

Note:

This English translation is made for reference purposes only, and in the event of any discrepancies between the English version and the Japanese version, the Japanese version prevails.

socionext

Notice of the Tenth Ordinary General Meeting of Shareholders

Date and time

Wednesday, June 26, 2024 at 10:00 a.m. (JST)

(Reception begins at 9 a.m.)

Venue

3-4 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa
"Chidori" on the fourth floor of Shin-Yokohama Prince Hotel

Matters to be resolved

Proposal 1:

Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Proposal 2:

Election of One (1) Director Who Is a Substitute Audit & Supervisory Committee Member

Socionext Inc.

Securities Code: 6526

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Dear Our Shareholders

We would like to express our gratitude for our shareholders' continued support.
We hereby inform you that the Tenth Ordinary General Meeting of Shareholders will be held on June 26, 2024.

For the tenth business period (from April 1, 2023, to March 31, 2024), net sales, operating income, ordinary income and profit attributable to owners of parent all reached record highs.

At the meeting of the Board of Directors held on May 17, 2024, the Company resolved to set the year-end dividend for shareholders at 25 yen per share, with a payment commencement date of June 5, 2024. As a result, the annual dividend, including the interim dividend of 23 yen per share*, is 48 yen per share*, an increase of 6 yen from the previous fiscal year.

We strive to achieve medium- to long-term profit expansion and sustainable improvement in corporate value. Therefore, we would highly appreciate having our shareholders' further support.

June 2024

Masahiro Koezuka, Representative Director, Chairman, President and CEO

- * The Company implemented a stock split on January 1, 2024, at a ratio of 1 common stock to 5 shares. Therefore, the annual dividend is calculated based on an assumption that a stock split was implemented at the beginning of the previous fiscal year.

To Our Shareholders:

10-23, Shin-Yokohama 2-Chome, Kohoku-ku, Yokohama City, Kanagawa Prefecture

Socionext Inc.

Masahiro Koezuka, Representative Director, Chairman, President and CEO

Notice of the Tenth Ordinary General Meeting of Shareholders

We would like to express our gratitude for your continued support.

We hereby inform you that the Tenth Ordinary General Meeting of Shareholders will be held as set forth below.

For the convening of this General Meeting of Shareholders, information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters to be electronically provided) has been electronically provided, and the matters to be electronically provided have been posted on our company website on the Internet in the form of “Notice of the Tenth Ordinary General Meeting of Shareholders,” so please visit and confirm our company website below.

The Company website

<https://www.socionext.com/jp/ir/meeting/>

In addition to the above website, the matters to be electronically provided are also posted on the website of Tokyo Stock Exchange (TSE). Please access the TSE website (TSE Listed Company Information Service) below, enter and search “Socionext” in “Issue Name (Company Name)” or the Company Stock code “6526” in “Code,” select “Basic Information,” and then “Documents for public inspection/PR information,” and then click “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in “Filed information available for public inspection.”

TSE website (TSE-listed company information service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

If you do not attend the meeting, you may exercise your voting rights in writing (by mail) or via the Internet, etc. Please refer to the “Instructions for Exercising Voting Rights” section below and exercise your voting rights by 5:30 p.m. on Tuesday, June 25, 2024.

Date and Time:

Wednesday, June 26, 2024, at 10 a.m. (reception begins at 9 a.m.)

Venue:

"Chidori" on the fourth floor of Shin-Yokohama Prince Hotel

3-4 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture

Purposes:

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Tenth Business Period (April 1, 2023 to March 31, 2024)
2. Auditing Reports from the Accounting Auditor and Audit & Supervisory Committee on the Results of the Audit of the Consolidated Financial Statements for the Tenth Business Period

Matters to be resolved:

Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Proposal 2: Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member

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\* It became a general rule that matters to be provided electronically should be read by accessing the above-mentioned the Company’s website or the TSE website and, exceptionally, documents are sent only to shareholders who request delivery of written documents by the record date. However, for this General Meeting of Shareholders, this document contains the matters to be electronically provided and will be sent to all shareholders regardless of whether or not they have requested written delivery.

In accordance with laws and regulations and the provisions of the Articles of Incorporation of the

Company, among the matters to be electronically provided, the following are omitted from the documents sent to shareholders who request delivery of written documents, so they are not included in this document.

- 1) “Share Subscription Rights, etc. of the Company”, “Accounting Auditor” and “Systems to Ensure Appropriateness of Business and Operational Status of Such Systems” in the Business Report
  - 2) Consolidated Statement of Changes in Net Assets and Notes to the Consolidated Financial Statements
  - 3) Non-consolidated Statement of Changes in Net Assets and Notes to the Non-consolidated Financial Statements
- \* The business report audited by the Audit & Supervisory Committee in preparing the audit report includes each item of the business report mentioned above. In addition, the consolidated financial statements and non-consolidated financial statements audited by the Accounting Auditor and Audit & Supervisory Committee in the preparation of the accounting audit report and the audit report include the matters described above in the consolidated financial statements and the non-consolidated financial statements.
  - \* If there are any amendments to the matters to be electronically provided, the above-mentioned company website and the TSE website will be updated to state to such effect and the matters before and after the amendments will be posted there.
  - \* The results of the resolutions of this General Meeting of Shareholders will be posted on the above-mentioned Company website and the TSE website instead of sending a notice of resolutions.

## **Guide to Exercising Voting Rights**

You may exercise your voting rights in the following three ways:

### **Attending the General Meeting of Shareholders**

**Please submit your Voting Rights Exercise Form to the receptionist at the meeting.**

**Date and Time: Wednesday, June 26, 2024, at 10 a.m. (reception begins at 9 a.m.)**

### **Exercising voting rights in writing (by mail)**

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form and post it without a stamp.

**Due date for exercise                      Receipt by the Company by 5:30 p.m. on Tuesday, June 25, 2024**

### **Voting via the Internet, etc.**

Please exercise your voting rights after reviewing the instructions on the next page for exercising your voting rights via the Internet, etc.

**Due date for exercise                      Completion of entry by 5:30 p.m. on Tuesday, June 25, 2024**

- \* If you exercise your voting rights more than once via the Internet, etc., the last vote cast will be treated as the valid vote.
- \* If you exercise your voting rights both in writing (by mail) and via the Internet, etc., only your vote via the Internet, etc. will be valid.
- \* If there is no indication of approval or disapproval of a proposal, we will treat it as an indication of approval.

## **Guide to Exercising Voting Rights via the Internet**

How to scan QR code “Smart Exercise”

You can log in to the voting website without entering your voting code and password.

**1 Please scan the QR code at the bottom right of the Voting Rights Exercise Form.**

\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

**2 Then follow the on-screen instructions to enter your approval or disapproval.**

**Exercising your voting rights by “Smart Exercise” is valid only once.**

If you wish to change your vote after exercising your voting rights, please access the PC version of the website, log in by entering your “voting code” and “password” on the voting form and then exercise your voting rights again.

\*You can go to the PC site by scanning the QR code again.

### **How to enter your voting code and password**

Voting website <https://www.web54.net>

**1 Please access the voting website.**

**2 Please enter the “Voting Rights Exercise Code” provided on the Voting Rights Exercise Form.**

**3 Please enter the password provided on the Voting Rights Exercise Form.**

**4 Then follow the on-screen instructions to enter your approval or disapproval.**

### **Inquiries regarding the exercise of voting rights via the Internet**

Exclusive telephone number of Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Toll-free: 0120-652-031 (Business hours: 9:00–21:00)

### **To Institutional Investors**

The electronic voting platform for institutional investors operated by ICJ, Inc. is available for the exercise of voting rights.

## Reference Document for the General Meeting of Shareholders

### Proposal 1: Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The term of office of all seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter in this proposal unless otherwise stated) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of seven (7) Directors, including two (2) Outside Directors, is proposed.

The decision on this proposal has been made through prior deliberation by the Nomination and Remuneration Committee, the majority of whose members are Independent Outside Directors. In addition, the Audit and Supervisory Committee put this proposal under consideration, which led to the opinion that this proposal is reasonable.

The candidates for Directors are as follows.

| Candidate No. | Gender | Name             |                                         | Current position at the Company                      | Attendance at Board of Directors meetings |
|---------------|--------|------------------|-----------------------------------------|------------------------------------------------------|-------------------------------------------|
| 1             | Male   | Masahiro Koezuka | Reappointment                           | Representative Director, Chairman, President and CEO | 14 out of 14 (100%)                       |
| 2             | Male   | Yutaka Yoneyama  | Reappointment                           | Director and Deputy President and CFO                | 14 out of 14 (100%)                       |
| 3             | Male   | Koichi Otsuki    | Reappointment                           | Director and Deputy President                        | 14 out of 14 (100%)                       |
| 4             | Male   | Noriaki Kubo     | Reappointment                           | Director and Deputy President                        | 14 out of 14 (100%)                       |
| 5             | Male   | Hisato Yoshida   | Reappointment                           | Director and Deputy President                        | 11 out of 11 (100%)                       |
| 6             | Male   | Masatoshi Suzuki | Reappointment<br>Outside<br>Independent | Director                                             | 14 out of 14 (100%)                       |
| 7             | Female | Sachiko Kasano   | Reappointment<br>Outside<br>Independent | Director                                             | 14 out of 14 (100%)                       |

**Reappointment** Candidates for reappointment as Directors

**Outside** Candidates for appointment as Outside Directors

**Independent** Candidates for Independent Officers as provided by the TSE



Candidate No. 1 **Masahiro Koezuka**(Date of birth: December 14, 1951)

**Reappointment**

Number of years in office 9 years 9 months

Number of the Company's shares held 52,865

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1974 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)  
June 2010 Director, Senior Managing Executive Officer of Fujitsu Limited  
May 2013 Director, Senior Executive Vice Chairman  
September 2014 Representative Director of Socionext Inc. (Preparation Company)  
February 2015 Director  
April 2016 Representative Director and Chairman of Fujitsu Research Institute  
April 2018 Representative Director, Chairman and CEO of Socionext Inc.  
March 2022 Representative Director, Chairman, President and CEO (current position)

**[Reasons for selection as candidate]**

He has served on the Board of Directors of the Company since its founding and is well-versed in the semiconductor business, currently serving as Representative Director, Chairman, President and CEO, and helping to expand the Company's business performance and increase its corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 2 **Yutaka Yoneyama** (June 20, 1962)

**Reappointment**

Number of years in office 2 years 3 months

Number of the Company's shares held 17,670

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1985 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)

April 2013 Accounting Group Manager of System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation)

March 2015 Deputy General Manager, Corporate Finance Division of Socionext Inc.

July 2018 General Manager, Corporate Finance Division

July 2020 General Manager, Corporate Finance Division and Corporate Affairs & HR

March 2022 Director Senior Vice President of Corporate Finance Division and Corporate Affairs & HR, and Intellectual Property & Legal

April 2022 Director and Corporate Executive Vice President in charge of Finance and Business Administration

April 2024 Director and Deputy President in charge of Finance & Business Administration and CFO (current position)

**[Reasons for selection as candidate]**

He has been in the semiconductor business for many years and has a wealth of experience and insight in finance and accounting. He continues to play a wide range of roles as CFO, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 3 **Koichi Otsuki**(July 22, 1963)

**Reappointment**

Number of years in office 5 years

Number of the Company's shares held 49,985

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1988 Joined Fujitsu Limited

July 2013 Manager of High Performance Solution Department of Advanced Product Business  
Headquarters of Fujitsu Semiconductor Limited (currently Fujitsu Limited)

March 2015 Vice President of Custom SoC Business Unit, Business Group II of Socionext Inc.

October 2016 Corporate Senior Vice President

October 2018 Corporate Senior Executive Vice President, Project leader for Custom Business  
Promotion Project

April 2019 Corporate Senior Executive Vice President, Head of Sales Group

June 2019 Representative Director, Corporate Senior Executive Vice President, Head of Sales Group

March 2022 Director, Corporate Senior Executive Vice President, Head of Sales Group

April 2022 Director and Deputy President in charge of Sales & Business Development as well as  
Strategic Sourcing & Production Management (current position)

**[Reasons for selection as candidate]**

He has been responsible for the development and sales divisions in the semiconductor business for many years, and is currently responsible for sales and business development as well as strategic sourcing and production management, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 4 **Noriaki Kubo**(August 9, 1963)

**Reappointment**

Number of years in office 6 years

Number of the Company's shares held 49,885

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

|              |                                                                                                                                   |
|--------------|-----------------------------------------------------------------------------------------------------------------------------------|
| April 1986   | Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)                                        |
| October 2012 | Head of Hardware Technology Headquarters, System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation) |
| March 2015   | Vice President, IoT Systems Business Unit, Business Group I of Socionext Inc.                                                     |
| October 2016 | Corporate Senior Vice President                                                                                                   |
| June 2018    | Corporate Senior Executive Vice President of Visual Solutions Business Unit                                                       |
| April 2019   | Director, Corporate Senior Executive Vice President, Head of Automotive & Industrial Business Group                               |
| April 2021   | Director, Corporate Senior Executive Vice President in charge of Business Group                                                   |
| April 2022   | Director and Deputy President in charge of Business and Development                                                               |
| April 2024   | Director and Deputy President in charge of Business Group (current position)                                                      |

**[Reasons for selection as candidate]**

He has been responsible for the business and development divisions in the semiconductor business for many years, and is currently responsible for the business group, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 5 **Hisato Yoshida**(November 3, 1963)

**Reappointment**

Number of years in office 1 year

Number of the Company's shares held 17,670

Attendance at Board of Directors meetings 11 out of 11 (100%)

**- Career summary, position and responsibility in the Company**

|              |                                                                                                                                                             |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1988   | Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)                                                                  |
| April 2010   | Group Manager of Fourth Development Group, First Business Division, System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation) |
| March 2015   | Director, Development Department IV of IoT System Business Unit, Business Group I of Socionext Inc.                                                         |
| April 2019   | General Manager, System Development Division, Automotive & Industrial Business Group                                                                        |
| January 2021 | Vice Head of Global Development Group and SNDP Promotion Group                                                                                              |
| April 2022   | Corporate Executive Vice President and Head of Global Development Group                                                                                     |
| June 2023    | Director, Corporate Executive Vice President and Head of Global Development Group                                                                           |
| April 2024   | Director and Deputy President in charge of Development Group (current position)                                                                             |

**[Reasons for selection as candidate]**

He has been responsible for development division in the semiconductor business for many years, and is reviewing development systems as currently being responsible for the development group, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 6 **Masatoshi Suzuki**(October 30, 1951)

**Reappointment**

**Outside**

**Independent**

Number of years in office            3 years  
Number of the Company's shares held -  
Attendance at Board of Directors meetings            14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1975            Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)  
June 2008            Representative Director, Senior Executive Vice President, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)  
June 2012            Representative Director, Senior Executive Vice President, MIRAIT Holdings Corporation (currently MIRAIT ONE Corporation)  
October 2012        Representative Director, President  
June 2020            Director and Advisor  
June 2021            Outside Director of Socionext Inc. (current position)

**Reasons for nomination as candidate for Outside Director and outline of expected roles**

Leveraging a wealth of management experience gained from having served as a representative director and other positions at listed companies, he supervises and advises management from an objective and neutral standpoint as Lead Independent Outside Director. Therefore, we believe that he will be able to appropriately perform his duties as Outside Director from independent position and request his re-election.

The Company expects him to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on his extensive management experience.

Candidate No. 7 **Sachiko Kasano**(April 14, 1977)

**Reappointment**

**Outside**

**Independent**

Number of years in office 2 years 3 months

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

October 2001 Qualified as an attorney and joined Miyakezaka Sogo Law Office

January 2016 Opening of Kasumimon Sogo Law Offices (currently SHIOMIZAKA), Attorney (current position)

June 2021 Outside Audit & Supervisory Board Member of Socionext Inc.

March 2022 Outside Director (Audit & Supervisory Committee Member)

June 2023 Outside Director (current position)

June 2023 Outside Director (Audit & Supervisory Committee Member) of Restar Holdings Corporation (currently Restar Corporation) (current position)

November 2023 Outside Statutory Auditor of PRAP Japan, Inc. (current position)

**- Significant concurrent positions**

Attorney, SHIOMIZAKA

Outside Director (Audit & Supervisory Committee Member) of Restar Corporation

Outside Statutory Auditor of PRAP Japan, Inc.

**Reasons for nomination as candidate for Outside Director and outline of expected roles**

Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint. While Ms. Kasano has no experience of being involved in corporate management other than having served in the past as Outside Officer, we believe that she will be able to appropriately perform her duties as Outside Director from independent position and request her re-election.

The Company expects her to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on her extensive experience and deep insight as an attorney.

Notes:

1. There are no special conflict of interests between any of the candidates and the Company.
2. Masatoshi Suzuki and Sachiko Kasano are candidates for Outside Directors.
3. Although Masatoshi Suzuki and Sachiko Kasano are currently Outside Directors. Masatoshi Suzuki and Sachiko Kasano will have served as Outside Directors for three years and two years and three months, respectively, at the conclusion of this General Meeting of Shareholders.
4. The Company has entered into limited liability agreements with Masatoshi Suzuki and Sachiko Kasano pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation to limit their liability for damages as defined under Article 423, Paragraph 1 of the Company Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act. If they are elected and appointed as Directors, the Company plans to continue the said agreement.
5. The Company has entered into indemnity agreements with Masahiro Koezuka, Yutaka Yoneyama, Koichi Otsuki, Noriaki Kubo, Hisato Yoshida, Masatoshi Suzuki and Sachiko Kasano to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph so that Directors can fully perform their expected roles. If each candidate is elected and appointed as Director, the Company plans to continue the said agreement.
6. The Company has entered into officers' liability insurance contracts with insurance companies pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which the insured is liable in connection with the execution of his/her duties or shall be compensated for any damage that may arise from the receipt of a claim related to the pursuit of such liability. All premiums for the insured are fully paid by the Company. If each candidate is elected and appointed as Director, he or she will be an insured under the relevant insurance policy. The policy is also scheduled to be renewed at the next renewal.
7. On July 7, 2021, MIRAIT Corporation (currently, MIRAIT ONE Corporation), for which Mr. Masatoshi Suzuki was serving as a director, received a notice of administrative disposition from the Kanto Bureau of Telecommunications of the Ministry of Internal Affairs and Communications, concerning an order to suspend its registered inspection business and a business improvement order, alleging that the company had acted in violation of the Radio Act in connection with its past inspection of radio station equipment. We understand that he was not aware of the above facts until they were made known to the corporation, and believe that he appropriately carried out his duties while serving as a director of the Company, such as making recommendations on legal compliance on a regular basis, and after the fact came to light, asking the Board of Directors of the corporation to take measures to prevent the recurrence of the situation.
8. The Company appointed Masatoshi Suzuki and Sachiko Kasano as Independent Officers as provided by Tokyo Stock Exchange and has registered them with Tokyo Stock Exchange. The Company will continue to appoint them as Independent Officers if they are elected.
9. The number of the Company shares held by each candidate is as of March 31, 2024.
10. Sachiko Kasano's name on the family register is Sachiko Yanai.



**Reference: Composition of the Board of Directors and skill matrix of Directors (after the conclusion of this General Meeting of Shareholders)**

If Proposal 1 is approved as proposed, the composition of the Board of Directors and the skill matrix of Directors after the conclusion of this General Meeting of Shareholders will be as shown in the table below.

| Name               | Gender | Outside | Independent | Audit & Supervisory Committee Members | 1)                    | 2)                     | 3)                                  | 4)                     | 5)                   |
|--------------------|--------|---------|-------------|---------------------------------------|-----------------------|------------------------|-------------------------------------|------------------------|----------------------|
|                    |        |         |             |                                       | Management experience | Semiconductor business | International (Overseas experience) | Finance and Accounting | Legal and Compliance |
| Masahiro Koezuka   | Male   |         |             |                                       | ✓                     | ✓                      | ✓                                   |                        |                      |
| Yutaka Yoneyama    | Male   |         |             |                                       |                       | ✓                      | ✓                                   | ✓                      | ✓                    |
| Koichi Otsuki      | Male   |         |             |                                       |                       | ✓                      |                                     |                        |                      |
| Noriaki Kubo       | Male   |         |             |                                       |                       | ✓                      |                                     |                        |                      |
| Hisato Yoshida     | Male   |         |             |                                       |                       | ✓                      |                                     |                        |                      |
| Masatoshi Suzuki   | Male   | ✓       | ✓           |                                       | ✓                     |                        | ✓                                   |                        | ✓                    |
| Sachiko Kasano     | Female | ✓       | ✓           |                                       |                       |                        |                                     |                        | ✓                    |
| Yasuyoshi Ichikawa | Male   | ✓       | ✓           | ✓                                     |                       |                        |                                     | ✓                      |                      |
| Morimasa Ikemoto   | Male   | ✓       | ✓           | ✓                                     |                       |                        |                                     | ✓                      |                      |
| Noriko Yoneda      | Female | ✓       | ✓           | ✓                                     |                       |                        |                                     |                        | ✓                    |

## Reference: Independence Standards for Outside Directors

### Independence Standards for Outside Directors

The Company considers Outside Directors or candidates for such directors to be independent if it determines that none of the following 1 to 9 apply:

However, even if a person falls under any of the following 1 to 9, he or she may be appointed as Independent Outside Director of the Company if the Company believes that he or she has sufficient independence, provided that the reasons for such independence are publicly disclosed.

1. A person whose major client or supplier is Socionext Group Companies (Note 1) (Note 2) or a business executive person thereof (Note 3)
2. Major client of (Note 4) or major lender (Note 5) to Socionext Group Companies or a business executive person thereof
3. An outside expert who receives a substantial amount of compensation from Socionext Group Companies in addition to officer's compensation (Note 6), or a person who belongs to the organization if the outside expert is an organization such as a corporation
4. A member or employee of the accounting auditor of the Company
5. A person who receives a large donation from Socionext Group Companies (Note 7), or a person who belongs to the organization if the recipient of such a donation is an organization such as a corporation
6. A business executive person of a corporation or other organization that accepts directors or other officers from Socionext Group Companies
7. A person who has fallen under any of the above items 1 through 6 in the past three years
8. A major shareholder of the Company (Note 8) or a business executive person thereof
9. A close relative of one of the following (Note 9):
  - (1) Persons listed above 1 through 8
  - (2) A business executive person of Socionext Group Companies
  - (3) A business executive person who has been an executive person of Socionext Group Companies in the past three years

Note: 1 Socionext Group Companies means Socionext Inc. and its subsidiaries.

Note: 2 A person whose major client or supplier is Socionext Group Companies means a party whose sales to Socionext Group Companies account for 2% or more of its annual consolidated total sales in the most recent fiscal year.

Note: 3 A business executive person is defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act.

Note: 4 Major client or supplier for Socionext Group Companies means a party to which 2% or more of Socionext Group Companies annual consolidated total sales in the most recent fiscal year are recorded.

Note: 5 Major lender is a major lender stated in the Company's most recent Business Report.

Note: 6 A substantial amount of compensation means that an individual is paid at least 10 million yen per year in the most recent business year of Socionext Group Companies, and an organization such as a corporation is paid at least 2% of the total annual consolidated sales in the most recent business year of the organization.

Note: 7 A large donation means a donation of at least 10 million yen per year in the most recent fiscal year of Socionext Group Companies.

Note: 8 A major shareholder is a person who holds 10% or more of the voting rights.

Note: 9 A close relative is a spouse, a relative within the second degree of kinship or a relative living together.

**Proposal 2:** Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member  
In order to prepare for the case where the number of Directors who are Audit & Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company requests election of one (1) Substitute Director who is an Audit & Supervisory Committee Member.

The election of the substitute Director who is Audit & Supervisory Committee Member is effective until the start of the ordinary general meeting of shareholders for the last fiscal year of the fiscal years ending within one year after the election; also, provided it is before the appointment of Director who is Audit & Supervisory Committee Member becoming effective, the election may be rescinded by a resolution of the Board of Directors with the consent of the Audit & Supervisory Committee.

With regard to this agenda item, the consent of the Audit & Supervisory Committee has been obtained. The candidate for Substitute Director who is Audit & Supervisory Committee Member is as follows.

**Go Anan**(March 20, 1977)

**Outside**

**Independent**

Number of years in office -

Number of the Company's shares held -

Attendance at Board of Directors meetings -

**- Career summary**

October 2001 Qualified as an attorney and joined Mori Sogo (currently Mori Hamada & Matsumoto)

April 2007 Joined Sueyoshi Sogo Law Office (currently SHIOMIZAKA) (current position)

May 2021 Outside Statutory Auditor of INFORICH INC. (current position)

June 2022 Outside Director of AGP CORPORATION (current position)

**- Significant concurrent positions**

Attorney of SHIOMIZAKA

Outside Statutory Auditor of INFORICH INC.

Outside Director of AGP CORPORATION

**Reasons for nomination as a candidate for Substitute Outside Director who is Audit & Supervisory Committee Member and outline of expected roles**

He has extensive experience as an attorney and deep insight into corporate legal affairs. While Mr. Anan has no experience of being involved in corporate management other than having served in the past as Outside Officer, the Company concluded that he will be able to perform his duties appropriately from an independent standpoint and proposes electing him as Substitute Outside Director who is Audit & Supervisory Committee Member.

The Company expects him to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on his extensive experience and insight as an attorney.

Notes:

1. There is no special conflict of interests between the candidate and the Company.
2. Go Anan is a candidate for Substitute Outside Director.
3. If Mr. Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to enter into a limited liability agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation to limit his liability for damages as defined under Article 423, Paragraph 1 of the Company Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act.
4. If Mr. Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to enter into an indemnity agreement with him to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph so that Director who is Audit & Supervisory Committee Member can fully perform his expected roles.
5. The Company has entered into officers' liability insurance contracts with insurance companies pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which the insured is liable in connection with the execution of his/her duties or shall be compensated for any damage that may arise from the receipt of a claim related to the pursuit of such liability. All premiums for the insured are fully paid by the Company. If the candidate is elected and appointed as Director who is Audit & Supervisory Committee Member, he will be an insured under the relevant insurance policy.
6. If Go Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, he meets the requirements for Independent Officer as provided for by Tokyo Stock Exchange, and the Company plans to register him as Independent Officer.
7. The number of the Company shares held by the candidate is as of March 31, 2024.

## **Business Report** (April 1, 2023 to March 31, 2024)

### **1. Current Status of Corporate Group**

#### **(1) Business progress and results**

[Status of the world economy]

The global economy has continued to slow down during the fiscal year under review, due to increased global instability, exacerbated by factors such as the prolonged Russian invasion of Ukraine and the escalation in Middle East tensions. In addition, factors which include strong inflationary pressures globally, persistently high interest rates primarily in the U.S. and Europe, and stagnant domestic demand in China, have resulted in downward pressures on economic activity. As such, the global economy continued to experience high levels of uncertainty and remained at a low growth rate. Furthermore, differences in monetary policies among countries have resulted in a continuous depreciation of the Japanese yen.

[Conditions in the global semiconductor market]

The semiconductor market continued to experience weak demand due to inventory adjustments of final products starting in the second half of the previous fiscal year and bottomed out in the first half of the fiscal year under review, but remained sluggish for some time. From the second half of the fiscal year under review, demand gradually improved and the market as a whole showed a gradual recovery, with only single-digit annual growth.

On a product-by-product basis, growth in most product categories, particularly memory chips and microprocessors, was negative compared to the previous fiscal year, but the Logic ICs that the Group (“the Group”, “the Company”, “we” and “our” refer to Socionext Inc., and its consolidated subsidiaries, or Socionext Inc. on a non-consolidated basis, as the context may require) focused on showed positive growth. By application, demand fell mainly for smartphones and personal computers, but among the Group’s focus areas, growth was positive particularly in the data center & networking area and the automotive area. In these areas, demand for semiconductors using cutting-edge technologies is increasing.

[Results of the Phase 1 transformation and initiatives for the Phase 2 transformation]

At the Group, we have been progressing with transforming our business model, and shifting focus areas to high-growth and cutting-edge business areas where more global large-scale design wins are expected, and also carrying out structural reform including bold transformation in our business structure. This has all been implemented by the current CEO since his appointment in April 2018 (which we refer to as the Phase 1 transformation). As a result, we have been acquiring more design wins in our focus areas including automotive, data center & networking, and smart devices areas. We have acquired design wins amounting to roughly 200 billion yen during each of the fiscal years ended March 31, 2020, 2021 and 2022, an increase from the design win amount of roughly 100 billion yen for the fiscal year ended March 31, 2019, through the transformation. Furthermore, from the fiscal year ended March 31, 2023, we have been further achieving design wins amounting to 250 billion yen (1 U.S. dollar = 100 yen). In addition, the design wins which have been acquired have gradually entered the mass production phase and started contributing to an expansion in sales.

Moreover, we are also proceeding with our next stage of transformation, which we call the Phase 2 transformation. This phase is aimed at establishing a competitive R&D structure and creating a business culture that is suitable for a multinational company. We are intensifying our efforts to transform our corporate systems, organizational structures, and employee awareness through ongoing communication with global customers, players that comprise the semiconductor ecosystem, investors and other parties.

[Strengthening the R&D platform]

In April 2023 we established the Global Leading Group as an organization dedicated to building an R&D platform through model projects undertaken in areas involving large-scale advanced technology. We have been continuously improving by integrating several key activities: establishing a computer-architecture-based design and development platform along with standard design and development processes that are suitable for our Solution SoC business model, and enhancing both the efficiency and visibility of these processes, along with reforms in terms of design and development management. Moving forward, we will continue to actively enhance our development of advanced technologies.

Moreover, we opened the new branch office in Bangalore, India, under our subsidiary Socionext America Inc. in August 2023 to strengthen our global design and development capabilities.

[Establishment of production system to strengthen a business model as a fabless company]

We have integrated the related organizations of production and procurement in Taiwan and Japan to enhance our global production and procurement system. Given the concentration of semiconductor-related suppliers in Taiwan, we have placed a team managing the production of our partners there to establish a direct interface and strengthen our coordination with these suppliers. As a result, we have been developing a structure that allows us to respond swiftly to any changes in the manufacturing capacities of our manufacturing partners.

[Strengthening relationships with global companies forming the semiconductor ecosystem]

With acquired design wins of large-scale advanced development projects over the past few years, we have strengthened our relationships with global companies that form the ecosystem across the semiconductor industry. We have particularly made progress such as joint development projects in advanced technology areas by establishing and enhancing management-level relationships with global companies headquartered in North America and Taiwan.

[Status of design and development]

Our research and development consists of both upfront investments in advanced technologies for acquiring design wins in our focus areas and investments in product development linked to acquired design wins. During the fiscal year under review, our research and development costs increased 8% from the previous period to 53,279 million yen. This was mainly due to the increase seen in terms of product development for design wins acquired.

Because the ecosystem continues to grow in complexity and flexibly, and to utilize the latest advanced technologies, we regularly work with multiple partners and actively proceeded to work on advanced technologies including 2nm and finer process nodes, advanced packaging technologies such as chiplets, application of the latest EDA tools as well as platformization. In October 2023, we announced a project with Arm Holding plc and Taiwan Semiconductor Manufacturing Company Limited (TSMC) for a 2nm multi-core CPU chiplet PoC (Proof of Concept) and the launch of the development of an SoC for advanced ADAS and autonomous driving using a 3nm on-board process.

In the future, we will engage in advanced technologies including the development of SoCs using 2nm or finer process nodes and the development of chiplet technologies as well as in the adoption of AI for design and development process.

[Status of business performance during the fiscal year under review]

The consolidated net sales for the year ended March 31, 2024 were 221,246 million yen, an increase of 14.8% compared with the previous fiscal year. Our net sales consist of NRE revenue received from customers based on costs incurred in scheduled milestones during the design and development process, and product revenue from the applicable products which entered the mass production stage. NRE revenue for the fiscal year under review was 37,609 million yen, an increase of 7.9% from the previous fiscal year. This increase was due to a greater proportion of NRE revenue from advanced technologies finer than 7nm, which were derived from active design wins in the automotive area. Product revenue increased by 16.7% from the previous fiscal year, to 182,876 million yen. This is due to design wins acquired in or after 2019 have entered the mass production stage including 7nm products in the automotive application market.

Operating income was 35,510 million yen, an increase of 63.6% from the previous fiscal year. Ordinary income was 37,122 million yen, increased by 58.4% year-on-year. Profit attributable to owners of parent was 26,134 million yen, increased by 32.2% year-on-year. The increase in operating income was due mainly to the rise in gross profit brought by the increased product revenue and the improved manufacturing cost ratio.

The depreciation of the Japanese yen has led to increases of 11.7 billion yen in net sales and 2.5 billion yen in operating income compared to the previous fiscal year.

**Results for the fiscal year under review**

|                                         |                     |                         |
|-----------------------------------------|---------------------|-------------------------|
| Net sales                               | 221,246 million yen | (up 14.8% year on year) |
| Operating income                        | 35,510 million yen  | (up 63.6% year on year) |
| Ordinary income                         | 37,122 million yen  | (up 58.4% year on year) |
| Profit attributable to owners of parent | 26,134 million yen  | (up 32.2% year on year) |

## **(2) Issues to Deal With**

As a result of the Phase 1 transformation that we have been undertaking since the fiscal year ended March 2019, operating income has increased and sales and profit margins have also improved since the fiscal year ended March 2022. In order to achieve sustainable growth in the future, there are many challenges which need to be tackled, including strengthening development competitiveness, transforming our business structure, globalizing the entire organization, and further improving profit margins. Based on the "quantitative changes" achieved in the Phase 1 transformation, we will boldly promote the "qualitative changes" aimed at building a competitive development system and creating an organizational culture suitable for a global company, as the Group's Phase 2 transformation.

[Restructure development system and improve business processes]

In line with the shift to a business model of the Solution SoC, the Group has been proceeding to restructure its development system to strengthen development capabilities and improve development efficiency since 2020.

Through ongoing communication with global

customers, players in the semiconductor ecosystem and investors, we will promote in an integrated manner establishing a design and development platform as well as standard design and development processes suitable for our Solution SoC business model, enhancing both the efficiency and visibility of these processes, alongside reforms in design and development management.

In addition, we will implement measures to globalize and improve operations in our production management group as we expand design wins with global customers. We aim to improve efficiency and transparency in delivery systems by connecting customers with the Group's production systems. Through this effort, we will establish a robust structure that enables accurate production planning and timely procurement, and will improve our business processes, including when it comes to our relationships with foundries and Outsourced Semiconductor Assembly and Test (OSAT) companies to which we entrust our manufacturing.

[Expansion of sales and operating income with a view to medium- to long-term growth]

For future sales management, the Group has adopted a management indicator called the balance of design wins acquired, which is the balance obtained by subtracting actual sales from the amount of design wins acquired.

Based on the balance of design wins acquired, the Group is now able to forecast sales through the fiscal year ending March 2026 to some extent. For the continuous sustainable growth of the Group in the fiscal year ending March 2027 and beyond, we recognize that it is necessary to continuously acquire the same level of design wins per year as in the current fiscal year, which is around 250 billion yen (1 U.S. dollar = 100 yen). To this end, in addition to the automotive area, which has been steadily acquiring design wins, we will promote efforts to acquire design wins in a balanced manner in each of our focus areas, including the data center & networking area.

As for measures to increase operating income, we will continue to improve manufacturing gross profit, improve things in terms of income and expenditures in the area of development, and appropriately manage sales and administrative expenses.



[Initiatives for Sustainability]

The Group identifies materiality (important issues) to be addressed with a sense of priority and promotes sustainability activities.

As part of our efforts to address environmental issues and climate change, we are working to achieve a decarbonized society by reducing our greenhouse gas (GHG) emissions and contributing to the reduction of GHG emissions by our customers through the Group's advanced SoC that enable to reduce the consumption of energy and the occupation of space.

In terms of human capital, we are working to maximize the human capital of the Group by enhancing systems related to human rights, diversity, the promotion of good health, and safety and health, and by formulating educational programs related to the training of engineers.

The Group is committed to having sustainability activities take place throughout the supply chain, including at partner companies, and will contribute to solving social issues and realizing a sustainable society through the further growth of its business.

The Group is committed to fulfilling its social responsibility as a global corporation and continuing to be an entity that can earn the trust and support of all stakeholders. The Group will provide new value to the world with its cutting-edge SoC technology, and continue to strive to improve corporate value over the medium to long term.

**(3) Status of Capital investment**

Capital investment (including intangible assets) made during the fiscal year under review totaled 24,438 million yen. The main investments among them are for intellectual property (IP), reticles, test boards and enhancement of the development environment.

**(4) Status of Financing**

To respond to increasing needs for working capital related to increasing product revenue, as well as to address a global economic slowdown and geopolitical risks, the Company entered the commitment line agreement of 20 billion yen. As of March 31, 2024, the commitment lines with a total amount of 20 billion yen were unused.

## (5) Financial Position and Results of Operations

| Category                                   |               | 7th Business<br>Period<br>FYE March 2021 | 8th Business<br>Period<br>FYE March 2022 | 9th Business<br>Period<br>FYE March 2023 | 10th Business<br>Period<br>FYE March 2024<br>Fiscal year under<br>review |
|--------------------------------------------|---------------|------------------------------------------|------------------------------------------|------------------------------------------|--------------------------------------------------------------------------|
| Net sales                                  | (Million yen) | 99,746                                   | 117,009                                  | 192,767                                  | 221,246                                                                  |
| Operating income                           | (Million yen) | 1,552                                    | 8,463                                    | 21,711                                   | 35,510                                                                   |
| Ordinary income                            | (Million yen) | 1,969                                    | 9,050                                    | 23,440                                   | 37,122                                                                   |
| Profit attributable to<br>owners of parent | (Million yen) | 1,469                                    | 7,480                                    | 19,763                                   | 26,134                                                                   |
| Profit per share                           | (Yen)         | 8.73                                     | 44.44                                    | 117.40                                   | 148.39                                                                   |
| Total assets                               | (Million yen) | 104,235                                  | 118,428                                  | 193,945                                  | 186,840                                                                  |
| Net assets                                 | (Million yen) | 81,676                                   | 89,609                                   | 109,864                                  | 131,020                                                                  |

- Notes: 1. The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all Type A shares and Type B shares on September 6, 2022, and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company cancelled all the Type A shares and Type B shares. Profit per share is computed based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2021.
2. The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Profit per share is computed based on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2021.

**(6) Major Subsidiaries**

| <b>Company name</b>                       | <b>Common stock</b>        | <b>The Company's stake</b> | <b>Main Business</b>                           |
|-------------------------------------------|----------------------------|----------------------------|------------------------------------------------|
| Socionext America Inc.                    | Thousand USD<br>2,800      | 100.0%                     | Design, development and sales of solution SoCs |
| Socionext Europe GmbH                     | Thousand Euros<br>11,400   | 100.0%                     | Design, development and sales of solution SoCs |
| Socionext Technology Pacific Asia Ltd.    | Thousand USD<br>6,000      | 100.0%                     | Design, development and sales of solution SoCs |
| Socionext Technology (Shanghai) Co., Ltd. | Chinese Yuan<br>12,249,600 | 100.0%                     | Design, development and sales of solution SoCs |
| Socionext Taiwan Inc.                     | Thousand NTD<br>29,000     | 100.0%                     | Design, development and sales of solution SoCs |
| Socionext Korea Ltd.                      | Million KRW<br>400         | 100.0%                     | Sales of solution SoCs                         |

Notes: Shares of Socionext Technology (Shanghai) Co., Ltd. and Socionext Taiwan Inc. are held indirectly through Socionext Technology Pacific Asia Ltd.

## (7) Principal Business (as of March 31, 2024)

The Company's business is a single segment of the Solution SoC business and consists primarily of the following five areas:

| Area                     | Main Applications                                                                                                             |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Automotive               | AD/ADAS, in-vehicle sensing, IVI (In-Vehicle Infotainment), cockpit HMI                                                       |
| Data center & networking | Data center, AI accelerators and 5G mobile phone base stations                                                                |
| Smart Devices            | Smart glasses, AR/VR, action cameras, digital still cameras                                                                   |
| Industrial automation    | FA, measuring instruments, printers, projectors                                                                               |
| IoT & Radar Sensing      | Smart home appliances, smart home, IoT devices, broadcast receivers, satellite communication/in-vehicle communication devices |

## (8) Principal Offices (as of March 31, 2024)

### 1) The Company

| Name          | Location                           |
|---------------|------------------------------------|
| Head Office   | Yokohama City, Kanagawa Prefecture |
| Kyoto Office  | Kyoto City, Kyoto Prefecture       |
| Kozoji Office | Kasugai City, Aichi Prefecture     |
| Sendai Office | Sendai City, Miyagi Prefecture     |

### 2) Subsidiaries

| Company name                              | Location           |
|-------------------------------------------|--------------------|
| Socionext America Inc.                    | USA, Milpitas      |
| Socionext Europe GmbH                     | Germany, Langen    |
| Socionext Technology Pacific Asia Ltd.    | China, Hong Kong   |
| Socionext Technology (Shanghai) Co., Ltd. | China, Shanghai    |
| Socionext Taiwan Inc.                     | Taiwan, Taipei     |
| Socionext Korea Ltd.                      | South Korea, Seoul |

**(9) Employees (as of March 31, 2024)**

| <b>Number of employees</b> | <b>Change from the previous fiscal year-end</b> |
|----------------------------|-------------------------------------------------|
| 2,534                      | Increase of 8                                   |

Note: The number of employees includes temporary employees (fixed-term employees, contract employees, and incoming secondees). In addition to the above, we have 47 employees on secondment outside the Group.

## **2. Current condition of the Company**

### **(1) Shares** (as of March 31, 2024)

**1) Total number of authorized shares** 673,000,000

Note: As a result of the stock split (1 share of common stock split into 5 shares) on January 1, 2024, the total number of authorized shares increased by 538,400,000 shares.

**2) Total number of shares outstanding** 178,687,405

- Notes:
1. The exercise of share subscription rights between April 1, 2023 and December 31, 2023 increased the total number of shares outstanding by 1,973,475 shares.
  2. As of July 31, 2023, the Company issued 7,515 shares of common stock to five Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), six executive officers who do not concurrently serve as Directors, and one employee for the purpose of issuing restricted stock as a stock compensation.
  3. As a result of the stock split (1 share of common stock split into 5 shares) on January 1, 2024, the total number of shares outstanding increased by 142,590,624 shares.
  4. The exercise of share subscription rights between January 1, 2024 and March 31, 2024 increased the total number of shares outstanding by 449,125 shares.

**3) Number of shareholders** 89,566

**4) Major shareholders**

| Name of shareholder                                                                          | Number of shares held (shares) | Percentage of shareholding (%) |
|----------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account)                                         | 20,001,300                     | 11.19                          |
| Custody Bank of Japan, Ltd. (trust account)                                                  | 7,466,200                      | 4.17                           |
| The Nomura Trust and Banking Co., Ltd. (trust account)                                       | 6,500,000                      | 3.63                           |
| SSBTC CLIENT OMNIBUS ACCOUNT                                                                 | 5,001,825                      | 2.79                           |
| Ueda Yagi Tanshi Co., Ltd.                                                                   | 3,655,300                      | 2.04                           |
| J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT | 3,114,400                      | 1.74                           |
| GOLDMAN SACHS INTERNATIONAL                                                                  | 2,995,430                      | 1.67                           |
| Nomura Securities Co., Ltd.                                                                  | 2,888,427                      | 1.61                           |
| BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD                                    | 2,834,045                      | 1.58                           |
| STATE STREET BANK AND TRUST COMPANY 505225                                                   | 2,679,700                      | 1.49                           |

Note: Percentage of shareholding is calculated after deducting treasury stock (788 shares).

**5) Shares granted to the Company officers as consideration for performance of duties during the business year under review**

| Eligible Directors                                                                                  | Number of shares (shares) | Number of persons eligible (persons) |
|-----------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------|
| Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) | 4,559                     | 6                                    |

Notes: 1. The number of persons eligible includes 1 employee (a Director who retired at the conclusion of the Ninth Ordinary General Meeting of Shareholders held on June 28, 2023).

2. Details of the Company's stock compensation are described in "2. (2) 5) Compensation, etc. for Directors."



**(2) Status of Officers****1) Directors** (as of March 31, 2024)

| <b>Position in the Company</b>                            | <b>Name</b>        | <b>Responsibilities and Significant Concurrent Positions</b>                                                                                                      |
|-----------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative Director, Chairman, President and CEO      | Masahiro Koezuka   | -                                                                                                                                                                 |
| Director and Deputy President                             | Koichi Otsuki      | In charge of Sales & Business Development as well as Strategic Sourcing & Production Management                                                                   |
| Director and Deputy President                             | Noriaki Kubo       | In charge of Business and Development                                                                                                                             |
| Director and Corporate Executive Vice President           | Yutaka Yoneyama    | In charge of Finance and Business Administration                                                                                                                  |
| Director and Corporate Executive Vice President           | Hisato Yoshida     | Head of Global Development Group                                                                                                                                  |
| Director                                                  | Masatoshi Suzuki   | -                                                                                                                                                                 |
| Director                                                  | Sachiko Kasano     | Attorney of SHIOMIZAKA<br>Outside Director (Audit & Supervisory Committee Member) of Restar Holdings Corporation<br>Outside Statutory Auditor of PRAP Japan, Inc. |
| Director (Audit & Supervisory Committee Member)           | Yasuyoshi Ichikawa | Member of Yasuyoshi Ichikawa Certified Public Accountant Office, Certified Public Accountant<br>Outside Statutory Auditor of Dai Nippon Printing Co., Ltd.        |
| Director (Full-time Audit & Supervisory Committee Member) | Morimasa Ikemoto   | -                                                                                                                                                                 |
| Director (Audit & Supervisory Committee Member)           | Noriko Yoneda      | Representative Attorney of Kobe Grace Law Office<br>Outside Director of KEIWA Incorporated                                                                        |

- Notes: 1. Directors Masatoshi Suzuki and Sachiko Kasano and Directors who are Audit & Supervisory Committee Members Yasuyoshi Ichikawa, Morimasa Ikemoto and Noriko Yoneda are Outside Directors.
2. There is no special relationship between the Company and the organizations in which significant concurrent positions are held by Director Sachiko Kasano and Directors who are Audit & Supervisory Committee Members Yasuyoshi Ichikawa and Noriko Yoneda.
3. Directors who are Audit & Supervisory Committee Members Yasuyoshi Ichikawa and Morimasa Ikemoto have considerable knowledge of finance and accounting as follows:
- \* Yasuyoshi Ichikawa, Director who is an Audit & Supervisory Committee Member, is qualified as a certified public accountant.
  - \* Morimasa Ikemoto, Director who is an Audit & Supervisory Committee Member, engaged in the accounting and audit departments of other companies for many years.
4. The Company selected Morimasa Ikemoto as a full-time Audit & Supervisory Committee Member in order to enhance information-gathering, improve the effectiveness of audits through adequate collaboration with the internal audit department, etc., and strengthen the audit and supervisory functions.
5. The Company has designated Outside Directors Masatoshi Suzuki, Sachiko Kasano, Yasuyoshi Ichikawa and Noriko Yoneda as Independent Officers as provided for by the Tokyo Stock Exchange, and has registered them with the Tokyo Stock Exchange. The Company additionally designated Morimasa Ikemoto, an Outside Director, as an Independent Officer as provided for by the Tokyo Stock Exchange, and has registered him with the Exchange on April 4, 2024.

**2) Outline of contracts for limitations of liability**

The Company has entered into agreements with Outside Directors Masatoshi Suzuki, Sachiko Kasano, Yasuyoshi Ichikawa, Morimasa Ikemoto and Noriko Yoneda pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, to limit their liability for damages as defined under Article 423, Paragraph 1 of the Companies Act.

The amount of liability under the said agreements shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act. Such limitation of liability is permitted only when the director concerned acts in good faith and without gross negligence in the performance of duties that caused the liability.

**3) Outline of contents for indemnity agreement**

The Company has entered into indemnity agreements provided in Article 430-2, Paragraph 1 of the Companies Act, with Directors Masahiro Koezuka, Koichi Otsuki, Noriaki Kubo, Yutaka Yoneyama, Hisato Yoshida, Masatoshi Suzuki and Sachiko Kasano, and Directors who are Audit & Supervisory Committee Members Yasuyoshi Ichikawa, Morimasa Ikemoto and Noriko Yoneda. The agreements are to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph. In order to ensure that the appropriate execution of duties by corporate officers is not undermined by the indemnity agreement, the Company stipulates that in the event that an officer executes his or her duties for the purpose of pursuing his or her own or a third party's illicit gain or causing damage to the Company, the Company may claim reimbursement of the expenses under Item 1 of the same paragraph, and in the event that there is malicious intent or gross negligence in the execution of his or her duties, the loss under Item 2 of the same paragraph shall not be covered by the indemnity.

**4) Outline, etc. of contents of officers' liability insurance contract**

The Company has entered into officers' liability insurance contracts with insurance companies as provided for in Article 430-3, Paragraph 1 of the Companies Act with Directors (including Directors who are Audit & Supervisory Committee Members), executive officers and managers etc. of the Company and officers and managers etc. of the Company's subsidiaries constituting the insured persons. Under such insurance policies, the Company is responsible for all premiums, and the insurance company indemnifies the insured against any indemnities and litigation costs that the insured may incur if the insured receives a claim for damages in the performance of its duties.

## 5) Compensation, etc. for Directors

### a. Total amount of compensation, etc. for directors

| Category                                                                                 | Total amount of compensation, etc. (million yen) | Total amount of compensation, etc. by type (million yen) |                                |                                 | Number of eligible officers (persons) |
|------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------|--------------------------------|---------------------------------|---------------------------------------|
|                                                                                          |                                                  | Basic compensation                                       | Performance-based compensation |                                 |                                       |
|                                                                                          |                                                  |                                                          | Monetary compensation          | Non-monetary compensation, etc. |                                       |
| Director (excluding Audit & Supervisory Committee Members) (of which, Outside Directors) | 365<br>(22)                                      | 187<br>(22)                                              | 89<br>(-)                      | 89<br>(-)                       | 9<br>(3)                              |
| Director (Audit & Supervisory Committee Member) (of which, Outside Directors)            | 34<br>(29)                                       | 34<br>(29)                                               | (-)<br>(-)                     | (-)<br>(-)                      | 5<br>(4)                              |
| Total (of which, Outside Directors)                                                      | 399<br>(51)                                      | 221<br>(51)                                              | 89<br>(-)                      | 89<br>(-)                       | 14<br>(7)                             |

- Notes: 1. The amount of compensation, etc. for Directors (excluding Audit and Supervisory Committee Members.) includes the amount of compensation, etc. for the two Directors (including one Outside Director) who retired at the conclusion of the Ninth Ordinary General Meeting of Shareholders held on June 28, 2023 while in office.
2. The amount of compensation, etc. for Directors (Audit & Supervisory Committee Members) includes the amount of compensation, etc. for one Director who retired at the conclusion of the Ninth Ordinary General Meeting of Shareholders held on June 28, 2023 while in office.
3. With respect to Sachiko Kasano, who retired from the position of Director (Audit and Supervisory Committee Member) and assumed the position of Director (excluding Audit and Supervisory Committee Member) at the conclusion of the Ninth Ordinary General Meeting of Shareholders held on June 28, 2023, the term of office as a Director (excluding Audit and Supervisory Committee Member) is stated in Director (excluding Audit and Supervisory Committee Member) and the term of office as a Director (Audit and Supervisory Committee Member) is stated in Director (Audit and Supervisory Committee Member) separately in the total amount and the number of eligible officers listed above.
4. The above total amount of non-monetary compensation, etc. is the amount recorded as expenses related to restricted stock compensation for Directors (excluding Audit & Supervisory Committee Members and Outside Directors).

### b. Performance-based compensation, etc.

Outline of the matters related to performance-based compensation is described in “e. Policies, etc. for decisions on the content of compensation for individual directors, etc.,” “B. Compensation structure,” “1) Directors in charge of business execution,” “(ii) Incentive compensation (cash and stock).”

c. Non-monetary compensation, etc.

Non-monetary compensation, etc. consist of the Company's shares. The terms and conditions at the time of allotment are described in "e. Policies, etc. for decisions on the content of compensation for individual directors, etc.," "B. Compensation structure," "1) Directors in charge of business execution," "(ii) Incentive compensation (cash and stock)" "c. Payment of incentive compensation (stock)" below. The status of granting for the fiscal year under review is described in "2. (1) 5) Shares granted to the Company officers as consideration for performance of duties during the business year under review."

d. Matters relating to the resolution of the General Meeting of Shareholders on compensation, etc. of Directors

\* Directors (excluding Directors who are Audit & Supervisory Committee Members)

At the Extraordinary General Meeting of Shareholders on July 27, 2022, it was resolved by a deemed resolution that the total amount of monetary compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall not be more than 550 million yen per year (including not more than 45 million yen for Outside Directors; however, this does not include the employee salaries of directors who also serve as employees). The specific amount of compensation for each individual has been decided by the Board of Directors on condition that the decision is made based on the report made by the Nomination and Remuneration Committee to the Board of Directors, and is subject to approval of the Nomination and Remuneration Committee and left to the discretion of Masahiro Koezuka, Representative Director, Chairman and President. The reason for delegating this authority was that the Representative Director was judged to be suitable for evaluating the division in which each director is in charge, taking into account the performance of the Company as a whole. The number of Directors on the Board at the time the proposal pertaining to the deemed resolution was made (excluding Directors who are Audit & Supervisory Committee Members), was nine, two of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022. As such, the number of Directors at the time when the said resolution was deemed to have been made was seven.

In addition, separately from the monetary compensation, the introduction of a performance-based restricted stock compensation plan was approved by a deemed resolution at the above-mentioned extraordinary general meeting of shareholders. (an outline of the plan is described in "e. Policies, etc. for decisions on the content of compensation for individual directors, etc.," in "B. Compensation structure," "1) Directors in charge of business execution," "(ii) Incentive compensation (cash and stock)," in "c. Payment of incentive compensation (stock)" below. Specifically, the resolution stipulates that the total amount of monetary compensation claims to be paid to eligible directors for the grant of performance-based restricted stock compensation shall not exceed 170 million yen per year (however, this does not include the employee salaries of directors who also serve as employees). And it states that eligible directors shall pay all such monetary compensation claims in the form of property contributed in kind and receive the issuance or disposition of the Company's common stock, whereby the total number of the Company's common stock to be issued or disposed of shall not exceed 200,000 shares per year (however, adjustments will be made in the event of a stock split or consolidation of the Company's common stock). The number of eligible directors at the time when the said resolution was deemed to have been made was five.

\* Directors who are Audit & Supervisory Committee Members

At the Extraordinary General Meeting of Shareholders held on July 27, 2022, it was resolved by a deemed resolution that the compensation of Directors who are Audit & Supervisory Committee Members shall be fixed basic compensation only and no more than 200 million yen per year (including no more than 80 million yen for Outside Directors), taking into account the nature of their roles and duties. The specific amount of basic compensation for each individual has been determined through discussion among Directors who are Audit & Supervisory Committee Members. The number of Directors who are Audit & Supervisory Committee Members at the time the proposal pertaining to the deemed resolution was made was four, one of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, so the number of Directors who are Audit & Supervisory Committee Members at the time when the said resolution was deemed to have been made was three.

e. Policies, etc. for decisions on the content of compensation for individual directors, etc.

◆ Changes made to the Policies, etc. for decisions on the content of compensation for individual Directors (excluding Directors who are Audit & Supervisory Committee Members)

With the aim of further promoting business growth and business transformation, as well as initiatives for management activities focusing on corporate values, the Company has partially revised its incentive compensation system by resolution of the Board of Directors on April 12, 2024, following deliberations by the Nomination and Remuneration Committee. The revised system applies to incentive compensation based on performance for fiscal years beginning on or after April 1, 2024 (see below for details). Incentive compensation based on performance for fiscal years ended March 31, 2024 or before will be paid based on the system before the revision.

[Summary of Revision]

| Item                                                                        | Before revision                                                                                                                                                                              | After revision                                                                                                                                                                                                                                                                                                                                                                                                                                        | Refer to  |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Variation range of incentive compensation (cash and stock)                  | The Nomination and Remuneration Committee makes a comprehensive consideration of the level of achievement of evaluation indicators and makes a judgement within the range of 0 - <u>150%</u> | The Nomination and Remuneration Committee makes a comprehensive consideration of the level of achievement of evaluation indicators and makes a judgement within the range of 0 - <u>200%</u>                                                                                                                                                                                                                                                          | B-1) (ii) |
| Structure and payment procedures of incentive compensation (cash and stock) | (New)                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>• If the level of achievement of evaluation indicators exceeds 150%, all or part of the incentive compensation (cash) exceeding 150% can be paid as incentive compensation (stock)</li> <li>• When the Nomination and Remuneration Committee judges the above payment to be appropriate, it submits a report to that effect, and the Board of Directors deliberates and decides based on the report</li> </ul> | B-1) (ii) |

◆Policies, etc. for decisions on the content of compensation for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) (revised)

A. Details of the Directors' Compensation System

**1) Basic concept**

The Company's approach to directors' compensation is as follows:

- \* Highly linked to the company's performance and highly transparent and objective
- \* Enhancement of corporate value and compensation should be linked in order to share a sense of interest with shareholders
- \* Contribute to securing and retaining a global management team that meets qualified capability requirements in realizing the corporate vision

Compensation for executive directors among Directors consists of a basic compensation based on the compensation standard for the position, and cash and stock incentive compensation reflecting the level of achievement of the company's performance in each fiscal year. In stock incentive compensation, the Company grants performance-based restricted stock.

Compensation for Outside Directors among Directors is fixed basic compensation only in light of their role in supervising business execution.

If the Company appoints a non-executive director who does not fall under any of the above categories, the compensation for such non-executive director will be considered separately based on a report by the Nomination and Remuneration Committee.

| Eligible Directors            | Contents                                                                                                                                        | Basic compensation | Incentive compensation |                          |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------|--------------------------|
|                               |                                                                                                                                                 |                    | Cash compensation      | Stock-based compensation |
| Executive Director            | To achieve performance targets and increase shareholder value, basic compensation and incentive compensation (cash and stock) will be provided. | ✓                  | ✓                      | ✓                        |
| Independent Outside Directors | To ensure independence, only basic compensation that is not linked to performance will be paid.                                                 | ✓                  | -                      | -                        |

## 2) Compensation level

In light of the business environment surrounding the Company, we will objectively compare compensation levels with those of other companies in the same industry or other companies of the same size, based on the data from research firms, and establish appropriate levels relevant for the positions.

## 3) Process for determining compensation

The Company has established a voluntary Nomination and Remuneration Committee to ensure the appropriateness of compensation levels and amounts and the transparency of the decision-making process. The chairman and the majority of committee members are Independent Outside Directors.

The Board of Directors consults with the Nomination and Remuneration Committee on basic policies and decision procedures. The recommendations of the Nomination and Remuneration Committee are deliberated by the Board of Directors, and the Board of Directors decides the basic policy and decision procedures and makes a resolution on the agenda for the General Meeting of Shareholders in the event that the upper limit of total compensation is reviewed.

The specific amount of basic compensation and incentive compensation (cash and stock) for each individual is determined within the scope of the total amount of compensation approved by the General Meeting of Shareholders based on the report made by the Nomination and Remuneration Committee to the Board of Directors. It is subject to approval by the Nomination and Remuneration Committee and is determined at the discretion of Representative Director, Chairman, based on a resolution of the Board of Directors.

B. Compensation structure

The compensation structure of the Company’s Directors is as follows:

1) Directors in charge of business execution

| Type of compensation   |                    | Outline                                                                                                                     | Fixed/Variable | Payment method   | Percentage to total |
|------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------|------------------|---------------------|
| Basic compensation     |                    | Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation       | Fixed          |                  | 60%                 |
| Incentive compensation | Cash               | Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year | Variable       | Cash payment     | 20%                 |
|                        | Stock<br>Notes: 1. | Payment by stock as performance-based compensation based on the evaluation of performance results in the target year        |                | Payment by stock | 20%                 |

- Notes: 1. Stocks are distributed to directors after the end of the relevant fiscal year by providing monetary compensation claims to grant performance-based restricted stock compensation and having the directors pay the full amount of the monetary compensation claims as property contributed in kind.
2. Percentage figures are estimates and are the percentages when 100% of the performance targets are achieved. In addition, if the achievement of the evaluation indicators exceeds 150%, as described below, the ratio of cash and stock to the total incentive compensation may differ.

(i) Basic compensation

Basic compensation is determined, referring to the amount of past compensation, by comparing with the performance of other companies in the same industry or similar size.

Basic compensation is paid as monthly compensation in a fixed amount.

(ii) Incentive compensation (cash, stock)

a. Structure

In the evaluation items and indicators for the performance-based portion, we consider “net sales,” “operating profit,” and “design win amount,” which are used as numerical targets in the management plan, as quantitative items, with a weighting of approximately 25% each, and also take into account business transformation, growth strategy, ESG measures, etc. as qualitative items as below with a weighting of approximately 25%. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Remuneration Committee. We selected the indicators because we believe that quantitative items are numerical targets in the Company’s management plan and qualitative items are essential for the sustainable development of the Company. The results of the evaluation are reported to and deliberated by the Board of Directors.



| Items subject to evaluation                        | Items in evaluation | Evaluation timing                    | Evaluation indicator (target) |                                                              | Weighting percentage | Variation range                                                                                                                                                |
|----------------------------------------------------|---------------------|--------------------------------------|-------------------------------|--------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Degree of target achievement in target fiscal year | Common Items        | At the end of the target fiscal year | Quantitative items            | Net sales                                                    | 25%                  | The Nomination and Remuneration Committee makes a judgment within the range of 0 - 200% by comprehensively considering the degree of achievement of each item. |
|                                                    |                     |                                      |                               | Operating income                                             | 25%                  |                                                                                                                                                                |
|                                                    |                     |                                      |                               | Design win amount                                            | 25%                  |                                                                                                                                                                |
|                                                    | Individual items    |                                      | Qualitative items             | Business transformation, growth strategy, ESG measures, etc. | 25%                  |                                                                                                                                                                |
|                                                    |                     |                                      |                               |                                                              | 100%                 |                                                                                                                                                                |

- Notes: 1. We set minimum goals for each evaluation indicator (target). We also set a cap in the variation range of the evaluation for incentive compensation (cash and stock) and determine the evaluation level so that the rate of achievement and the payment amount are consistent.
2. If the achievement of the evaluation indicators exceeds 150%, the Company may provide all or part of the portion of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), based on the report of the Nomination and Remuneration Committee, for the purpose of ensuring that the eligible Directors conduct business with more focus on corporate value. In this case, the sum of incentive compensation (stock) paid in proportion to the achievement of the evaluation indicators and incentive compensation (stock) paid in lieu of incentive compensation (cash) may exceed the amount equivalent to 200% of incentive compensation (stock) paid in the case of 100% achievement of the evaluation indicators.
3. We will consider adding ROE to the evaluation indicator (target) for judgement in the future.
4. Net sales, which are set as an evaluation indicator (target) for the performance-based portion, reached 221.2 billion yen for fiscal year ended March 31, 2024, as opposed to the initial financial results forecast of 200.0 billion yen. Operating income for the same period was 35.5 billion yen, compared with the initial forecast of 22.5 billion yen. The design win amount for the same period came to about 250.0 billion yen, compared with the initial plan to acquire design wins amounting to about 250.0 billion yen.

b. Payment of incentive compensation (cash)

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0 - 200% to the Board of Directors. In addition, if the achievement of the evaluation indicators exceeds 150% and the Nomination and Remuneration Committee judges that it is appropriate to pay all or part of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), it will report to the Board of Directors to that effect. Based on the report of the Nomination and Remuneration Committee, the Board of Directors deliberates and decides the level of incentive compensation (cash) payment.

Payment is made in cash in June of the fiscal year following the target fiscal year of performance evaluation.

<Conceptual image of evaluation>

| Fiscal year before target fiscal year | Target fiscal year |             |             |             | Fiscal year following target fiscal year |
|---------------------------------------|--------------------|-------------|-------------|-------------|------------------------------------------|
| 4th quarter                           | 1st quarter        | 2nd quarter | 3rd quarter | 4th quarter | 1st quarter                              |
| Target setting                        | Evaluation period  |             |             |             | Final evaluation and payment (June)      |
| →                                     | ←                  |             |             |             | →                                        |

c. Payment of incentive compensation (stock)

I Outline

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0 - 200% to the Board of Directors. In addition, if the achievement of the evaluation indicators exceeds 150% and the Nomination and Remuneration Committee judges that it is appropriate to pay all or part of the incentive compensation (cash) exceeding 150% as incentive compensation (stock) instead of incentive compensation (cash), it will report to the Board of Directors to that effect. Based on the report of the Nomination and Remuneration Committee, the Board of Directors deliberates and decides the level of incentive compensation (stock) payment.

When the performance evaluation period ends and Eligible Directors meet the following requirements, the Company shall deliver performance-based restricted stock to each Eligible Director by providing monetary compensation claims to grant performance-based restricted stock to each Eligible Director and having each Eligible Director pay the full amount of such monetary compensation claims as property contributed in kind.

- \* During the performance evaluation period and up to and including immediately prior to the conclusion of the first ordinary general meeting of shareholders held after the end of the performance evaluation period, the Eligible Directors continued to hold the positions among positions of Socionext Personnel of the Company as predetermined by the Board of Directors of the Company
- \* He or she does not fall under certain illegal acts or other reasons for non-payment as determined by the Board of Directors of the Company

The performance-based restricted stock will be delivered by means of the issuance of new shares or the disposition of treasury stock by the Company, and the amount to be paid in per share will be determined by the Board of Directors on the basis of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors of the Company regarding the allotment of performance-based restricted stock (if a trade is not made on the said day, the closing price on the immediately preceding trading day) to the extent that the amount is not particularly favorable to Eligible Directors who will subscribe for such common stock.

## II Transfer restriction period

Eligible Directors shall not transfer, create a security interest on or dispose otherwise of the shares of common stock of the Company allotted to them (hereafter referred to as the "Allotted Shares") under the allotment agreement (hereafter referred to as "Transfer Restrictions"). This shall apply during the period from the date of allotment of the performance-based restricted stock under the Restricted Stock Allotment Agreement to be separately concluded with the Company (hereafter referred to as the "Allotment Agreement") until the date of retirement from the positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company (hereafter referred to as the "Transfer Restriction Period").

## III Treatment at the time of retirement

If an Eligible Director retires from one of the positions of officer or employee of the Company as predetermined by the Board of Directors of the Company, the Company will naturally acquire the Allotted Shares free of charge, unless his or her term of office expires, he or she dies, or the Board of Directors determines that there are other valid reasons for his or her retirement.

#### IV Lifting of Transfer Restrictions, Etc.

The Company will release Transfer Restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Directors have continued to hold positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company during the Transfer Restriction Period.

|                   | Year X<br>March        | Year X+1<br>March          | Year X+2<br>March                       | Year X+3<br>March                       | Year X+4<br>March                       | Year X+5<br>March                | Year X+6<br>March |
|-------------------|------------------------|----------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------|-------------------|
| Year X+1<br>March | Target<br>setting<br>→ | Evaluation<br>period<br>←→ | Evaluation<br>and grant<br>(June, July) |                                         | Transferable after<br>retirement        |                                  |                   |
| Year X+2<br>March |                        | Target<br>setting<br>→     | Evaluation<br>period<br>←→              | Evaluation<br>and grant<br>(June, July) |                                         | Transferable after<br>retirement |                   |
| Year X+3<br>March |                        |                            | Target<br>setting<br>→                  | Evaluation<br>period<br>←→              | Evaluation<br>and grant<br>(June, July) | Transferable after<br>retirement |                   |

#### 2) Outside Directors among Directors

In view of the role of supervising the execution of business, only fixed basic compensation is paid.

f. Matters related to delegation of decisions on compensation for individual directors

Matters related to the delegation of decisions on compensation for individual directors are described in “d. Matters relating to the resolution of the general meeting of shareholders on compensation, etc. of directors,” “Directors (excluding Directors who are Audit & Supervisory Committee Members),” and “e. Policies, etc. for decisions on the content of compensation for individual directors, etc.” and “A. Details of the Directors’ Compensation System.” Based on the fact that the amount of compensation for each individual director (excluding directors who are Audit & Supervisory Committee Members) has been determined through such procedures, the Board of Directors has determined that the content of such compensation is in line with its decision policy.

## 6) Matters related to Outside Officers

Status of major activities

| Category         | Name             | Attendance                                                                                                                                                                                  | Outline of statements made and duties performed regarding expected roles of Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Director | Masatoshi Suzuki | <p>Board of Directors meetings<br/>14 out of 14</p> <p>Nomination and Remuneration Committee meetings<br/>17 out of 17</p>                                                                  | <p>Leveraging a wealth of management experience gained from having served as a representative director and other positions at listed companies, he supervises and advises management from an objective and neutral standpoint as Lead Independent Outside Director.</p> <p>In addition, as Chairman of the Nomination and Remuneration Committee, he provides various opinions and proposals from an independent standpoint, and contributes to enhancement of supervisory functions, transparency and fairness in the process of determining the content of proposals for election of directors and officers compensation, etc.</p>                                                                                                                                                                                          |
| Outside Director | Sachiko Kasano   | <p>Board of Directors meetings<br/>14 out of 14</p> <p>Audit &amp; Supervisory Committee meetings<br/>4 out of 4</p> <p>Nomination and Remuneration Committee meetings<br/>14 out of 14</p> | <p>Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint.</p> <p>Prior to her retirement as an Outside Director (Audit and Supervisory Committee Member), she led audits of execution of duties by Directors and promoted the management of the Committee as Chairman of the Audit &amp; Supervisory Committee.</p> <p>In addition, as a member of the Nomination and Remuneration Committee, she provides various opinions and proposals from an independent standpoint, and contributes to enhancement of supervisory functions, transparency and fairness in the process of determining the content of proposals for election of directors and officers compensation, etc.</p> |

| Category                                                          | Name               | Attendance                                                                                                | Outline of statements made and duties performed regarding expected roles of Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outside Director (Audit & Supervisory Committee Member)           | Yasuyoshi Ichikawa | Board of Directors meetings<br>14 out of 14<br><br>Audit & Supervisory Committee meetings<br>15 out of 15 | Based on his extensive experience as a certified public accountant and his deep insight into financial accounting, he supervises and advises management from an objective and neutral standpoint. In addition, as Chairman of the Audit & Supervisory Committee, he leads audits of execution of duties by Directors and promotes management of the Committee.                                                                                                                                   |
| Outside Director (Full-time Audit & Supervisory Committee Member) | Morimasa Ikemoto   | Board of Directors meetings<br>11 out of 11<br><br>Audit & Supervisory Committee meetings<br>11 out of 11 | He has served as Director who is an Audit & Supervisory Committee Member and a full-time Auditor of listed companies, and supervised and advised management taking advantage of extensive experience and from professional standpoints regarding finance and accounting, and internal control and auditing from an objective and neutral standpoint. In addition, as a full-time Audit & Supervisory Committee Member, he audits execution of duties by Directors based on his expert knowledge. |
| Outside Director (Audit & Supervisory Committee Member)           | Noriko Yoneda      | Board of Directors meetings<br>11 out of 11<br><br>Audit & Supervisory Committee meetings<br>11 out of 11 | Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint. In addition, as a member of the Audit & Supervisory Committee, she audits execution of duties by Directors based on her expert knowledge.                                                                                                                                                     |

- Notes: 1. In addition to the above number of meetings of the Board of Directors, there were four (4) written resolutions that were deemed to have been made by the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and the Articles of Incorporation.
2. At the conclusion of the Ninth Ordinary General Meeting of Shareholders held on June 28, 2023, Outside Director Sachiko Kasano retired from the post of Outside Director (Audit & Supervisory Committee Member) due to the expiration of her term of office and assumed the position of Outside Director who is not an Audit & Supervisory Committee Member.
3. Masatoshi Suzuki has been selected as the Lead Independent Outside Director from among the Independent Outside Directors. The role of the Lead Independent Outside Director is to act as a liaison between the management and Independent Outside Directors and to facilitate dialogue between them. In addition, he participates in the determination of the agenda of the regular Board of Directors meetings, and when necessary, convenes a meeting of outside officers while determining the agenda of the meeting and chairing it, and communicates the results of the deliberations to the management or the Board of Directors to encourage discussion.

### **3. Policy on Decisions of Dividends of Surplus, Etc.**

One of the Company's key management priorities is to increase corporate value over the medium to long term while returning profits to shareholders. We aim to pay a stable dividend with a target consolidated dividend payout ratio of around 40%, taking into account the balance between advance investment in the development needed for future growth and maintaining a solid financial base as credit to customers. In addition, over the medium term, we will continue to invest in growth and maintain a strong financial base while promoting shareholder return with a target total return ratio of around 50% in order to further improve shareholder interests and capital efficiency.

In addition, the Articles of Incorporation stipulate that matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by a resolution of the Board of Directors without a resolution of a general meeting of shareholders, and that an interim dividend may be paid with September 30 of each year as the record date, unless otherwise provided by law. The Company's basic policy is to pay dividends twice a year, an interim dividend and a year-end dividend, from the fiscal year ended March 2024 onward.

Based on this policy, at the meeting of the Board of Directors held on May 17, 2024, the Company resolved to set the year-end dividend at 25 yen per share, with a payment commencement date of June 5, 2024.

In order to expand its investor base and improve market liquidity, the Company implemented a stock split at a ratio of 1 common stock to 5 shares with an effective date of January 1, 2024. Since the interim dividend of 115 yen per share was paid on September 30, 2023, prior to the stock split, the annual dividend for the fiscal year under review is equivalent to 240 yen per share, if calculated on a pre-stock-split basis, including 115 yen of the interim dividend and 125 yen of the year-end dividend. After the stock split, the annual dividend for the fiscal year under review is equivalent to 48 yen per share including 23 yen of the interim dividend and 25 yen of the year-end dividend.

## Consolidated Financial Statements

### Consolidated balance sheet

(As of March 31, 2024)

(Million yen)

| Item                                 | Amount         | Item                                             | Amount         |
|--------------------------------------|----------------|--------------------------------------------------|----------------|
| <b>Assets</b>                        |                | <b>Liabilities</b>                               |                |
| <b>Current assets</b>                | <b>138,901</b> | <b>Current liabilities</b>                       | <b>53,094</b>  |
| Cash on hand and in banks            | 69,738         | Accounts payable-trade                           | 15,764         |
| Accounts receivable-trade, net       | 35,257         | Accounts payable-other                           | 9,334          |
| Finished goods                       | 6,090          | Accrued expenses                                 | 8,859          |
| Work in process                      | 19,414         | Income taxes payable                             | 6,817          |
| Accounts receivable-other            | 2,935          | Liabilities related to chargeable subcontracting | 9,319          |
| Other current assets                 | 5,467          | Other current liabilities                        | 3,001          |
| <b>Non-current assets</b>            | <b>47,939</b>  | <b>Long-term liabilities</b>                     | <b>2,726</b>   |
| <b>Property, plant and equipment</b> | <b>21,800</b>  | Asset retirement obligations                     | 350            |
| Buildings and structures, net        | 3,441          | Other long-term liabilities                      | 2,376          |
| Machinery and equipment, net         | 6              |                                                  |                |
| Tools, furniture and fixtures, net   | 17,318         | <b>Total liabilities</b>                         | <b>55,820</b>  |
| Land                                 | 800            | <b>Net assets</b>                                |                |
| Construction in progress             | 235            | <b>Shareholders' equity</b>                      | 128,998        |
| <b>Intangible assets</b>             | <b>18,464</b>  | Common stock                                     | 32,656         |
| Technology assets                    | 16,166         | Deposits for subscriptions of shares             | 85             |
| Other                                | 2,298          | Capital surplus                                  | 32,656         |
| <b>Investments and other assets</b>  | <b>7,675</b>   | Retained earnings                                | 63,604         |
| Investment securities                | 0              | Treasury stock                                   | (3)            |
| Deferred tax assets                  | 6,740          | <b>Accumulated other comprehensive income</b>    | <b>2,022</b>   |
| Other assets                         | 935            | Foreign currency translation adjustments         | 2,022          |
| <b>Total assets</b>                  | <b>186,840</b> | <b>Total net assets</b>                          | <b>131,020</b> |
|                                      |                | <b>Total liabilities and net assets</b>          | <b>186,840</b> |

(Note) Monetary amounts are rounded to the nearest million yen.



## Consolidated Statement of Income

From April 1, 2023 to March 31, 2024

(Million yen)

| Item                                                | Amount |                |
|-----------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                    |        | <b>221,246</b> |
| <b>Cost of sales</b>                                |        | <b>111,243</b> |
| <b>Gross profit</b>                                 |        | <b>110,003</b> |
| <b>Selling, general and administrative expenses</b> |        | <b>74,493</b>  |
| <b>Operating income</b>                             |        | <b>35,510</b>  |
| <b>Non-operating income</b>                         |        |                |
| Interest income                                     | 384    |                |
| Foreign exchange gain                               | 1,224  |                |
| Other income                                        | 67     | 1,675          |
| <b>Non-operating expenses</b>                       |        |                |
| Other expenses                                      | 63     | 63             |
| <b>Ordinary income</b>                              |        | <b>37,122</b>  |
| <b>Profit before income taxes</b>                   |        | <b>37,122</b>  |
| Income taxes - current                              | 10,694 |                |
| Income taxes - deferred                             | 294    | 10,988         |
| <b>Profit</b>                                       |        | <b>26,134</b>  |
| <b>Profit attributable to owners of parent</b>      |        | <b>26,134</b>  |

(Note) Monetary amounts are rounded to the nearest million yen.

## Non-consolidated Financial Statements

### Non-Consolidated balance sheet

(As of March 31, 2024)

(Million yen)

| Item                                  | Amount         | Item                                             | Amount         |
|---------------------------------------|----------------|--------------------------------------------------|----------------|
| <b>Assets</b>                         |                | <b>Liabilities</b>                               |                |
| <b>Current assets</b>                 | <b>126,712</b> | <b>Current liabilities</b>                       | <b>50,177</b>  |
| Cash on hand and in banks             | 54,269         | Accounts payable-trade                           | 16,913         |
| Accounts receivable-trade, net        | 38,658         | Accounts payable-other                           | 9,280          |
| Finished goods                        | 6,089          | Accrued expenses                                 | 6,066          |
| Work in process                       | 19,413         | Income taxes payable                             | 6,534          |
| Advance payments to suppliers         | 3,163          | Liabilities related to chargeable subcontracting | 9,319          |
|                                       |                | Other current liabilities                        | 2,062          |
| Prepaid expenses                      | 1,843          |                                                  |                |
| Accounts receivable-other             | 3,123          | <b>Long-term liabilities</b>                     | <b>300</b>     |
| Other current assets                  | 149            | Asset retirement obligations                     | 300            |
| <b>Non-current assets</b>             | <b>47,250</b>  |                                                  |                |
| <b>Property, plant and equipment</b>  | <b>18,771</b>  | <b>Total liabilities</b>                         | <b>50,477</b>  |
| Buildings and structures, net         | 873            |                                                  |                |
| Machinery and equipment, net          | 0              | <b>Net assets</b>                                |                |
| Tools, furniture and fixtures         | 16,863         | <b>Shareholders' equity</b>                      | <b>123,485</b> |
| Land                                  | 800            | <b>Common stock</b>                              | <b>32,656</b>  |
|                                       |                | <b>Deposits for subscriptions of shares</b>      | <b>85</b>      |
| Construction in progress              | 234            | <b>Capital surplus</b>                           | <b>32,656</b>  |
|                                       |                | Legal capital surplus                            | 32,656         |
| <b>Intangible assets</b>              | <b>18,416</b>  | <b>Retained earnings</b>                         | <b>58,090</b>  |
| Technology assets                     | 16,166         | Other retained earnings                          | 58,090         |
| Other                                 | 2,250          | Retained earnings brought forward                | 58,090         |
|                                       |                | <b>Treasury stock</b>                            | <b>(2)</b>     |
| <b>Investments and other assets</b>   | <b>10,061</b>  |                                                  |                |
| Investment securities                 | 0              | <b>Total net assets</b>                          | <b>123,485</b> |
| Shares of subsidiaries and affiliates | 2,704          |                                                  |                |
| Deferred tax assets                   | 6,551          | <b>Total liabilities and net assets</b>          | <b>173,962</b> |
| Other assets                          | 804            |                                                  |                |
| <b>Total assets</b>                   | <b>173,962</b> |                                                  |                |

(Note) Monetary amounts are rounded down to the nearest million yen.

## Non-Consolidated Statement of Income

From April 1, 2023 to March 31, 2024

(Million yen)

| Item                                                | Amount |                |
|-----------------------------------------------------|--------|----------------|
| <b>Net sales</b>                                    |        | <b>220,245</b> |
| <b>Cost of sales</b>                                |        | <b>111,199</b> |
| <b>Gross profit</b>                                 |        | <b>109,045</b> |
| <b>Selling, general and administrative expenses</b> |        | <b>75,065</b>  |
| <b>Operating income</b>                             |        | <b>33,980</b>  |
| <b>Non-operating income</b>                         |        |                |
| Dividend income                                     | 1,345  |                |
| Foreign exchange gain                               | 1,270  |                |
| Other income                                        | 91     | 2,707          |
| <b>Non-operating expenses</b>                       |        |                |
| Other expenses                                      | 37     | 37             |
| <b>Ordinary income</b>                              |        | <b>36,649</b>  |
| <b>Income before income taxes</b>                   |        | <b>36,649</b>  |
| Income taxes - current                              | 10,138 |                |
| Income taxes - deferred                             | 200    | 10,338         |
| <b>Profit</b>                                       |        | <b>26,311</b>  |

(Note) Monetary amounts are rounded down to the nearest million yen.

(Translation)Independent Auditor’s Report

May 15, 2024

The Board of Directors  
Socionext Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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/s/Noriyasu Hanafuji  
Designated Engagement Partner  
Certified Public Accountant

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/s/Shinichi Masuda  
Designated Engagement Partner  
Certified Public Accountant

**Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Socionext Inc. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

|                                                      |
|------------------------------------------------------|
| Notes to the Readers of Independent Auditor's Report |
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|                                                                                                                                                  |
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| This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader. |
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## (Translation)Independent Auditor’s Report

May 15, 2024

The Board of Directors  
Socionext Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

---

/s/Noriyasu Hanafuji  
Designated Engagement Partner  
Certified Public Accountant

---

/s/Shinichi Masuda  
Designated Engagement Partner  
Certified Public Accountant

### **Opinion**

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the non-consolidated financial statements of Socionext Inc. (the Company) applicable to the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2024, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Audit and Supervisory Committee for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the non-consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

|                                                      |
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| Notes to the Readers of Independent Auditor's Report |
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## Audit & Supervisory Committee's Report

### Audit Report

The Audit & Supervisory Committee has audited the Directors' execution of duties for the tenth fiscal year from April 1, 2023 to March 31, 2024. The following are the reports of the methods and results of the audit.

#### 1. The methods and contents of the audit

With respect to the contents of the resolution of the Board of Directors regarding the matters set forth in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act, and the systems (Internal Control Systems) developed based on such resolution, the Audit & Supervisory Committee received periodic reports from Directors, employees and other relevant functions concerning the status of formation and implementation of such systems, asked for explanations as necessary, expressed its opinions and conducted the audit in the following manner.

- 1) In accordance with the audit policy and the allocation of duties and other terms defined by the Audit & Supervisory Committee, the Audit & Supervisory Committee, in coordination with the internal control divisions of the Company, attended material meetings, received reports from the Directors, employees and other relevant functions on matters related to their execution of duties, asked for explanations as necessary, and investigated the status or condition of the business activities and assets by inspecting important approval document and reports in the head office and other major offices.

In addition, with respect to subsidiaries, the Audit & Supervisory Committee communicated and exchanged information with directors and auditors of subsidiaries, and received reports on business from subsidiaries whenever necessary.

- 2) The Audit & Supervisory Committee monitored and verified that the Accounting Auditor maintained independence and conducted appropriate audits, received reports from the Accounting Auditor on the status of their audit work, and asked for explanations as necessary. The Audit & Supervisory Committee was also advised by the Accounting Auditor that they had the "system for ensuring that the performance of the accounting auditors is being carried out correctly" (matters set forth in each item of Article 131 of the Rules of Corporate Accounting)" in place in accordance with the "Quality Control Standards" (Business Accounting Council, October 28, 2005) and other relevant regulations and asked for explanations as necessary.

Based on the above stated steps, the Audit & Supervisory Committee examined the business report and the supplementary schedules, the non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets and the notes to the financial statements) and the supplementary schedules thereof, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements) for the fiscal year under review.

#### 2. Results of the audit

- (1) Results of the audit of the business report and the supplementary schedules

- 1) The business report and the supplementary schedules present fairly the status of the Company's business conditions in conformity with the applicable laws and regulations and the Articles of Incorporation;
- 2) There is no indication of significant wrongdoing or violation of laws and regulations and the Articles of Incorporation in the Directors' execution of duties; and
- 3) The contents of the resolution by the Board of Directors regarding the internal control system were appropriate. Also there is no item to be noted on description in the business report and the Directors' execution of duties regarding the internal control systems.

- (2) Audit Results on the Non-consolidated Financial Statements and the Supporting Schedules

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, the Accounting Auditor of the Company, are appropriate.

- (3) Results of the audit of the consolidated financial statements

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, the Accounting Auditor of the Company, are appropriate.

May 16, 2024

Audit & Supervisory Committee of Socionext Inc.

Audit & Supervisory Committee Member (Outside Director)

Yasuyoshi Ichikawa (Seal)

Audit & Supervisory Committee Member (Outside Director)

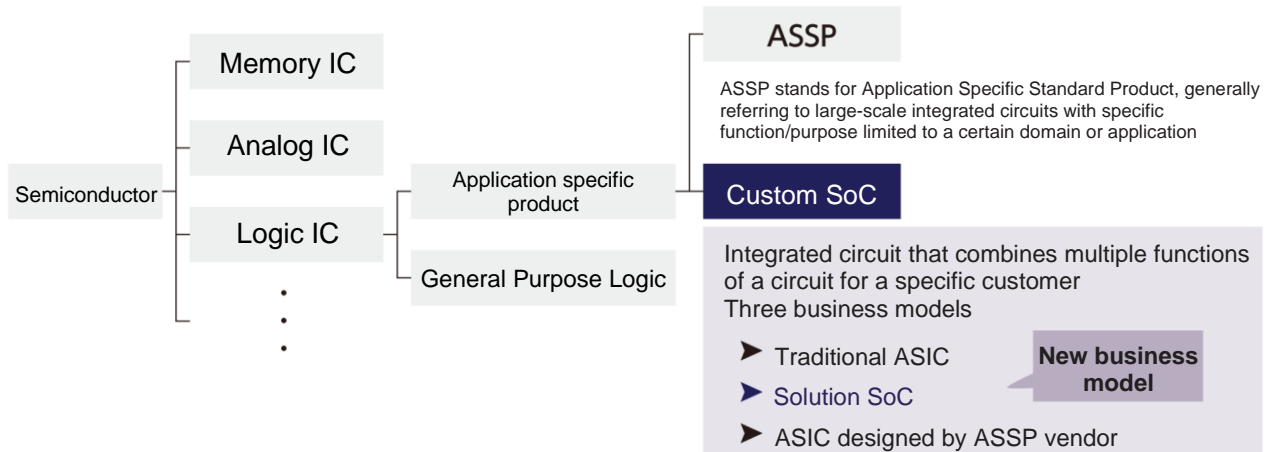
Noriko Yoneda (Seal)

Full-time Audit & Supervisory Committee Member (Outside Director)

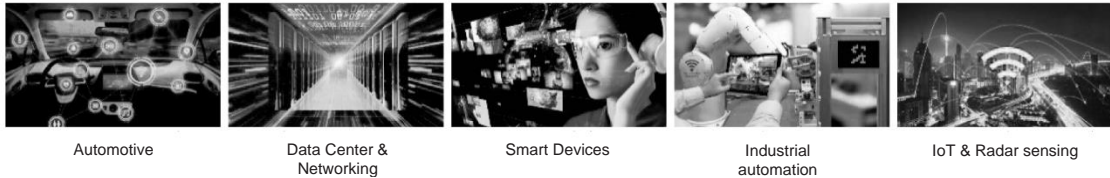
Morimasa Ikemoto (Seal)

## Reference: The Group's Business Model

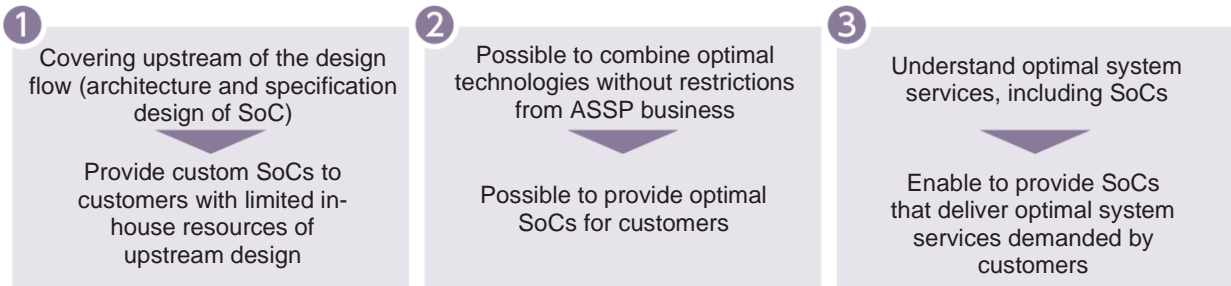
The Company provides services mainly in the Custom SoC for specific applications, among the Logic IC market.



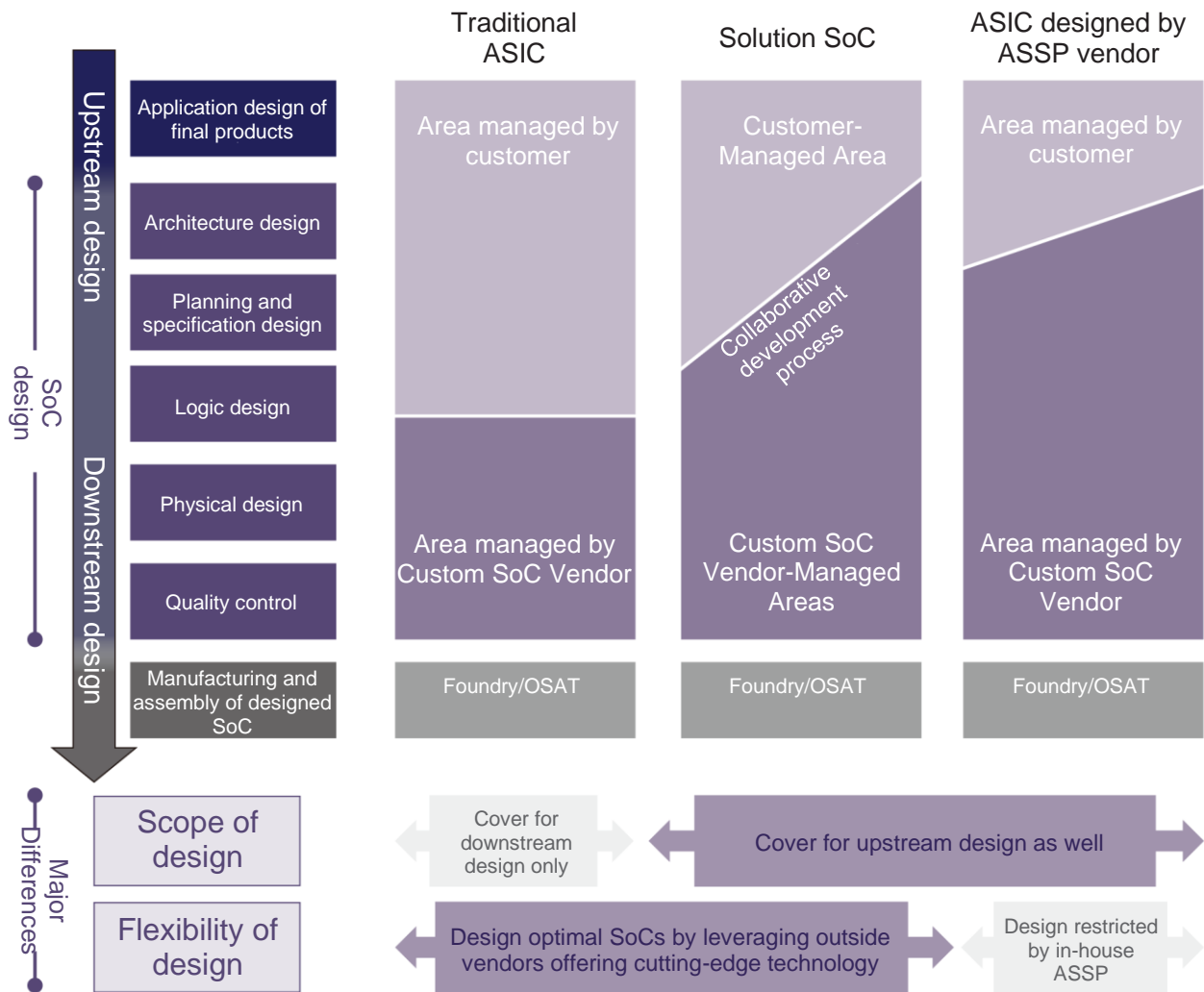
< The Company's Primary Applications >



## Features of Solution SoC Business Model



### Custom SoC design flow by business model

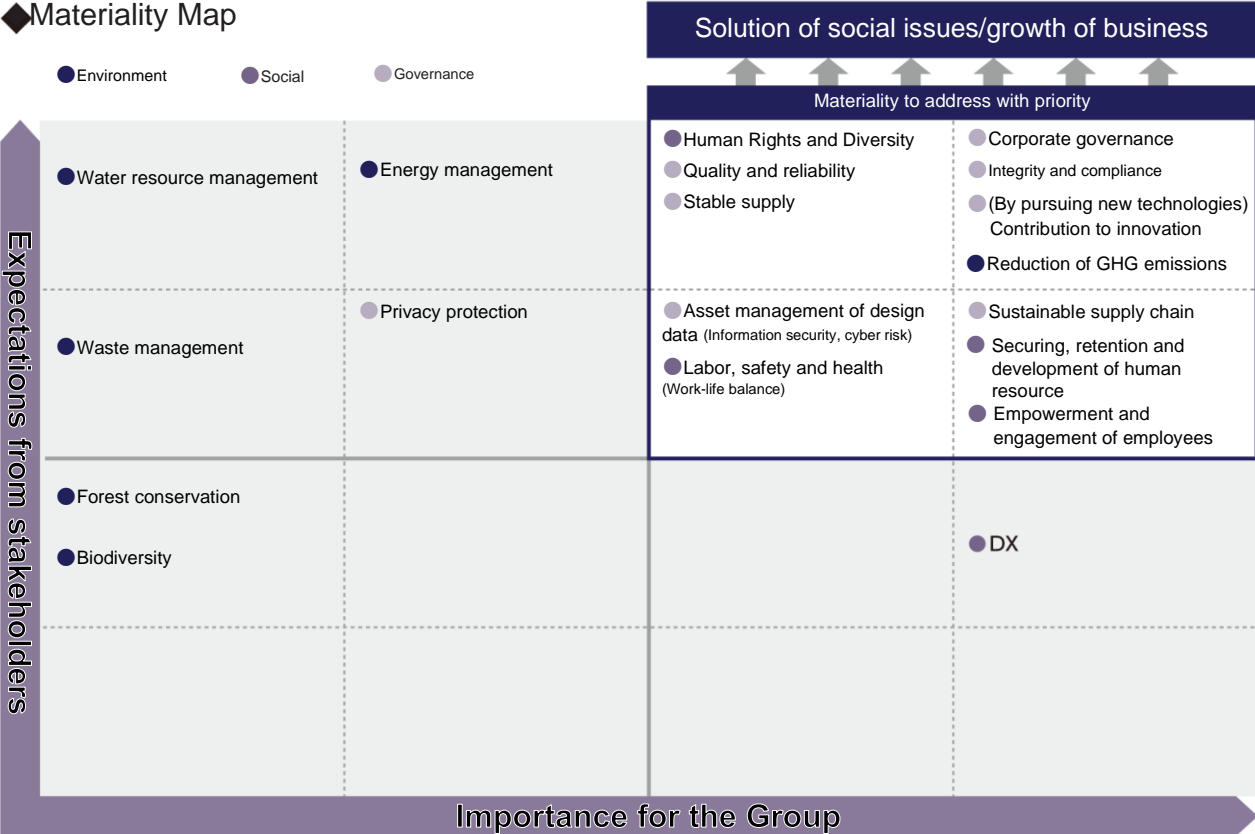


**Reference: Initiatives for Sustainability**

“Together with our global partners, we bring innovation to everyone everywhere.” Based on this mission, the Group evaluated social issues that need to be resolved and their importance for the Company’s business growth, and identified materiality (priority issues) to be addressed as priorities. We will continue to examine and discuss medium- to long-term initiatives to achieve sustainable growth by responding flexibly to changes in global trends and the business environment.

At the Group, we will continue to work with our partners in the semiconductor ecosystem to enhance the effectiveness of our efforts to address materiality throughout the supply chain, and strive to achieve a sustainable society by solving social issues and further growing our business.

**Materiality Map**



For more information about the Group's sustainability, see the ESG Report on the Company’s website.

## Reference: Description of Key Terms Used in the Semiconductor Industry

(Listed in alphabetical order)

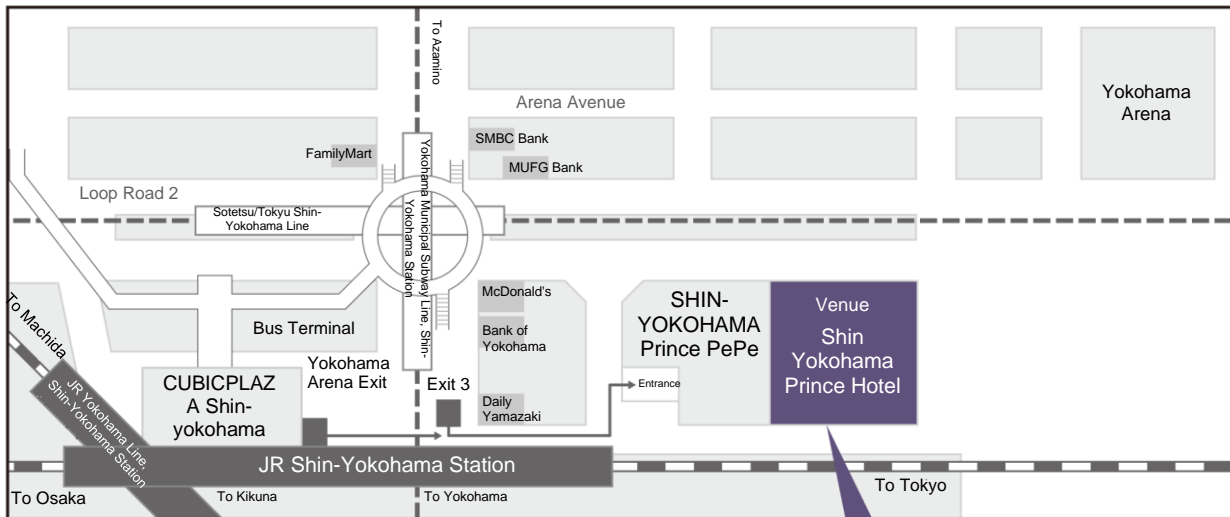
| Terminology | Description                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ADAS        | Abbreviation for advanced driving assistant system for automobiles.                                                                                                                                                                                                                                                                                                                                                      |
| IP          | Abbreviation for intellectual property. It is circuit information that is organized in partial functional units to make up a semiconductor, and is divided into procurement IP that is purchased from outside and in-house IP that is developed in-house.                                                                                                                                                                |
| NRE Sales   | Abbreviation for non-recurring engineering sales. It refers to the sales received from customers during the development stage before mass production of a product. NRE sales correspond to design and development costs incurred during the development phase, such as labor costs, IP, design tools, reticles, and prototype manufacturing, and are usually recorded multiple times as development milestones progress. |
| OSAT        | Abbreviation of Out-sourced Semiconductor Assembly and Test. Manufacturing companies contracted dedicatedly in the later stages (assembly and test) of semiconductor manufacturing.                                                                                                                                                                                                                                      |
| SCM         | Abbreviation for supply chain management.<br>A method of business management to achieve overall efficiency and optimization by comprehensively reviewing the flow of manufactured products from material procurement through design, manufacturing, and distribution to the end user.                                                                                                                                    |
| SoC         | Abbreviation for system on chip.<br>The implementation of multiple functions needed to run a device or system on a single semiconductor chip.                                                                                                                                                                                                                                                                            |

| Terminology             | Description                                                                                                                                                                                                                                                                                         |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| System architecture     | The design and structure of the entire system in which semiconductor is mounted.                                                                                                                                                                                                                    |
| Chiplet                 | A semiconductor packaging technology that combines multiple semiconductor chips like blocks and treats them like a single chip to realize more advanced functions and performance without relying solely on the refinement of process technology in the pre-process of semiconductor manufacturing. |
| Test board              | Also called an evaluation board, it is a printed circuit board that contains peripheral chips, circuits and terminals necessary for operation and is created and provided for testing and evaluating products such as semiconductor chips.                                                          |
| Tapeout                 | The step of completing the semiconductor design process and moving to the reticle manufacturing process for transferring circuit information.                                                                                                                                                       |
| Design methodology      | A set of semiconductor design methods, including tools for designing and developing semiconductors.                                                                                                                                                                                                 |
| Semiconductor ecosystem | A structure of business relationships between multiple semiconductor companies that support the design, development and manufacture of semiconductors.                                                                                                                                              |
| Packaging technology    | A technology used in the manufacturing process of semiconductors, called the post-process, to protect semiconductor chips from the outside and to connect them electrically.                                                                                                                        |
| Foundry                 | A company that specializes in contract manufacturing of the pre-process of semiconductor manufacturing.                                                                                                                                                                                             |
| Reticle                 | A glass substrate used in the semiconductor manufacturing process to transfer designed circuit information to a silicon wafer through an exposure device.                                                                                                                                           |



## Information on the venue of the Tenth Ordinary General Meeting of Shareholders

Venue **“Chidori” on the fourth floor of Shin Yokohama Prince Hotel**  
 3-4 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture



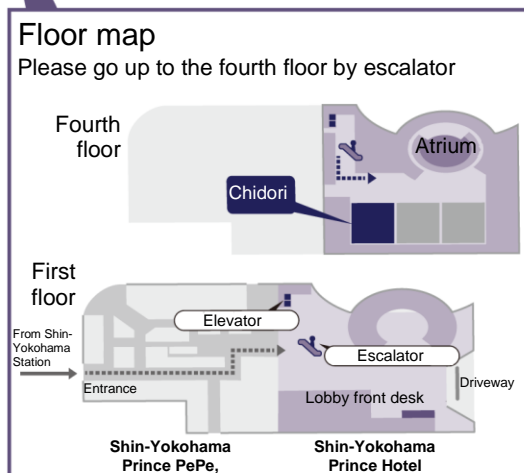
Access - JR Shin-Yokohama Station

2 minutes' walk from North Exit on the Yokohama Line  
 2 minutes' walk from East Exit or West Exit on the Tokaido Shinkansen Line  
 Leave the ticket gate and walk towards the Yokohama Arena Exit.

- Yokohama Municipal Subway Blue Line, Shin-Yokohama Station
- Sotetsu/Tokyu Shin-Yokohama Line, Shin-Yokohama Station

2 minutes' walk from Exit 3

\*We do not offer souvenirs at shareholders meetings.  
 We would appreciate your understanding.



socionext  
 Socionext Inc.