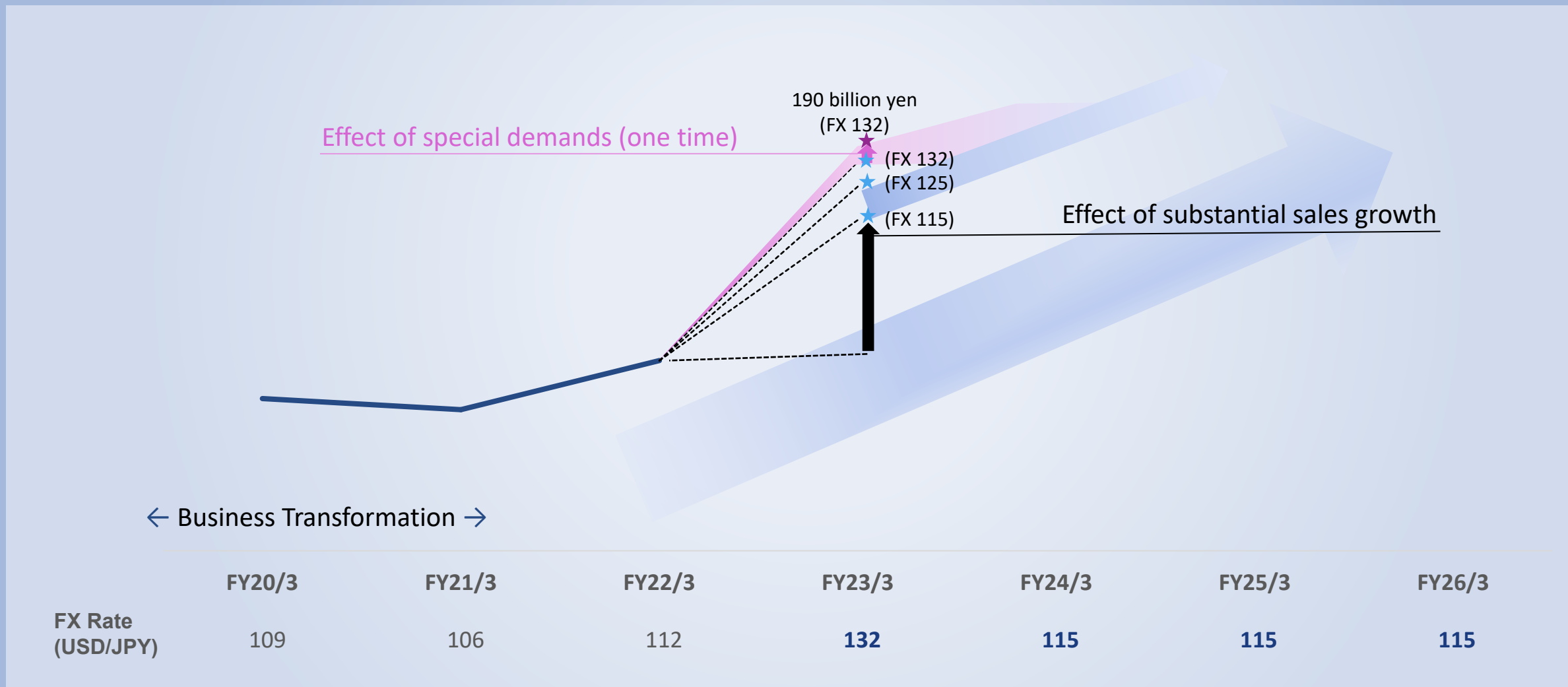


	FY21/3	FY22/3	Mid-Term Target
Net Sales Growth	JPY 99.7 bn	JPY 117.0 bn	+ High teen% CAGR
OP Margin	1.6%	7.2%	Low-to-Mid teen %

The mid-term targets presented herein represent our plans and expectations as of September, 2022. These mid-term targets are forward-looking statements, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary and those variations may be material due to a number of factors. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved, and the Company undertakes no duty to update these targets as circumstances change.

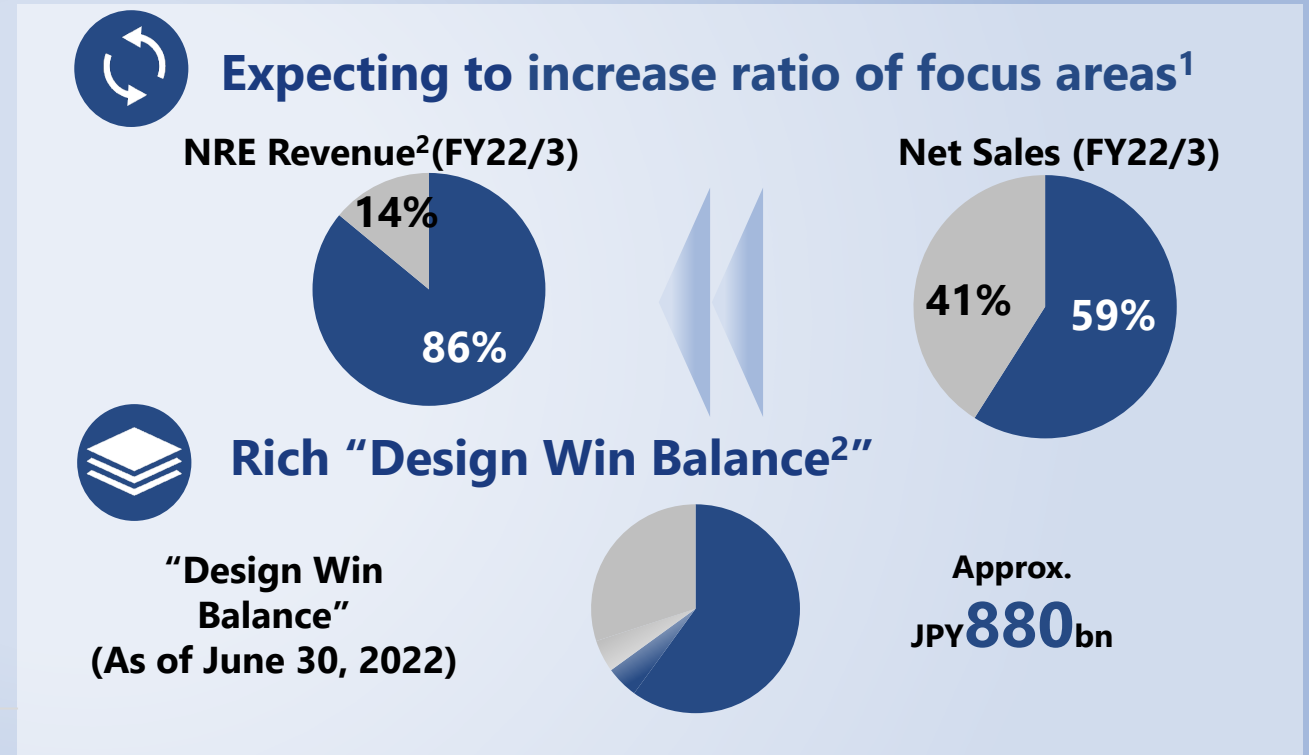
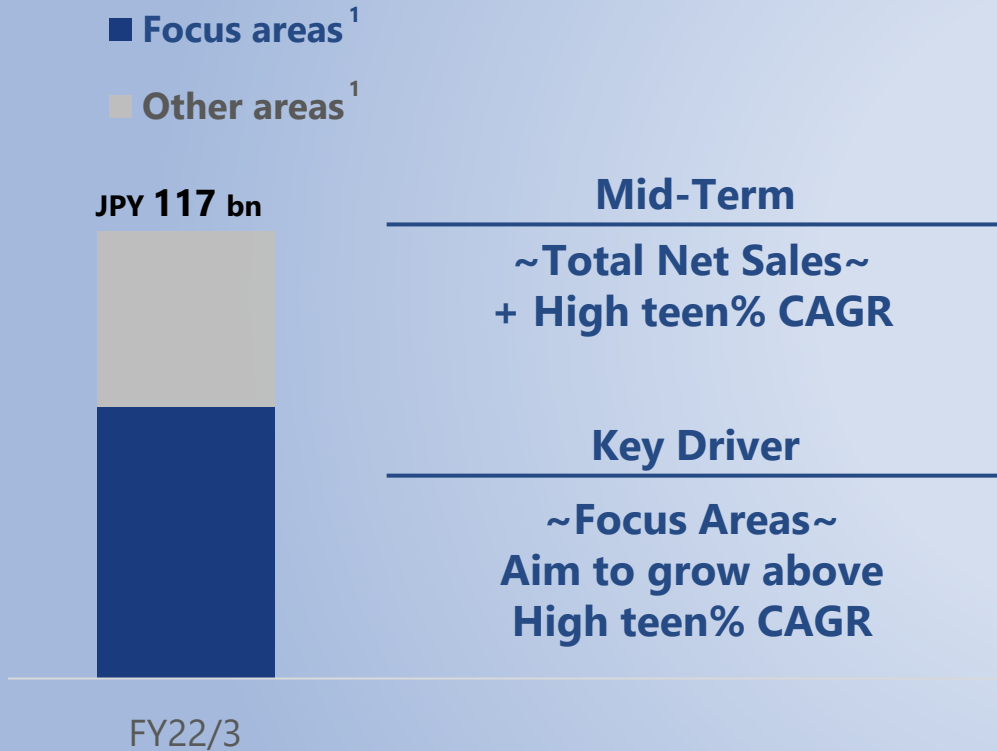
Mid-Term Financial Target -Top Line Growth

- 1) Product sales from accumulated design wins and 2) Acquiring new design wins are drivers of sales growth



Roadmap of Net Sales Growth

- As the markets for our focus areas grow, we aim to grow our total net sales at a high teen % CAGR in the mid-term based on our accumulated design wins and by acquiring additional design wins for these focus areas



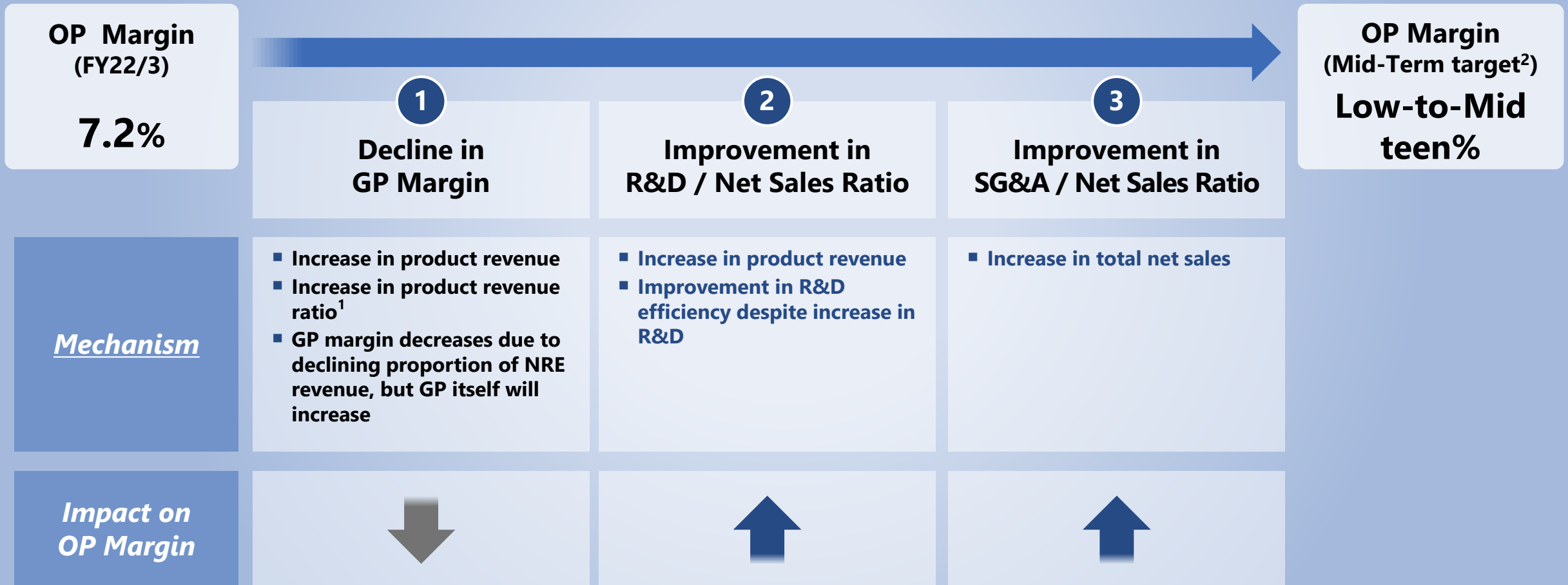
1. Our focus areas are (a) Automotive, (b) Data Center & Networking and (c) Smart Devices. Others mainly include Industrial Automation and IoT & Radar Sensing (RF-CMOS Solution)

2. "Design win balance" (LTR; Life Time Revenue) represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. Design win balance thus reflects certain subsequent developments after the end of the period in which such design win was acquired, including: (1) subsequent cancellation of projects, (2) the amount of such design win that has been recognized as revenue and (3) other recent information and data including changes in expected pricing and product sales volume due to changes in product specifications or any other assumptions while restrictions on manufacturing capacity for our products are not fully taken into account. See slide 41 for more detailed definitions and cautionary information regarding "design win amount" and "design win balance." A foreign exchange assumption of \$1=¥100 has been used in the above graph

Roadmap to OP Margin Target

- Aiming to increase product revenue driven by accumulated design wins
- With increasing product revenue and operating leverage, we aim to improve profitability

Roadmap to OP Margin Target



1. Product revenue ratio is defined as product revenue divided by net sales, which indicates how much portion of net sales comes from sales of products as opposed to NRE revenues

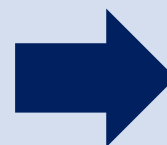
2. For the mid-term financial targets, please see slide 25

- Maintain top line growth and solid profitability achieved through "Phase 1 Transformation"
- Aim for further growth and development through new and distinctive "Solution SoC" business model and "Phase 2 Transformation"

"Phase 1 Transformation"

More design wins by "outside-in change"

- Transformation of business model and focus business area
- => Expand design wins => Expand "Design Win Balance"
- => Expand product revenue
- => Expand profit by operating leverage

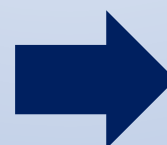


Mid-Term Financial Targets			
	FY21/3	FY22/3	Mid-Term Target
Net Sales Growth	JPY 99.7bn	JPY 117.0bn	+ High teen % CAGR
OP Margin	1.6%	7.2%	Low-to-Mid teen %



Further Growth and Development through "Phase 2 Transformation"

- Building competitive R&D structure / active investment
- Strengthening ties to SoC ecosystem
- Maintain high level of design wins



"Aiming for Growth beyond Mid-Term"

- Beyond the mid-term, Socionext aims to continue acquiring additional design wins in pursuit of further growth

Market Trend

**Increase in demand
for “Solution SoC” to continue**

Entering the era of “More Than Moore”,
new services and applications continue to emerge

Growth Strategy

AD/ADAS	Continue to leverage the competitive strength of the Solution SoC business model
5G/DC/HPC	Strengthen investment and offer broader range of products
Smart Device	Enhance capabilities in advanced and low power technologies in innovative markets



R&D

**Strengthen “Solution SoC” design platform
Investment in leading technologies**

Enhance efficiency and technology capability

Transformation of R&D Structure

**Build R&D system that adapts to business
expansion**

Global R&D Leading Team - Project Management - R&D Resources

Continue to acquire additional design wins

Strengthen R&D and Investment in Leading Technologies

- Subsystem configurations and bus architectures are becoming similar across major applications
- Building a common design platform improves development efficiency and profitability

Design trends

- Common complexity to achieve optimal PPA
- Common concepts across major markets

What Socionext can do

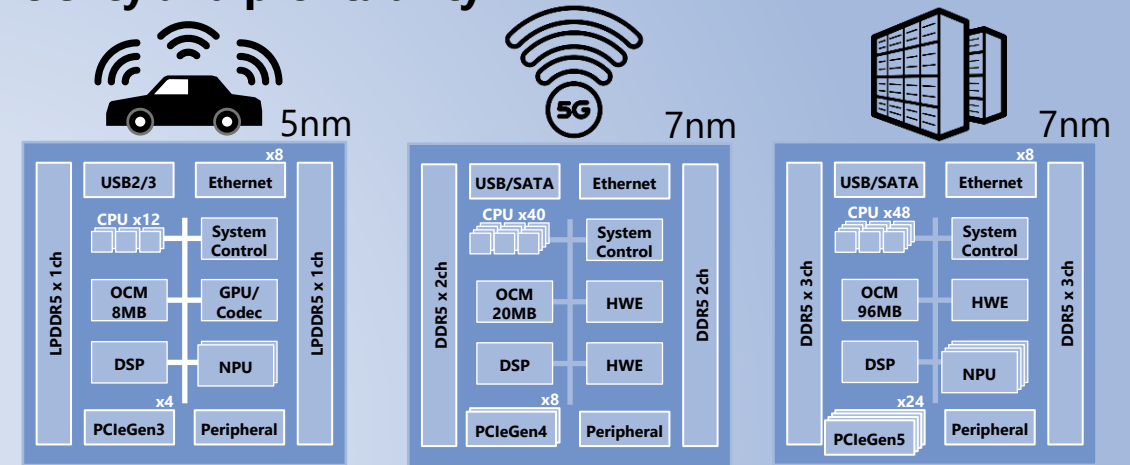
- Move to platform-based design, **based on a computer architecture**
- Keep up with technology evolution while maintaining the existing assets of each functional layers.

- ◆ **Build standard and optimized R&D flow with platform-based approach**
- ◆ **Improve development efficiency and profitability**

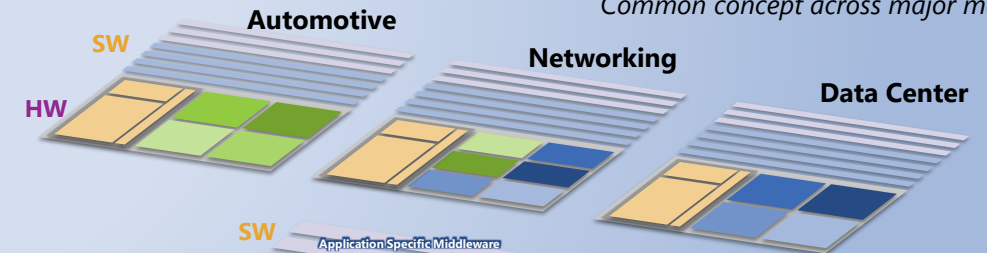
Socionext's initiatives

- Build solid development platform including software
- Closer partnership with SoC ecosystem(EDA, IP and other suppliers)
- Actively invest in leading technologies (3nm & beyond, chiplet, AI for design, IP, etc)

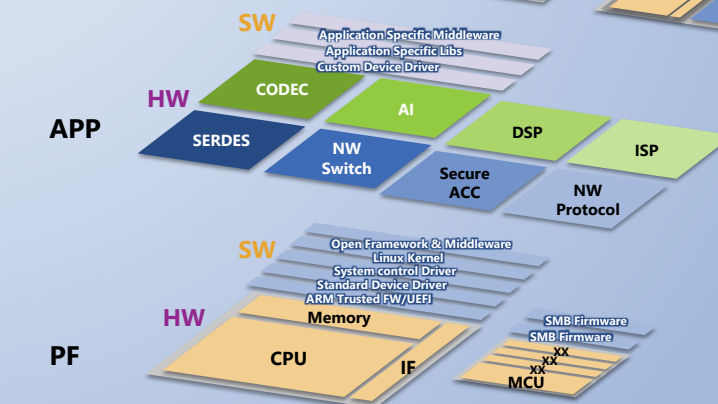
- ◆ **Strengthen ties to SoC ecosystem and drive global innovation**



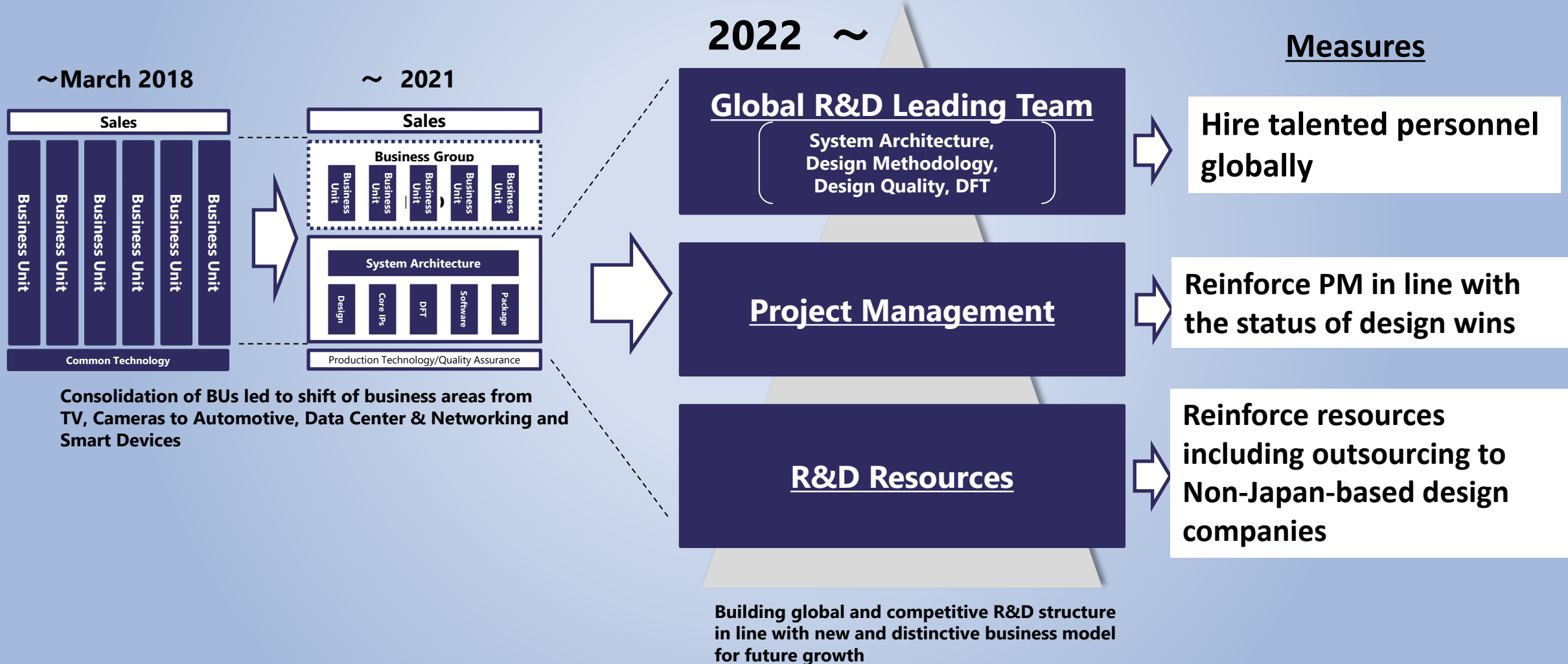
Common concept across major markets



Subsystem configurations

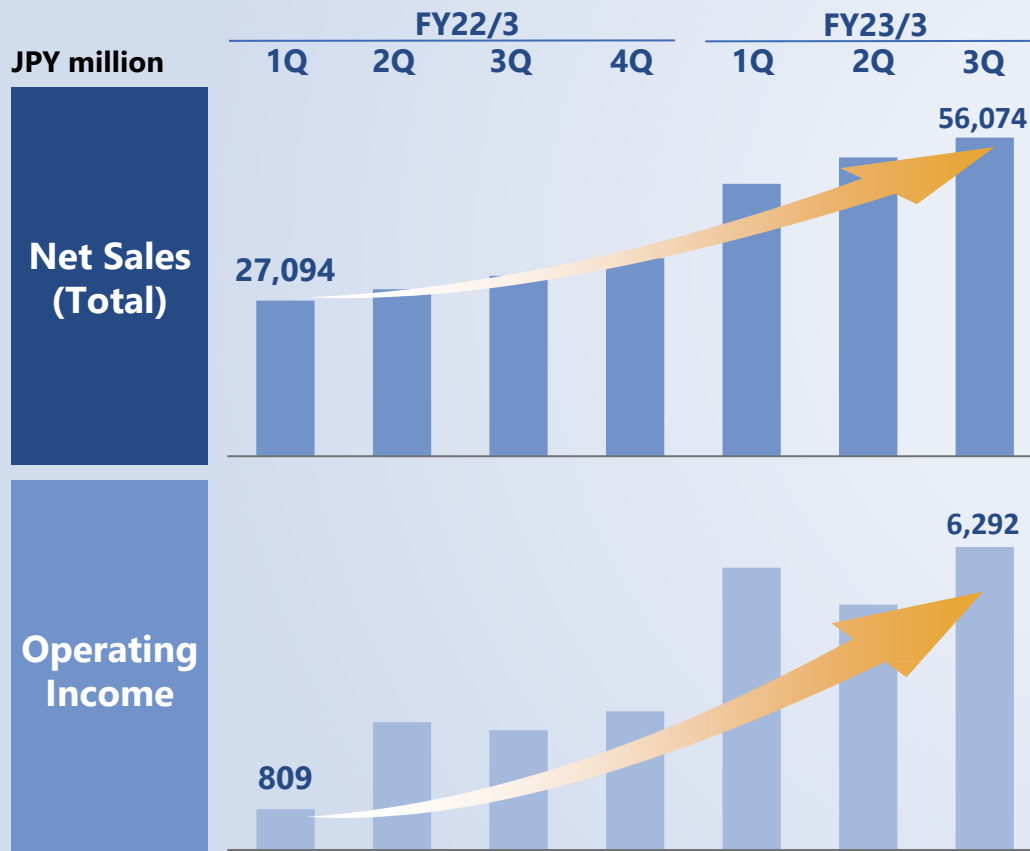


- Rebuilding global R&D structure in line with the change of focus business areas and the business model (Concept-In / Spec-In)
- Reinforcing flexible and scalable “Solution SoC” development platform



Continuing Growth Trend in a Highly Uncertain Semiconductor Market socionext™

- Continuing growth trend even in the current semiconductor market with increasing uncertainties, achieved further growth during 1-3Q FY23/3
 - Solid demand relative to full-year outlook/mid-term financial target despite stagnant consumer application markets
- Stable and Significant Growth in Increasing Uncertainties**



- ✓ Increase in projects entering the mass production stage drives growth
- ✓ Focus on Automotive and Data Center & Networking markets where demand is still strong
- ✓ Foundry capacity easing
 - Fully leverage the easing supply constraints to realize top line growth
- ✓ New business opportunities in sluggish consumer market
 - Some application markets continue to be stagnant, particularly for consumers
 - However, competitions remain active in advanced and innovative areas in consumer market, such as wearables and AR, as well as in Automotive and Data Center & Networking markets.

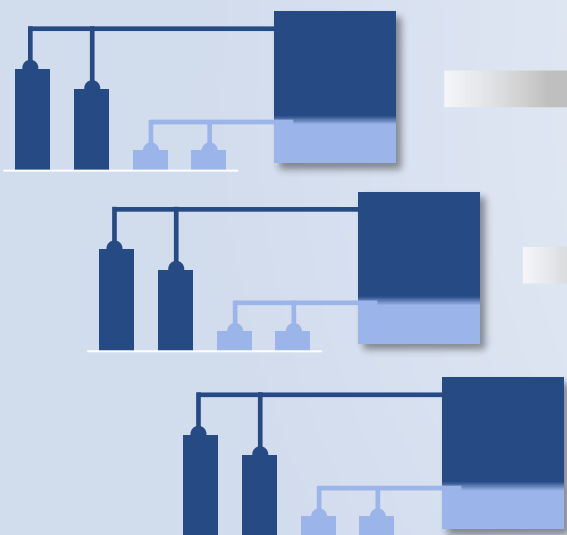
Detail of “Design Win Amount” to Revenue Illustrative Description of “Design Win Balance”

“Design Win Balance” . . .

“Design Win Balance” represents the company’s estimate of future life-time demand from the outstanding “Design Win Amount” that has been acquired up to a particular date. “Design Win Balance” thus reflects certain subsequent developments after the end of the period in which the applicable design wins were acquired up until the relevant balance date. “Design Win Balance” is regularly managed in accordance with prudent procedures to account for future risks.

“Design Win Amount” calculated from “Design Win Balance”²

“Design Win Amount”



“Design Win Balance”

End of Year N-1

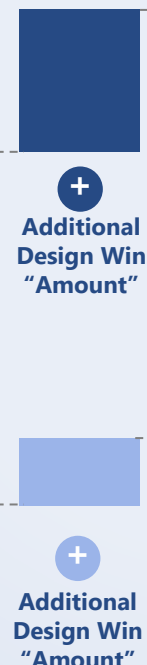


Image of Change in “Design Win Balance”²



Year N Revenue



“Design Win Balance”

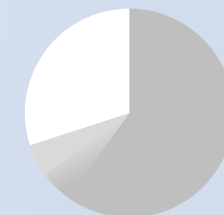
End of Year N

■ Product Revenue³
■ NRE Revenue³

“Design Win Balance”
(As of June 30, 2022)

Approx.

JPY880bn



Ratio of Focus Areas

1. “Design win balance” represents our estimates of remaining accumulated “design win amount” that is associated with projects that are active as of a particular date. “Design win balance” thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (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, which could either increase or decrease “design win balance” 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

2. For illustrative purposes only

3. Refer to slide 41

socionext™

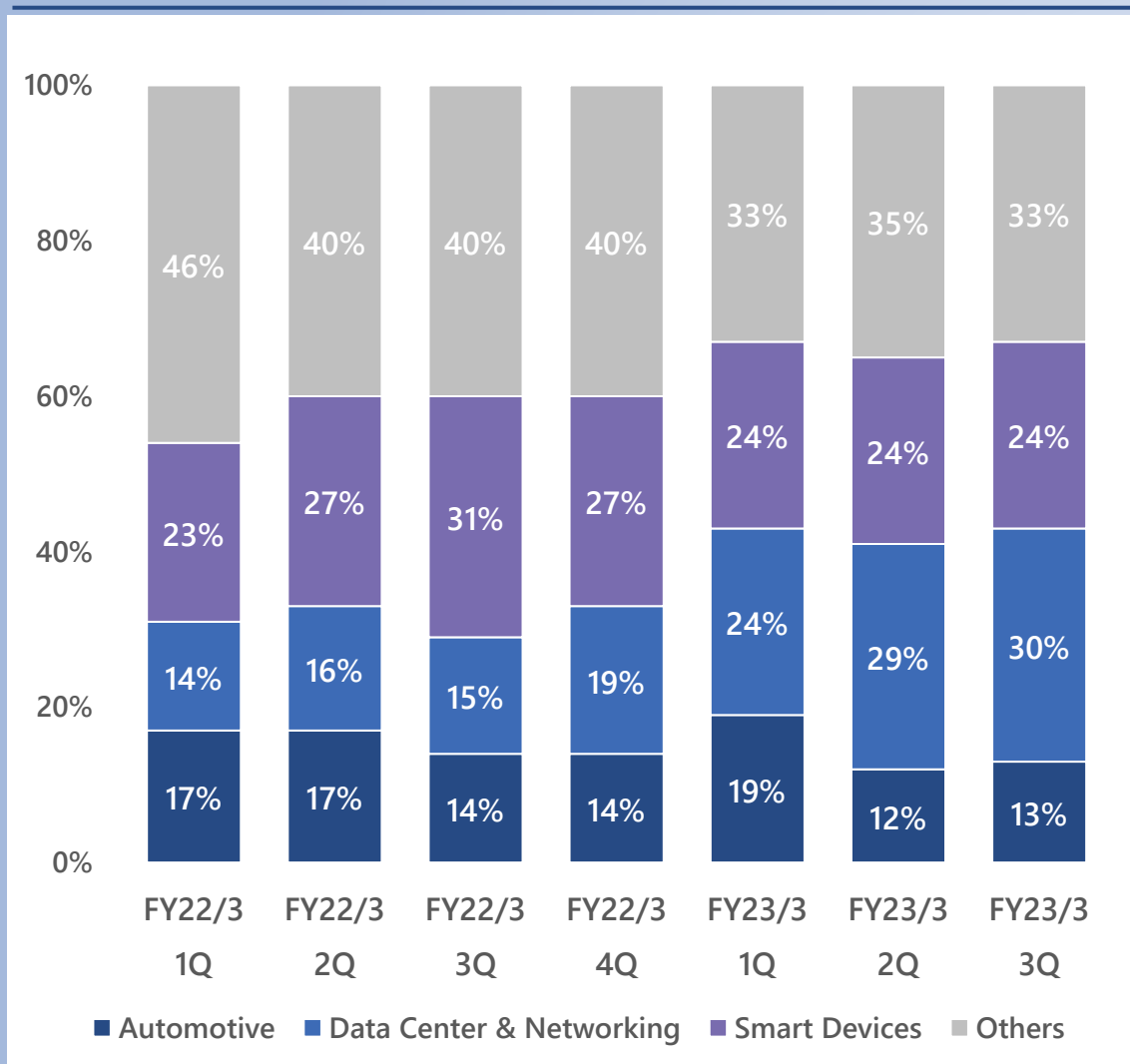
Appendix:

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

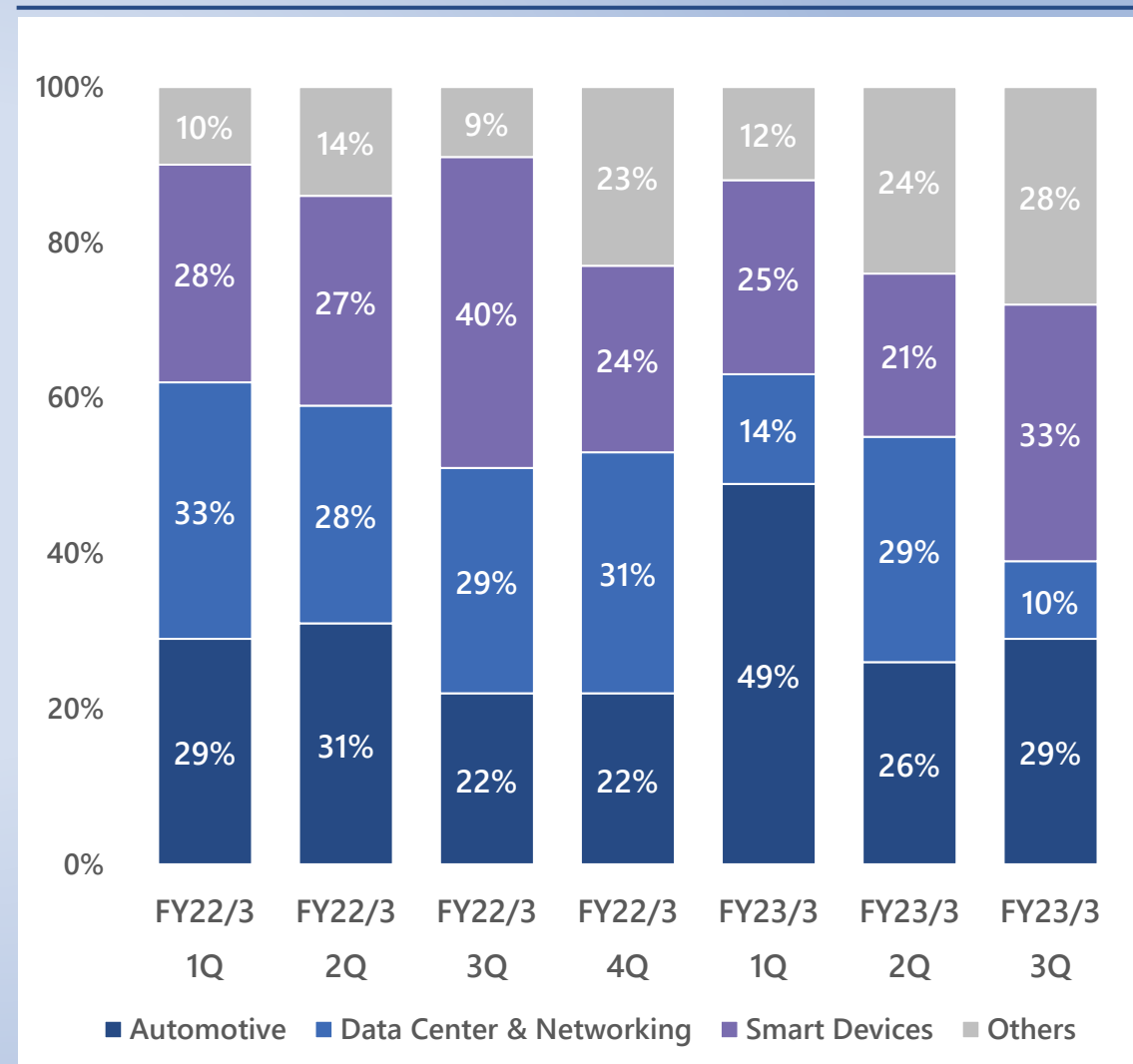


Breakdowns by Application Market (Quarterly Ratios)

Net Sales



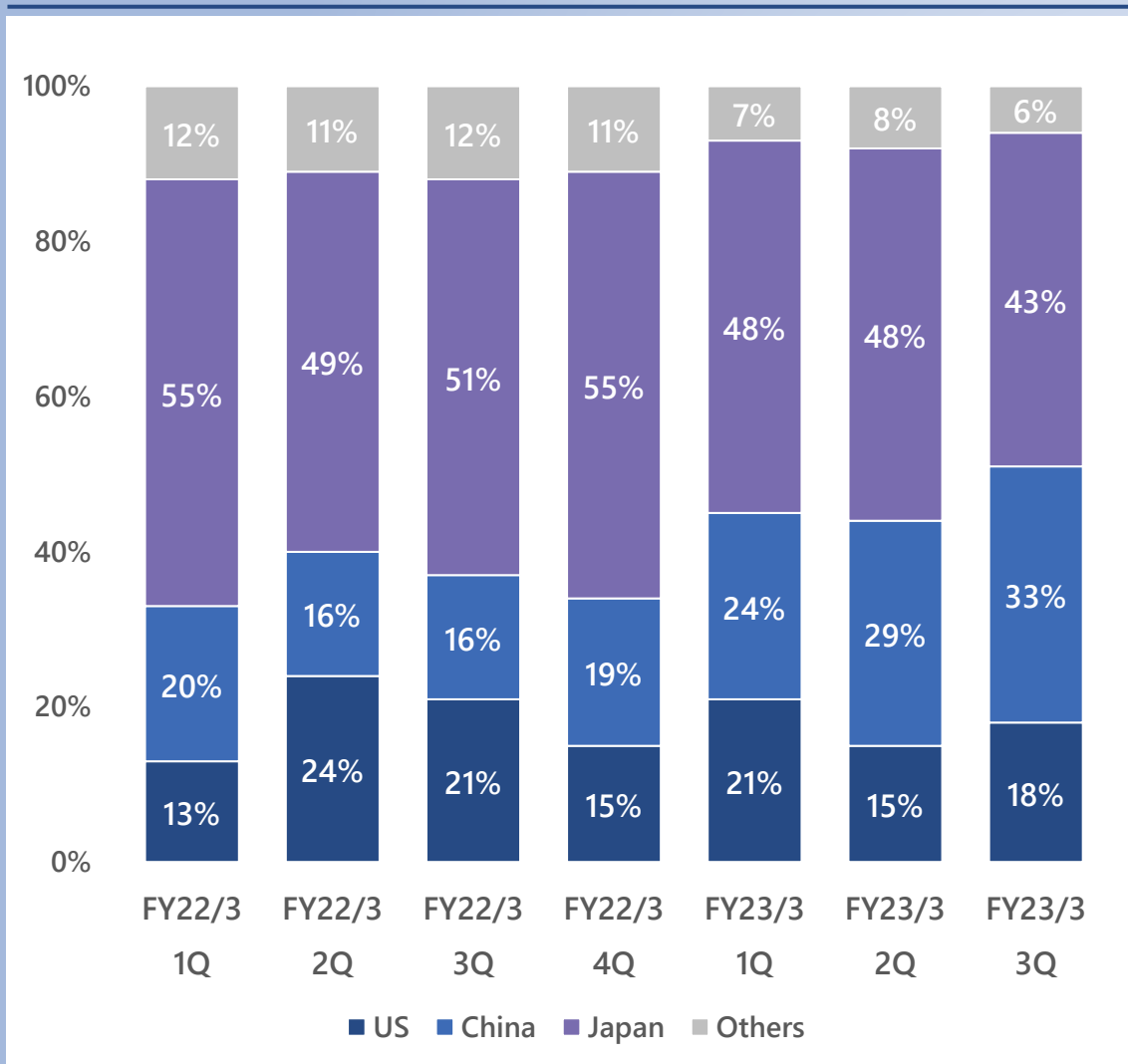
NRE Revenue



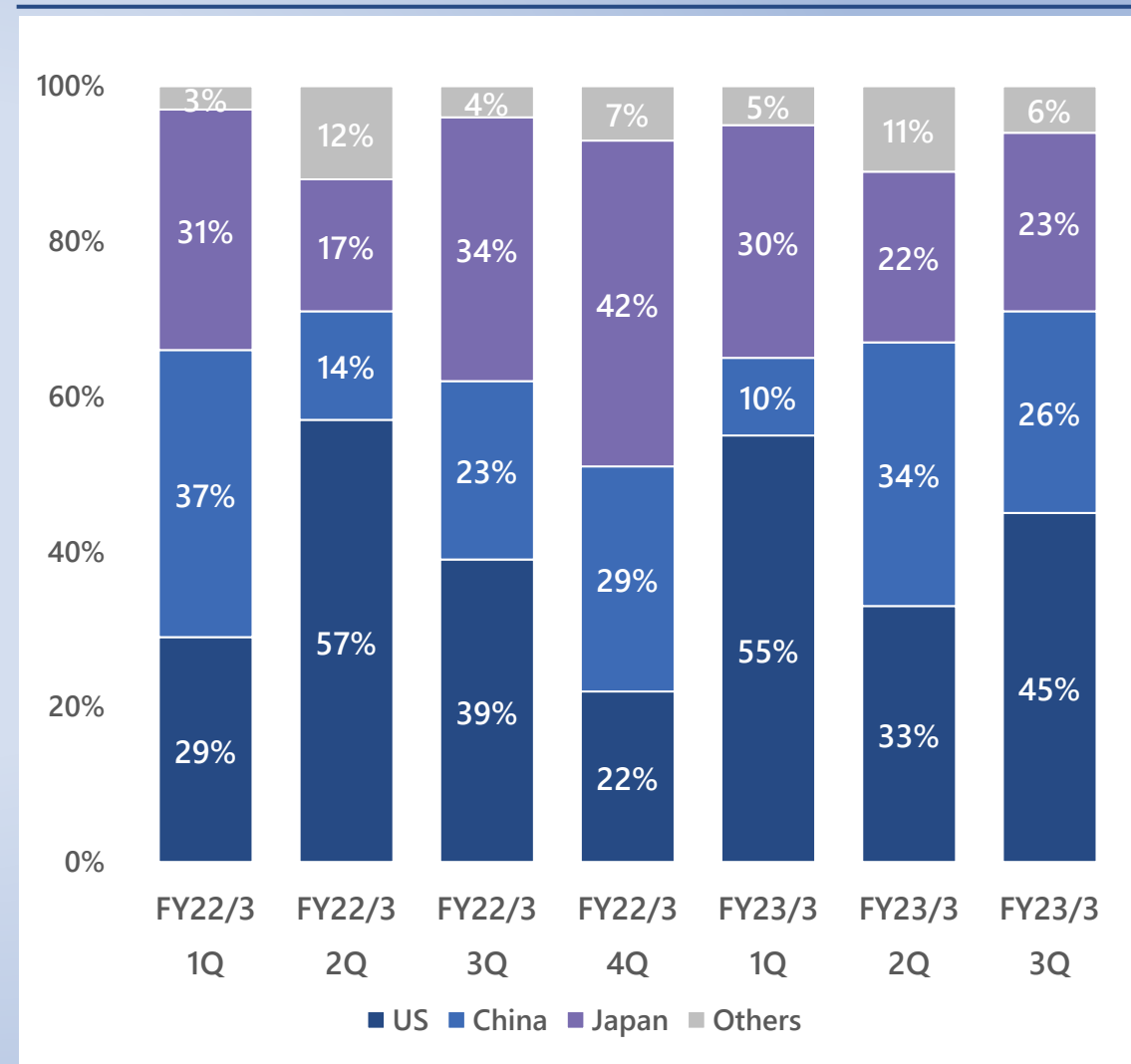
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Breakdowns by Geographic Region(Quarterly Ratios)

Net Sales



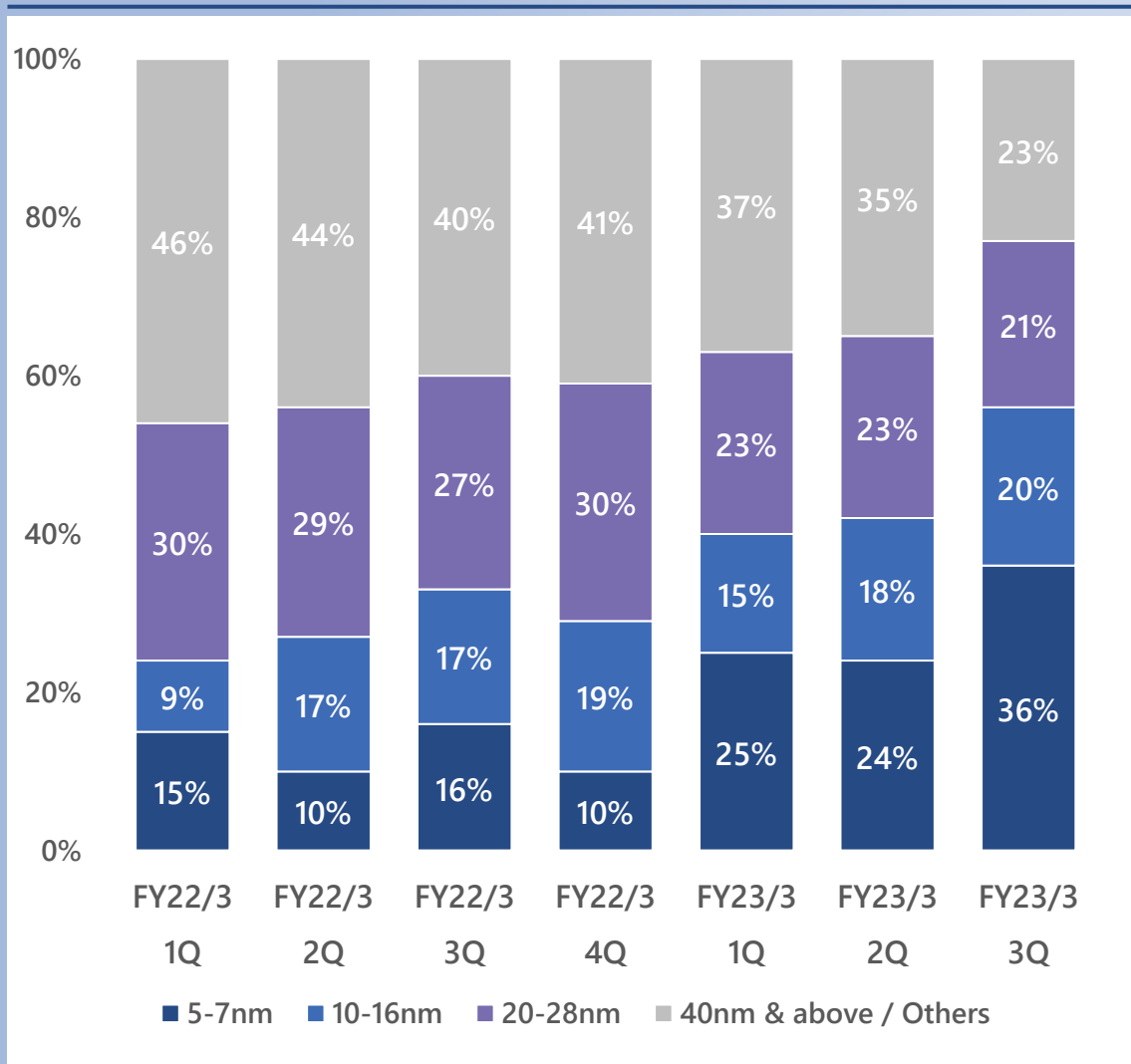
NRE Revenue



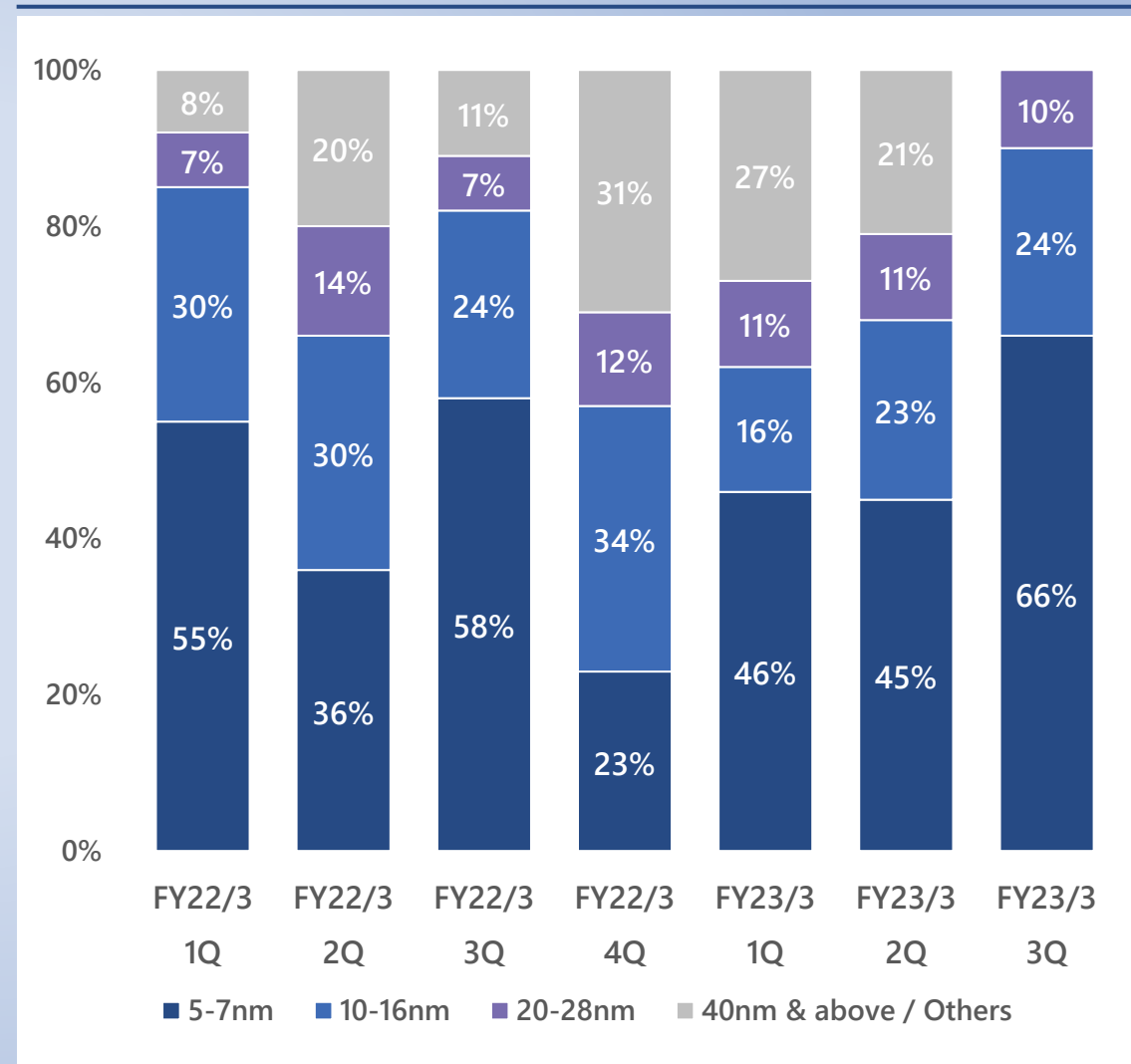
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Quarterly Breakdowns by Process Node(Quarterly Ratios)

Net Sales



NRE Revenue

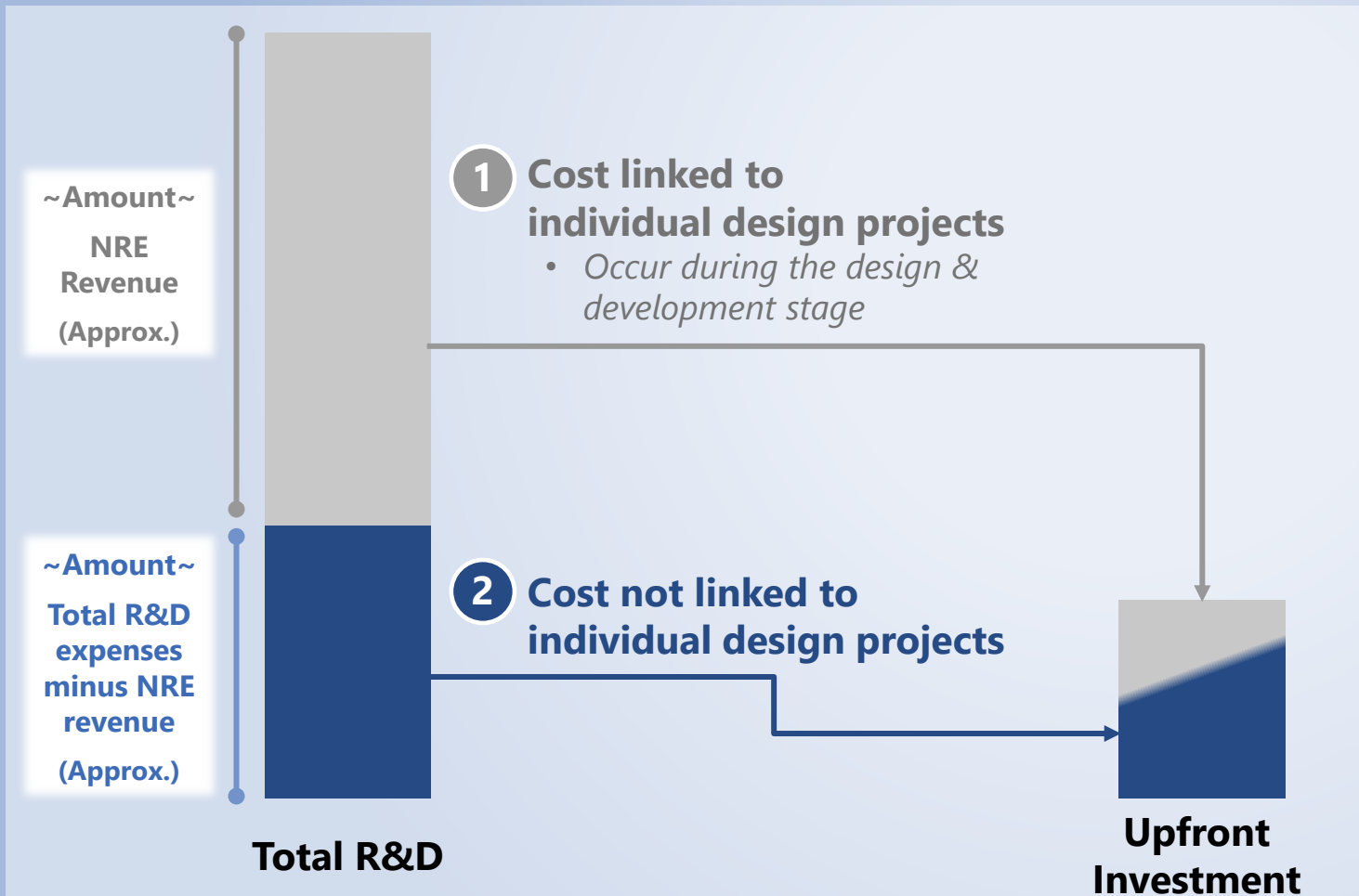


1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Upfront Investment toward Future Growth

- Aiming to increase upfront investment gradually under “Sufficient & Efficient investment” policy (upfront investment accounts for the larger part of ② R&D not linked to individual design projects)

Image of Socionext’s R&D Structure



Upfront investment

- Meet customer requests and acquire new design wins
- Strengthen skills of integration and efficiency
- 3nm & beyond, chiplet, AI for design, IP, etc

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 slide 40 of this presentation regarding certain risks associated with forward-looking statements.

socionext™