

socionext™

Fiscal Year Ended March 31, 2024

Consolidated Financial Results

April 26, 2024
Socionext Inc.

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Cautionary Note Regarding “Design Win Amount” and “Design Win Balance”

Cautionary Note Regarding “Design Win Amount” and “Design Win Balance”

The calculation of “Design Win Amount” and “Design Win Balance” 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. In connection with analyzing our net sales and determining our design win balance, we take into account whether any customer demand constitutes “special demand,” a term we use to refer to short-term customer demand resulting from stockpiling and other activities that do not reflect current underlying demand. We determine whether any given demand is special demand on a case-by-case basis at our own discretion based on our assessment of a variety of factors related to the demand in question. As a result, amounts that we identify as special demand may not be objectively accurate in light of such definition of “special demand.” We believe that it is appropriate to exclude such short-term “special demand” amounts from our design win balance because the design win balance is intended to serve as an index to evaluate and analyze our long-term revenue trends. In terms of our net sales, net sales that are attributable to “special demand” should be viewed as short-term inflated demand that may be front-loading longer-term demand, and thus such sales should be appropriately deemphasized when analyzing historical and future trends in our results of operations. While “Design Win Balance” is not impacted by the occurrence or the amount of “special demand,” it can fluctuate by reflecting changes in assumptions for forecasts of demands except for “special demand.” We may change our calculation method for “Design Win Amount” and “Design Win Balance” 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 2 of this presentation regarding certain risks associated with forward-looking statements.

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**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2024**

- *Actual Consolidated Financial Results FY24/3*
- *Consolidated Earnings Forecast FY25/3*



FY24/3 Consolidated Statements of Income

	FY23/3	FY24/3	YoY	YoY %	(Yen in billions) (Reference) Disclosure as of January 2024
Net Sales	192.8	221.2	28.5	14.8%	217.0
Product Revenue	156.8	182.9	26.1	16.7%	—
NRE Revenue	34.9	37.6	2.7	7.9%	—
Others	1.1	0.8	-0.4	-33.8%	—
Cost of Sales	103.9	111.2	7.3	7.0%	—
Product Cost Ratio	66.3%	60.8%			
Selling, General and Administrative Expenses	67.1	74.5	7.4	11.0%	—
R&D	49.3	53.3	4.0	8.0%	—
SG&A (excluding R&D)	17.8	21.2	3.4	19.1%	—
Operating Income	21.7	35.5	13.8	63.6%	31.5
Margin	11.3%	16.1%			14.5%
Profit	19.8	26.1	6.4	32.2%	22.5
Margin	10.3%	11.8%			10.4%
FX Rate (USD/JPY)	135.5	144.6			138.7

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Here are the financial results of fiscal year ended March 31, 2024 (FY24/3).

Net sales were 221.2 billion yen, an increase of 14.8% from the previous fiscal year.

Operating income was 35.5 billion yen, an increase of 63.6% from the previous fiscal year. Profit was 26.1 billion yen, an increase of 32.2% from the previous fiscal year.

The results were largely in line with expectation. However, both the net sales and profit exceeded the forecast announced in January, due in part to foreign exchange rates.

The difference between profit-before-tax and net profit was 29.6%, and it was the same level as mentioned at the third quarter fiscal year earnings announcement in January.

The main factors for the increase in net sales include the start of the mass production of new products for Automotive, higher product revenue for Data Center & Networking, as well as moderate increase in NRE revenue due to progress in the development of advanced technology products.

The effect of the depreciation of Japanese yen accounts for approximately 40% of the net sales increase.

We will explain the factors behind the differences in performance between FY23/3 and FY24/3 in the following slides.

4Q FY24/3 Consolidated Statements of Income

(Yen in billions)

	FY23/3				FY24/3					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	YoY %
Net Sales	39.9	42.8	56.1	53.9	61.4	55.5	52.7	51.6	-2.3	-4.3%
Product Revenue	31.0	35.3	43.9	46.5	52.9	48.5	40.5	40.9	-5.6	-12.0%
NRE Revenue	8.7	7.4	11.5	7.3	8.4	6.8	11.9	10.5	3.2	44.8%
Others	0.2	0.2	0.6	0.2	0.1	0.2	0.2	0.2	0.0	13.3%
Cost of Sales	19.9	22.1	31.8	30.2	34.5	28.2	24.6	23.9	-6.3	-20.8%
Product Cost Ratio	64.0%	62.6%	72.4%	64.9%	65.2%	58.2%	60.8%	58.4%		
Selling, General and Administrative Expenses	14.5	15.9	18.0	18.8	16.8	18.7	18.8	20.2	1.4	7.3%
R&D	10.6	11.5	13.4	13.8	12.2	12.5	13.6	15.0	1.2	8.7%
SG&A (excluding R&D)	3.9	4.4	4.6	5.0	4.7	6.3	5.1	5.1	0.2	3.2%
Operating Income	5.6	4.9	6.3	5.0	10.1	8.6	9.3	7.6	2.6	52.4%
Margin	14.0%	11.4%	11.2%	9.2%	16.5%	15.4%	17.6%	14.7%		
Profit	5.1	5.0	5.2	4.5	8.0	7.3	5.0	5.8	1.3	29.2%
Margin	12.7%	11.6%	9.3%	8.4%	12.9%	13.2%	9.5%	11.3%		
FX Rate (USD/JPY)	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6		

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This slide shows the fourth quarter results.

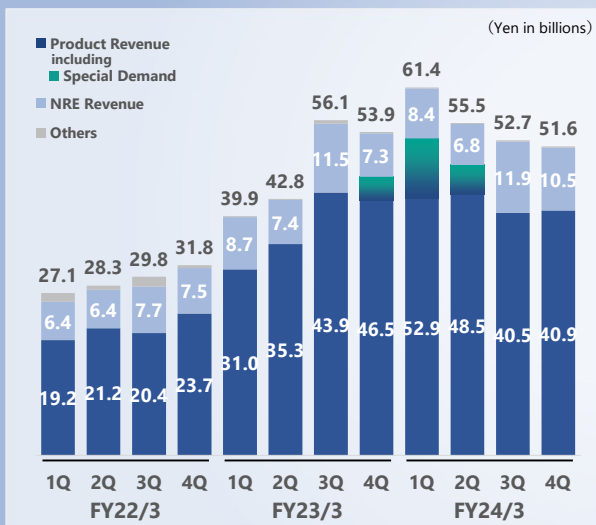
Net sales were 51.6 billion yen, a decrease of 4.3% from the same quarter of the previous fiscal year.

Operating income was 7.6 billion yen, an increase of 52.4% from the same quarter of the previous fiscal year.

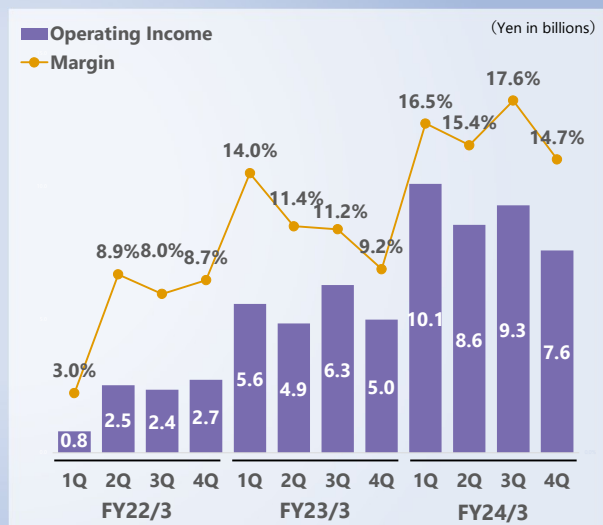
The results were largely in line with expectation, except for the foreign exchange effect.

Quarterly Net Sales and Operating Income

Net Sales¹



Operating Income¹



1. The quarterly figures are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.
 2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

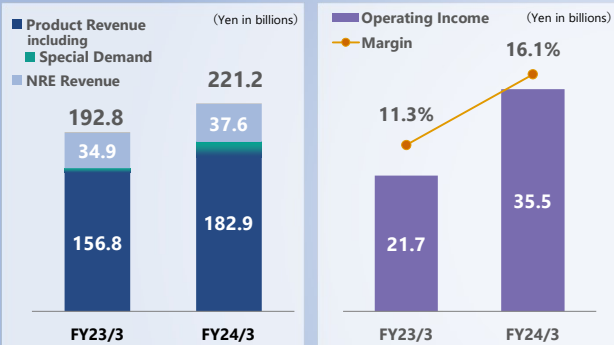
This slide shows the historical trends in net sales and operating income from the first quarter of FY22/3 to the fourth quarter of FY24/3.

While the net sales decreased due to the end of Special Demand, we recorded certain level of sales because of the start of mass productions of large-scale projects, for which we acquired design wins in FY20/3 and thereafter.

NRE revenue is a deliverable from the design and development activities and fluctuates from quarter to quarter. However, it maintained upward trend on an annual basis due to large-scale design wins in the advanced technology fields.

FY24/3 Annual Financial Results

Net Sales & Operating Income



Operating Income YoY Analysis



<Net sales> YoY +28.5 bn yen (+14.8%)

- Product revenue +26.1 bn yen (FX impact +9.7 bn yen)
- NRE revenue: +2.7 bn yen (FX impact +2.0 bn yen)
- Depreciation of Japanese yen +11.7 bn yen (USD/JPY 135.5→144.6)

<Operating income> YoY +13.8 bn yen (+63.6%)

- Increase in gross profit from product revenue +16.6 bn yen
- Increase in NRE revenue +0.7 bn yen
- Increase in R&D·SG&A, etc. -6.1 bn yen
- Depreciation of Japanese yen +2.5 bn yen (USD/JPY 135.5→144.6)

1. R&D cost connected to NRE revenue is recorded as an expense. Accordingly, NRE does not fully contribute to an increase in operating income for a particular period.
 2. FX impact is an increase or decrease from the previous year or quarter caused by change in USD/JPY exchange rate. The FX impact is excluded from the other factors shown in the operating income analysis.

This slide shows the year-on-year analysis of net sales and operating income for FY24/3, compared to FY23/3.

Net sales for FY24/3 were 221.2 billion yen, an increase of 28.5 billion yen (+14.8%) from FY23/3. Operating income for FY24/3 was 35.5 billion yen, an increase of 13.8 billion yen (+63.6%) from FY23/3.

The main factors for the increase in net sales include the start of the mass production of new products for Automotive (7nm), higher product revenue for Data Center & Networking including the Special Demand, as well as moderate increase in NRE revenue due to progress in the development of advanced technology products.

The effect of the foreign exchange was positive 11.7 billion yen (Product revenue: 9.7 billion yen, NRE revenue: 2.0 billion yen).

Operating income increased due to an increase in product gross profit (16.6 billion yen), which was driven by increased product revenue and improved product cost ratio (66.3% --> 60.8%).

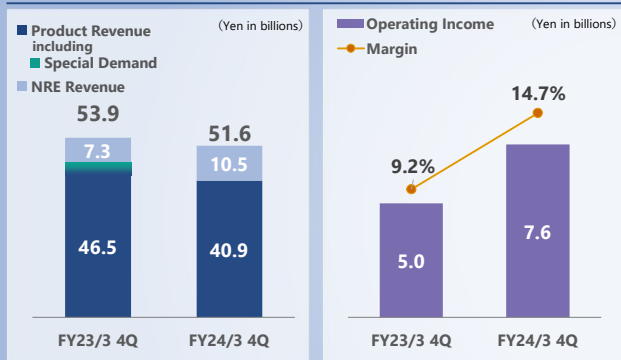
Product cost ratio improved due to factors including the elimination of one-time cost increase (approximately 3 billion yen for securing production capacity) in the previous fiscal year, yield improvements in some products, as well as indirect exchange rate effects related to procurement (improved by 1-2%), despite a negative factor of increase in sales of relatively high-cost products (Special Demand).

NRE revenue is on an upward trend due to an increase in development projects for advanced technology products. At the same time, R&D expenses are also on an increasing trend, due to proactive efforts in advanced technologies, increased costs associated with strengthening overseas development capabilities, and increased depreciation & amortization expenses for IP and reticles.

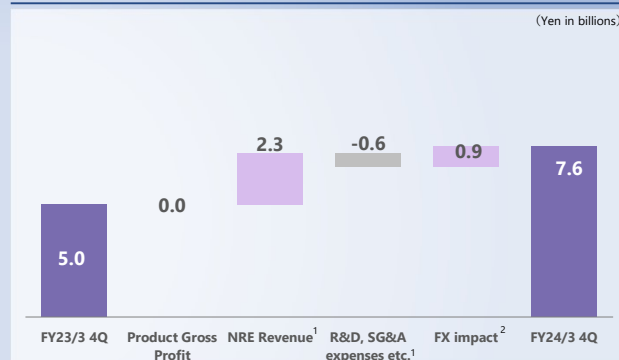
In this fiscal year, Selling, General and Administrative expenses include temporally expenses for overseas restructuring costs (approximately 1.8 billion yen, primarily recorded in the second quarter).

4Q FY24/3 Financial Results - YoY Changes

Net Sales & Operating Income



Operating Income YoY Analysis



<Net sales> YoY -2.3 bn yen (-4.3%)

- Product revenue -5.6 bn yen (FX impact +3.8 bn yen)
- NRE revenue +3.2 bn yen (FX impact +1.0 bn yen)
- Depreciation of Japanese yen +4.8 bn yen (USD/JPY 132.3→148.6)

<Operating income> YoY +2.6 bn yen (+52.4%)

- No increase or decrease in gross profit from product revenue
- Increase in NRE revenue +2.3 bn yen
- Increase in R&D·SG&A, etc. -0.6 bn yen
- Depreciation of Japanese yen +0.9 bn yen (USD/JPY 132.3→148.6)

1. R&D cost connected to NRE revenue is recorded as an expense. Accordingly, NRE does not fully contribute to an increase in operating income for a particular period.
 2. FX impact is an increase or decrease from the previous year or quarter caused by change in USD/JPY exchange rate. The FX impact is excluded from the other factors shown in the operating income analysis.

This slide shows the year-on-year analysis of net sales and operating income for the fourth quarter FY24/3, compared to the fourth quarter FY23/3.

Net sales were 51.6 billion yen, a decrease of 2.3 billion yen (- 4.3%) from the fourth quarter in the previous fiscal year.

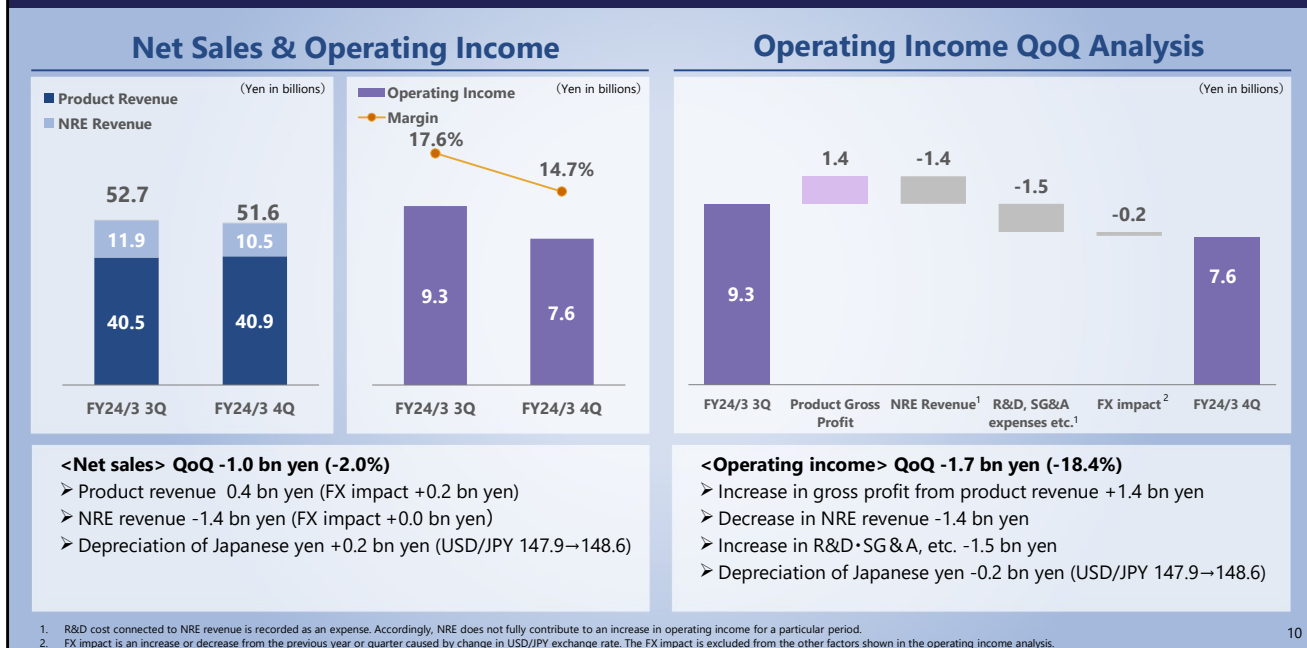
Product revenue decreased by 5.6 billion yen and NRE revenue increased by 3.2 billion yen. The effect of foreign exchange led to 4.8 billion yen increase in net sales.

The main factor of the decrease in the product revenue was the end of Special Demand, which accounts for about 4 billion yen. Additionally, product revenue declined due to weak demand for consumer products despite an increase in new mass production.

High level of NRE revenue was recorded for the second consecutive quarter, and the revenue significantly increased compared to the fourth quarter of the previous fiscal year.

Operating income was 7.6 billion yen, an increase of 2.6 billion yen (+52.4%) from the fourth quarter of the previous fiscal year. The increase in operating income was due to increase in NRE revenue (+2.3 billion yen) and the effect of foreign exchange (+900 million yen), despite an increase in R&D expenses.

4Q FY24/3 Financial Results - QoQ Changes



This slide shows the quarter-on-quarter analysis of net sales and operating income for the fourth quarter FY24/3, compared to the third quarter FY24/3.

Net sales decreased by 1.0 billion yen (-2.0%), and operating income decreased by 1.7 billion yen (-18.4%).

Product revenue increased by 400 million yen, but NRE revenue decreased by 1.4 billion yen. Also, the effect of foreign exchange led to 200 million yen increase.

The NRE revenue tends to be higher in third quarter as global projects are increasing.

Although there was a decrease in the fourth quarter of FY24/3, the revenue is on an increasing trend on an annual basis.

Operating income decreased by 1.7 billion yen overall. Product gross profit increased by 1.4 billion yen, NRE revenue decreased by 1.4 billion yen, R&D/SG&A expenses increased by 1.5 billion yen, and the effect of foreign exchange led to 200 million yen decrease.

(Reference) Mid-Term Financial Targets Announced in Sep. 2022

	FY21/3	FY22/3	Mid-Term Target ¹	FY23/3 Results	FY24/3 Results
Net Sales Growth	99.7 billion yen	117.0 billion yen	High teen% CAGR²	192.8 billion yen	221.2 billion yen CAGR²:37%
OP Margin	1.6% (1.6 billion yen)	7.2% (8.5 billion yen)	Low-to-Mid teen %	11.3% (21.7billion yen)	16.1% (35.5 billion yen)

1. 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.
2. The base year of the calculation of Compound Annual Growth Rate (CAGR) is FY22/3.

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This slide shows the progress made through FY24/3, towards the mid-term targets set at the time of listing.

We achieved the mid-term target for net sales. Revenue from new mass production exceeded the initial expectation, and Special Demand and the effect of foreign exchange further contributed to the results.

We also achieved the mid-term target for operating margin at 16.1%, despite the impact of foreign exchange.

As for the future, we will provide a mid-term outlook on net sales and operating income margin, taking into consideration the business environment at the time.

Consolidated Balance Sheet (As of March 31, 2024)

	As of Mar.31,2023	As of Mar.31,2024	Change
(Yen in billions)			
Total Assets	193.9	186.8	-7.1
Total Current Assets	156.1	138.9	-17.2
Cash on-hand and in banks	45.1	69.7	+24.6
Accounts receivable-trade	40.8	35.3	-5.6
Inventories ¹	47.7	25.5	-22.2
Accounts receivable-other	16.2	2.9	-13.3
Total non-Current Assets	37.9	47.9	+10.1
Total Liabilities	84.1	55.8	-28.3
Total Current Liabilities	82.3	53.1	-29.2
Accounts payable-trade	23.4	15.8	-7.7
Accounts payable-other	24.6	9.3	-15.2
Liabilities related to changeable subcontracting	18.9	9.3	-9.6
Total Net Assets	109.9	131.0	+21.2
Shareholders' Equity Ratio	56.6%	70.1%	



1. Inventories consist of finished goods and work in process
 2. Regular inventory turnover months = ordinary inventories balance/forecasted cost of sales in next-3-month average

Cash on-hand and in banks was 69.7 billion yen, increased by 24.6 billion yen from the end of the previous fiscal year, reflecting the decrease of inventories and the accounts receivables, although investments in reticles and IP remained at high level.

Inventories from upfront procurement of wafers by customer request significantly decreased. We will optimize the overall inventory, so that the inventory turnover months will be controlled to less than 3 months in the second half of FY25/3.

The decrease in current assets and liabilities is due mainly to a decrease in inventories from upfront procurement of wafers by customer request. The shareholders' equity ratio almost returned to the previous level at 70.1%.

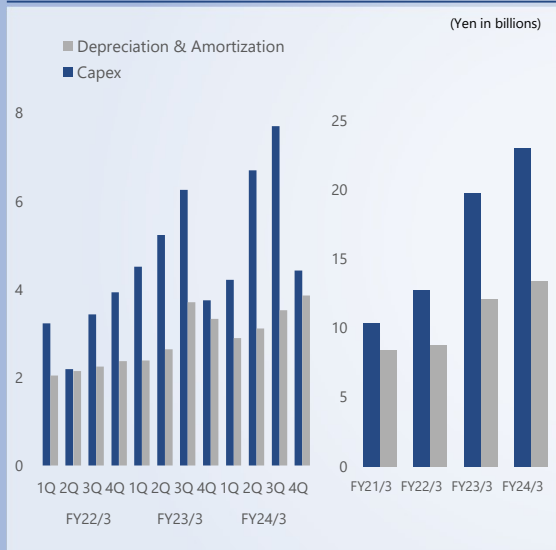
Our business model does not involve significant capital expenditure such as manufacturing equipment, and we expect cash levels to move in line with net profit.

However, with the increase of development projects in the advanced technology fields, investments in IP and reticles are on an increasing trend. The timing of revenue recognition and accounts receivable collections also affect the cash level, especially at the end of fiscal year.

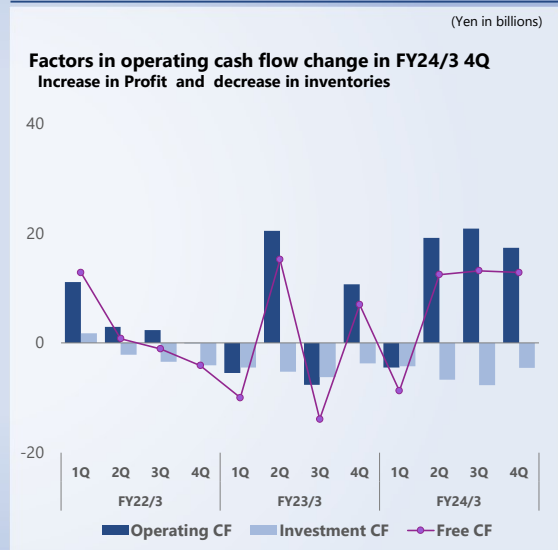
We recognize the need to closely monitor the trends in accounts receivable in addition to inventories.

Capex-Depreciation & Amortization / Cash Flow

Capex¹-Depreciation & Amortization²



Cash Flow²



1. Capex: Purchases of PP&E + purchase of intangible assets
 2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

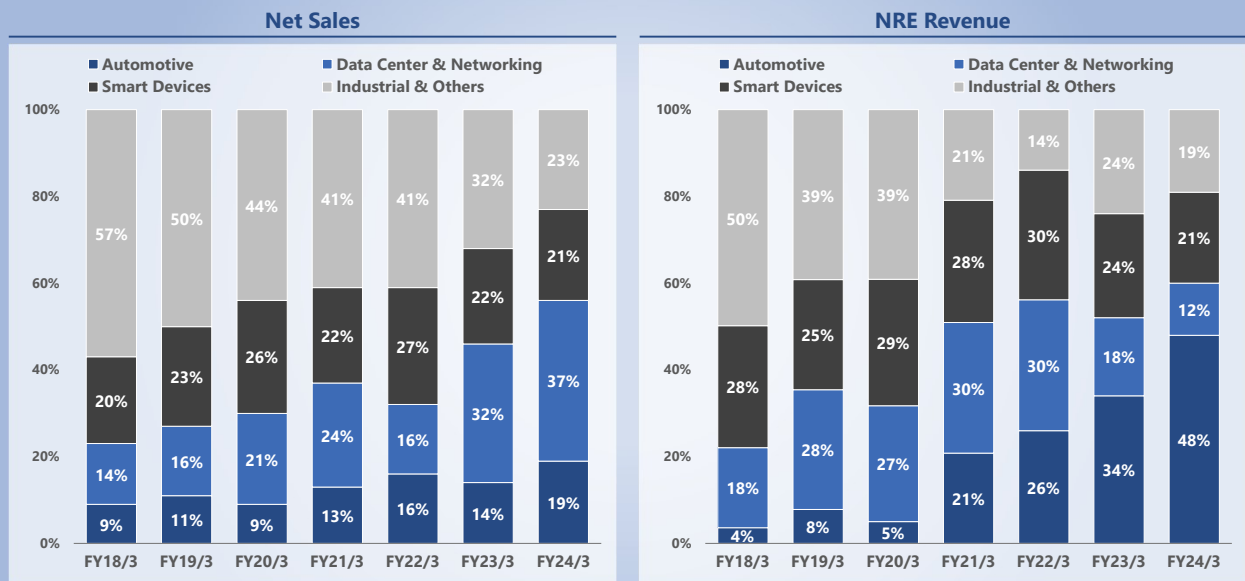
This slide explains capital expenditures and cash flow.

Capex decreased in the fourth quarter FY24/3 from the third quarter. However, investments in reticles and IP are on an increased trend because of the increase of development projects in the advanced technology fields associated with the large-scale design wins.

The level of depreciation & amortization is also on an increasing trend, reflecting the increase in capex for the business growth.

Operating cash flow was significantly positive due to the collection of account receivables and the decrease in inventories, in addition to the recording of profit. Therefore, free cash flow for the fourth quarter was positive.

Breakdown by Application Market

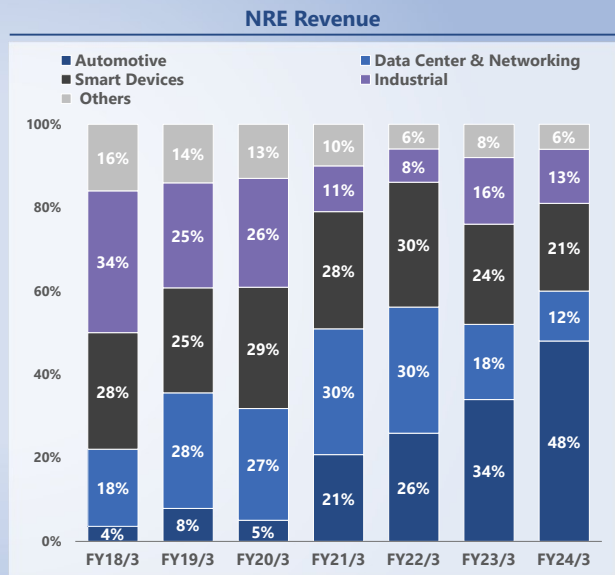
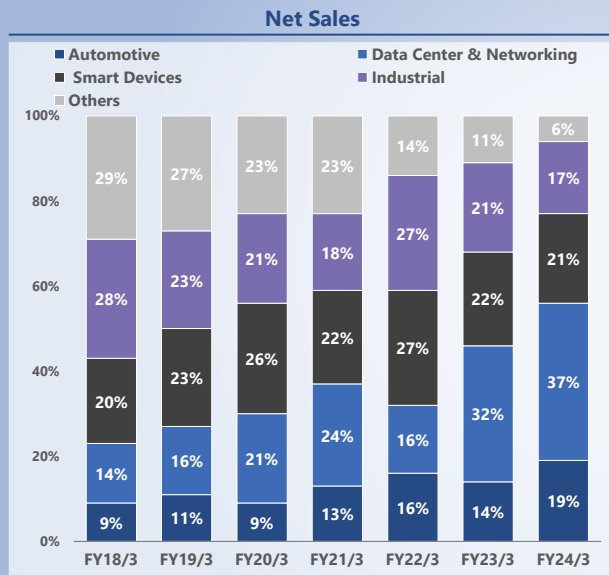


This slide shows the breakdown of net sales and NRE revenue by application market since FY18/3.

In FY24/3, the proportion of sales from Data Center & Networking, including those from Special Demand, increased significantly while sales in Automotive and Smart Devices also increased.

As for NRE revenue, proportion of Automotive continued to expand from the previous fiscal year. In Automotive, design wins have been strong and the development activities for those projects are in progress.

Breakdown by Application Market



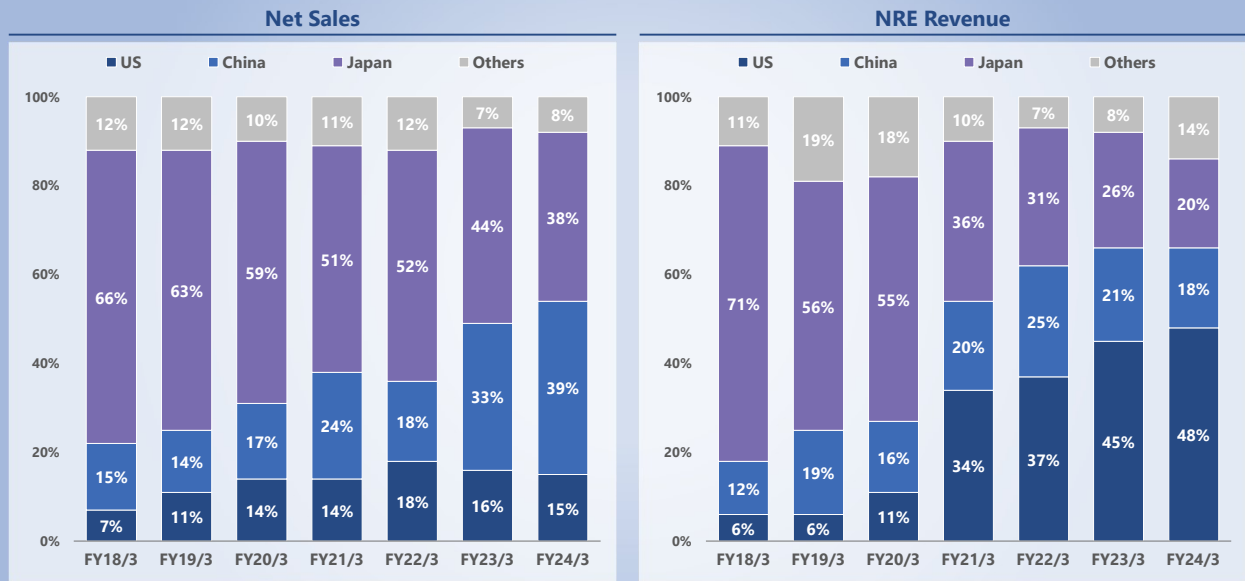
1. Industrial: office equipment, factory automation, industrial equipment, measurement instruments/testers, etc.
 Others: sensors, existing consumer equipment (BDR, TV tuners), etc.

This slide also shows the breakdown of net sales and NRE revenue by application market since FY18/3. In this slide, we report figures for "Industrial" and "Others" separately, instead of "Industrial & Others".

We would like to clarify that we now regard "Industrial" as one of our focus areas, since the demand for the advanced technologies and for Solution SoC type of development are expanding in this area.

We will use this categorization from now on when reporting the breakdown by application market.

Breakdown by Geographic Region

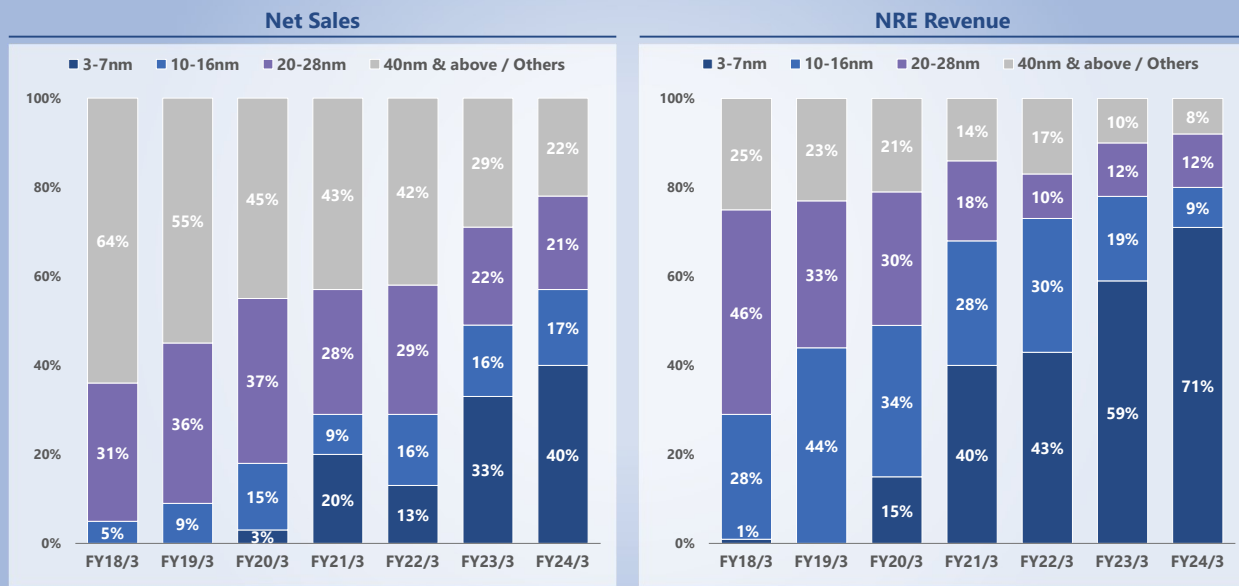


This slide shows the breakdown by geographic region.

Although the proportion of China in net sales increased to 39%, it is expected to decrease along with the decrease of sales associated with Special Demand.

As for NRE revenue, proportion of the U.S. continue to be at a high level.

Breakdown by Process Node



This slide shows the breakdown by process node.

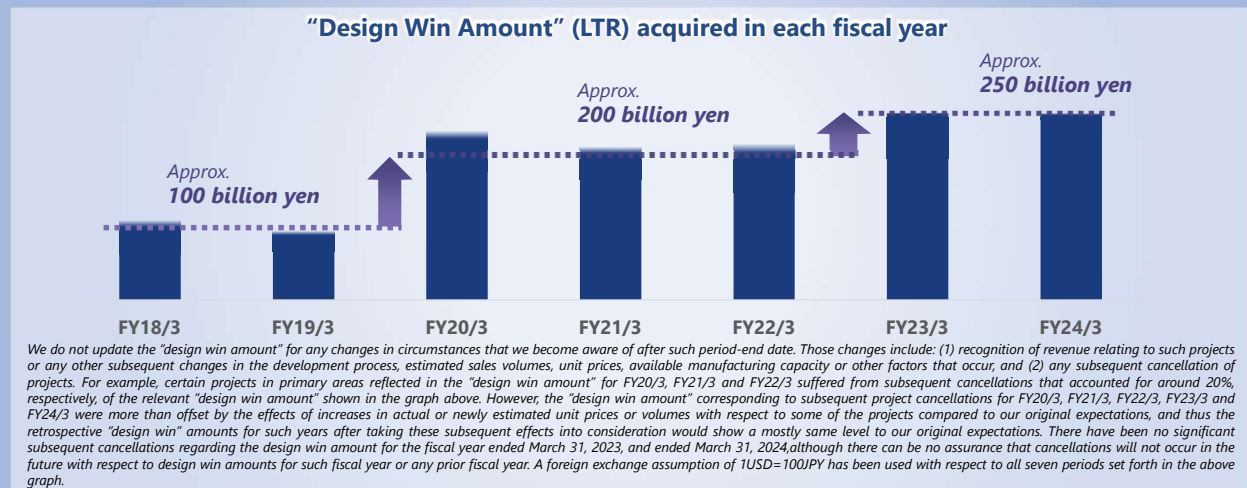
Proportion of advanced technologies both in net sales and NRE revenue is increasing.

In FY24/3, 5nm and beyond, including 3nm, accounted for more than half of total NRE revenue.

Please see the appendix pages for the quarterly data breakdown by application market, geographic region and process node.

Strong Design Wins

- “Design Win Amount¹” has more than doubled through transformation since 2018
The amount was at level of 250 billion yen in FY24/3 following FY23/3



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. Refer to pages 3.

On subsequent slides, we will discuss Design Win Amount and Design Win Balance.

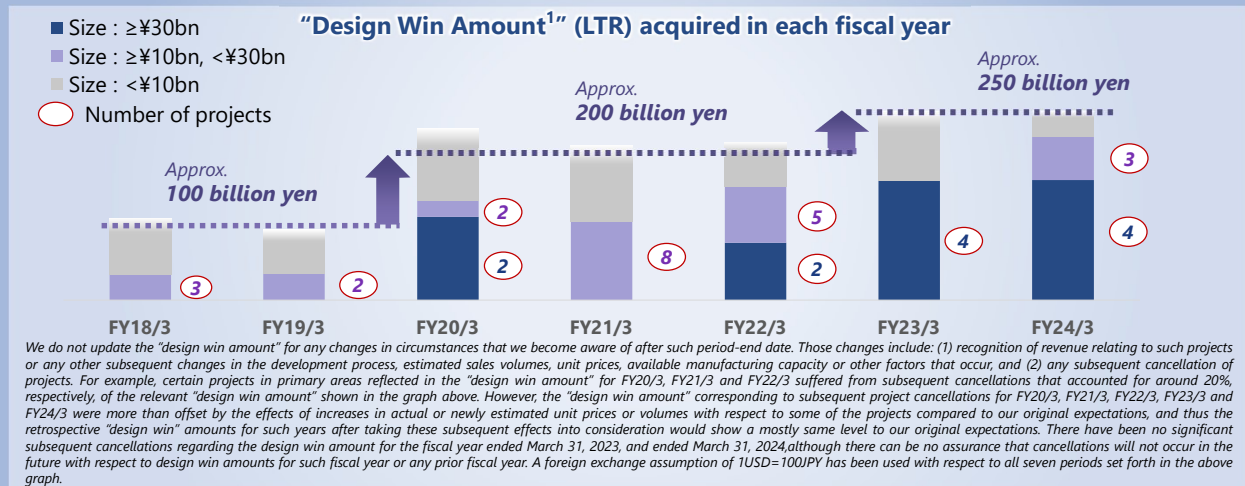
Following the previous fiscal year, we were able to acquire approximately 250 billion yen of design wins.

Of the Design Win Amount in FY24/3, the U.S. accounted over 40% by region, and Automotive accounted for approximately 50% by application.

Figures of Design Win Amount and Design Win Balance are based on the assumption of 100 yen to the U.S. dollar.

Large-Scale Design Wins Increasing

- Large-scale Design Wins have been increasing both in numbers and total amounts
Significant portion of future product shipments is expected to come from large-scale projects, which will improve our business efficiency



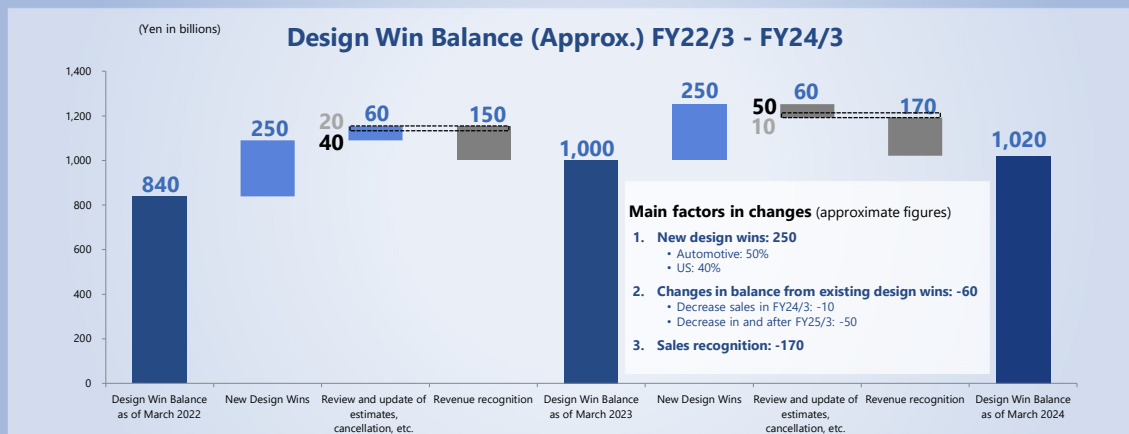
1. The life-time revenue (or LTR) of the "design win amount" for a particular period reflects our expectations as of the end of such period, based on various estimations and assumptions that we believe to be reasonable at such time, regarding the total future revenue from the design win projects that 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. Refer to pages 3.

This slide shows the number of projects worth 10 billion yen or more, and those worth 30 billion yen or more.

Design wins for advanced technology products are increasing, and the scale of each design win is also increasing.

Design Win Balance: Breakdown of Changes

- Although new Design Wins expanded, Design Win Balance increased only slightly, due to revision of sales forecasts for existing projects in response to customers' business environment and the cancellation of mass production for a few projects mainly in Japan
- Approximately 60% of the current Design Win balance will be recognized as net sales between FY26/3 and FY29/3



Main factors in changes (approximate figures)

- 1. New design wins: 250**
 - Automotive: 50%
 - US: 40%
- 2. Changes in balance from existing design wins: -60**
 - Decrease sales in FY24/3: -10
 - Decrease in and after FY25/3: -50
- 3. Sales recognition: -170**

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 primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 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 mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024, although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of \$1=¥100 has been used.

2. Design Win Balance as of June 2022 was 880 billion yen.

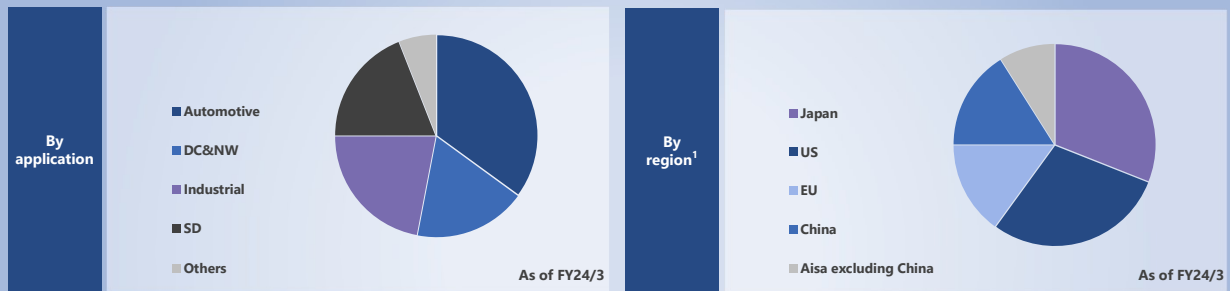
In FY24/3, we have achieved approximately 250 billion yen of design wins following the previous year. However, the Design Win Balance at the end of March 2024 was 1.02 trillion yen, increase of just 20 billion yen from the beginning of the fiscal year. This was mainly due to the revision of sales forecasts for existing projects in response to changes in customers' business environments, and the cancellation of mass production for a few projects mainly in Japan.

Net sales forecast for the existing projects decreased by 50 billion yen, exceeding the increase of 40 billion yen, which was estimated during FY23/3.

We regard the Design Win Balance as one of the key indicators to understand our current business status and future outlook. We disclose the figure once a year, but we are revising it on a regular basis by reflecting changes in our business environment and risks at the time.

Figures of Design Win Amount and Design Win Balance are based on the assumption of 100 yen to the U.S. dollar.

Design Win Balance by Application Market and Region



- **“Automotive” and “US” increased respectively following the recent strong design wins**
- **Design Win Balance in “Data Center & Networking” expected to increase, as new business in US is in progress**
- **Sales in each category expected to grow in a balanced manner in the mid-term, aligned with the composition of Design Win Balance**
- **Demand for Solution SoC business in “Industrial” is increasing from previously expected level; Ratio of “Industrial” in the Design Win Balance remains at previous level**

* “Industrial” has been separated from “Others” as an independent category

1 “Geographic region” is calculated based on the regional companies of Socionext

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As of the end of FY24/3, Automotive accounted for more than 30% of Design Win Balance by application, while the U.S. and Japan each accounted for 30% by region.

Design Win Balance from Data Center & Networking is expected to increase as new business in the U.S. is in progress, although design win has not been secured as of the end of FY24/3.

We now report figures for 'Industrial' and 'Others' separately.

Abundant Global “Design Win Balance”

- In FY2024/3, Design Win Balance¹ from “Automotive” and “Smart Devices” increased.
- Design Win Balance in “Data Center & Networking” expected to increase, as new business in US is in progress

Automotive			Data Center & Networking			Industrial			Smart Devices		
Application	nm	Customers ²	Application	nm	Customers ²	Application	nm	Customers ²	Application	nm	Customers ²
HP Computing AD/ADAS	3-7nm	Global OEMs Tier-1 Suppliers / Emerging companies	Data Centers ³	3-12nm	Global Major Telecom Equipment Players	FA Test & Measurement Printer	5-28nm	Major Players	DSLR/Action Camera		Major Players
LiDAR Camera Rader HMI	7-22nm		5G Base Station CU/DU/RU	7-12nm					Network camera	5-12nm	

“Design win balance¹” (LTR) as of March 31, 2023 & March 31, 2024 (excl. special demand²)



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 primary areas reflected in the “design win amount” for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 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 mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024, although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of \$1=¥100 has been used.

2. Major non-Japanese customers are listed.

3. Projects include development of test chips commissioned by external parties.

In FY24/3, Design Win Balance from Automotive and Smart Devices increased.

Consolidated Earnings Forecast

	FY2024/3	FY2025/3	(Yen in billions)	
	Full Year Results	Full Year Forecast	YoY	YoY %
Net Sales	221.2	200.0	-21.2	-9.6%
Operating Income	35.5	27.0	-8.5	-24.0%
Margin	16.1%	13.5%	-2.6%pt	
Profit	26.1	19.5	-6.6	-25.4%
Margin	11.8%	9.8%	-2.0%pt	
Basic Earnings per Share^{1,3}	148.39yen	109.13yen		
Dividends per Share^{2,3}	48.00yen	50.00yen		
FX Rate (USD/JPY)	144.6yen	130.0yen		

➤ The FX rate sensitivity for the FY25/3 forecast is assumed to be approx. 1.2 billion yen for net sales, and approx. 325 million yen for operating income to a 1 yen change against US dollar. The impact on other currencies is assumed to be negligible.

1. Actual basic earnings per share for FY2024/3 and forecasted basic earnings per share for FY2025/3 was calculated based on 176,119,044 shares.
2. Estimated dividends per share for FY2024/3 was 42.00yen as of the end of April, 2023 and 46.00yen as of the end of October, 2023.
3. Actual and forecasted basic earnings per share and dividends per share were calculated based on the number of shares after the five-for-one stock split. Socionext conducted a five-for-one stock split of common stock owned by shareholders listed or recorded in the final shareholder register as of December 31, 2023.

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For FY25/3, we estimate net sales of 200 billion yen, operating income of 27 billion yen, and profit of 19.5 billion yen, assuming exchange rate of 130 yen to the dollar.

Our forecast for annual dividend is 50 yen per share.

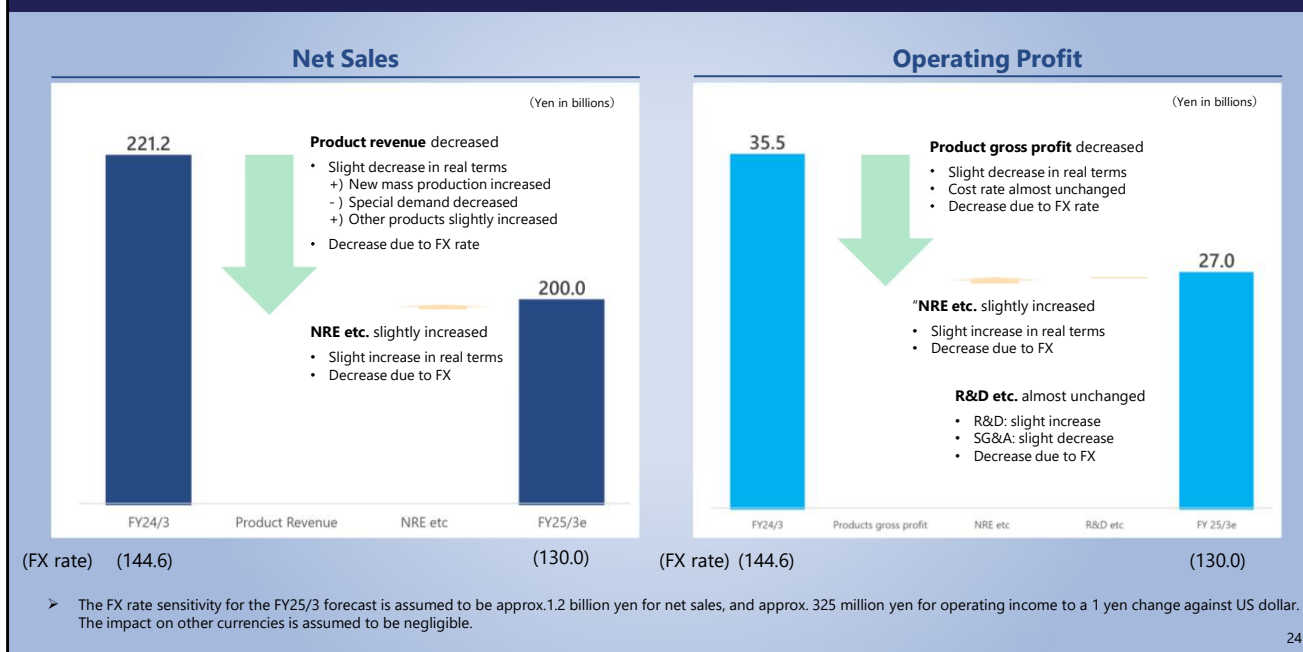
Profit is estimated at 19.5 billion yen, with the assumption that non-operating income is zero.

The tax rate corresponding to the difference between profit-before-tax and net profit for FY 25/3 is assumed to be about 27-28%, a slight decrease from 29.6% in the previous fiscal year.

Change of 1 yen against U.S. dollar is expected to have an impact of approximately 1.2 billion yen on net sales and 325 million yen on operating income.

Our dividend in FY24/3 was 48 yen, increased by 6 yen per share from forecast announced in April 2023 (42 yen) and increased by 2 yen per share from forecast announced in October 2023 (46 yen).

Consolidated Earnings Forecast (vs Previous Results)



The slide shows the comparison between FY25/3 forecast and FY24/3 results.

As for net sales, we expect a decrease in product revenue and a slight increase in NRE revenue.

While we expect to gain product revenues due to the start of new mass production in Automotive, the increase will be offset by the end of Special Demand in Data Center & Networking, resulting in a slight decrease in actual terms. In addition, due to the effect of foreign exchange, final figure for the product revenue is expected to decrease from the previous fiscal year.

On the other hand, NRE revenue is expected to increase slightly, due to the strong design wins in the advanced technology field, despite the foreign exchange impact.

Product gross profit is estimated to decrease due to a decrease in product revenue. R&D expense is estimated to slightly increase due to proactive investment in advanced technology areas. SG&A is estimated to slightly decrease. As a result, we estimate the operating income to decrease as a whole.

In overall, we forecast net sales of 200 billion yen and operating income of 27 billion yen, assuming 130 yen to the U.S. dollar.

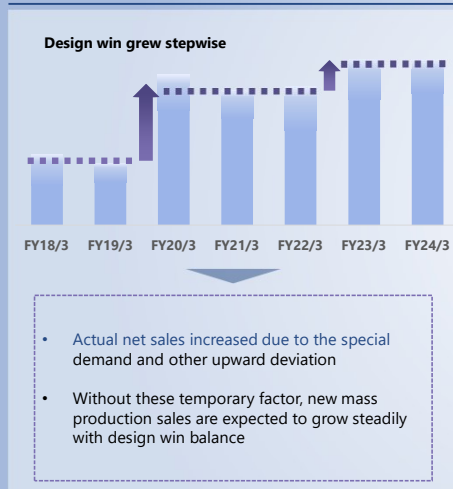
For net sales, the sensitivity to exchange rate is expected to be about 1.2 billion yen for every 1 yen change against the dollar, which is the same level as the second half of FY24/3.

For operating income, the sensitivity to exchange rate is expected to be about 325 million yen, assuming an increase in the proportion of foreign currencies in each expense.

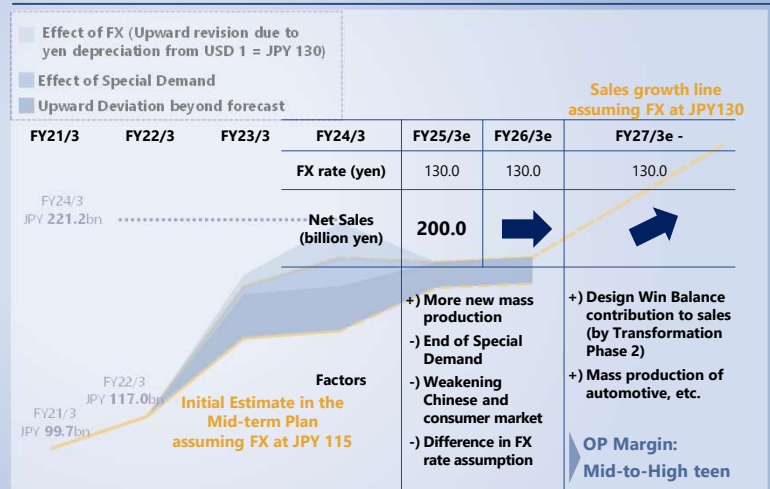
Illustrative Image of Growth

- While expansion of new mass production continues, Net Sales will possibly be flat or slightly decrease in FY25/3 and FY26/3, due to end of Special Demand and weakening of Chinese and consumer markets → Another growth acceleration will follow driven by new mass production in automotive and other areas

Sales growth mechanism



Net sales achievement and forecast²



1. Refer to page 3
 2. Net sales for FY21/3 and FY22/3 was based on the actual FX rate at the time. The upper line chart assumes FX rate of USD 1 = JPY 130 in and after FY23/3 for the purpose of comparison between the current and long-term growth trend. The lower line chart was net sales estimate in the mid-term plan recalculated with an assumption of USD 1 = JPY 115. Upward deviation is calculated using this recalculated net sales estimate. Please note that the actual mid-term plan assumed FX rate of JPY 115 except for FY23/3 with an assumption of JPY 125.
 3. This slide is from the Q2 FY24/3 financial results presentation, with updated FY24/3 results and revised exchange rates for FY25/3 and beyond.

This slide shows the future sales growth trend.

Net sales in FY23/3 and in FY24/3 have grown beyond the baseline estimated at the time of listing, thanks to Special Demand, higher product revenue in some projects than the initial forecast, and the effect of foreign exchange. Thus, we were able to achieve the mid-term plan target.

Increase in net sales from new mass production is expected in FY25/3 and FY26/3 given strong acquisition of design wins. However, this increase will be offset by the end of Special Demand and weakening Chinese and consumer markets. As a result, net sales in actual terms, excluding the impact of foreign exchange, are expected to remain flat or decrease slightly.

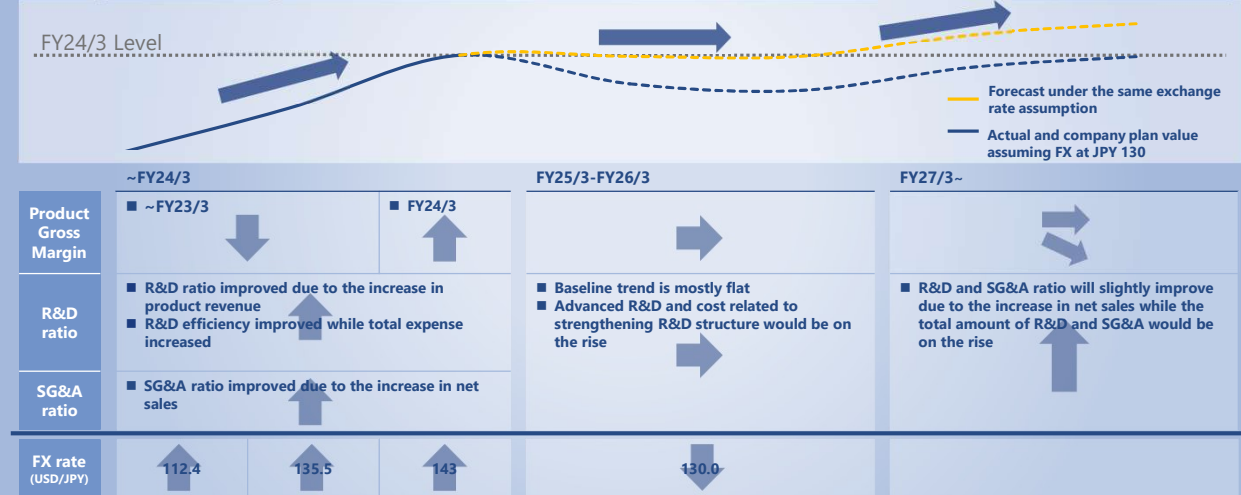
After that, we expect to be back on growth trend, mainly driven by strong designs wins in Automotive.

We expect the progress in the U.S. data center business to further solidify this growth trend.

OP Margin Trend and Outlook for Future

- OP margin has shown improvement in recent years, and while it may temporarily remain flat, it is expected to grow again due to the increase in product revenue

Long-term OP margin trend after FY2022/3



*Arrows indicate direction of impact on OP margin

This slide shows the trend and future outlook of the operating margin.

Operating margin has been improving by leverage from net sales expansion. We expect it to remain flat for the time being, but to start expanding again as product revenue expands.

Market Trend, Background of FY25/3 Forecast and Outlook for FY26/3 & Beyond

Market trend and Design win	FY25/3 forecast	FY26/3 & beyond outlook
<p>Automotive Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving) - Demand is strongly active for HPC, in addition to zone architecture and sensing SoCs - Business opportunities continue to be active</p> <p>Data Center & Networking Demand growing for DC&NW and cloud service SoCs, due in part to increasing demand for generative AI - New business opportunities for data center active in the US</p> <p>Smart Devices - Demand for new technologies in smart devices area continues to be strong due to expanding use of AI - Business opportunities active with advanced customers, in applications including computer vision, AR etc.</p> <p>Industrial - Demand expanding for Solution SoC with advanced technologies in industrial applications, due to expanding use of AI and networking - Business opportunities increasing, for FA, and measurement equipment, as well as for custom SoCs using RF-CMOS technologies</p>	<p>Product Revenue</p> <ul style="list-style-type: none"> Overview <ul style="list-style-type: none"> Sales from new mass production will increase significantly compared to FY24/3 (accounting for 10% of total product sales) Total product revenue in real terms will be flat or slightly lower than FY24/3, due to end of "special demand" in China and decline in office and FA equipment due to changes in the market environment Application market <ul style="list-style-type: none"> Automotive business will remain steady Demand for existing Smart Device business will increase Slight decrease in office and FA equipment due to inventory adjustment Demand for large-scale SoCs will drive demand for testers "Special demand" for the China network business will decrease by about 15bn yen from FY24/3 (back to initially projected level) Geographic region <ul style="list-style-type: none"> China: "Special Demand" will decrease New mass production for Automotive will increase US: Smart Devices and Industrial will increase Japan: Industrial (office, FA) will decrease NRE revenue <ul style="list-style-type: none"> Moderate increase in line with increase in Design Wins Steady design wins expected from Automotive and Industrial for AI functionality, as well as from Data Center business opportunities Operating Income <ul style="list-style-type: none"> Operating Income will decrease from FY24/3. Due to decrease in product GP due to lower product sales while maintaining the manufacturing cost rate and increase in R&D for active investment for leading-edge technologies FX Assumptions 1USD=130JPY <ul style="list-style-type: none"> FX sensitivity (Sales): approx. 1.2 billion yen FX sensitivity (OP): approx. 325 million yen 	<p>Product Revenue</p> <ul style="list-style-type: none"> FY26/3: Same level as FY25/3 or slightly lower <ul style="list-style-type: none"> Sales increase from new mass production is expected to continue (same level as FY25/3) Sales from China network business ("special demand" ended / some contributed to revenues ahead of schedule) will decrease, returning to initially projected level Demand for consumer electronics is expected to weaken in the near term FY27/3 & beyond: <ul style="list-style-type: none"> With design wins acquired in FY20/3~23/3 at 200 billion yen and current level of design wins at 250 billion yen, sales growth expected as the mass production of projects from these design wins start ("Design Win Balance" calculated based on 1USD = 100JPY) <ul style="list-style-type: none"> Automotive: <ul style="list-style-type: none"> Mass production will start for ADAS/AD SoC Industrial: <ul style="list-style-type: none"> Demand will expand as inventory adjustment level off Demand for large-scale SoCs will drive demand for testers Mass production will start for IoT equipment utilizing RF technology Data Center & Networking: <ul style="list-style-type: none"> Business expansion expected NRE <ul style="list-style-type: none"> Continue to be in increasing trend

This slide provides background on market trends and forecasts, as well as our outlook for FY26/3 and beyond. It has not changed significantly from what we have been explaining since fall 2023.

One thing to add is that we expect to make progress in the U.S. data center business.

Growth strategy

- *Further Growth through "Phase 2 Transformation"*
- *Solution SoC Business Model*
- *Growing Demand for Custom (Bespoke) SoCs*
- *Positioning of Socionext in Custom SoC Market*
- *Socionext's Development Platform for "Entire Design" for Diverse Fields and Products*
- *Investing in Leading-Edge Technologies*
- *Advanced SoC Developments on Computer Architecture Basis in Diverse Fields*
- *Design Wins Expanding in Each Application Market*
- *Expanding Business in Each Application Market*
- *Transformation of Global R&D Structure*



Further Growth through "Phase 2 Transformation"

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

"Phase 1 Transformation"

More design wins by "outside-in change"

- Transformation of business model and focus business area
 - Expand "Design Win Amount" → Expand "Design Win Balance"
 - Expand product revenue
 - Expand profit by operating leverage

Further Growth and Development through "Phase 2 Transformation"

- Build and strengthen competitive R&D structure, both in quantity and quality / Invest actively in leading-edge technologies
- Strengthen partnership with global SoC ecosystem players
- Continue high level of design win amount

	FY21/3	FY22/3	FY23/3	FY24/3
Net Sales (billion yen)	99.7	117.0	192.8	221.2
FX Rate (yen)	106.1	112.4	135.5	144.6
OP Margin	1.6%	7.2%	11.3%	16.1%

	FY25/3e	FY26/3e	FY27/3e -
Net Sales (billion yen)	200.0	➔	➔
FX Rate (yen)	130.0	130.0	130.0

**OP Margin
Mid-to-High teen %**

Achieve high growth and OP margin improvement

This slide outlines our growth strategy.

While maintaining the high growth and profit structure achieved through the "Phase 1 Transformation", we will pursue further growth and development through a new, unique "Solution SoC" business model and the "Phase2 Transformation".

Socionext's Mission

"Together with our global partners, we bring innovation to everyone everywhere"

Socionext will help to bring about a prosperous society by delivering new value to our customers and to people around the world beyond them. We will do this as a valued partner of customers seeking unique and cutting-edge SoCs to differentiate their services and products. We will also do this as a partner of our suppliers providing the latest technologies in the evolving semiconductor ecosystem, including foundries, outsourced semiconductor assembly & tests (OSATs) and providers of intellectual property (IP), electronic design automation (EDA) and software.



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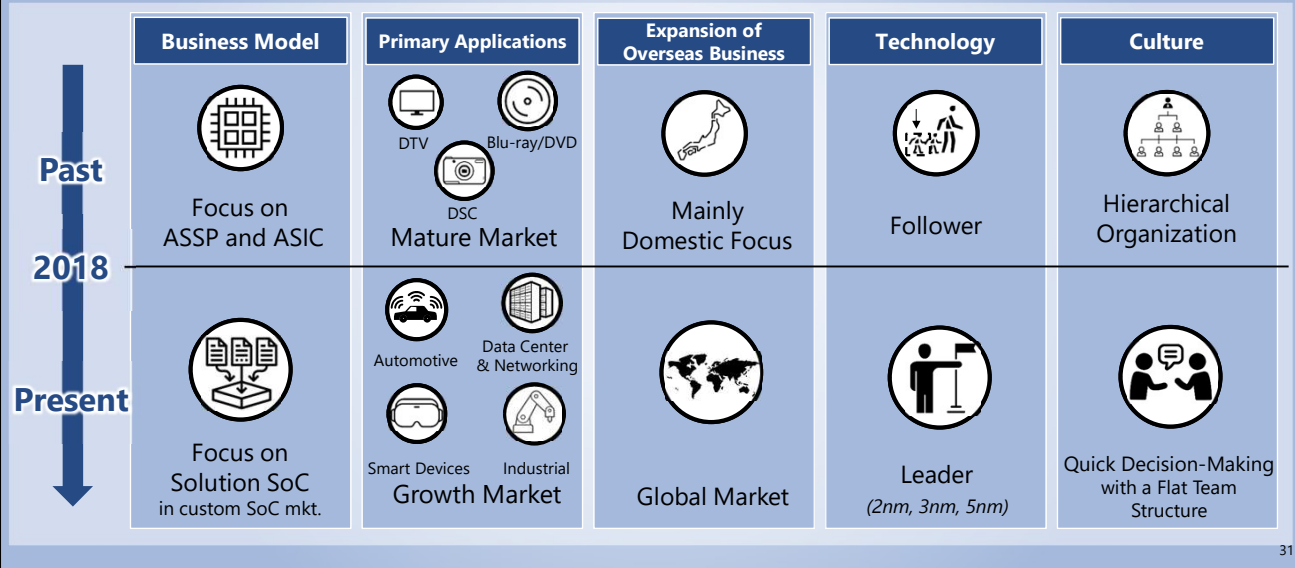
This slide describes our mission.

We are committed to connecting the evolving semiconductor ecosystem with customers who need advanced and bespoke SoCs to differentiate their new services and products.

We will deliver new value to our customers and people around the world and bring about a prosperous society.

Transformation into Global Custom SoC Vendor in Advanced Technology Areas

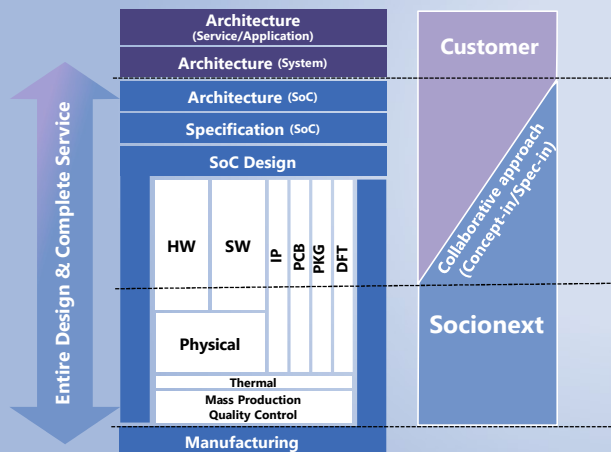
▪ Through a transformation of our business and company culture, Socionext has turned into a global leading custom SoC vendor with a new and distinctive business model that we refer to as “Solution SoC”



Solution SoC Business Model

- Socionext has established new and distinctive “Solution SoC¹” business model to provide optimal custom SoCs to customers who require advanced and innovative chips

“Solution SoC”



- Collaborating with customer to design optimal SoC architecture to meet customer requirements and for design efficiency / Identify best IPs and design methodologies from across the entire semiconductor ecosystem / Offer ideal custom SoCs to all types of customers

Socionext

- ... has **diverse engineers with wide range of technology, expertise** (SoC architecture, ... thermal and quality)
- ... **collaborates with customers** who seek unique SoCs (including heterogeneous) to **differentiate** their products and services in advanced technology areas,
- ... **designs optimal SoCs and chiplets** by utilizing variety of CPU, AI, Interface and application IPs on its flexible design & development platform based on computer architecture,
- ... **ensures quality** (including automotive grade), and
- ... operates with **global production and delivery system** (including for automotive market)

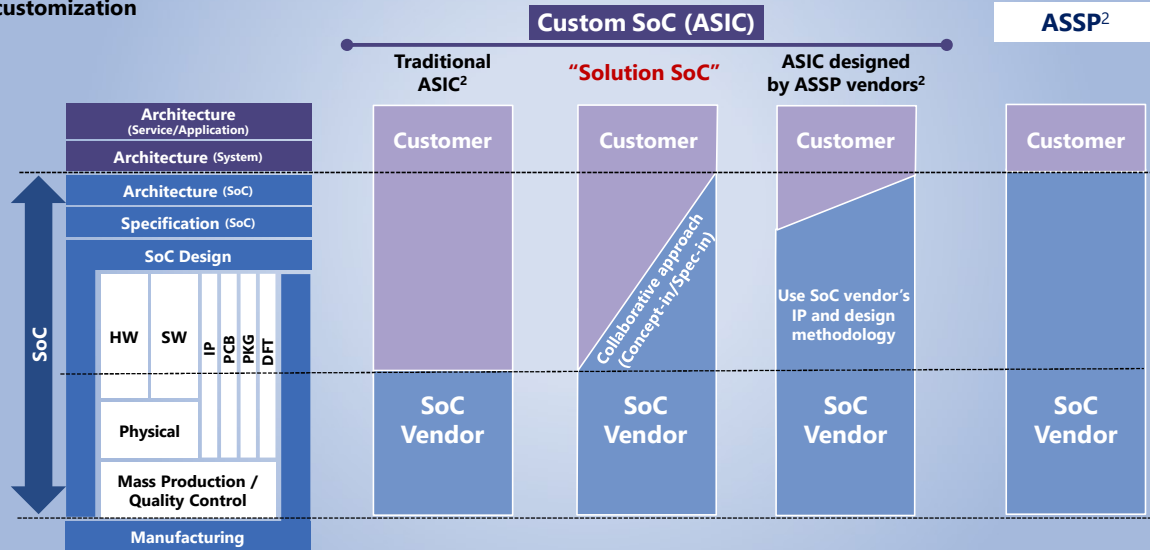
1. This slide is an image based on the company's recognition.

This slide describes Socionext's new and distinctive Solution SoC business model.

In collaboration with customers, we define the best architecture, select optimal IP and methodology from across the entire SoC ecosystem to meet customer requirement and to enable efficient design, and deliver the optimal custom SoCs to many types of customers.

Features of Solution SoC Business Model

- The primary difference between “traditional ASIC²” and “Solution SoC¹” is how to interface with customers
- The primary difference between “Solution SoC” and “ASIC designed by ASSP vendors²” 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.

Competitive Advantages of Solution SoC Business Model

- Socionext features “Entire Design” (from SoC architecture to thermal design and quality) and “Complete Service” (full turnkey and production) and deliver unique (“Bespoke”) SoCs for all types of customers in diverse industries and products

Competitive advantages of bespoke SoC developed under Solution SoC business model

Compared to Traditional ASIC¹

- Available to provide for bespoke SoC, heterogeneous SoC/chiplets and complex leading-edge SoC design
- Valuable support of software development in early stages and upstream design
- Available for companies with limited in-house resources

Compared to ASIC designed by ASSP vendors¹

- Flexibly draw on ecosystem resources in order to design optimal custom SoCs (as opposed to limited modifications restricted to their own IP and design methodologies)

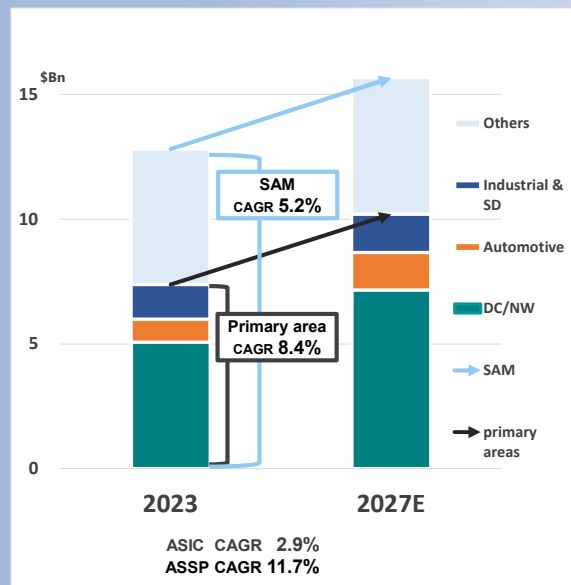
Key Foundations of our Solution SoC Model with our Strong R&D Team

1. **Understanding Customers**
 - Deep understanding of architecture of customer’s systems
 - Experience of ASSP business which enables our teams to understand the customer’s system, applications and IPs
2. **Understanding SoCs**
 - Deep understanding of SoCs architecture and technologies including IP, EDA tools, packaging, quality control and manufacturing
 - Years of experience and expertise in custom SoC business for wide range of applications and multiple products
 - Entire design capability from SoC architecture to thermal design and quality, and complete service capability including support for full turn-key and mass production in advanced technology areas
3. **Scale**
 - Abundant engineering resources and flexible R&D organization for large scale development including upstream design with architects, system and software engineers, front-end and back-end engineers, and packaging engineers
4. **Experience**
 - Years of experience developing highly reliable products for automotive applications

¹. Classifications are based on our own assessment

Socionext develops multiple bespoke SoCs for wide range of applications and for many types of customers, by providing “Entire Design” from SoC architecture to thermal and quality, and “Complete Service” including support for full turnkey and mass production, also covering automotive requirements.

Growing Demand for Custom (Bespoke) SoCs



Background of Growing Demand for Custom (Bespoke) SoCs and Solution SoC partner

- 1 Emergence of new services and applications**
 New services and applications emerge through evolution of technologies; Demand expands for SoCs optimized for such services and applications
- 2 Bespoke vs ASSP**
 (1) In "More-than-Moore" era, demand is expanding from leading companies for unique SoCs with optimal design to achieve PPA requirement (2) Concerns on lock-in by ASSP vendors: More companies are not satisfied with ASSPs
- 3 Evolution of semiconductor ecosystem**
 Leading-edge technologies become more accessible as global semiconductor ecosystem evolve (Foundry, OSAT, EDA, IP, OSS, etc.)
- 4 "Entire Design" and "Complete Service"**
 Significance of "Entire design" (from SoC architecture to thermal and quality) and "Complete Service" (from development to production control and delivery) are further increasing, as design of leading-edge SoCs becoming more complex and needs for "bespoke" SoCs / chiplets / heterogeneous integration expanding
- 5 New needs in many application markets**
 Even in areas that have been served by traditional ASICs, more customers turn to Solution SoC type of development to achieve advanced functionalities, which require integration of various IPs

1. Calculated by Socionext based on Omdia "Application Market Forecast Tool-1Q 2024". * Figures for the market for "logic ASICs" are used for the "Custom SoC(ASIC)"
 2. Market CAGR(2023-2027E) are calculated by (figure of 2027E / figure of 2023)^(1/4)-1.

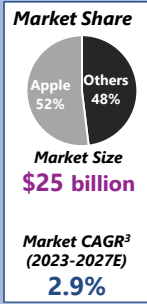
We believe demand for custom SoCs will continue to grow.

Here are some of the factors behind the trend, particularly those that drive the expansion of business opportunities for Solution SoC business.

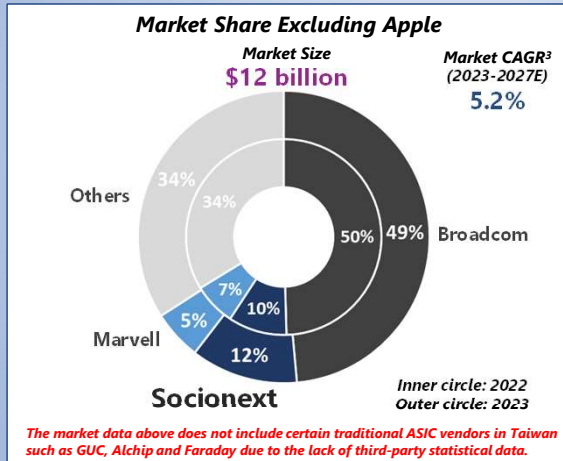
Positioning of Socionext in Custom SoC (ASIC) Market

- With the exception of Apple, Socionext has the 2nd largest market share of 12% within the Custom SoC(ASIC)¹ market, where some players can design 5nm/3nm SoCs.

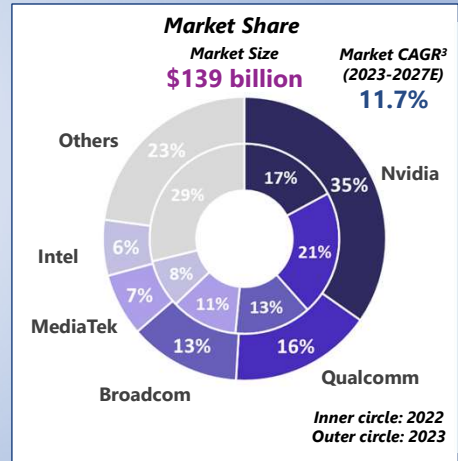
Custom SoC(ASIC)¹ Market Share² (2022-2023)



These Market Data are estimated by Socionext based on Omdia data



ASSP¹ Market Share² (2022-2023)



1. We define "ASSP" as the "Logic ASSP" segment based on Omdia "Application Market Forecast Tool-4Q 2023" classification and "Custom SoC(ASIC)" as "Logic ASIC" based on Omdia "Application Market Forecast Tool-4Q 2023". 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- 4Q 2023". 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-1Q 2024". Market CAGR(2023-2027E) is calculated (figure of 2027E / figure of 2023)^(1/4)-1

Strengthening Investments in R&D and Leading-Edge Technologies

Computer architecture-based design & development

- In major markets in the advanced technology field, common computer architecture-based concepts are becoming the basis for design and development
- "Software-Defined SoC" as part of software-oriented system
- Common challenges for PPA optimization
- SoC technology in More-than-Moore era (chiplet, heterogeneous integration)
- Design becoming more complex (process technology, software, heterogeneous, thermal design, reliability, ...)

Building design & development platform optimized for "Solution SoC" business model

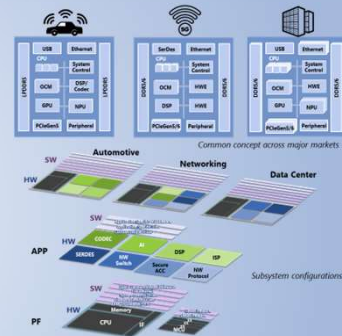
- Building and strengthening computer architecture-based design and development platform that covers not only hardware but also "Entire Design" for "Solution SoC", including system-level software, thermal design, etc.
- Leveraging experiences in multiple applications and products
- Keeping pace with technology evolution while maintaining existing design assets at each functional layer
- Robust platform that also covers software development
- Offering "Entire Design" and "Complete Service" for complex SoC designs

Investing further in leading-edge technologies

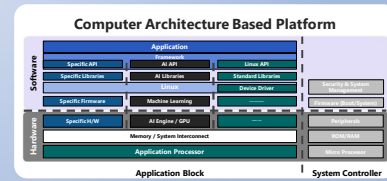
- Investing in most advanced process technologies
 - 2nm and 1.4nm
 - Chiplets (die-to-die interconnect, 2.5D/3D, etc.)
 - AI to support design and development, IPs
- Meet customer expectations for technology evolution by tight collaboration with SoC ecosystem players (EDA, IP and other vendors)

Drive innovation with tighter collaboration with SoC ecosystem

- System, subsystem configurations and bus architectures are becoming similar across major applications and closer to computer architecture
- Common design and development platform improves efficiency and profitability



Socionext's "Solution SoC" design & development platform



37

This slide shows the features of our development platform.

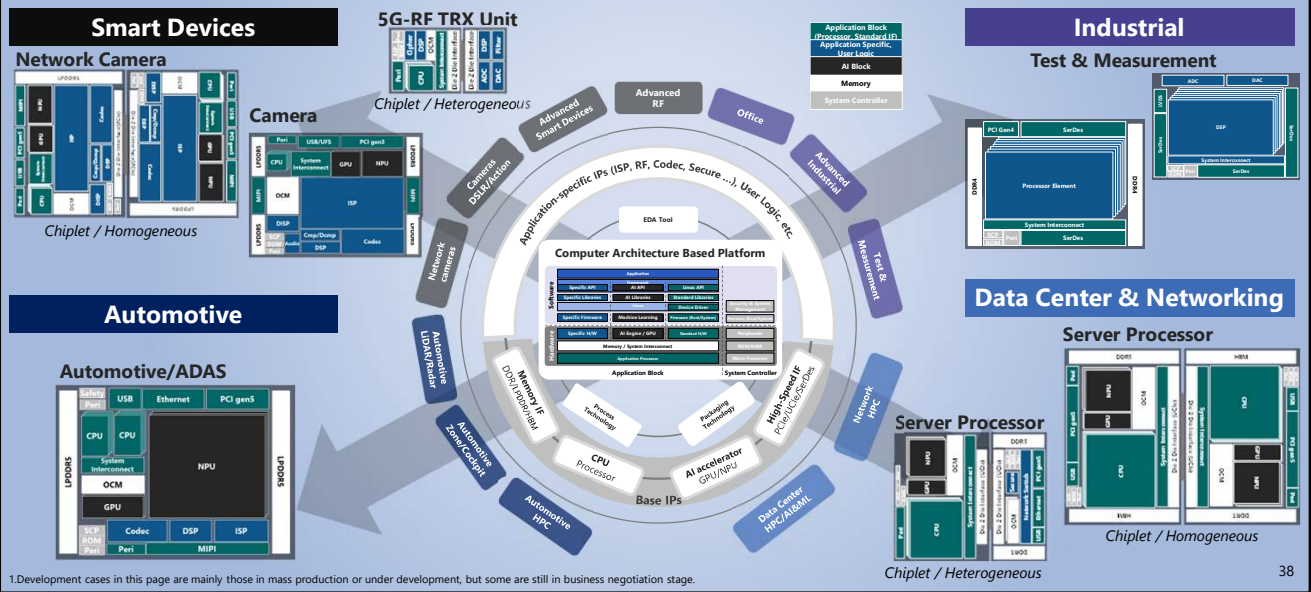
In the field of advanced technology, system configurations are becoming similar across all major applications, and computer-architecture-based.

We are building design & development platform optimized for Solution SoC business model, which provides "Entire Design" for multiple products and for wide range of applications. We will also continue investing in advanced technologies.

We will drive the global innovation by strengthening its ties with the global SoC ecosystem.

Advanced SOC Developments on Computer Architecture Basis in Diverse Fields

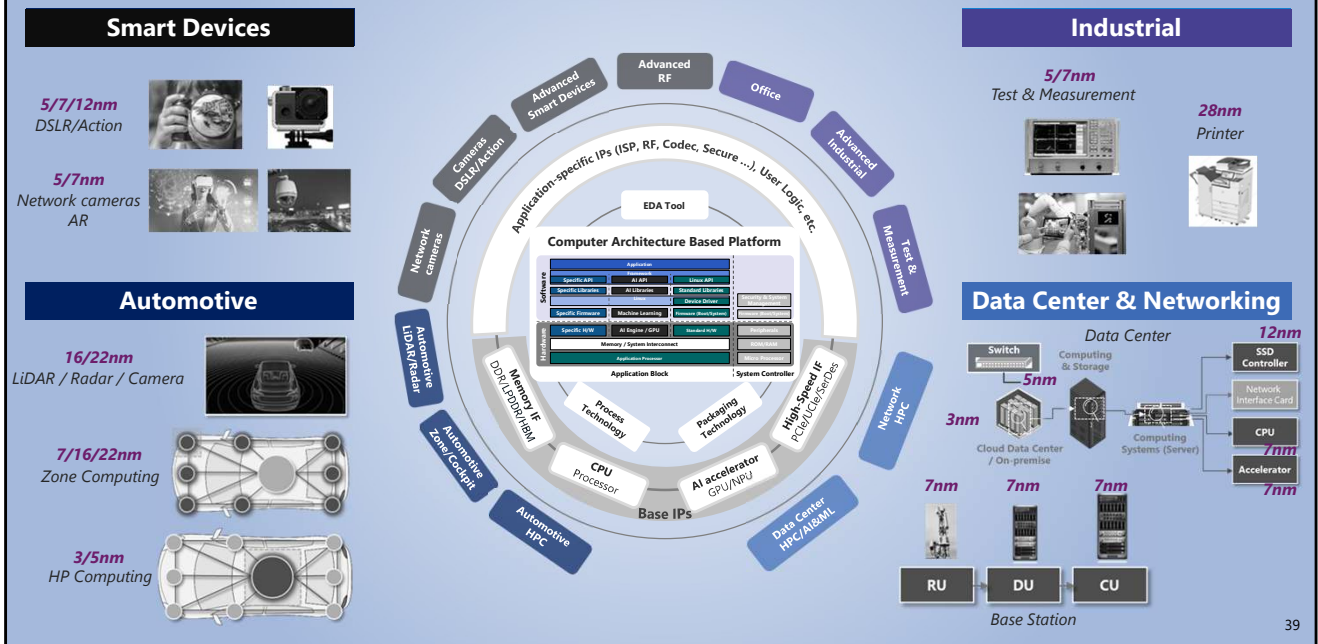
- Common development platform established as system configurations across major applications become similar towards computer architecture-based
- Addresses PPA optimization challenges due to design complexity such as chiplets, heterogeneous integration, thermal and reliability



This slide shows examples of our advanced SoC development.

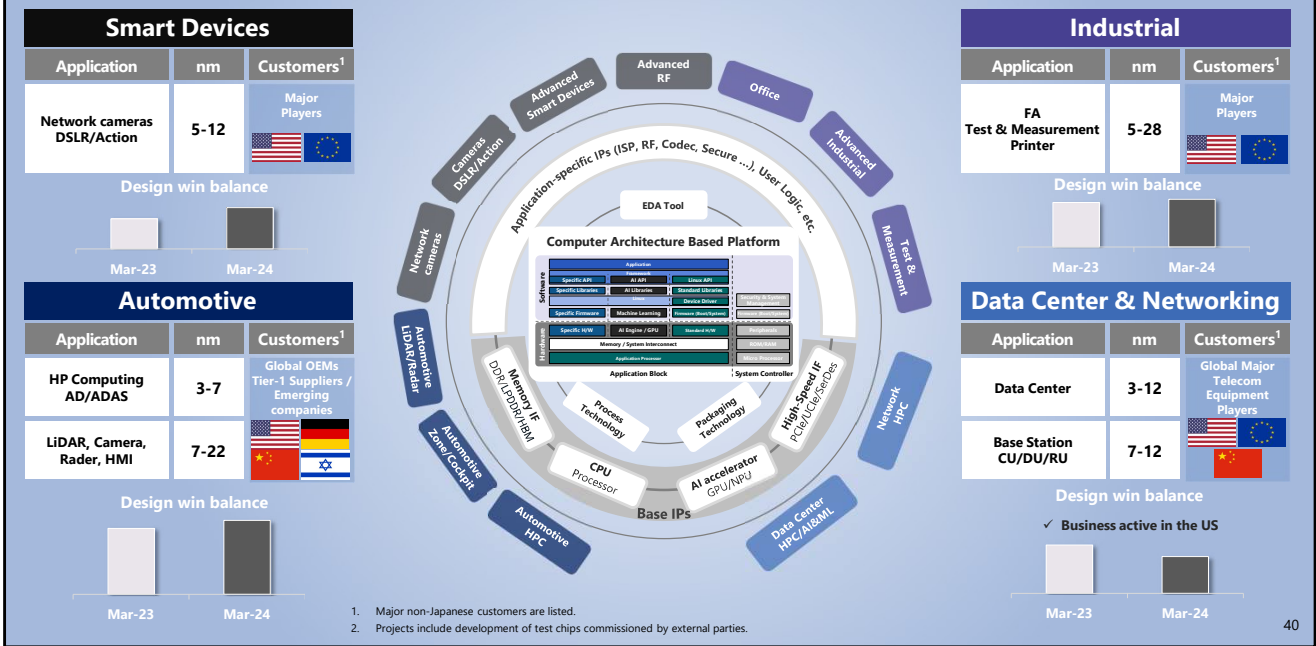
System configurations are becoming similar across all major applications, and computer-architecture-based.

Design Wins Expanding in Each Application Market



This slide shows examples of design wins acquired in each of our focus areas.

Design Wins Expanding in Each Application Market



This slide shows Design Win Balance in each of our focus areas.

We are steadily achieving success in each of the focus areas.

Business opportunities are increasing in Data Center & Networking area in the U.S., and we expect to see progress with those opportunities.

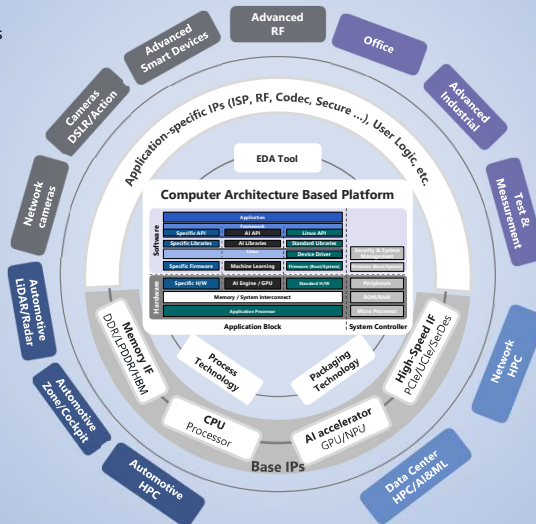
Expanding Business in Each Application Market

Smart Devices

- Demand for new technologies in smart devices area continues to be strong due to expanding use of AI
- Business opportunities active with advanced customers, in applications including computer vision, AR etc.
- Leverage Solution SoC business model and strengthen advanced low-power technologies required by innovative markets

Automotive

- Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)
- Demand is strongly active for HPC, in addition to zone architecture and sensing SoCs
- Business opportunities continue to be active
- Leverage Solution SoC business model and establish solid position in the industry
- Pursue most advanced process nodes
 - Use of 3nm process for automotive (October 2023)



Industrial

- Demand expanding for Solution SoC with advanced technologies in industrial applications, due to expanding use of AI and networking
- Business opportunities increasing, for FA and measurement equipment, as well as for custom SoCs using RF-CMOS technologies
- Leverage Solution SoC business model and deliver custom SoCs with advanced process nodes and RF-CMOS technology

Data Center & Networking

- Demand growing for DC&NW and cloud service SoCs, due in part to increasing demand for generative AI
- New business opportunities active in the US
- Leverage Solution SoC business model and aim for further business expansion
- Continue to invest in leading-edge technologies
- Fully utilize entire design capability
- Strengthen partnership with IP vendors
- Strengthen R&D capability in the US / Resource shift to the US
- Pursue most advanced process nodes
 - Collaboration with Arm on 2nm etc.
- New business in the US is in progress

This slide shows how we expand our business in each of the application markets.

We continue to have active business opportunities in Automotive, and we are also making progress with new opportunities in Data Center & Networking in the U.S.

We will promote our Solution SoC business model in each of these areas to achieve further growth.

Transformation of Global R&D Structure

- Rebuilding global R&D structure in line with the change of primary business areas and the business model
- Reinforcing flexible and scalable "Solution SoC" development platform



This slide shows the transformation of our global R&D structure so far.

We are restructuring our structure on a global level in order to create an organization best suited to our "Solution SoC" business model.

Since FY23/3, we have been reviewing our R&D structure, introducing a three-tier organizational structure, and strengthening our human resources and development system in line with business expansion.

We are now preparing for further growth and development with the "Phase 2 Transformation".

To further promote the Solution SoC business model, we need to strengthen our "Entire Design" capability. We are strengthening our global R&D structure, organization, resource allocation, as well as our technology capabilities covering design methodologies, thermal design, quality assurance and so on.

We are also strengthening our engineering resources outside Japan, including the opening of an office in India.

Appendix:

Overview

- *Consolidated Financial Statements*
- *Breakdown of Net Sales (Quarterly)*
- *Detail of Design Win*
- *Company Overview and others*



FY24/3 Consolidated Statements of Income

(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3E
Net Sales	99.7	117.0	192.8	221.2	200.0
% YoY	-3.7%	+17.3%	+64.7%	+14.8%	-9.6%
Product Revenue	73.1	84.6	156.8	182.9	-
NRE Revenue	23.0	28.1	34.9	37.6	-
Other Revenue	3.6	4.3	1.1	0.8	-
Cost of Goods Sold	(43.2)	(49.8)	(103.9)	(111.2)	-
Gross Profit	56.5	67.3	88.8	110.0	-
% Margin	56.7%	57.5%	46.1%	49.7%	-
% Product Gross Margin	40.1%	41.1%	33.7%	39.2%	-
R&D	(39.2)	(43.2)	(49.3)	(53.3)	-
Selling, General and Administrative Expenses (excl. R&D)	(15.8)	(15.6)	(17.8)	(21.2)	-
Operating Income	1.6	8.5	21.7	35.5	27.0
% Margin	1.6%	7.2%	11.3%	16.1%	13.5%
Non-Operating Income	0.4	0.6	1.8	1.6	0
Profit before Income Taxes	2.0	9.1	23.4	37.1	27.0
Income Taxes	(0.5)	(1.6)	(3.7)	(11.0)	(7.5)
Profit	1.5	7.5	19.8	26.1	19.5
% Margin	1.5%	6.4%	10.3%	11.8%	9.8%
FX Rate (USD/JPY)	106.1	112.4	138.7	144.6	130.0

Consolidated Balance Sheets

(Yen in billion)	FY21/3	FY22/3	FY23/3	FY24/3		FY21/3	FY22/3	FY23/3	FY24/3
Assets					Liabilities and Equity				
Cash on-hand and in banks	42.7	46.3	45.1	69.7	Accounts Payable-trade	12.0	16.6	23.4	15.7
Accounts receivable-trade, net	28.6	25.1	40.8	35.3	Accrued Expenses	7.4	6.9	30.3	18.2
Inventories ¹	6.7	16.4	47.7	25.5	Others	1.9	3.9	28.6	19.1
Others	2.6	2.9	22.4	8.6					
Total Current Assets	80.6	90.6	156.1	138.9	Total Current Liabilities	21.3	27.4	82.3	53.1
Property, Plant and Equipment	8.9	11.6	17.2	21.8	Total Non-current Liabilities	1.3	1.4	1.7	2.7
Reticle	3.7	4.7	5.6	8.1	Total Liabilities	22.6	28.8	84.1	55.8
Others PP&E	5.2	6.9	11.6	13.0	Common Stock	30.2	30.2	30.2	32.7
Intangible Assets	11.6	12.2	13.0	18.5	Capital Surplus	30.2	30.2	30.2	32.7
Deferred Tax Assets	2.3	3.1	6.9	6.7	Retained Earnings	21.4	28.9	48.6	63.6
Others	0.9	0.8	0.8	0.9	Others	(0.1)	0.3	0.8	2.0
Total Non-current Assets	23.7	27.8	37.9	47.9	Total Equity	81.7	89.6	109.9	131.0
Total Assets	104.2	118.4	193.9	186.8	Total Liabilities and Equity	104.2	118.4	193.9	186.8

Strong Balance Sheet

Cash on-hand and in banks



¥69.7bn
(FY24/3)

Debt



No Debt
(FY24/3)

Equity Ratio²

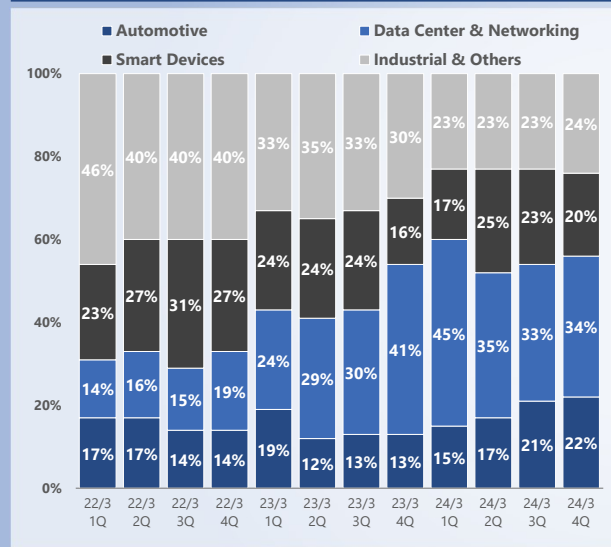


70.1%
(FY24/3)

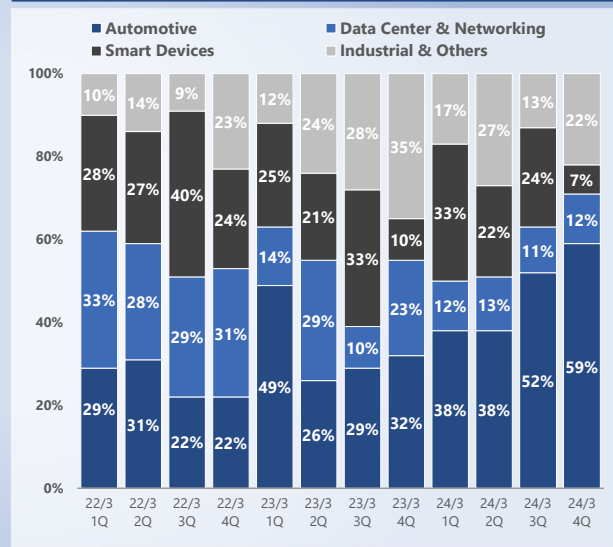
1. Inventories is calculated as the sum of "Finished goods" and "Work in progress"
 2. Equity Ratio is calculated as (Total Equity / Total Liabilities and Equity)

Breakdown by Application Market (Quarterly Ratios)

Net Sales¹

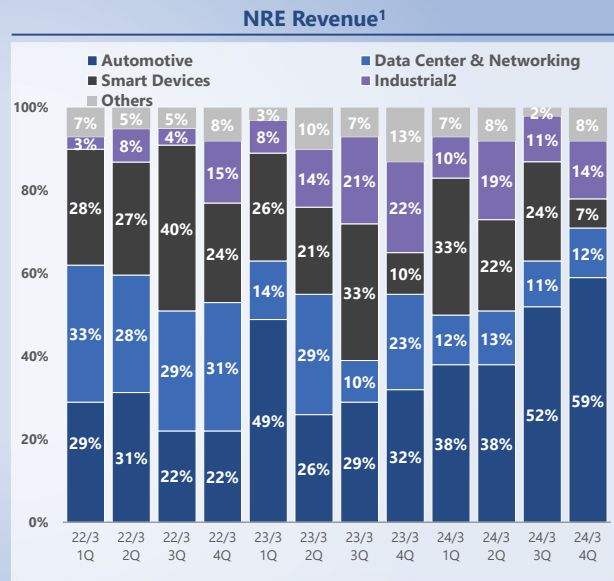
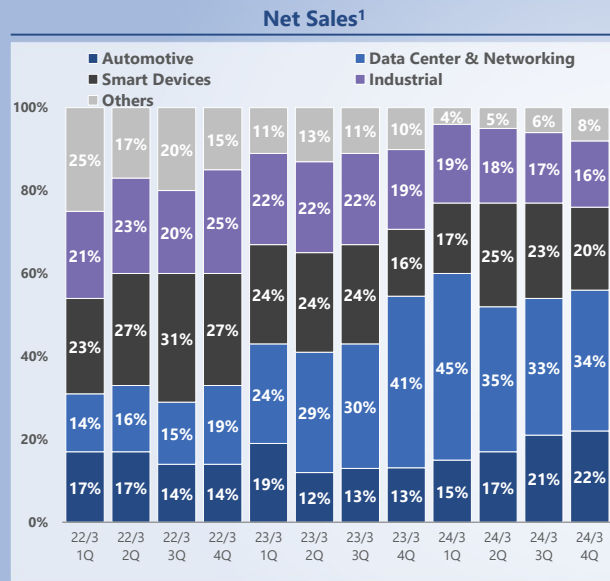


NRE Revenue¹



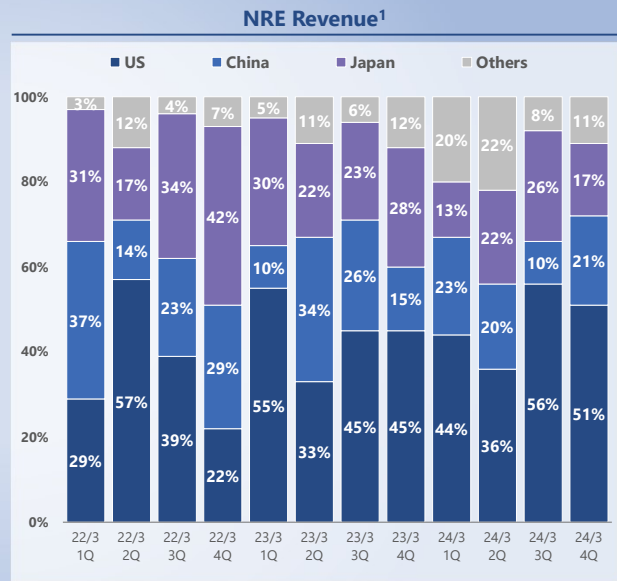
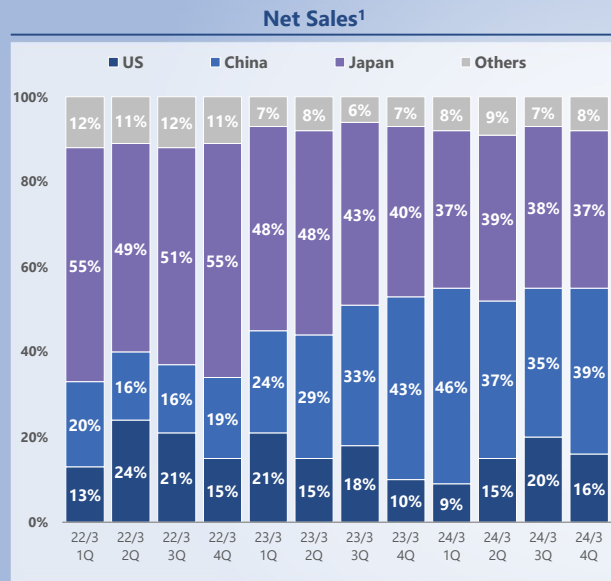
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Breakdown by Application Market (Quarterly Ratios)



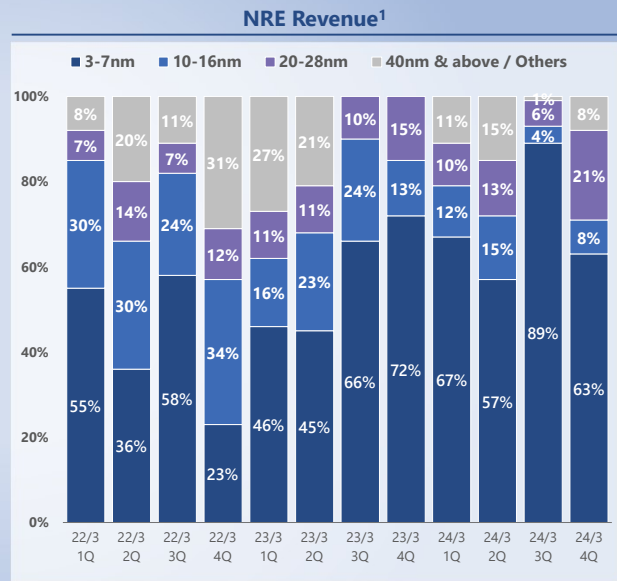
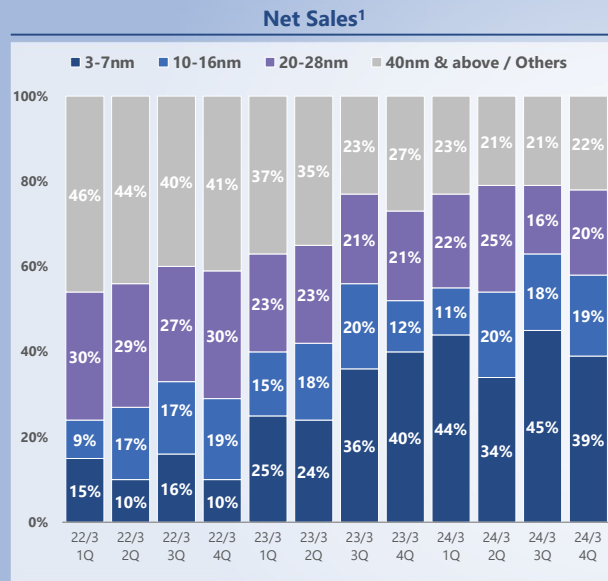
1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Breakdown by Geographic Region (Quarterly Ratios)



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.

Breakdown by Process Node (Quarterly Ratios)



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.

Detail of "Design Win Amount" to Revenue Illustrative Description of "Design Win Balance"

"Design Win Balance"¹ . . .

"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. "Design Win Balance" is regularly managed in accordance with prudent procedures to account for future risks.

"Design Win Amount" calculated from "Design Win Balance"¹

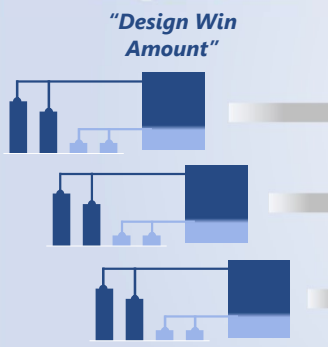
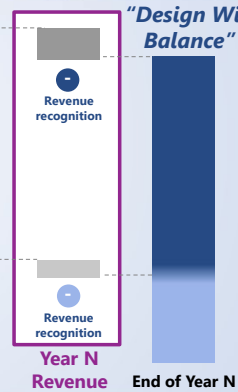


Image of Change in "Design Win Balance"²



"Design Win Balance" (As of March 31, 202)
Approx.
JPY 1.02trillion

Ratio of Primary 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 primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3 and FY23/3 and FY24/3 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 mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024, although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of \$1=¥100 has been used. Also refer to page 3.2. For illustrative purposes only.

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

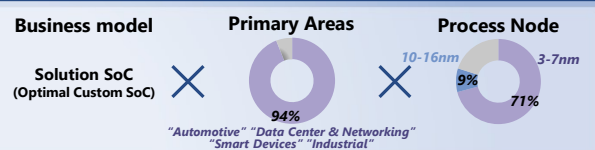


Business Description Fabless Custom SoCs	Capital As of March 31, 2024 32.6 billion yen	Employees¹ As of March 31, 2024 Global Employees: 2,534 Engineers ² : 1,900 (Approx.)
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Key Financials FY24/3

Net Sales 221.2 billion yen	Net Sales Growth (YoY) 14.8%	OP Margin 16.1%
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Business Overview (Ratio is NRE revenue breakdown for FY24/3)



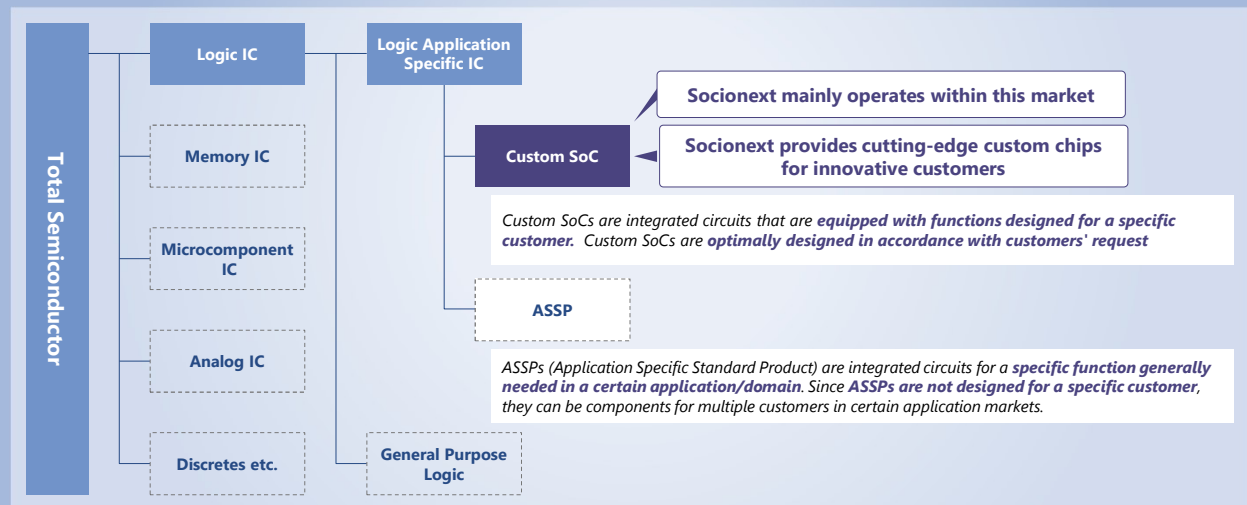
~Socionext's Positioning in Semiconductor Market~



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. Classifications of these business models are based on our own assessment
 4. Market Size estimated by Socionext based on Omdia data "Competitive Landscaping Tool CLT, Annual-4Q 2023". All market sizes are calculated in terms of USD-based revenue

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)



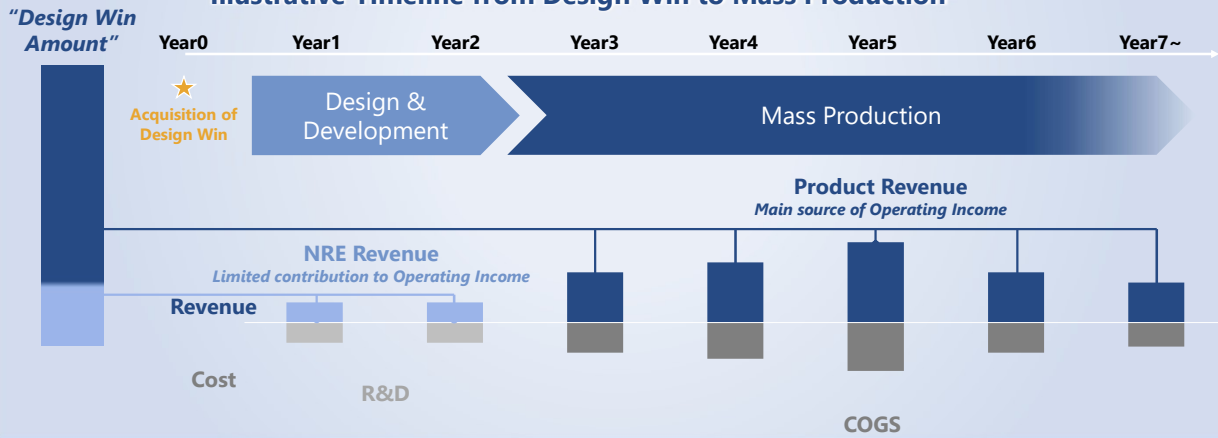
The Image of Timeline from Design Win to Mass Production Illustrative Description of "Design Win Amount"

"Design Win Amount"¹ . . .

"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 1USD=100JPY has been used

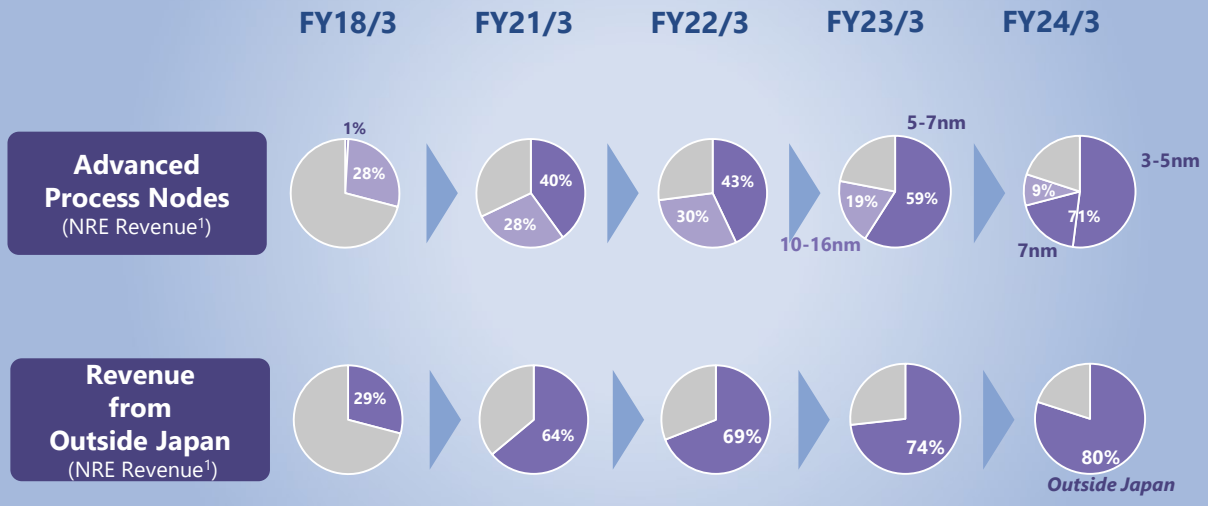
Illustrative Timeline from Design Win to Mass Production²



1. Refer to slide 3
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

Transforming into a Global SoC Company with Cutting-edge Technologies

Shift in NRE revenue¹ composition illustrates the steady progress of our business transformation



socionext