2Q FY2025/3

Consolidated Financial Results

October 31, 2024

Socionext Inc.

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Cautionary Note Regarding "Design Win Amount" and "Design Win Balance"

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Cautionary Note Regarding "Design Win Amount" and "Design Win Balance"

The calculation of "Design Win Amount" and "Design Win Balance" involves a considerable degree of future estimation and subjective judgment, including assumptions regarding development plans, development costs, NRE revenues, per-unit prices and estimated future product sales volumes as well as the estimated lifespan and likelihood of cancellation of particular products. Product sales volumes are estimated based on preliminary customer indications of volume as well as our own projections made using historical customer transaction data, third-party market data and other factors while restrictions on the available manufacturing capacity for our products are not fully taken into account. In connection with analyzing our net sales and determining our design win balance, we take into account whether any customer demand constitutes "special demand," a term we use to refer to short-term customer demand resulting from stockpiling and other activities that do not reflect current underlying demand. We determine whether any given demand is special demand on a case-by-case basis at our own discretion based on our assessment of a variety of factors related to the demand in question. As a result, amounts that we identify as special demand may not be objectively accurate in light of such definition of "special demand." We believe that it is appropriate to exclude such short-term "special demand" amounts from our design win balance because the design win balance is intended to serve as an index to evaluate and analyze our long-term revenue trends. In terms of our net sales, net sales that are attributable to "special demand" should be viewed as short-term inflated demand that may be front-loading longer-term demand, and thus such sales should be appropriately deemphasized when analyzing historical and future trends in our results of operations. While "Design Win Balance" is not impacted by the occurrence or the amount of "special demand," it can fluctuate by reflecting changes in assumptions for forecasts of demands except for "special demand." We may change our calculation method for "Design Win Amount" and "Design Win Balance" and have done so in the past, and thus a direct period-to-period comparison may not be meaningful beyond describing general trends over an extended period. Design win information is calculated on a management accounting basis and is formulated and used internally for management's assessment of business performance and strategic initiative planning. Due to our relatively short operating history under our new business model and the extended period of time before a design win contributes to our product revenue, we have limited financial data that can be used to evaluate our business and future prospects, and our management believes that our operating results in recent fiscal years may not be indicative of our future performance. We present design win information for reference purposes only. You should not place undue reliance on design win information presented herein. Please refer to page 2 of this presentation regarding certain risks associated with forward-looking statements.

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Consolidated Financial Results for the 6 Months Ended September 30, 2024

- *Consolidated Financial Results 2Q FY2025/3*
- *Consolidated Earnings Forecast Full-Year FY2025/3*

2Q FY2025/3 Consolidated Statements of Income

(Yen in billions)

	FY2024/3 1Q	FY2024/3 2Q	FY2024/3 3Q	FY2024/3 4Q	FY2025/3 1Q	FY2025/3 2Q	YoY	YoY %
Net Sales	**61.4**	**55.5**	**52.7**	**51.6**	**52.8**	**46.4**	**-9.1**	**-16.5%**
Product Revenue	52.9	48.5	40.5	40.9	42.3	37.7	-10.9	-22.4%
NRE Revenue	8.4	6.8	11.9	10.5	10.3	8.4	1.6	23.5%
Others	0.1	0.2	0.2	0.2	0.2	0.3	0.1	55.3%
Cost of Sales	**34.5**	**28.2**	**24.6**	**23.9**	**22.9**	**22.2**	**-6.0**	**-21.2%**
Product Cost Ratio	65.2%	58.2%	60.8%	58.4%	54.3%	59.1%		
Selling, General and Administrative Expenses	**16.8**	**18.7**	**18.8**	**20.2**	**19.6**	**18.9**	**0.1**	**0.7%**
R&D	12.2	12.5	13.6	15.0	15.0	13.8	1.3	10.8%
SG&A (excl. R&D)	4.7	6.3	5.1	5.1	4.6	5.1	-1.2	-19.4%
Operating Income	**10.1**	**8.6**	**9.3**	**7.6**	**10.3**	**5.3**	**-3.3**	**-38.2%**
Margin	16.5%	15.4%	17.6%	14.7%	19.4%	11.4%		
Profit	**8.0**	**7.3**	**5.0**	**5.8**	**7.6**	**4.0**	**-3.3**	**-45.3%**
Margin	12.9%	13.2%	9.5%	11.3%	14.3%	8.6%		
FX Rate (USD/JPY)	**137.4**	**144.6**	**147.9**	**148.6**	**155.9**	**149.4**		

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Here are the financial results of the second quarter of fiscal year ending March 2025 (2Q FY25/3).

Net sales were 46.4 billion yen, a decrease of 9.1 billion yen, or 16.5%, from the same quarter of previous fiscal year (2Q FY24/3).

Operating income was 5.3 billion yen, a decrease of 3.3 billion yen, or 38.2%.

The foreign exchange impact for net sales was a plus of 1.3 billion yen. For operating income, it was a plus of 0.5 billion yen.

Profit was 4.0 billion yen, including extraordinary income of 1.8 billion yen from the sale of the Kozoji office, non-operating losses including exchange losses of 1.5 billion yen, and tax payment of 1.6 billion yen.

Product revenue was 37.7 billion yen, a decrease of 10.9 billion yen, or 22.4%, from 2Q FY24/3.

Product revenue decreased by 10.9 billion yen, while mass production of new products is progressing as expected. It was mainly due to the end of Special Demand (-5 billion yen), weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment. By region, the decrease was mainly in China, while there were also slight decreases in other regions.

NRE revenue increased by 1.6 billion yen due to the completion of multiple product development projects.

Operating income was 5.3 billion yen, a decrease of 3.3 billion yen, or 38.2%, from 2Q FY24/3.

NRE Revenue increased (1.6 billion yen) and SG&A expenses decreased (1.2 billion yen). However, product gross profit decreased due to decline in product revenue, and R&D expenses increased due to progress in advanced technology projects (1.3 billion yen), resulting in the decrease of operating income.

1H FY2025/3 Consolidated Statements of Income

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(Yen in billions)

	FY2024/3 1H	FY2025/3 1H	YoY	YoY %
Net Sales	**117.0**	**99.2**	**-17.8**	**-15.2%**
Product Revenue	101.4	80.0	-21.5	-21.2%
NRE Revenue	15.2	18.8	3.5	23.3%
Others	0.3	0.5	0.1	41.6%
Cost of sales	**62.7**	**45.2**	**-17.5**	**-28.0%**
Product Cost Ratio	61.8%	56.5%		
Selling, General and Administrative Expenses	**35.6**	**38.4**	**2.9**	**8.0%**
R&D	24.6	28.8	4.1	16.8%
SG&A (excl. R&D)	11.0	9.7	-1.3	-11.8%
Operating Income	**18.7**	**15.6**	**-3.1**	**-16.7%**
Margin	16.0%	15.7%		
Profit	**15.3**	**11.6**	**-3.7**	**-24.2%**
Margin	13.1%	11.7%		
FX Rate (USD/JPY)	**141.0**	**152.6**		

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This slide shows the results of the first half of fiscal year ending March 2025 (1H FY25/3).

Net sales were 99.2 billion yen, a decrease of 17.8 billion yen, or 15.2%, from the same period of previous fiscal year (1H FY24/3).

Operating income was 15.6 billion yen, a decrease of 3.1 billion yen, or 16.7%.

The foreign exchange impact for net sales was a plus of 6.5 billion yen. For operating income, it was a plus of 2.5 billion yen.

Profit was 11.6 billion yen, including extraordinary income of 1.8 billion yen from the sale of the Kozoji office, non-operating losses including exchange losses of 0.9 billion yen, and tax payment of 4.8 billion yen.

Product revenue decreased by 21.5 billion yen, while mass production of new products is progressing as expected. It was mainly due to the end of Special Demand (-15 billion yen), weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment. By region, the decrease was mainly in China, while there were also slight decreases in other regions.

NRE revenue increased by 3.5 billion yen due to the completion of multiple product development projects.

Operating income was 15.6 billion yen, a decrease of 3.1 billion yen, or 16.7%, from 1H FY24/3. Operating margin was 15.7%.

NRE revenue increased (3.5 billion yen), product cost ratio improved (5.3% points) due to product mix change and indirect impact of foreign exchange for procurement, and SG&A expenses decreased (1.3 billion yen). However, product gross profit decreased due to decrease in product revenue, and R&D expenses increased (4.1 billion yen) due to progress in advanced technology projects, resulting in the decrease of operating income.

Quarterly Net Sales and Operating Income

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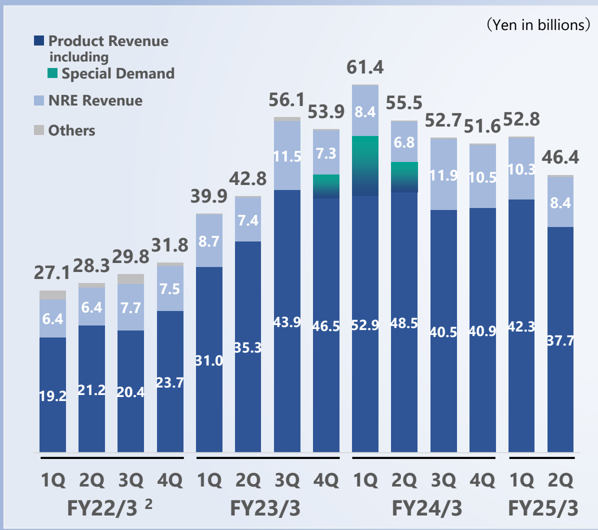
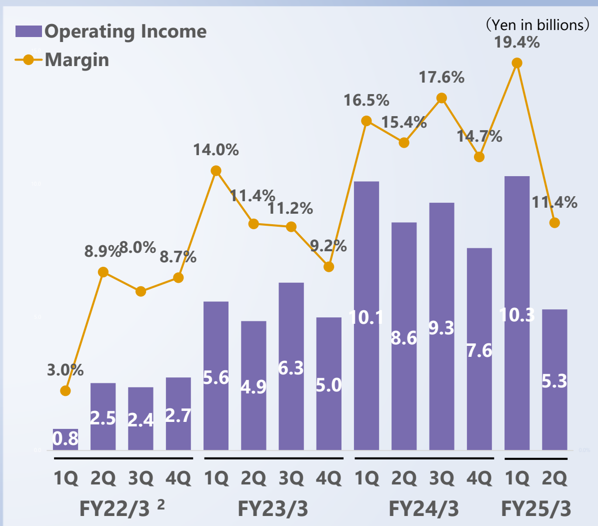
Net Sales[1]



Operating Income[1]



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

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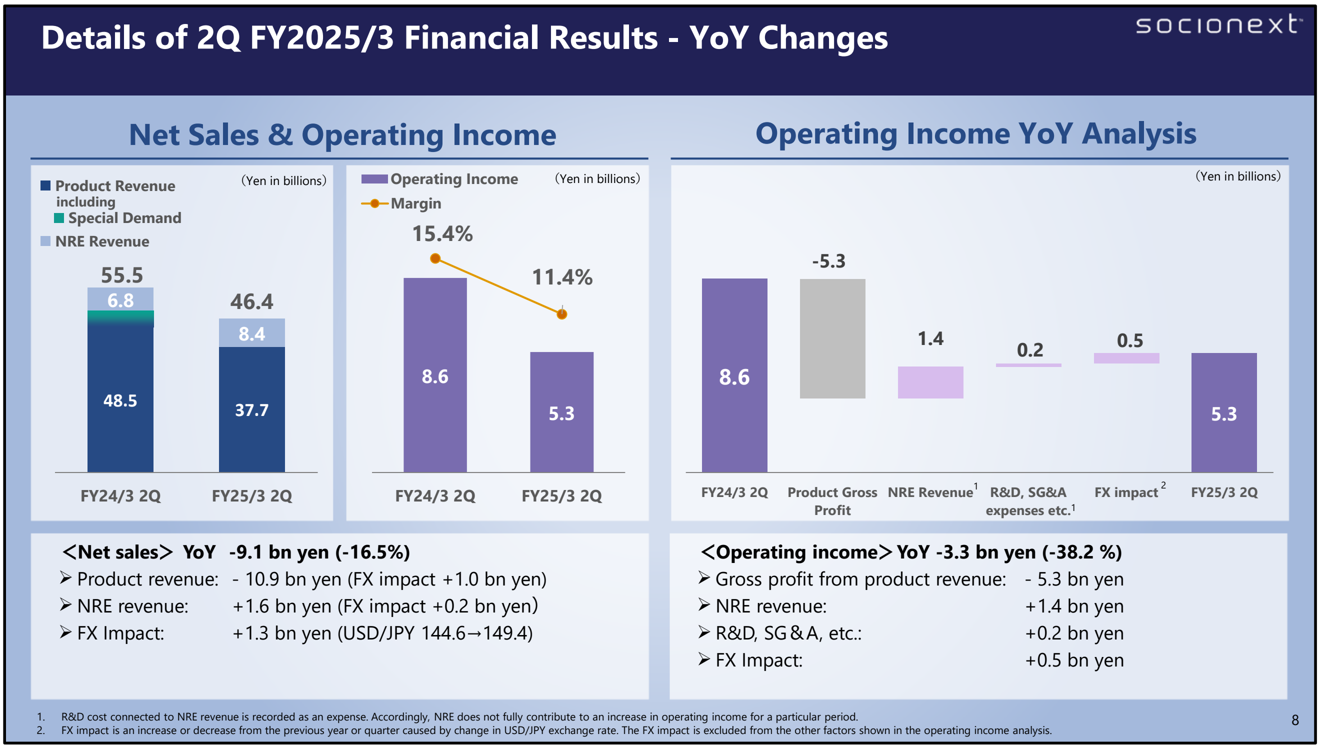
This slide shows our historical net sales and operating income from 1Q FY22/3 to 2Q FY25/3.

Product revenue decreased, while the mass production of new products is progressing as expected. It was mainly due to the end of Special Demand, weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment.

NRE revenue is for a deliverable from design and development activities and fluctuates from quarter to quarter. But the year-on-year trend of NRE revenue remains gradually upward, as design wins of large-scale design projects in the advanced technology area continue to expand.



This slide shows the year-on-year analysis of net sales and operating income for 2Q FY25/3, compared to the same quarter of previous fiscal year (2Q FY24/3).

Net sales were 46.4 billion yen, a decrease of 9.1 billion yen, or 16.5%.
Product revenue decreased by 10.9 billion yen. NRE revenue increased by 1.6 billion yen.

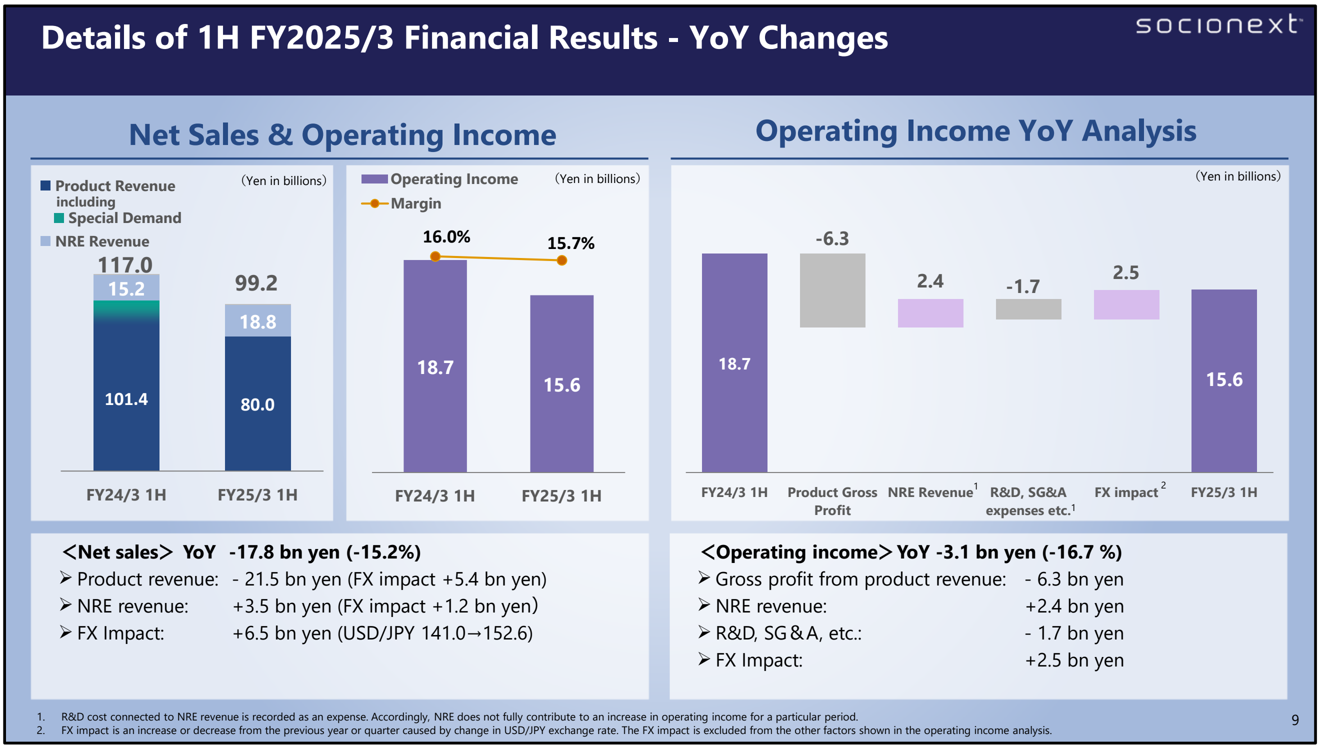
The foreign exchange impact was a plus of 1.3 billion yen.

Product revenue decreased by 10.9 billion yen, while the mass production of new products is progressing as expected. It is mainly due to the end of Special Demand (5 billion yen), weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment. By region, the decrease was mainly in China, while there were also slight decreases in other regions.

NRE revenue increased due in part to the completion of multiple product development projects.

Operating income was 5.3 billion yen, a decrease of 3.3 billion yen, or 38.2%, from 2Q FY24/3.

NRE Revenue increased (1.4 billion yen) and SG&A expenses decreased. However, product gross profit decreased due to the decrease in product revenue, and R&D expenses increased due to progress in advanced technology projects, resulting in the decrease of operating income.



This slide shows the year-on-year analysis of net sales and operating income for 1H FY25/3, compared to the same period of previous fiscal year (1H FY24/3).

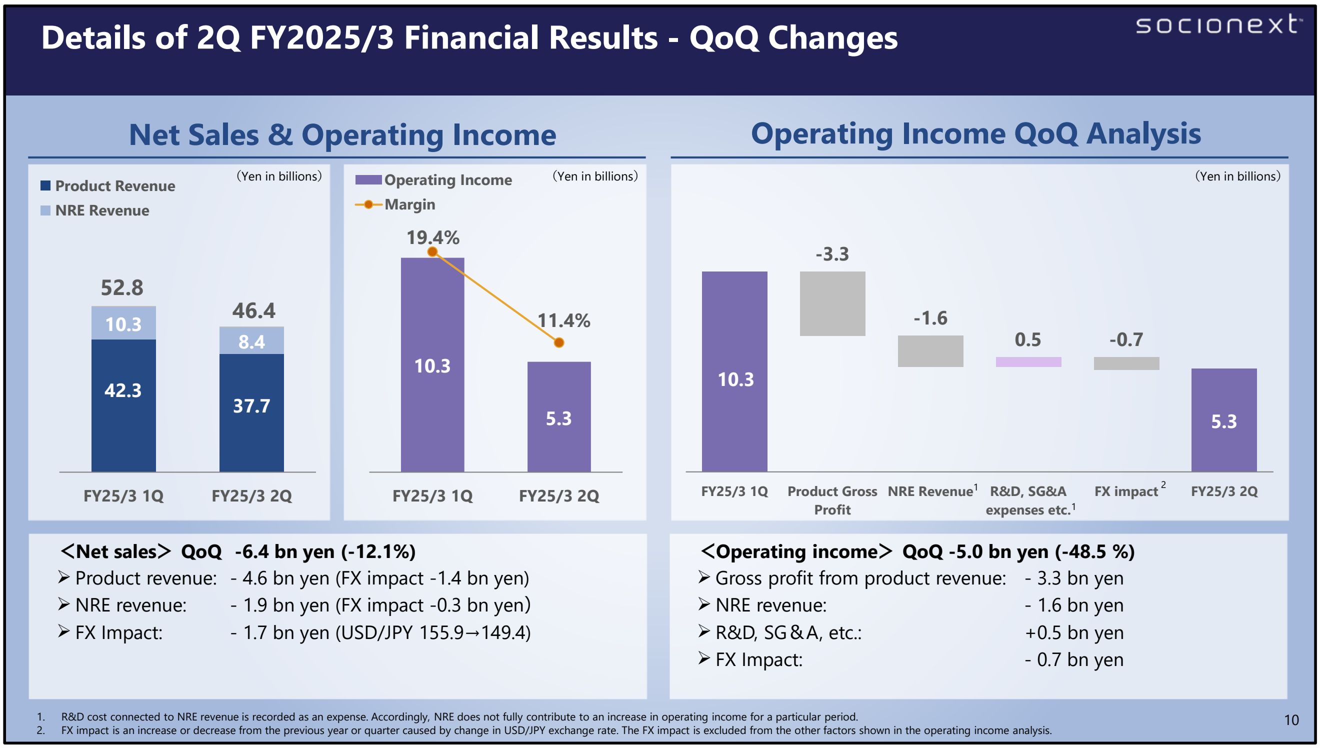
Net sales were 99.2 billion yen, a decrease of 17.8 billion yen, or 15.2%.
Product revenue decreased, and the impact of the end of Special Demand was around 15.0 billion yen.

Product revenue decreased by 21.5 billion yen, while the mass production of new products is progressing as expected. It was mainly due to the end of Special Demand (15.0 billion yen), weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment. By region, the decrease was mainly in China, while there were also slight decreases in other regions.

NRE revenue increased, due to the completion of multiple product development projects.

Operating income was 15.6 billion yen, a decrease of 3.1 billion yen, or 16.7%.

NRE revenue increased (2.4 billion yen), there was impact of foreign exchange (plus 2.5 billion yen), and product cost ratio improved due to product mix change and indirect impact of foreign exchange for procurement. However, product gross profit decreased due to the decline in product revenue, and R&D expenses increased due to the progress in advanced technology projects, resulting in the decrease of operating income.



This slide shows the quarter-on-quarter analysis of net sales and operating income for 2Q FY25/3, compared to the previous quarter (1Q FY25/3).

Net sales were 46.4 billion yen, a decrease of 6.4 billion yen, or 12.1%.

Product revenue decreased by 4.6 billion yen, mainly due to weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment.

NRE revenue decreased by 1.9 billion yen, due to the completion of multiple product development projects in the first quarter.

There was an impact of appreciation of yen in this quarter, a minus of 1.7 billion yen, for net sales.

Operating income was 5.3 billion yen, a decrease of 5.0 billion yen, or 48.5%.

Product revenue decreased. NRE revenue also decreased due to completion of multiple projects in the previous quarter. In addition, the indirect impact of foreign exchange for procurement (main factor for the improved cost ratio in the first quarter) was negative in this quarter and caused the increase in product cost ratio. Operating income decreased due to such factors. Of the decrease, the impact of foreign exchange (appreciation of yen from first quarter) was a minus of 0.7 billion yen.

Consolidated Balance Sheet (As of September 30, 2024)

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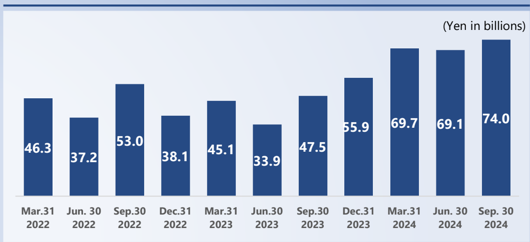
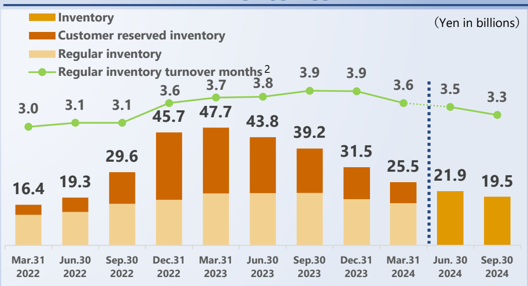
(Yen in billions)

	As of Mar.31,2024	As of Sep.30,2024	Change
Total Assets	186.8	**177.8**	-9.0
Total Current Assets	138.9	**132.3**	-6.6
Cash on-hand and in banks	69.7	**74.0**	+4.2
Accounts receivable-trade	35.3	**29.8**	-5.4
Inventories[1]	25.5	**19.5**	-6.0
Accounts receivable-other	2.9	**3.7**	+0.8
Total non-Current Assets	47.9	**45.6**	-2.3
Total Liabilities	55.8	**39.9**	-15.9
Total Current Liabilities	53.1	**37.4**	-15.7
Accounts payable-trade	15.8	**12.5**	-3.2
Accounts payable-other	9.3	**10.2**	+0.9
Liabilities related to changeable subcontracting	9.3	**3.3**	-6.1
Total Net Assets	131.0	**137.9**	+6.9
Shareholders' Equity Ratio	70.1%	77.6%	

Cash on Hand and in Banks



Inventories



1. Inventories consist of finished goods and work in process
2. Regular inventory turnover months = Ratio of "ordinary inventories balance" and "Cost of Sales average of forecast for next 3 months"

* From this fiscal year, sum of "Customer reserved inventory" and "Regular inventory" is disclosed as "Inventory"
* Inventory turnover months = Ratio of "inventories balance" and "Cost of Sales average of forecast for next 3 months"

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This slide shows the balance sheet as of the end of 2Q FY25/3.

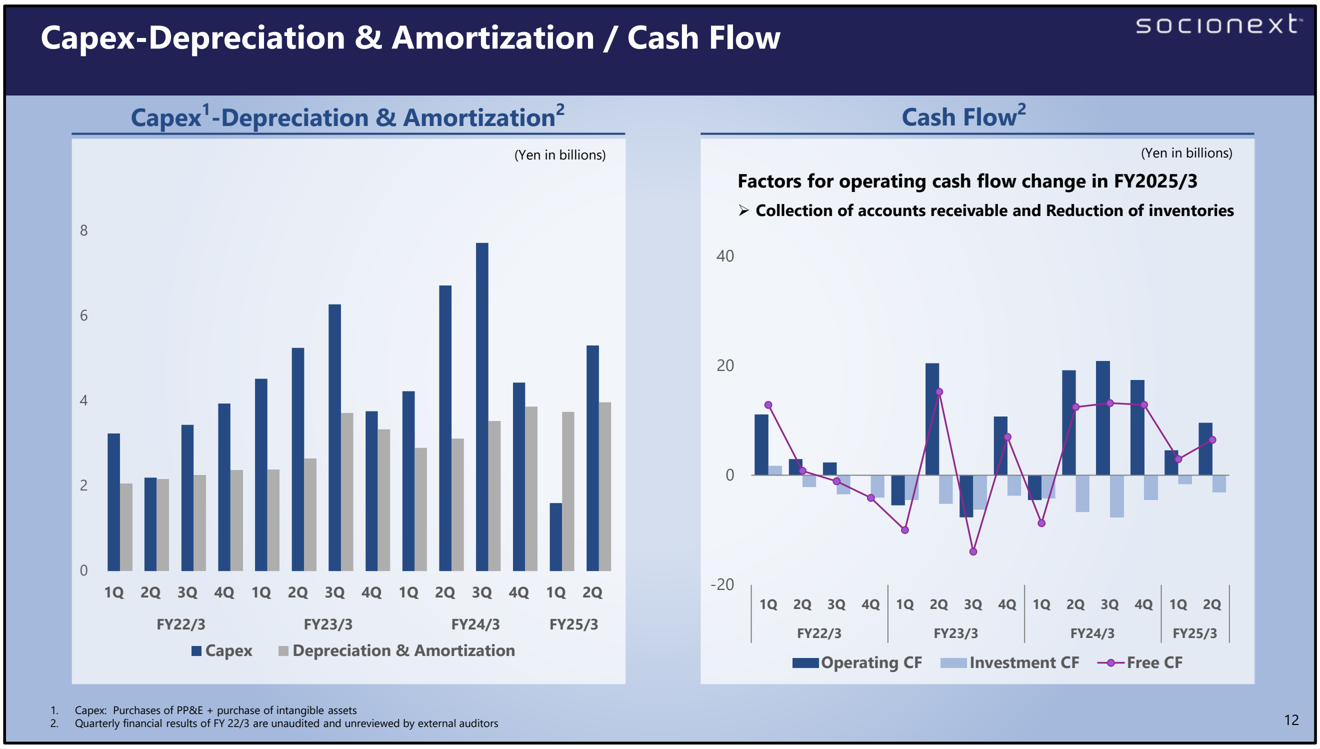
Total assets were 177.8 billion yen, a decrease of 9.0 billion yen from the end of FY24/3.

Total liabilities were 39.9 billion yen, a decrease of 15.9 billion yen, and total net assets were 137.9 billion yen, an increase of 6.9 billion yen, from the end of FY24/3.

Factors for the 9.0 billion yen decrease of total assets include collection of account receivables and decrease in inventories, among others.

Cash on-hand and in banks increased by 4.2 billion yen although there were payments of income tax and dividends.

As for the inventories, we expect that the number of turnover months to decrease to about 3 months, in the second half of this fiscal year, FY25/3.



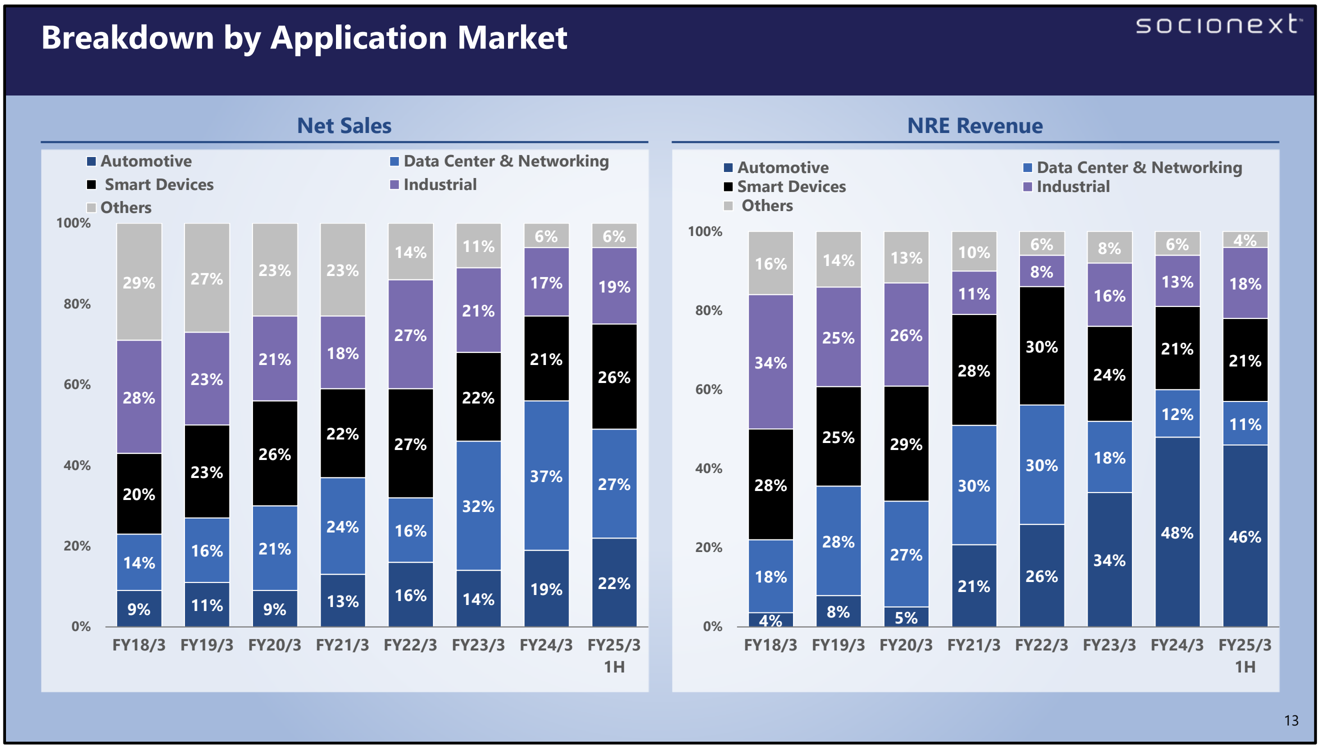
This slide shows capital expenditures and cash flow.

Investment in 2Q FY25/3 increased for reticles and IPs due to increase in new advanced technology projects. Additionally, we continue to invest in storages and testers to strengthen our design environment. Therefore, depreciation & amortization are also increasing.

Operating cash flow was positive due to the collection of account receivables and decrease in inventories.

As for investment cash flow, we continue to invest in new advanced technology projects and business growth.

Free cash flow was positive as operating cash flow exceeded investment cash flow while we are increasing our investment.

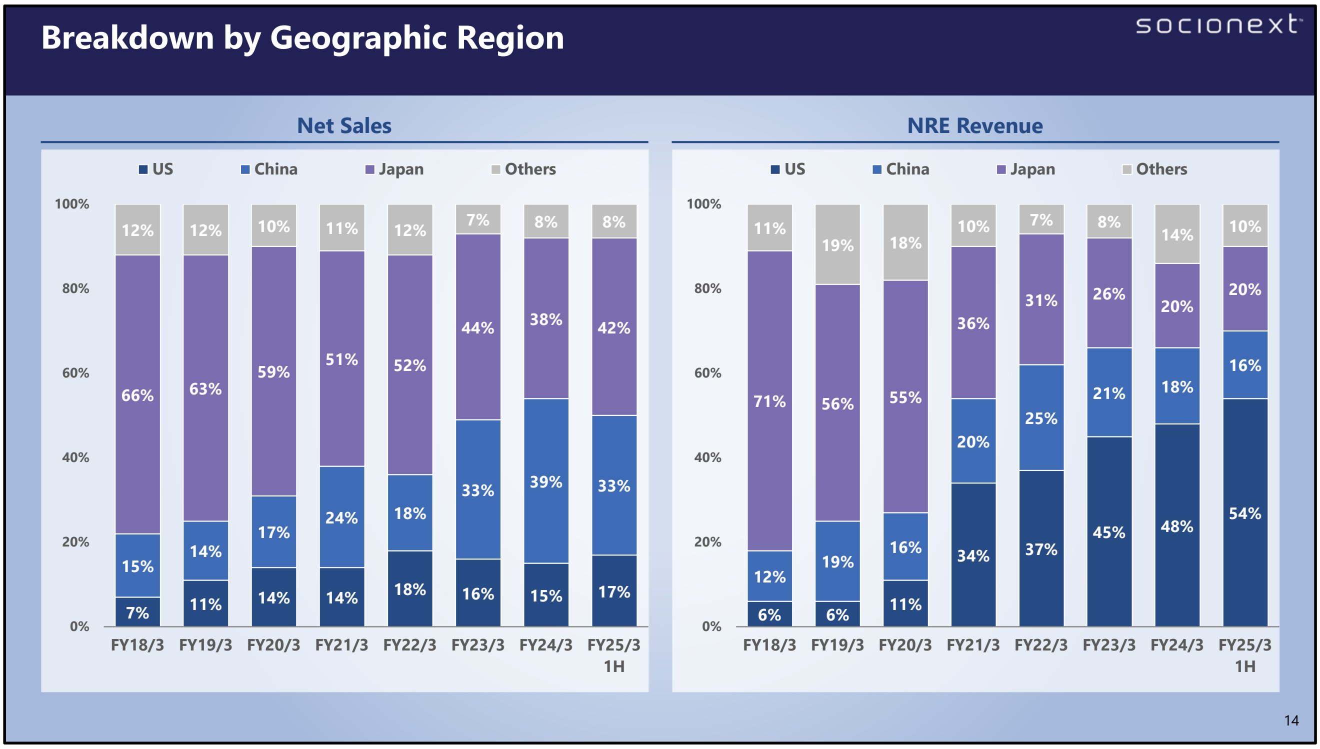


This slide shows the breakdown of net sales and NRE revenue by application market.

As for NRE revenue, Automotive accounts for around 50%, following the similar trend in FY24/3.

As for net sales, the ratio of Data Center & Networking was decreasing due to decrease in China, including those for Special Demand product.

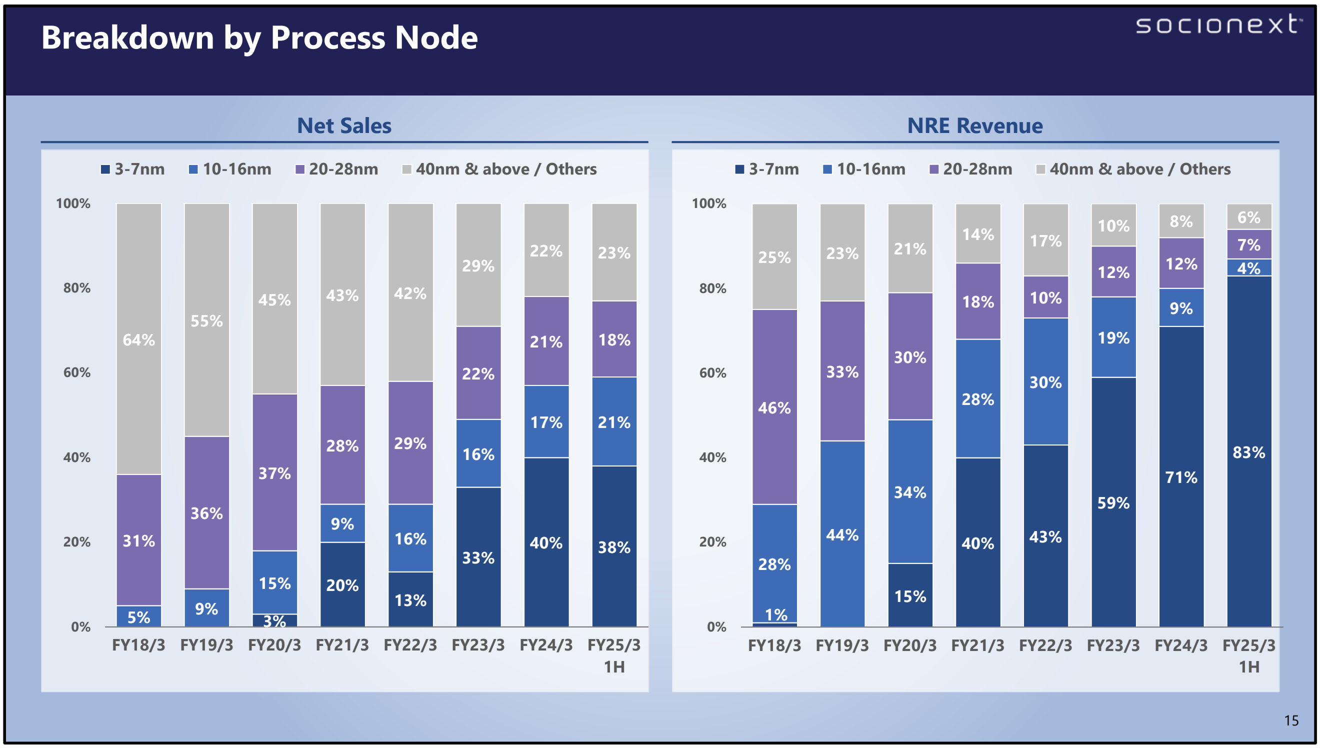
However, we are acquiring new design wins and making progress in development of projects in Data Center & Networking. In 2Q FY25/3, ratio of NRE revenue for this market was 21% of the total, as shown on page 31.



This slide shows the breakdown by geographic region.

China accounted for 33% of the net sales in 1H FY25/3 and was lower than last year, due to the end of Special Demand as well as weak demand in China as a whole. We expect the proportion of China will continue to decrease for the time being.

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



This slide shows the breakdown by process node.

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

7nm and beyond now account for more than 80% of total NRE revenue. (5nm and 3nm combined account for more than 50% of total NRE revenue)

Please see the quarterly breakdown by application market, geographic region and process node on the latter pages.

Consolidated Earnings FY2025/3 Full-Year Forecast

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- **The full-year forecast for Net Sales and Operating Income has not changed, but substantially (excluding FX impact), both are expected to be approximately 10% below the initial forecast.**

(Yen in billions)

	FY2024/3 Full-Year Results	FY2025/3 Full-Year Forecast as of April 2024	FY2025/3 Full-Year Forecast as of October 2024	YoY	YoY %
Net Sales	221.2	200.0	**200.0**	-21.2	-9.6%
Operating Income	35.5	27.0	**27.0**	-8.5	-24.0%
Margin	16.1%	13.5%	**13.5%**	-2.6%pt	
Profit	26.1	19.5	**19.5**	-6.6	-25.4%
Margin	11.8%	9.8%	**9.8%**	-2.0%pt	
Basic Earnings per Share[1,3]	148.39 yen	109.13 yen	108.79 yen		
Dividends per Share[2,3]	48.00 yen	50.00 yen	**50.00 yen**		
FX Rate (USD/JPY)	144.6 yen	130.0 yen	**141.3 yen**		

- FX rate for 2H FY2025/3 is assumed to be USD/JPY=130.
  FX sensitivity for 2H FY2025/3 is assumed to be (approx.) 0.5 bn yen for Net Sales and 0.15 bn yen for Operating Income, to 1-yen change against USD, for the 6-month period.
  (As of April 2024, the sensitivity was 1.2 bn yen for Net Sales and 0.325 bn yen for Operating Income, for full-year)
  Impact of other currency is assumed to be negligible.

1. "Basic Earnings per Share" in FY2025/3 full-year forecast has been revised to reflect the change in the number of shares since April 2024. It is based on 176,119,044 shares for FY2024/3 results and FY2025/3 forecast as of April 2024, and 179,239,208 shares for FY2025/3 forecast as of October 2024. This change is due to an exercise of stock option.
2. Estimated dividends per share for FY2024/3 was 42.00 yen as of April 2023 and 46.00 yen as of October 2023.
3. Basic earnings per share and dividends per share are calculated based on the number of shares after the stock split. The Company conducted a five-for-one stock split of shares of common stock held by shareholders listed or recorded in the final shareholders' register as of December 31, 2023.

As for consolidated earnings forecast for FY25/3 full-year, we have not changed our figures of net sales, operating income, or profit. However, our assumption for foreign exchange rate was changed to USD/JPY=141, from130, reflecting the actual exchange rate in 1H FY25/3 (USD/JPY=152.6; the assumption for 2H FY25/3 is USD/JPY=130 and has not been changed).

Net sales and operating income in substantial term (excluding the foreign exchange impact) will be lower by approximately 10% than initial forecast as of April 2024.

As for net sales, weak demand for Data Center & Networking in China as well as weak demand for FA and office equipment are factored in, although the mass production of new products is progressing as initially expected.

By region, the net sales forecast for China has been decreased, while those for other regions remain unchanged.

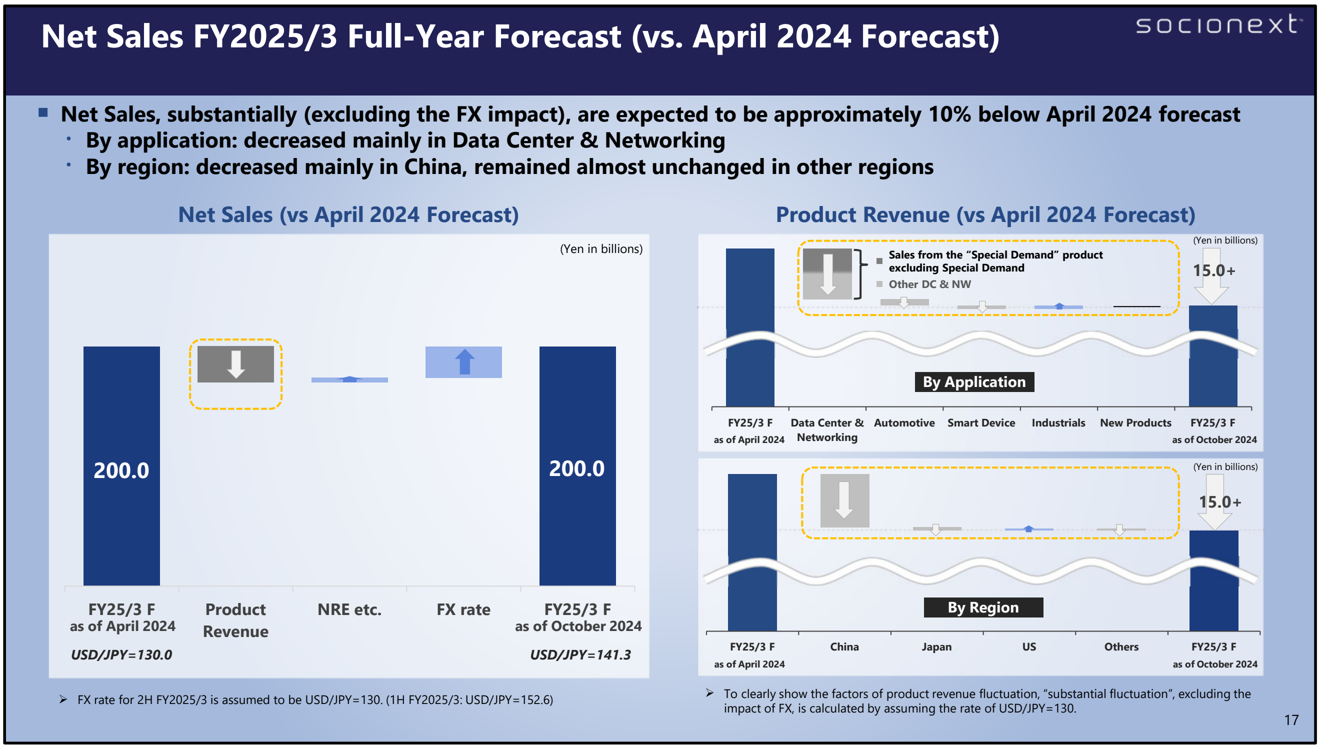
While there are increase in net sales due to depreciation of yen, we have not changed our full-year forecast.

As for operating income, we have not changed our forecast either, since net sales, in substantial term, is expected to decrease, although there was positive impact due to depreciation of yen in 1H and improvement in product cost is expected.

We have not changed our assumption for foreign exchange rate for 2H FY25/3, at USD/JPY=130.

Our forecast for foreign exchange sensitivity for the 6-month period in 2H FY25/3 is approximately 500 million yen for net sales and 150 million yen for operating income, to one-yen change against US dollar. The sensitivity is expected to be lower than the initial estimate, due to decrease of net sales in substantial term.

Additional explanations for changes in net sales and operating income are in the following pages.



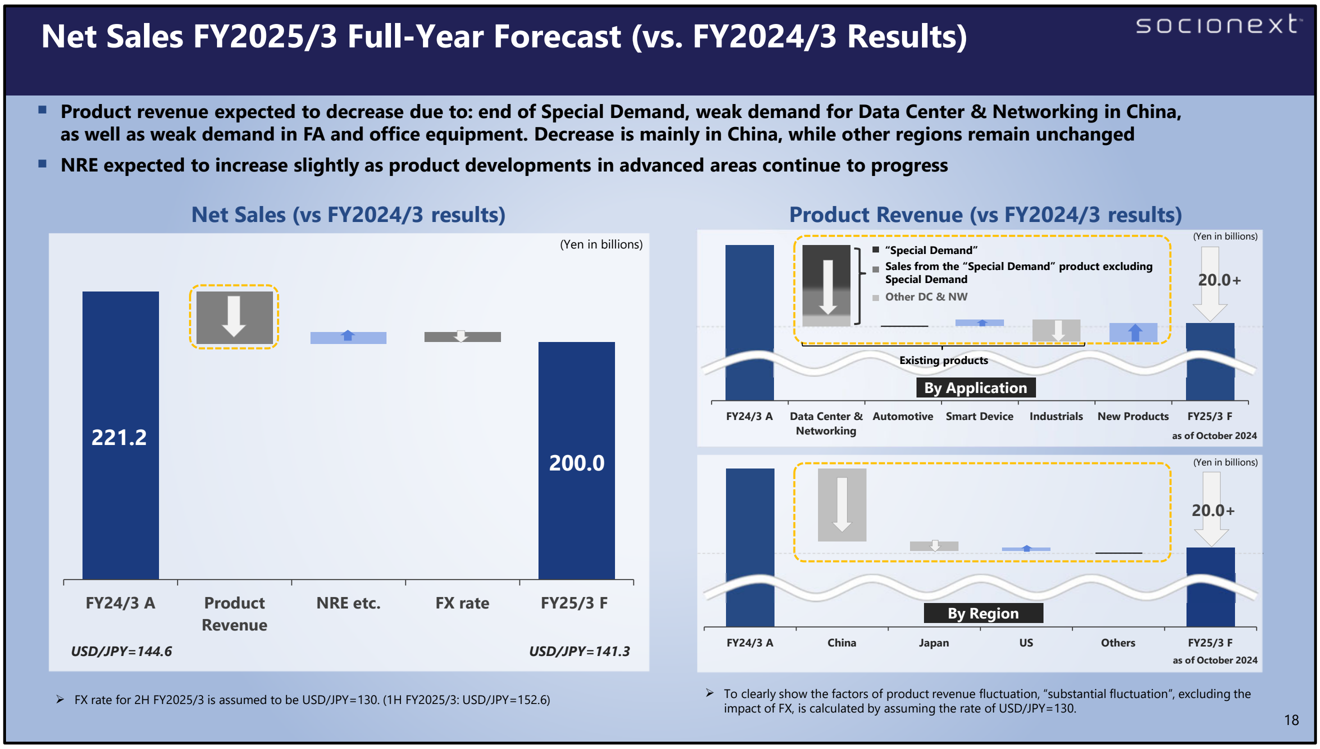
This slide shows the difference between the latest and the April forecasts, for net sales.

For product revenue, for Data Center & Networking in China, the latest forecast is now lower than the April forecast. For other application markets, there are almost no changes. By region, it is lower in China, but there are almost no changes in other regions.

As for NRE revenue, the latest forecast is almost the same as the April forecast as a whole.

Assumption for foreign exchange rate for 2H FY25/3 is USD/JPY=130 and has not been changed.
But there is a positive impact as we revised the assumption for full year to USD/JPY=141, reflecting the actual rate of 152.6 in 1H FY25/3.

Our forecast for foreign exchange sensitivity for the 6-month period in 2H FY25/3 is approximately 500 million yen for net sales and 150 million yen for operating income, to one-yen change against US dollar. The sensitivity is expected to be lower than the initial estimate, due to decrease of net sales in substantial term.

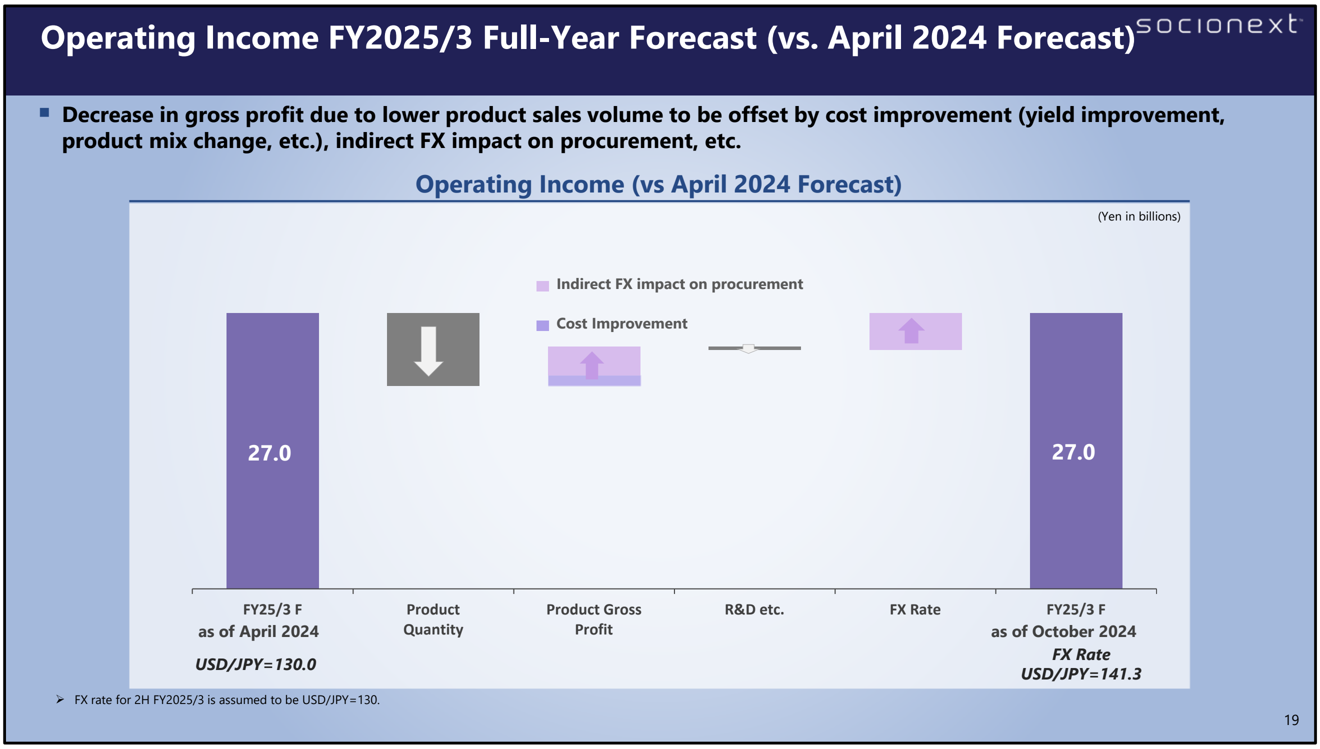


This slide shows the difference between the latest forecast and the results of previous fiscal year, FY24/3, for net sales.

Forecast for product revenue decreased, while the mass production of new products is progressing as expected. It was mainly due to the end of Special Demand (-15 billion yen), weak demand for Data Center & Networking in China, as well as weak demand in FA and office equipment. By region, the decrease is mainly in China, while there are almost no change in other regions.

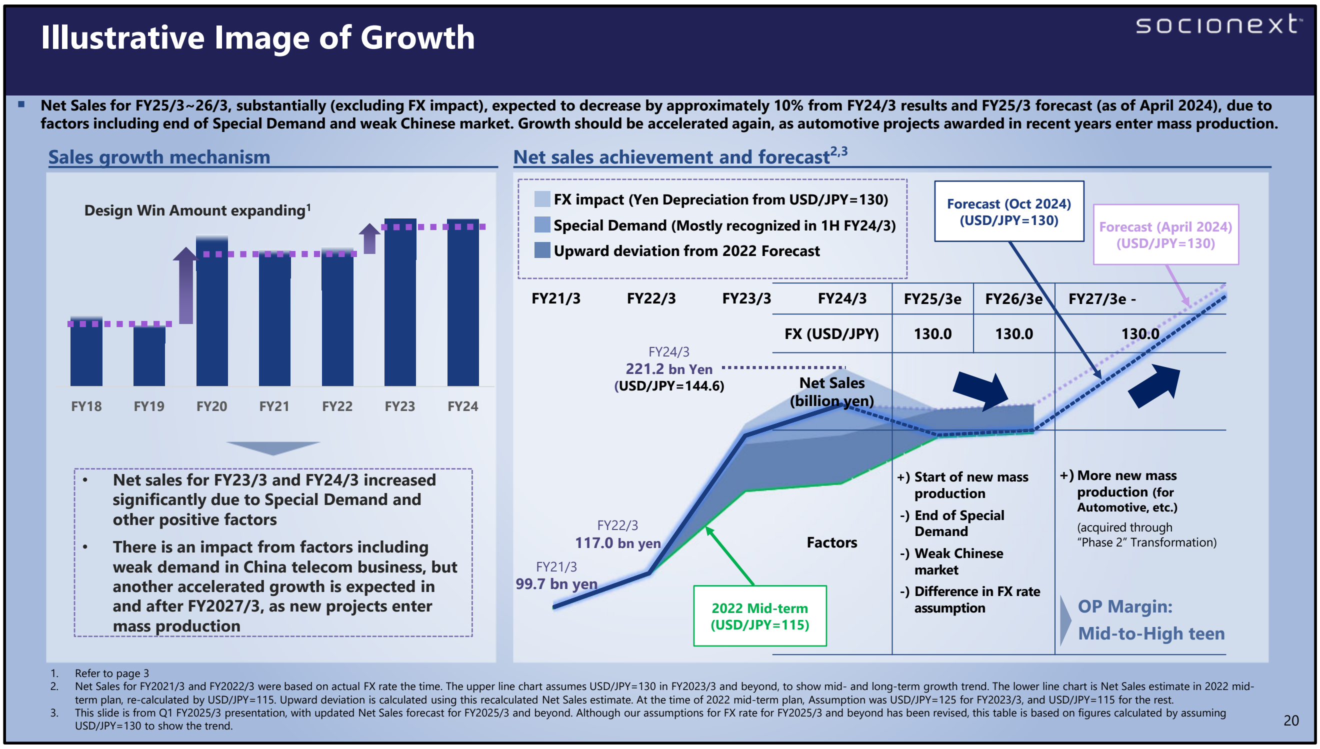
NRE revenue is expected to increase gradually as product developments in advanced technology areas continue to progress.

There is a negative impact from foreign exchange, because our assumption for exchange rate for 2H FY25/3 is USD/JPY=130.



This slide shows the difference between the latest and the April forecasts, for operating income.

Operating income is expected to be almost at the same level (27.0 billion yen) as the April forecast. Decrease in gross profit due to the decrease in product revenue will be offset by cost improvement (yield improvement, product mix change, indirect impact of foreign exchange on procurement, etc.), and the depreciation of yen.

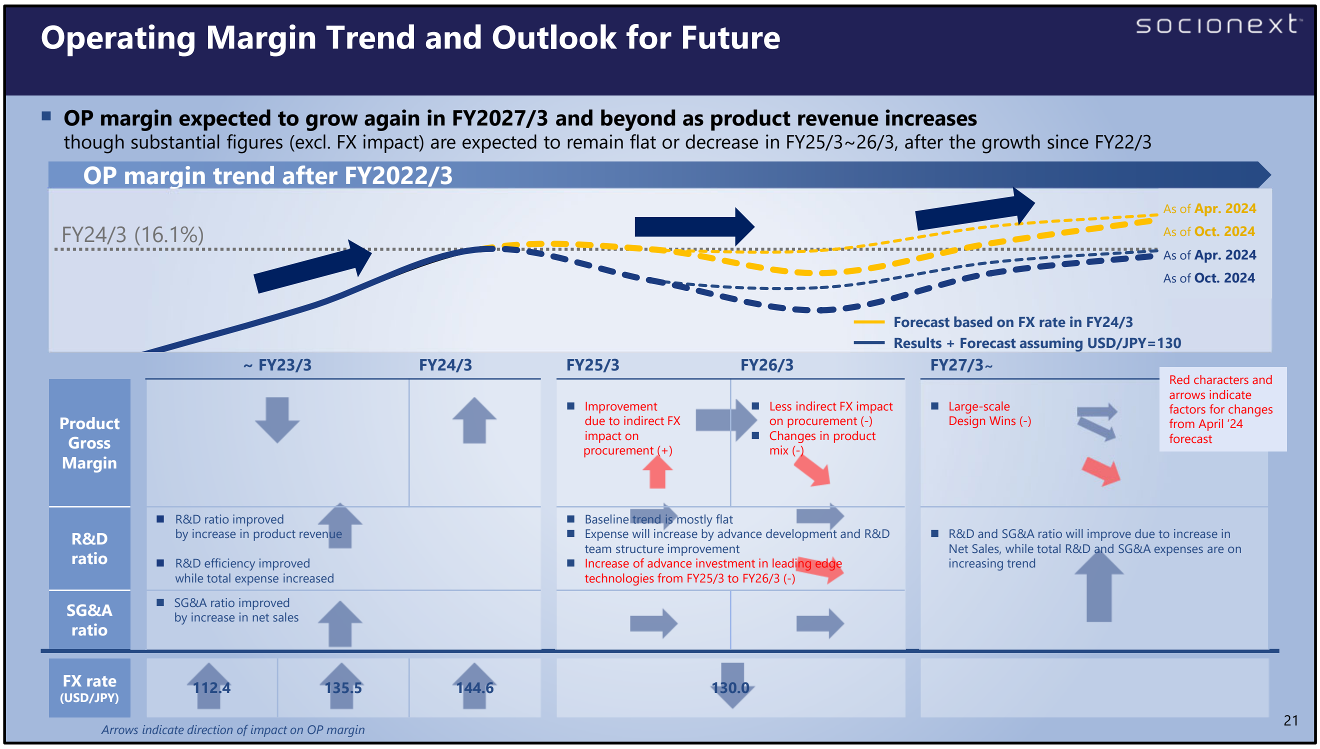


This slide shows the future sales growth trend.

Reflecting the recent decrease in demand for Data Center & Networking in China, as well as the demand trends for FA and office equipment in Industrial area, net sales in substantial term may be about 10% lower than the previous forecasts.

However, the design wins that we have acquired in recent years are expected to contribute to increase in product revenue in FY25/3 and FY26/3, as such projects will enter mass production stage.

In and after FY27/3, we expect to be back on growth track, driven by Automotive and Date Center projects that have been acquired so far.



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

Arrows in the table indicate how the factors will impact the trend.

Product gross margin is expected to improve in FY25/3, due to changes in product mix and indirect impact of foreign exchange on procurement to the product cost.

In FY26/3, the gross margin will be a little lower, as we expect the indirect impact of foreign exchange on procurement to be lower, and there will be product mix change due to the ramp up of mass production of new products. Product gross margins may also decrease slightly in and after FY27/3, due to start of mass production of large-scale projects that we have acquired.

We are proactively making investments to strengthen our technology capability as well as our R&D structure, and the ratio of R&D and SG&A expenses may affect our operating margin.

Therefore, the operating margin in FY25/3 is expected to be almost in line with the current forecast, although the substantial net sales will decrease. In FY26/3, we expect the operating margin will also decrease (although the extent of the decrease from FY25/3 remains to be seen).

From FY27/3 and beyond, we expect the operating margin to expand again by operating leverage from the growth of net sales, although product gross margin will decrease due to sales growth of large-scale projects and R&D and SG&A expenses will increase due to advance investment in leading-edge technologies.

We will keep ourselves growth-oriented and expand investment in leading-edge technology fields.

Market Trend, Background of FY2025/3 Forecast and Outlook for FY2026/3 & Beyond

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Market Trend / Design Win Status

Automotive
- Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)
- Business opportunities remain active for high-performance computing, as well as for zone computing and sensing

Data Center & Networking
- Demand for SoCs for cloud services continues to expand
- Design Wins acquired for data center businesses in the US and India

Smart Devices
- Demand for new technologies remains strong, driven by AI
- Development projects continue with advanced customers, in applications including computer vision

Industrial
- Demand for Solution SoC business with advanced technologies is expanding, with use of AI and networking
- Business opportunities are increasing for large-scale SoCs for FA and testers, as well as chips incorporating RF-CMOS technologies
- Rapid recovery in product demand is unlikely, but the demand is expected to bottom out in 2H of FY25/3 through 1H of FH26/3, followed by gradual growth

Recent Design Wins:
- Aiming to exceed previous year's level (250 bn yen) for the full-year; on steady pace in the first half
- By Application: DC & NW accounted for more than 50%, followed by Automotive
- By Region: US is more than 50%, followed by Asia

FY2025/3 Forecast

Net Sales to decrease by approx. 10% from FY24/3

- **Product Revenue**
  - Sales from products which entered mass-production are in line with the forecast. But demand for China telecom products declined, and demand for FA and office equipment remained also weak. As for full-year, Net Sales, substantially (excluding FX impact), will be lower than the previous year, mainly due to end of Special Demand
  - **Application market:**
    - **Automotive:** Steady sales expected to continue
    - **DC & NW:** Mass production started for new Data Center product, but sales expected to decline due to end of Special Demand (-15.0 bn yen) as well as weak demand in China telecom market
    - **Smart Devices:** Demand for existing business is increasing
    - **Industrial:** Mass production started for new measurement equipment product, but sales expected to decrease due to inventory adjustment as well as actual weak demand for FA and office equipment
  - **Geographic region:**
    - **China:** Sales expected to be lower due to end of Special Demand as well as weak demand in telecom business, although there will be new mass production and demand increase in some products
    - **US:** Overall demand will increase both from new and existing products
    - **Japan:** Sales expected to be lower for FA and office equipment
- **NRE revenue**
  - Moderate increase expected as projects in advanced areas, including Automotive, HPC and Data Centers are in progress
- **Operating Income**
  - Operating Income is in line with the forecast, with increase by FX rate and cost improvement, and decrease by lower product sales and GM

FX Assumptions for 2nd Half:
USD/JPY=130
FX sensitivity: Sales: 0.5 bn yen / OP: 0.15 bn yen

FY2026/3 & beyond Outlook

- **Product Revenue**
  - **FY26/3:**
    Looking at the current environment, it is expected to be lower than previous forecast by approx. 10%
    - Sales increase from new mass production expected to continue
    - Demand from China telecom business will continue to be weak (Demand from FY23 ~ 24/3 may have been front-loaded)
    - Weak demand for industrial equipment may also continue
  - **FY27/3 & beyond:**
    With Design Wins acquired in the recent years, sales growth expected as these projects enter mass production
    - Automotive:
      New mass production will start for ADAS/AD SoCs from FY26 through 27/3
    - Industrial:
      Demand will expand as inventory adjustment level off
      Demand for testers will increase as demand for large-scale SoCs increase
    - DC & NW:
      Business expansion expected in the US
- **NRE**
  - Continue to be in increasing trend

Aggressive investment in leading-edge technologies for further growth

Accelerate "Growth-Oriented"

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In this slide, trend of the market, background of our forecast for FY25/3, and the outlook of our business in FY26/3 and beyond are discussed.

Expanding Business in Each Application Market

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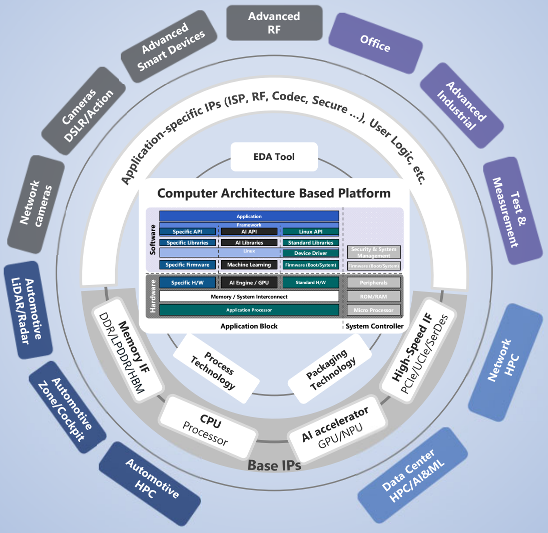
Smart Devices

- Demand for new technologies in smart devices area continues to be strong due to expanding use of AI
- Business opportunities active with advanced customers, in applications including computer vision, AR etc.
- **Leverage Solution SoC business model and deliver bespoke SOCs required in most advanced applications**

Automotive

- Innovation continues for ADAS and AD
- Demand continue to be strong for HPC, as well as for zone computing and sensing
- Business opportunities remain active
- Involved in most advanced bespoke SoC projects in the world
- **Leverage Solution SoC business model and establish certain presence in the industry**
- **Pursue most advanced process nodes**
  - **Use of 3nm process for automotive (October 2023)**



Industrial

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

Data Center & Networking

- Demand expanding for DC & NW, cloud service SoCs due to increasing demand for generative AI
- Acquiring new design wins in US steadily
- **One of few companies in the world with CPU development experience and expertise; aim for business expansion with Solution SoC model**
- **Continue pursuing leading-edge technologies and process nodes; strengthen and utilize Entire Design capability**
- **Strengthen partnership with leading IP vendors**
- **Continue investing in leading-edge technologies**
- **Strengthen R&D team structure and capability in US, globally**

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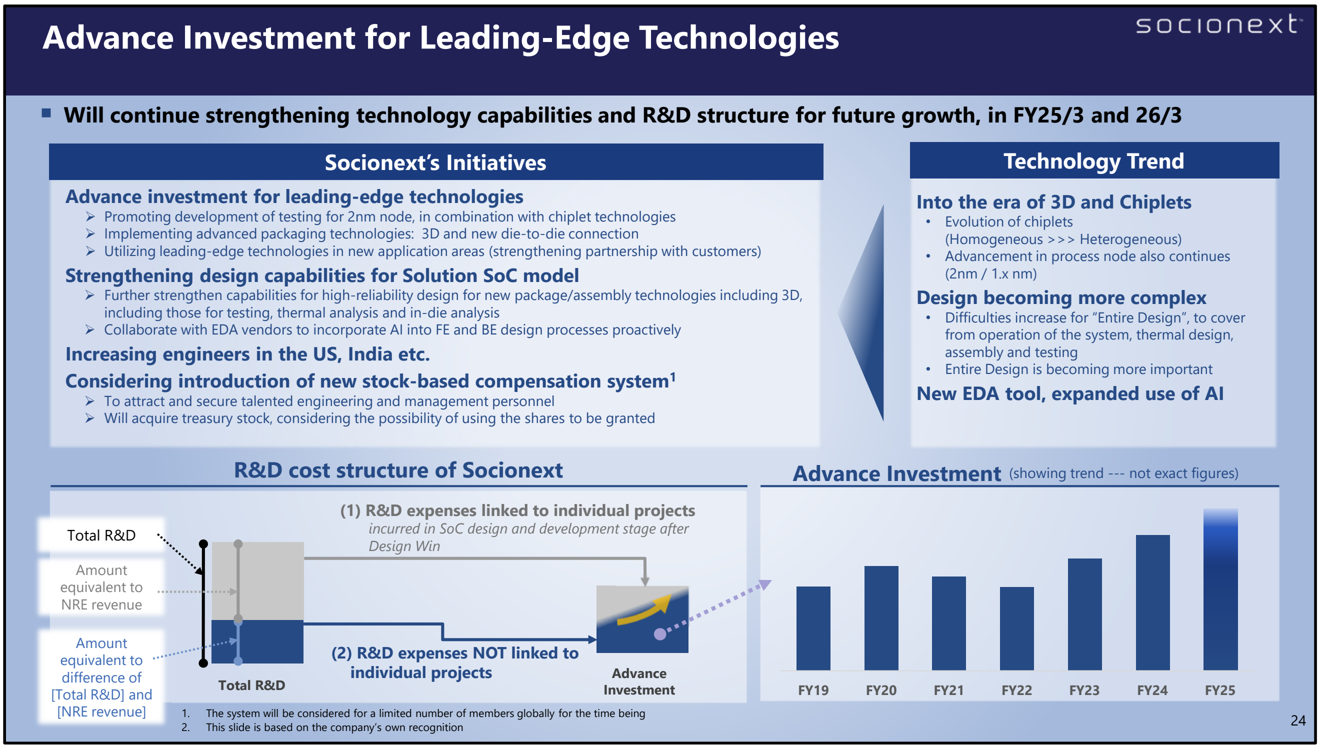
This slide shows how we expand our business in each of the application markets.

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

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



Technology trends are changing dramatically. We will proactively strengthen our technology capabilities and R&D structure, focusing on the mid-term growth.

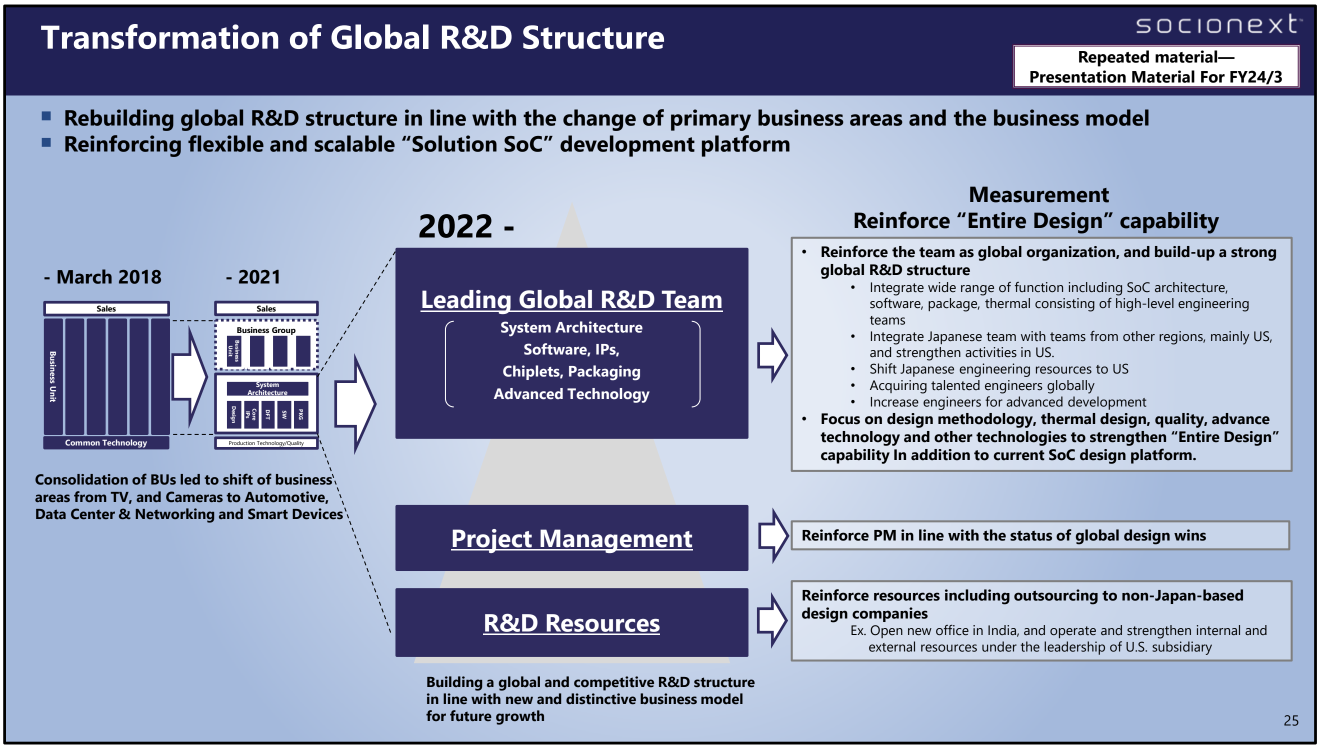
As for an advance investment for leading-edge technologies, we are developing 2nm test chip combined with chiplet technology. We are also implementing latest packaging technologies. And we are working on the utilization of such technologies in new appreciation areas that are expected to expand, by strengthening partnership with customers.

We are also further strengthening our solution SoC design capability, including design technologies for high-reliability integration of new packaging and assembly technologies, as well as those for testing, thermal and in-die analysis. We are also promoting collaboration with leading EDA vendors to incorporate AI into front- and back-end design process.

In addition, we will continue our efforts to increase engineers especially in the U.S. and India.

To attract and secure talented global engineering and management personnel, we are now considering to introduce new stock-based compensation system.

Anyway, we will keep ourselves growth-oriented and expand investment in leading-edge technology fields.



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

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

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

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

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

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

Strong Design Wins

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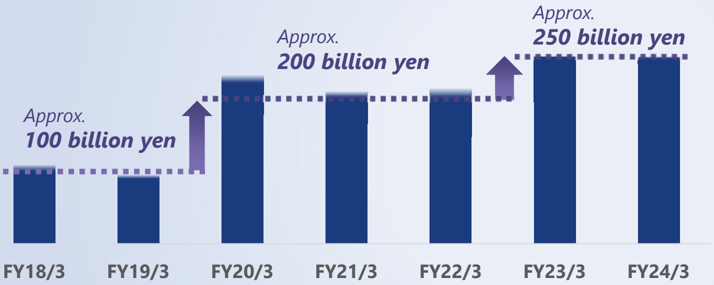
- "Design Win Amount[1]" has more than doubled through transformation since 2018. Amount was approx. 250 billion yen in FY2024/3, the same level as in FY2023/3.
- Acquisition of Design Wins in the first half of FY2025/3 has been progressing smoothly

"Design Win Amount[1]" (LTR) acquired in each fiscal year



Recent Design Wins

- Aiming for more than previous year's level (250 B yen); Acquisition of design wins in 1H FY25/3 has been progressing smoothly
- By application:
  Data Center & Networking account for more than 50%, followed by Automotive
- By region:
  The US is more than 50%, followed by Asia

We do not update the "design win amount" for any changes in circumstances that we become aware of after such period-end date. Those changes include: (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, and (2) any subsequent cancellation of projects. For example, certain projects in primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective "design win" amounts for such years after taking these subsequent effects into consideration would show a mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024,although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of 1USD=100JPY has been used with respect to all seven periods set forth in the above graph.

1. The life-time revenue (or LTR) of the "design win amount" for a particular period reflects our expectations as of the end of such period, based on various estimations and assumptions that we believe to be reasonable at such time, regarding the total future revenue from the design win projects that were acquired during such period, many of which involve a considerable degree of subjective judgment. Actual revenues could differ, and our expectations regarding future revenues could change after such period-end date, due to various factors such as subsequent cancellations, changes in the development process and costs, actual revenues earned, changes regarding sales volumes and product durations, price changes, changes in our manufacturing capacity and the impact of foreign exchange fluctuations, among others. In addition, we continue to refine our estimation methods without retroactively updating past-period amounts. As a result of the foregoing, a direct period-to-period comparison may not be meaningful beyond describing general trends over extended periods. Refer to pages 3.

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As for the design wins, we are aiming for more than previous year's level of 250 billion yen.

Acquisition of design wins in 1H FY25/3 has been progressing smoothly.

So far, by application market, Data Center & Networking account for more than 50%, followed by Automotive. By region, the U.S. is more than 50%, followed by Asia.

Increase in the ratio of large-scale Design Wins

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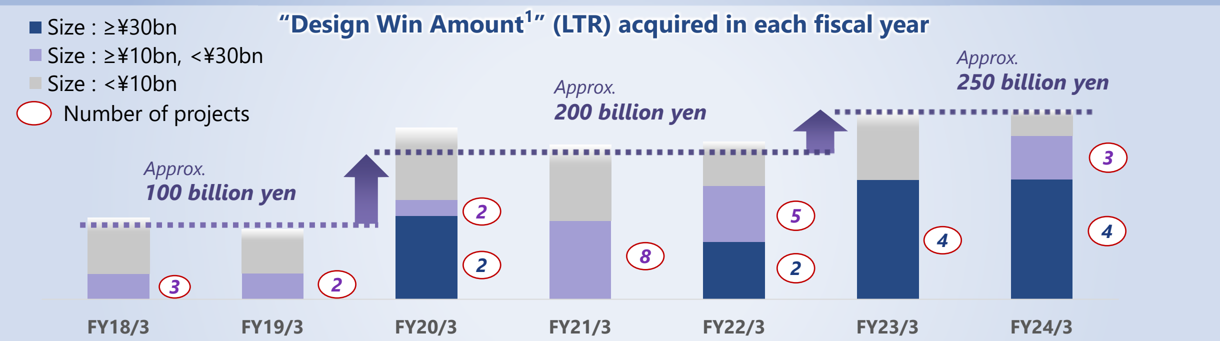
Repeated material—
Presentation Material For FY24/3

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



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Appendix:

Overview

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

FY25/3 Consolidated Statements of Income

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(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1H	FY25/3E
Net Sales	99.7	117.0	192.8	221.2	99.2	200.0
% YoY	*-4%*	*+17%*	*+65%*	*+14.8%*	*-15.2%*	*-9.6%*
Product Revenue	*73.1*	84.6	156.8	182.9	80.0	-
NRE Revenue	*23.0*	28.1	34.9	37.6	18.8	-
Other Revenue	*3.6*	4.3	1.1	0.8	0.5	-
Cost of Goods Sold	(43.2)	(49.8)	(103.9)	(111.2)	(45.2)	-
Gross Profit	56.5	67.3	88.8	110.0	54.0	-
% Margin	*56.7%*	*57.5%*	*46.1%*	*49.7%*	*54.4%*	-
% Product Gross Margin	*40.1%*	*41.1%*	*33.7%*	*39.2%*	*43.5%*	
R&D	(39.2)	(43.2)	(49.3)	(53.3)	(28.8)	-
Selling, General and Administrative Expenses (excl. R&D)	(15.8)	(15.6)	(17.8)	(21.2)	(9.7)	-
Operating Income	1.6	8.5	21.7	35.5	15.6	27.0
% Margin	*1.6%*	*7.2%*	*11.3%*	*16.1%*	*15.7%*	*13.5%*
Non-Operating Income (Loss)	0.4	0.6	1.8	1.6	(0.9)	-
Ordinary Profit	2.0	9.1	23.4	37.1	14.6	-
Extraordinary Income (Loss)	0.0	0.0	0.0	0.0	1.8	-
Profit before Income Taxes	2.0	9.1	23.4	37.1	16.4	-
Income Taxes	(0.5)	(1.6)	(3.7)	(11.0)	(4.8)	-
Profit	1.5	7.5	19.8	26.1	11.6	19.5
% Margin	*1.5%*	*6.4%*	*10.3%*	*11.8%*	*11.7%*	*9.8%*
FX Rate (USD/JPY)	106.1	112.4	138.7	144.6	152.6	141.3

Consolidated Balance Sheets

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(Yen in billion)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1H
Assets					
Cash on-hand and in banks	42.7	46.3	45.1	69.7	74.0
Accounts receivable-trade, net	28.6	25.1	40.8	35.3	29.8
Inventories[1]	6.7	16.4	47.7	25.5	19.5
Others	2.6	2.9	22.4	8.4	8.9
Total Current Assets	80.6	90.6	156.1	138.9	132.3
Property, Plant and Equipment	8.9	11.6	17.2	21.8	22.7
Reticle	3.7	4.7	5.6	8.1	9.7
Others PP&E	5.2	6.9	11.6	13.7	13.0
Intangible Assets	11.6	12.2	13.0	18.5	17.6
Deferred Tax Assets	2.3	3.1	6.9	6.7	4.3
Others	0.9	0.8	0.8	0.9	1.0
Total Non-current Assets	23.7	27.8	37.9	47.9	45.6
Total Assets	104.2	118.4	193.9	186.8	177.8

	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1H
Liabilities and Equity					
Accounts Payable-trade	12.0	16.6	23.4	15.7	12.5
Accrued Expenses	7.4	6.9	30.3	18.2	15.7
Others	1.9	3.9	28.6	19.1	9.1
Total Current Liabilities	21.3	27.4	82.3	53.1	37.4
Total Non-current Liabilities	1.3	1.4	1.7	2.7	2.5
Total Liabilities	22.6	28.8	84.1	55.8	39.9
Common Stock	30.2	30.2	30.2	32.7	32.9
Capital Surplus	30.2	30.2	30.2	32.7	32.9
Retained Earnings	21.4	28.9	48.6	63.6	70.7
Others	(0.1)	0.3	0.8	2.0	1.4
Total Equity	81.7	89.6	109.9	131.0	137.9
Total Liabilities and Equity	104.2	118.4	193.9	186.8	177.8

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

Breakdown by Application Market (Quarterly Ratios)

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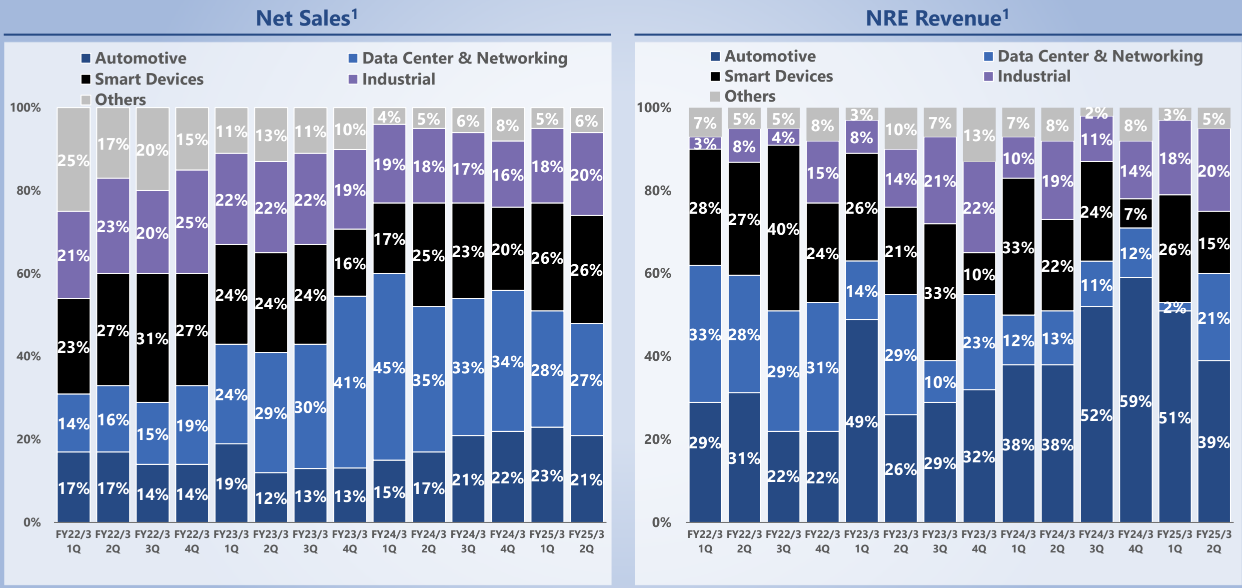

1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Breakdown by Geographic Region (Quarterly Ratios)

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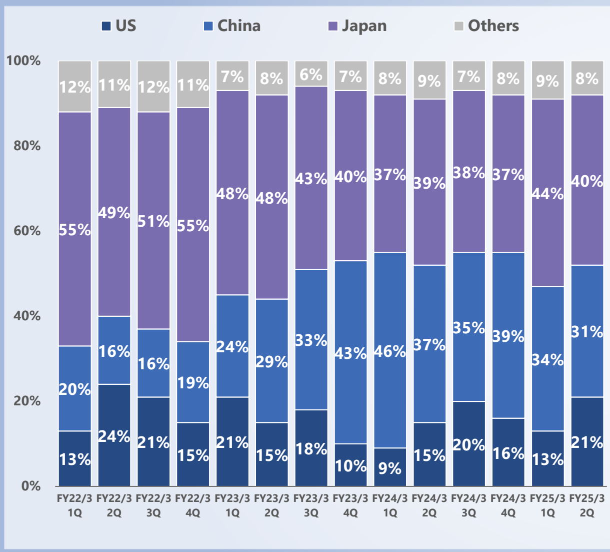
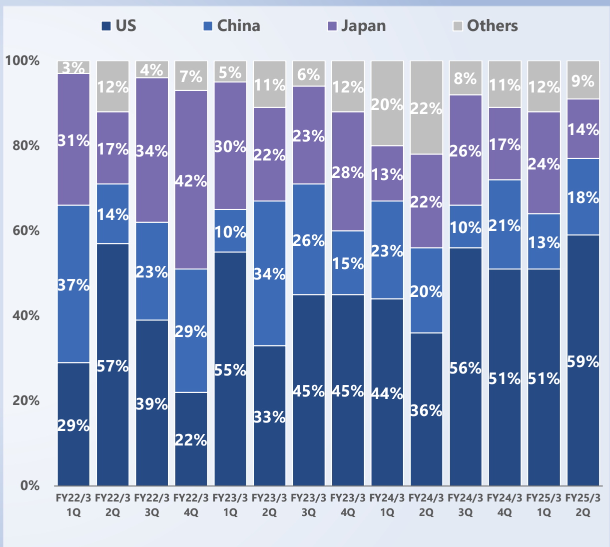
Net Sales[1]

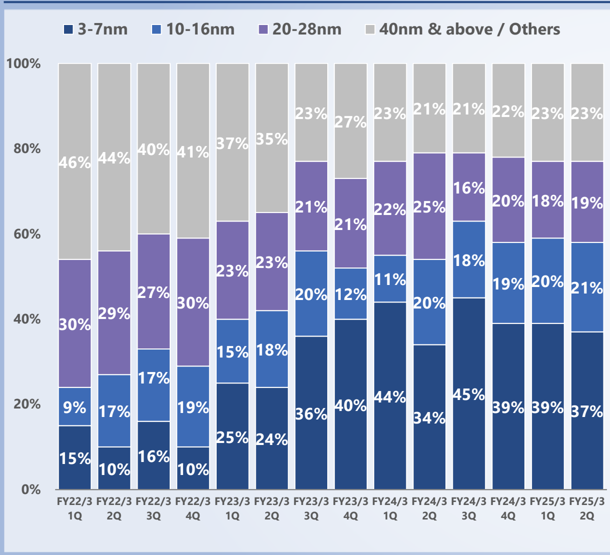


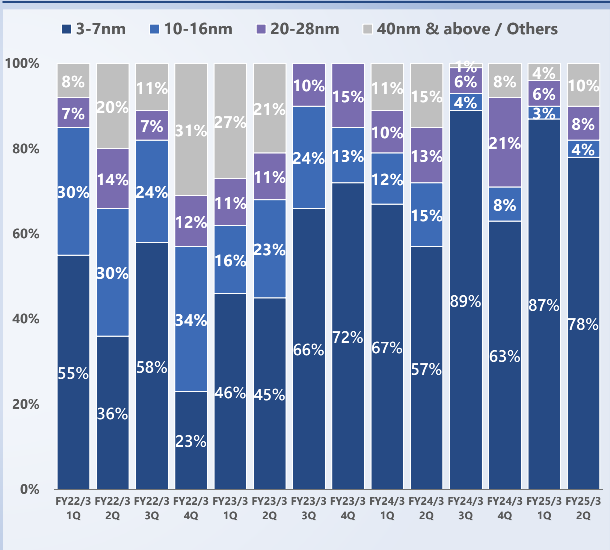
NRE Revenue[1]



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

Breakdown by Process Node (Quarterly Ratios)





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

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

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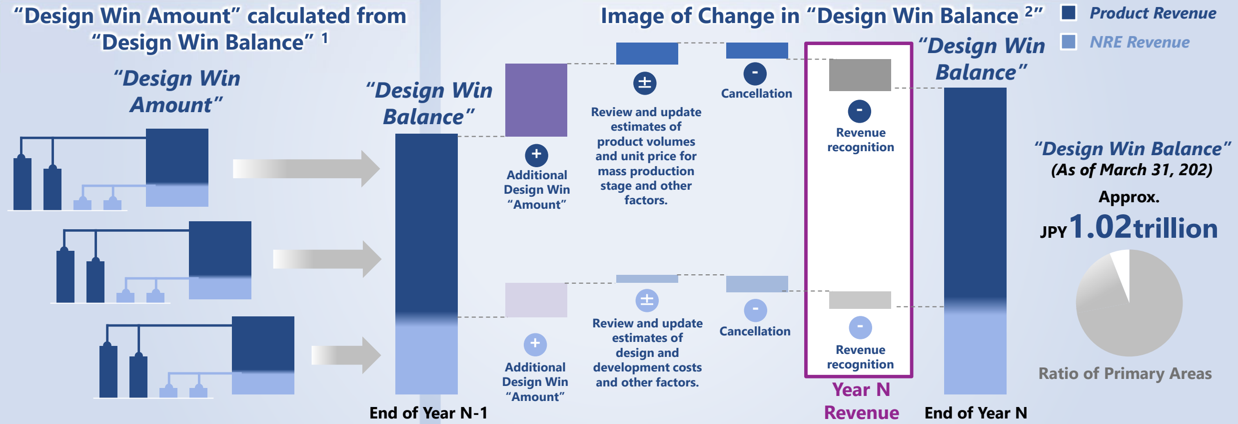
Repeated material—
Presentation Material For FY24/3

"Design Win Balance[1]" ・・・

"Design win balance" (LTR; Life Time Revenue) represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. Design win balance thus reflects certain subsequent developments after the end of the period in which such design win was acquired "Design Win Balance" is regularly managed in accordance with prudent procedures to account for future risks.



1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, which could either increase or decrease "design win balance" and (2) any subsequent cancellation of projects. For example, certain projects in primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective "design win" amounts for such years after taking these subsequent effects into consideration would show a mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024,although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of $1=¥100 has been used. Also refer to page 3 2. For illustrative purposes only

Design Win Balance by Application Market and Region

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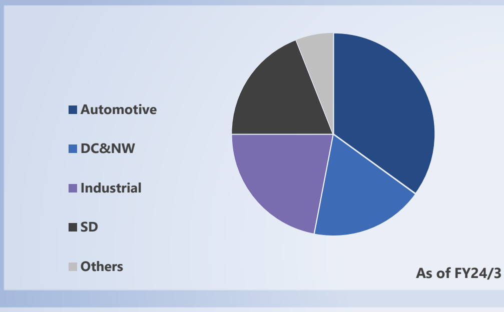
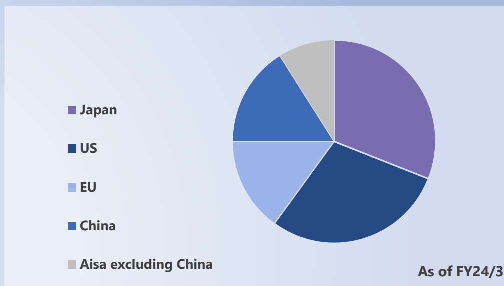
**Repeated material—
Presentation Material For FY24/3**

By application



By region[1]



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

＊ "Industrial" has been separated from "Others" as an independent category

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

Abundant Global "Design Win Balance"

Repeated material—
Presentation Material For FY24/3
(Partially Updated)

- **In FY2024/3, Design Win Balance[1] from "Automotive" and "Smart Devices" increased.**
- **Design Win Balance in "Data Center & Networking" expected to increase, as new business in US is in progress**

Automotive

Application	nm	Customers[2]
HP Computing AD/ADAS	3-7nm	Global OEMs Tier-1 Suppliers / Emerging companies
LiDAR Camera Rader HMI	7-22nm	

Data Center & Networking

Application	nm	Customers[2]
Data Centers[3]	3-12nm	Global Major Telecom Equipment Players
5G Base Station CU/DU/RU	7-12nm	

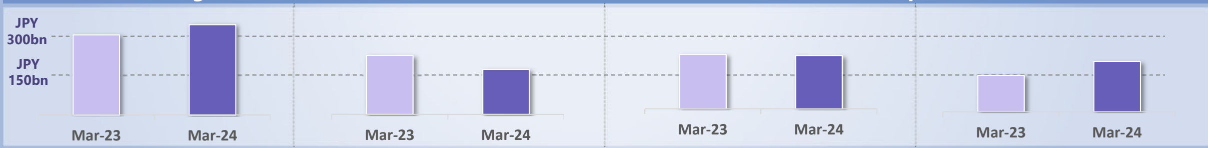
Industrial

Application	nm	Customers[2]
FA Test & Measurement Printer	5-28nm	Major Players

Smart Devices

Application	nm	Customers[2]
DSLR/Action Camera Network camera	5-12nm	Major Players

"Design win balance[1]" (LTR) as of March 31, 2023 & March 31, 2024 (excl. special demand[2])



1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, which could either increase or decrease "design win balance" and (2) any subsequent cancellation of projects. For example, certain projects in primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective "design win" amounts for such years after taking these subsequent effects into consideration would show a mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024,although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of $1=¥100 has been used.
2. Major non-Japanese customers are listed.
3. Projects include development of test chips commissioned by external parties.

Socionext at a Glance

socionext

Repeated material—
Presentation Material For FY24/3

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

Company Overview

History

ASSP/ASIC → Solution SoC

Started business in 2015 — 2018

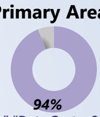
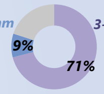
Business Description	Capital (As of March 31, 2024)	Employees[1] (As of March 31, 2024)
Fabless Custom SoCs	32.6 billion yen	Global Employees 2,534 Engineers[2] Approx. 1,900

Key Financials FY24/3

Net Sales	Net Sales Growth (YoY)	OP Margin
221.2 billion yen	14.8%	16.1%

Business Overview *(Ratio is NRE revenue breakdown for FY24/3)*

Business model		Primary Areas		Process Node
Solution SoC (Optimal Custom SoC)	×	94% "Automotive" "Data Center & Networking" "Smart Devices" "Industrial"	×	10-16nm 9%, 3-7nm 71%

~Socionext's Positioning in Semiconductor Market~

- Logic
  - General Purpose
  - Application Specific
    - ASSP
    - Custom SoC (ASIC)

Market Size $25bn[4] in 2023

Types of Custom SoC(ASIC) Business Models[3]

- Strength within the Automotive, Data Center & Networking and Smart Devices applications
- New and distinctive business model
- Provides cutting-edge custom chips for innovative customers

Three business models

- Traditional ASIC
- **Solution SoC** — New and distinctive business model
- ASIC designed by ASSP vendor

1. Numbers of employees and engineers are on a consolidated basis
2. Number of staff working in divisions relating to technical development and analysis in and outside Japan
3. Classifications of these business models are based on our own assessment
4. Market Size estimated by Socionext based on Omdia data "Competitive Landscaping Tool CLT, Annual- 4Q 2023". All market sizes are calculated in terms of USD-based revenue

Detail of Custom SoC and ASSP

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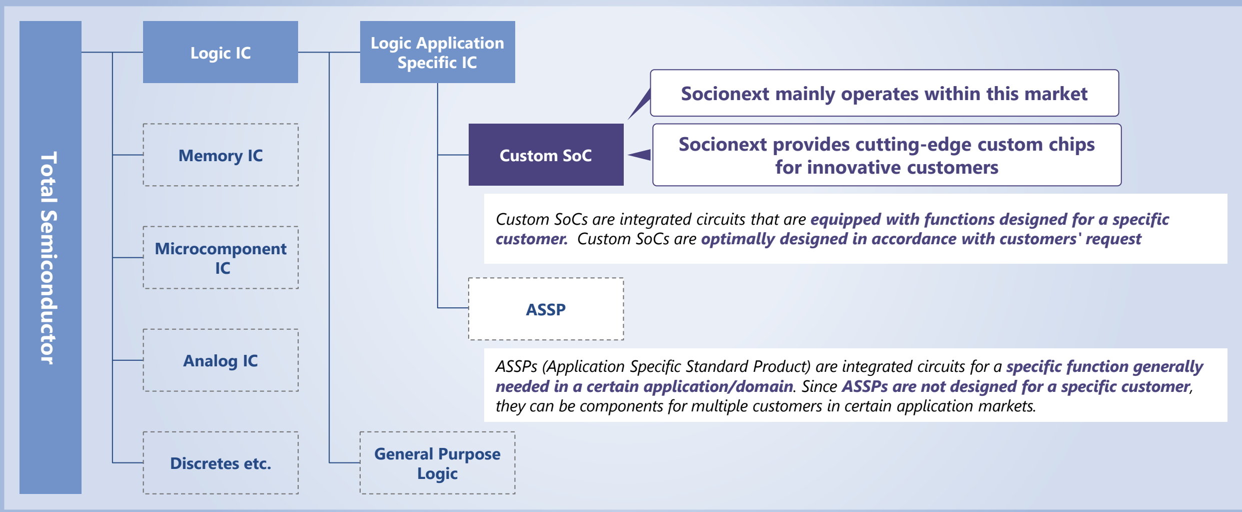
Repeated material—
Presentation Material For FY24/3

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



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

socionext

Repeated material— Presentation Material For FY24/3

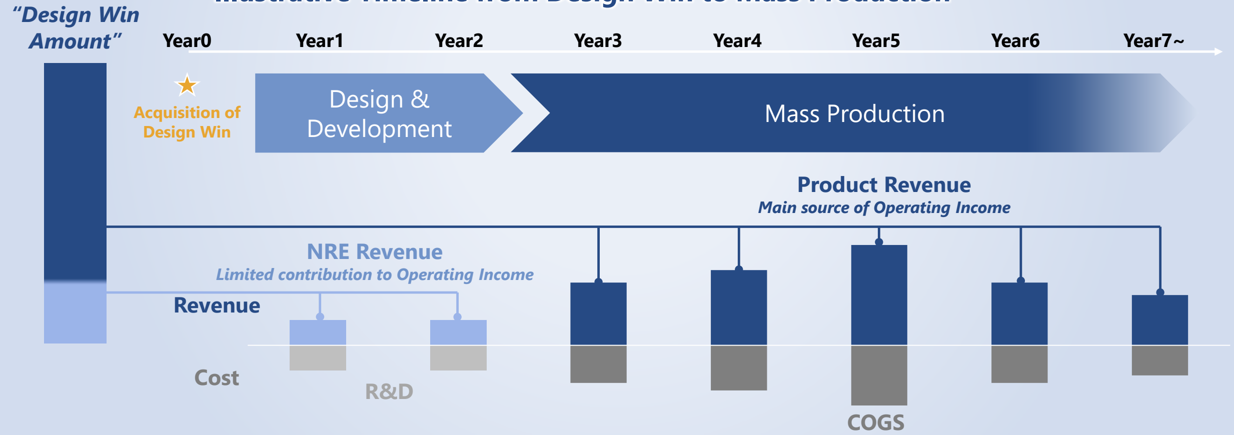
"Design Win Amount[1]" ・・・

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

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

- *Each "Design Win Amount" is estimated based on assumptions such as per-unit prices and estimated future product sales volumes, not on sales forecasts provided by customers[1]*
- *A foreign exchange assumption of 1USD=100JPY has been used*

Illustrative Timeline from Design Win to Mass Production[2]



1. Refer to slide 3
2. For illustrative purposes only. The actual timeline of product development to mass production may differ materially based on the product and actual customer demand

Transforming into a Global SoC Company with Cutting-edge Technologies

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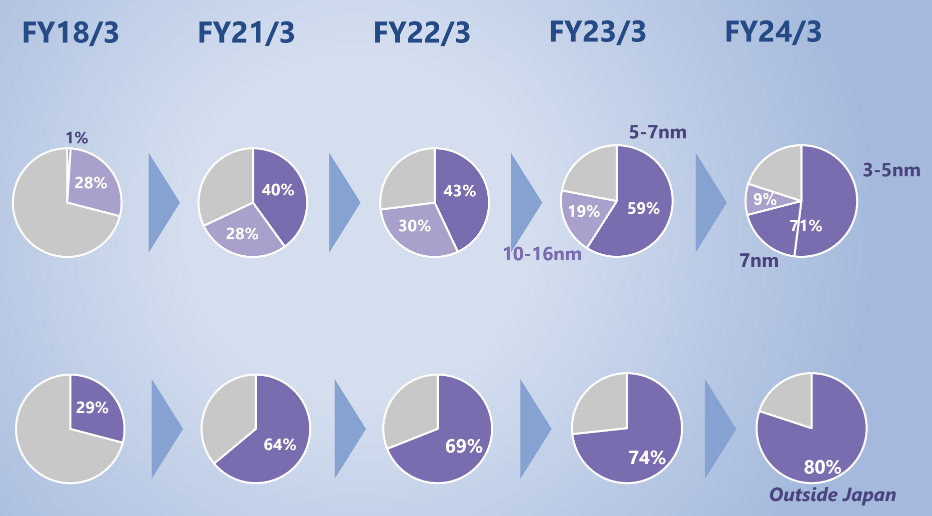
Repeated material—
Presentation Material For FY24/3

- **Shift in NRE revenue[1] composition illustrates the steady progress of our business transformation**

Advanced Process Nodes (NRE Revenue[1])

Revenue from Outside Japan (NRE Revenue[1])



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Growth strategy

- *Further Growth through "Phase 2 Transformation"*
- *Solution SoC Business Model*
- *Growing Demand for Custom (Bespoke) SoCs*
- *Positioning of Socionext in Custom SoC Market*
- *Socionext's Development Platform for "Entire Design" for Diverse Fields and Products*

  Investing in Leading-Edge Technologies
- *Advanced SoC Developments on Computer Architecture Basis in Diverse Fields*
- *Design Wins Expanding in Each Application Market*
- *Expanding Business in Each Application Market*
- *Transformation of Global R&D Structure*

Further Growth through “Phase 2 Transformation”

Repeated material—
Presentation Material For FY24/3
(Partially Updated)

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

“Phase 1 Transformation”

More design wins by “outside-in change”

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

Further Growth and Development through “Phase 2 Transformation”

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

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

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

OP Margin
Mid-to-High teen %

Achieve high growth and OP margin improvement

Socionext's Mission

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Repeated material—
Presentation Material For FY24/3

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

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

Evolution of SoC ecosystem

Foundry, OSAT, Software, IP, EDA, etc.

Socionext
"Solution SoC"
Entire Design & Complete Service

Innovative customers seeking "bespoke" SoCs

Automotive, Hyperscalers, etc.

Connecting leading-edge SoC technologies to innovative businesses of customers in diverse fields

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Transformation into Global Custom SoC Vendor in Advanced Technology Areas

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Repeated material— Presentation Material For FY24/3

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

	Business Model	Primary Applications	Expansion of Overseas Business	Technology	Culture
Past	Focus on ASSP and ASIC	DTV, Blu-ray/DVD, DSC Mature Market	Mainly Domestic Focus	Follower	Hierarchical Organization
2018					
Present	Focus on Solution SoC in custom SoC mkt.	Automotive, Data Center & Networking, Smart Devices, Industrial Growth Market	Global Market	Leader *(2nm, 3nm, 5nm)*	Quick Decision-Making with a Flat Team Structure

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Solution SoC Business Model

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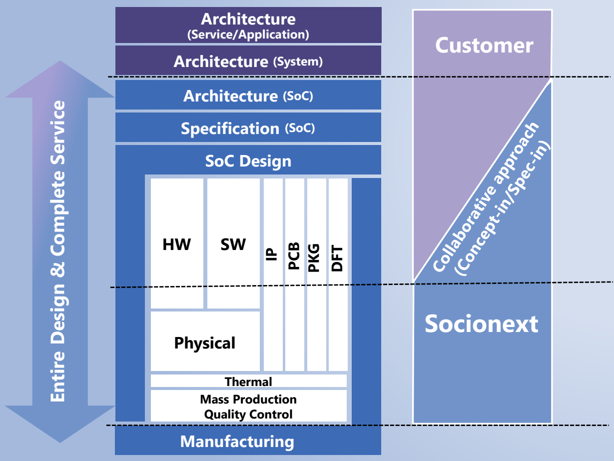
Repeated material—
Presentation Material For FY24/3

- **Socionext has established new and distinctive “Solution SoC[1]” business model to provide optimal custom SoCs to customers who require advanced and innovative chips**

“Solution SoC”



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

Socionext

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

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

Features of Solution SoC Business Model

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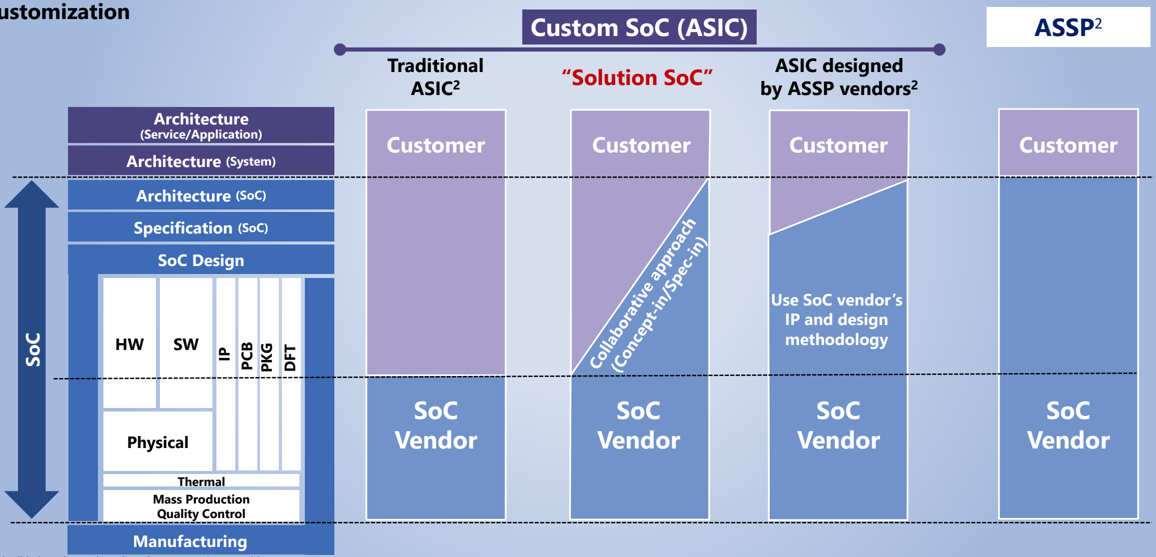
Repeated material—
Presentation Material For FY24/3

- The primary difference between "traditional ASIC[2]" and "Solution SoC[1]" is how to interface with customers
- The primary difference between "Solution SoC" and "ASIC designed by ASSP vendors[2]" is the breadth of optional customization



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

Competitive Advantages of Solution SoC Business Model

Repeated material—
Presentation Material For FY24/3
(Partially Updated)

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

Competitive advantages of bespoke SoC developed under Solution SoC business model

Compared to Traditional ASIC[1]

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

Compared to ASIC designed by ASSP vendors[1]

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

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

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

1. Classifications are based on our own assessment

Growing Demand for Custom (Bespoke) SoCs

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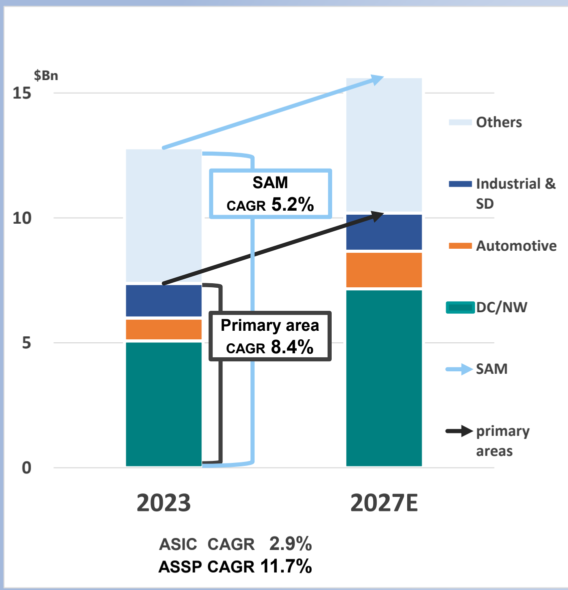
Repeated material—
Presentation Material For FY24/3



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

1 Emergence of new services and applications
New services and applications emerge through evolution of technologies; Demand expands for SoCs optimized for such services and applications

2 Bespoke vs ASSP
(1) In "More-than-Moore" era, demand is expanding from leading companies for unique SoCs with optimal design to achieve PPA requirement (2) Concerns on lock-in by ASSP vendors : More companies are not satisfied with ASSPs

3 Evolution of semiconductor ecosystem
Leading-edge technologies become more accessible as global semiconductor ecosystem evolve (Foundry, OSAT, EDA, IP, OSS, etc.)

4 "Entire Design" and " Complete Service"
Significance of "Entire design" (from SoC architecture to thermal and quality) and "Complete Service" (from development to production control and delivery) are further increasing, as design of leading-edge SoCs becoming more complex and needs for "bespoke" SoCs / chiplets / heterogeneous integration expanding

5 New needs in many application markets
Even in areas that have been served by traditional ASICs, more customers turn to Solution SoC type of development to achieve advanced functionalities, which require integration of various IPs

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

Positioning of Socionext in Custom SoC (ASIC) Market

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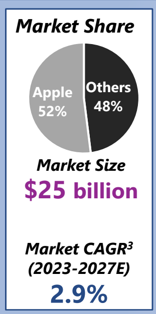
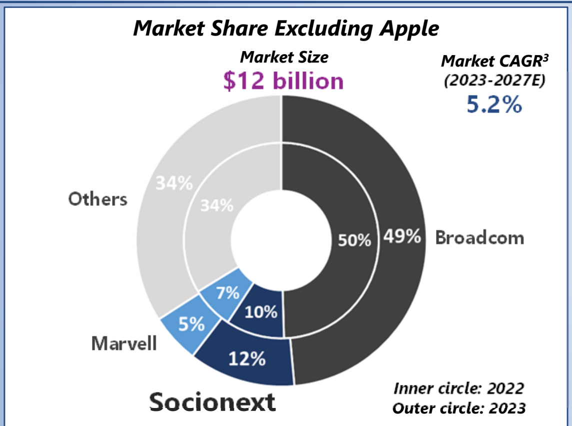
Repeated material—
Presentation Material For FY24/3

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

Custom SoC(ASIC) [1] Market Share[2] (2022-2023)

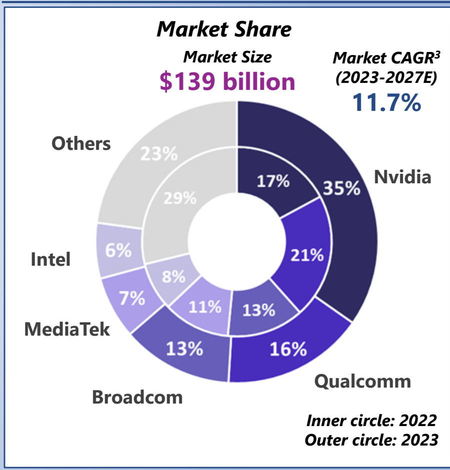


These Market Data are estimated by Socionext based on Omdia data



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

ASSP[1] Market Share[2] (2022-2023)



1. We define "ASSP" as the "Logic ASSP" segment based on Omdia "Application Market Forecast Tool-4Q 2023" classification and "Custom SoC(AS)C)" as "Logic ASIC" based on Omdia "Application Market Forecast Tool-4Q 2023". Omdia's classifications of the markets may differ in certain respects from our target markets. Classification are based on the company's recognition
2. These market data are estimated by Socionext based on Omdia data "Competitive Landscaping Tool CLT, Annual- 4Q 2023". All market sizes are calculated in terms of USD-based revenue
3. Calculated by Socionext based on Socionext internal information and Omdia "Application Market Forecast Tool-1Q 2024". Market CAGR(2023-2027E) is calculated (figure of 2027E / figure of 2023)^(1/4)-1

Strengthening Investments in R&D and Leading-Edge Technologies

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**Repeated material—
Presentation Material For FY24/3**

Computer architecture-based design & development

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

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

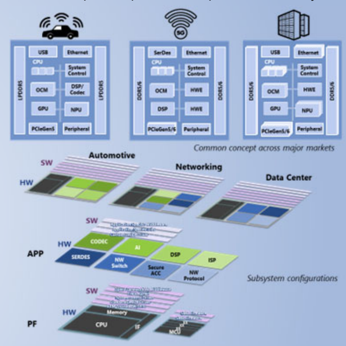
- Building and strengthening computer architecture-based design and development platform that covers not only hardware but also "Entire Design" for "Solution SoC", including system-level software, thermal design, etc.
- Leveraging experiences in multiple applications and products
- Keeping pace with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

Investing further inleading-edge technologies

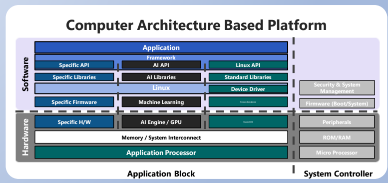
- Investing in most advanced process technologies
  - 2nm and 1.4nm
  - Chiplets (die-to-die interconnect, 2.5D/3D, etc.)
  - AI to support design and development, IPs
- Meet customer expectations for technology evolution by tight collaboration with SoC ecosystem players (EDA, IP and other vendors)

◆ Drive innovation with tighter collaboration with SoC ecosystem

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



Socionext's "Solution SoC" design & development platform



Advanced SOC Developments on Computer Architecture Basis in Diverse Fields

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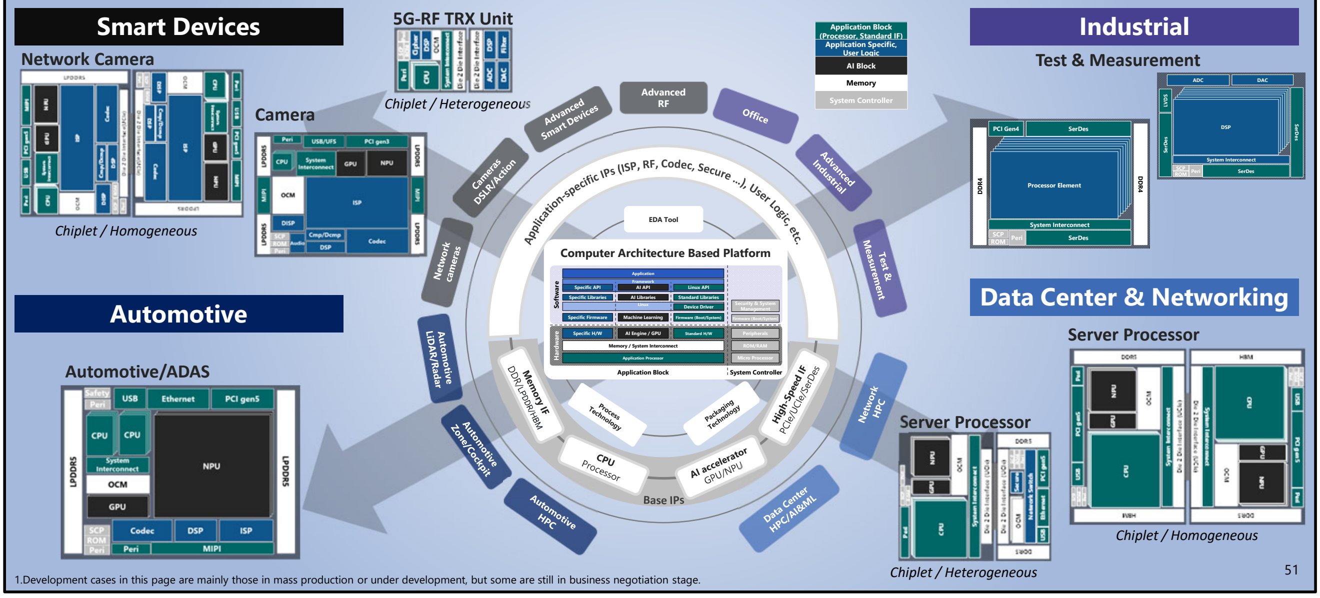
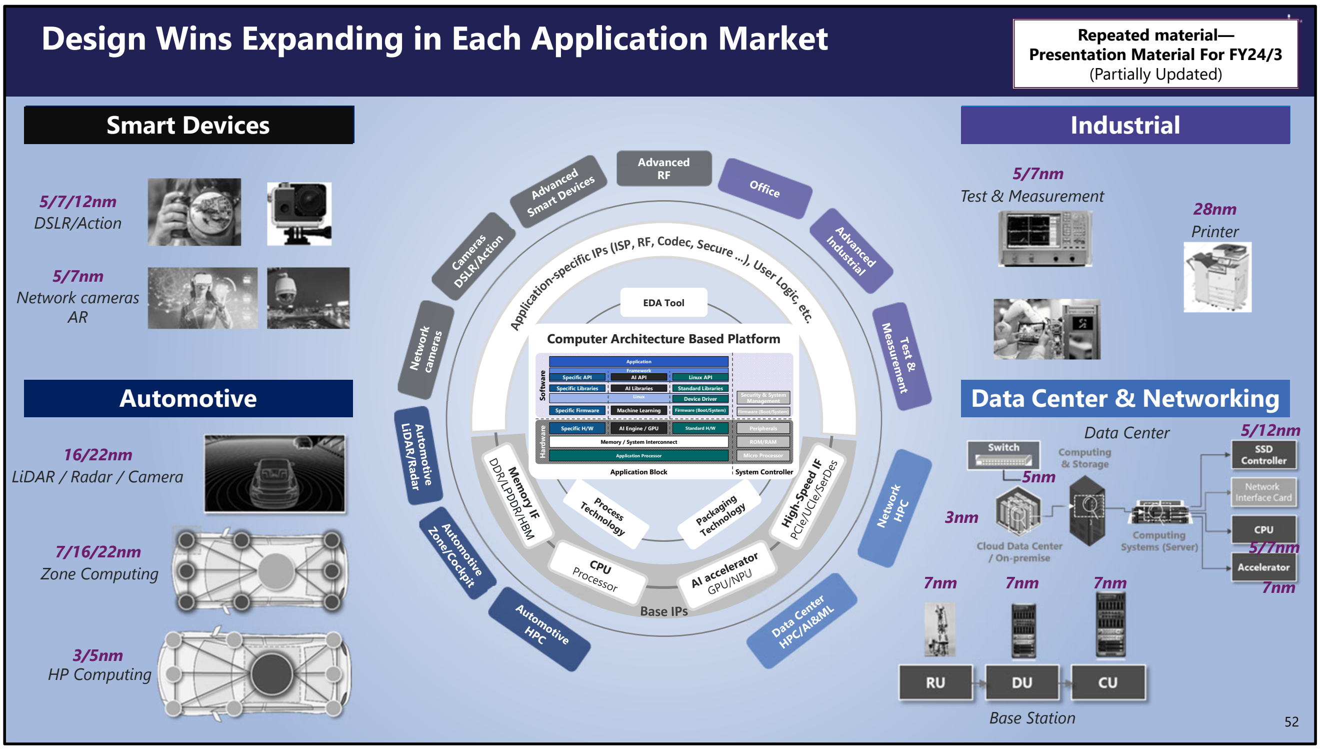
Repeated material— Presentation Material For FY24/3

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



1.Development cases in this page are mainly those in mass production or under development, but some are still in business negotiation stage.


Design Wins Expanding in Each Application Market
Repeated material—
Presentation Material For FY24/3
(Partially Updated)
Smart Devices
5/7/12nm
DSLR/Action
5/7nm
Network cameras
AR
Automotive
16/22nm
LiDAR / Radar / Camera
7/16/22nm
Zone Computing
3/5nm
HP Computing
Industrial
5/7nm
Test & Measurement
28nm
Printer
Data Center & Networking
Data Center
Switch
Computing & Storage
5nm
3nm
Cloud Data Center / On-premise
Computing Systems (Server)
5/12nm
SSD Controller
Network Interface Card
CPU
5/7nm
Accelerator
7nm
7nm
7nm
7nm
RU
DU
CU
Base Station
Advanced RF
Office
Advanced Industrial
Test & Measurement
Network HPC
Data Center HPC/AI&ML
Automotive HPC
Automotive Zone/Cockpit
Automotive LiDAR/Radar
Network cameras
Cameras DSLR/Action
Advanced Smart Devices
Application-specific IPs (ISP, RF, Codec, Secure ...), User Logic, etc.
EDA Tool
Computer Architecture Based Platform
Software
Hardware
Application Block
System Controller
Memory IF
DDR/LPDDR/HBM
Process Technology
Packaging Technology
High-Speed IF
PCIe/UCIe/SerDes
CPU
Processor
AI accelerator
GPU/NPU
Base IPs
52

Design Wins Expanding in Each Application Market

Repeated material—Presentation Material For FY24/3
(Partially Updated)

Smart Devices

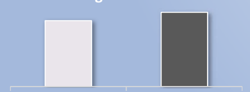
Application	nm	Customers[1]
Network cameras DSLR/Action	5-12	Major Players

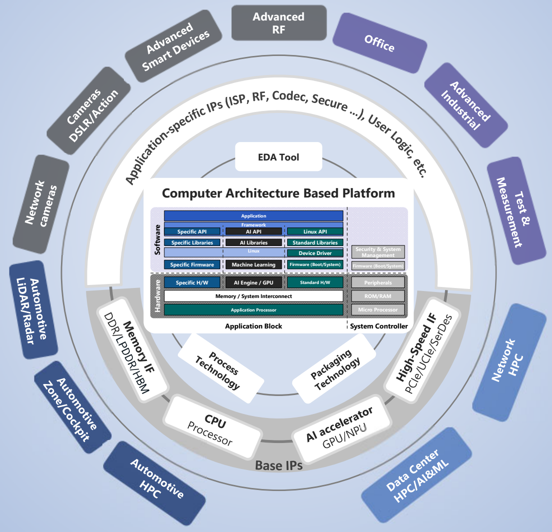
Design win balance

Automotive

Application	nm	Customers[1]
HP Computing AD/ADAS	3-7	Global OEMs Tier-1 Suppliers / Emerging companies
LiDAR, Camera, Rader, HMI	7-22	

Design win balance





Industrial

Application	nm	Customers[1]
FA Test & Measurement Printer	5-28	Major Players

Design win balance

Data Center & Networking

Application	nm	Customers[1]
Data Center	3-12	Global Major Telecom Equipment Players
Base Station CU/DU/RU	7-12	

Design win balance

✓ Business active in the US

1. Major non-Japanese customers are listed.
2. Projects include development of test chips commissioned by external parties.