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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.

Commencement date of electronic provision measures: May 31, 2023

Notice of the Ninth Ordinary General Meeting of Shareholders (Items Omitted from the Paper Copy)

Business Report

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Non-consolidated Financial Statements

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Pursuant to laws and regulations as well as Article 13 of the Articles of Incorporation of the Company, the above matters are not stated in the documents to be delivered to shareholders who have requested delivery of documents (Electronic Provision of Matters).

Socionext Inc.

Share Subscription Rights and Others

Share subscription rights held by the Company's officers as compensation for execution of duties as of the end of the fiscal year under review

Name		First issue of share subscription rights	Second issue of share subscription rights
Date of resolution to issue		April 22, 2015	July 20, 2016
Number of rights issued		30,240	9,360
Type and number of shares to be issued		Common stock 7,560 shares (For each share subscription right 0.25 shares)	Common stock 2,340 shares (For each share subscription right 0.25 shares)
Payment amount for share subscription rights		No payment is required in exchange for share subscription rights	No payment is required in exchange for share subscription rights
Value of assets to be contributed upon exercise of share subscription rights		For each share subscription right 500 yen (Per share 2,000 yen)	For each share subscription right 618 yen (Per share 2,472 yen)
Period of exercise		From April 23, 2017 to April 22, 2025	From July 21, 2018 to July 20, 2026
Conditions of exercise		Notes:	Notes:
Share acquisition rights held by officers	Director (excluding Audit & Supervisory Committee Members and Outside Directors)	Number of rights issued 30,240 Number of shares to be issued 7,560 shares Number of holders 3	Number of rights issued 9,360 Number of shares to be issued 2,340 shares Number of holders 1
	Outside Director (excluding Audit & Supervisory Committee Members)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0
	Director (Audit & Supervisory Committee Member)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0

		Third issue of share subscription rights	Fourth issue of share subscription rights
Date of resolution to issue		July 24, 2017	July 25, 2018
Number of rights issued		10,080	80,900
Type and number of shares to be issued		Common stock 2,520 shares (For each share subscription right 0.25 shares)	Common stock 20,225 shares (For each share subscription right 0.25 shares)
Payment amount for share subscription rights		No payment is required in exchange for share subscription rights	No payment is required in exchange for share subscription rights
Value of assets to be contributed upon exercise of share subscription rights		For each share subscription right 641 yen (Per share 2,564 yen)	For each share subscription right 641 yen (Per share 2,564 yen)
Period of exercise		From July 25, 2019 to July 24, 2027	From July 26, 2020 to July 25, 2028
Conditions of exercise		Notes:	Notes:
Share acquisition rights held by officers	Director (excluding Audit & Supervisory Committee Members and Outside Directors)	Number of rights issued 10,080 Number of shares to be issued 2,520 shares Number of holders 2	Number of rights issued 80,900 Number of shares to be issued 20,225 shares Number of holders 3
	Outside Director (excluding Audit & Supervisory Committee Members)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0
	Director (Audit & Supervisory Committee Member)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0

	Sixth issue of share subscription rights	Eighth issue of share subscription rights	
Date of resolution to issue	July 29, 2019	March 24, 2021	
Number of rights issued	51,700	73,700	
Type and number of shares to be issued	Common stock 12,925 shares (For each share subscription right 0.25 shares)	Common stock 18,425 shares (For each share subscription right 0.25 shares)	
Payment amount for share subscription rights	No payment is required in exchange for share subscription rights	No payment is required in exchange for share subscription rights	
Value of assets to be contributed upon exercise of share subscription rights	For each share subscription right 641 yen (Per share 2,564 yen)	For each share subscription right 641 yen (Per share 2,564 yen)	
Period of exercise	From July 30, 2021 to July 29, 2029	From March 25, 2023 to March 24, 2031	
Conditions of exercise	Notes:	Notes:	
Share acquisition rights held by officers	Director (excluding Audit & Supervisory Committee Members and Outside Directors)	Number of rights issued 51,700 Number of shares to be issued 12,925 shares Number of holders 2	Number of rights issued 24,400 Number of shares to be issued 6,100 shares Number of holders 3
	Outside Director (excluding Audit & Supervisory Committee Members)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0
	Director (Audit & Supervisory Committee Member)	Number of rights issued 0 Number of shares to be issued 0 Number of holders 0	Number of rights issued 49,300 Number of shares to be issued 12,325 shares Number of holders 1

(Note) The main conditions for exercising share acquisition rights are as follows:

1. At the time of exercise of share acquisition rights, a position of either director, executive officer or employee (hereafter referred to as “Directors, etc.”) must be held in the Company or any subsidiaries or affiliates of the Company, which are stipulated in “Regulations on Terminology, Forms and Preparation Methods of Financial Statements, etc.” (hereafter, the Company’s subsidiaries and affiliates will be collectively referred to as the “Affiliates”). However, this shall not apply to the case of retirement or resignation from the position of Directors, etc. of the Company or the Affiliates for the reasons described below.
 - 1) Retirement or resignation due to reaching the age of retirement or completion of the term of office
 - 2) Retirement due to death
 - 3) A career change mediated by the Company
 - 4) In the event that the Company determined by its reasonable discretion that the resignation is voluntary due to illness or other unavoidable circumstances
2. Share subscription rights may be exercised not more than twice a year, provided that the number of shares to be issued upon exercise is an integer multiple of the number of shares in one unit of the Company. However, notwithstanding this provision, a holder of share subscription rights for which the number of shares underlying all the share subscription rights he or she holds is less than an integer multiple of the number of shares in one unit of the Company may exercise his or her share subscription rights for less than an integer multiple of the number of shares in one unit only when he or she exercises all of his or her share subscription rights for less than an integer multiple of the number of shares in one unit.
3. Upon the death of a holder of share subscription rights, the holder may exercise his or her share subscription rights only if one of his or her legal heirs inherits all of the share subscription rights. If the legal heir in question dies, the rights in question will be extinguished.
4. If a holder of share subscription rights is subject to suspension from work or a pay cut at the Company or the Affiliates, he or she may not exercise his or her share subscription rights for one year from the issuance of such measure.
5. Share subscription rights may not be exercised if the holder of the share subscription rights is in dispute

with the Company or the Affiliates.

6. Even if the initial date of the period for exercise has arrived, share subscription rights may not be exercised until six months after the listing of the Company's Common Stock on a financial instruments exchange.
7. Even if the initial date of the period for exercise has arrived, share subscription rights may not be exercised when the holder of the subscription rights is stationed overseas.

Systems to Ensure Appropriateness of Business and Operational Status of Such Systems

(1) Outline of decision regarding systems to ensure appropriateness of business

At the meeting of the Board of Directors held on March 30, 2022, the Company resolved a basic policy regarding the development of systems (internal control systems) provided for in the Companies Act and the Regulations for Enforcement of the Companies Act.

The policy provides for the systems necessary to ensure the appropriateness of business and operations as provided for in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act and in Article 110-4 of the Regulations for Enforcement of the Companies Act, and establishes the basic policy for the development of internal control system for the Socionext (hereafter collectively referred to as the “Socionext” including the below “Group company”) comprised of the Company and the Company’s consolidated subsidiaries (hereafter referred to as the “the Group Company”). An outline of the policy is as follows.

1. Systems to ensure that the execution of the duties by Socionext Personnel complies with laws and regulations and the Articles of Incorporation
 - 1) Directors and executive officers involved in the execution of their duties at the Company (hereafter referred to as “Management”) shall take the lead in complying with the “CSR Policy” established for compliance, including compliance with laws and regulations and the Articles of Incorporation, and shall also actively work to promote compliance based on the ethics of the Company’s Management.
 - 2) The management of the Company shall ensure that all Socionext Personnel comply with the “CSR Policy,” and shall promote compliance throughout the Socionext through continuous education and other measures.
 - 3) The management of the Company shall clarify laws and regulations pertaining to business activities, develop the necessary internal rules, education and monitoring systems to ensure compliance, and promote compliance throughout the Socionext.
 - 4) If an officer or employee of the Company becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities, he or she shall immediately notify the Board of Directors of the Company and Audit & Supervisory Committee of the Company of such fact through the normal line of business.
 - 5) Management of the Company shall establish and operate a Whistle-Blowing System that secures a protection system for whistle-blowers, etc., in order to enable early detection of compliance issues and appropriate responses to them through a communication channel that is independent of normal business lines.
 - 6) The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties and shall confirm that there is no non-compliance in the execution of duties.
 - 7) Management of the Company shall strengthen the development of an internal control system through the evaluation and audit of internal control over financial reporting to ensure the appropriateness of financial reporting.
 - 8) Management of the Company shall conduct an internal audit in order to confirm the status of business execution, ensure compliance with laws and regulations and the Articles of Incorporation, etc. and make improvements in operational efficiency.
 - 9) Management of the Company shall take a firm stand against antisocial forces, have no relationship with them, and deal with them systematically in coordination with external professional organizations.
2. Systems under which information regarding execution of duties by Directors shall be retained and managed
 - 1) Management of the Company shall properly store and manage documents involved in the execution of their duties (including electromagnetic records) and other important information, in accordance with the Important Document Management Regulations, after appointing a person in charge of retention.
 - 2) Directors of the Company shall have access at all times to documents to confirm the status of the execution of their duties, and the person in charge of retention of each document shall ensure that the directors of the Company shall have access at all times.
 - 3) With regard to information security, a system of responsibility shall be clarified relating to information security and specific measures shall be implemented and ensured in accordance with the provisions on information security.

3. Regulations and other systems for the risk management of loss
 - 1) Management of the Company shall aim to achieve business continuity, enhancement of corporate value and sustainable development of corporate activities of the Socionext, and shall develop appropriate risk management systems to deal with risks that may impede this.
 - 2) Management of the Company constantly assesses and verifies risks that could cause losses to the Socionext and reports important matters to the Company's Board of Directors.
 - 3) Management of the Company shall conduct risk control, including preventive measures, with respect to the risks recognized in the preceding paragraph and other risks assumed in the course of conducting business, and shall take actions to minimize losses. In addition, in order to minimize losses arising from the occurrence of risks, the Risk Compliance Committee, etc. shall be established in the Company and necessary measures shall be implemented, and risks that occur shall be regularly analyzed and reported to the Board of Directors, etc. of the Company to take actions to prevent the recurrence of similar risks.
 - 4) In order to collect risk information that cannot be grasped by the provisions in the preceding three items, Management of the Company shall set up a Whistle-Blowing System in the Company and operate it while ensuring a system to protect whistle-blowers.

4. Systems to ensure efficient execution of duties by Directors
 - 1) The Company shall separate the supervisory and executive functions of management, and the Board of Directors of the Company shall determine basic management policies and important business execution etc., and supervise executive functions. The Company also introduces an executive officer system, and among the executive decision-making bodies, the Management Committee discusses basic management policies and strategies and makes decisions on important matters related to management execution. Of the matters discussed by the Management Committee, important matters shall be reported to or decided by the Board of Directors.
 - 2) The Board of Directors of the Company shall clarify the duties of the management and other executive organizations of the Company and shall have them perform their duties in accordance with their respective duties.
 - 3) Management of the Company shall make decisions on execution of duties in accordance with appropriate decision-making procedures established by the Board of Directors, the Management Committee and the internal approval system, etc. of the Company.
 - 4) Management of the Company shall ensure that all employees are fully aware of management policies, etc., and shall set and realize specific goals to achieve management goals.
 - 5) Management of the Company shall promote the continuous development of internal control systems and the reform of business processes in order to pursue the efficiency of the business.
 - 6) The Company's Board of Directors shall monitor and supervise the achievement of management objectives by having the Company's management and other executive bodies conduct monthly financial reporting, business execution reporting, etc.

5. Systems to ensure the appropriateness of operations of the Corporate Group composed of the Company and its subsidiaries
 - 1) With the aim of sustainably enhancing the corporate value of the Socionext, the Company shall establish and enact the systems and provisions 1 through 4 above based on the "CSR Policy," and shall establish a system to receive reports on matters related to execution of duties from the Management, executive officers, employees executing business, persons handling operations and other equivalent persons of the Group Company. In addition, they shall provide guidance, support and supervision on the development of a system for efficient, legitimate and appropriate business execution as a corporate group.
 - 2) The Company shall establish common rules regarding the delegation of authority from the representative director of the Company (If there is more than one person, it should be the person in the highest position; the same shall apply hereafter) to the Group Company, including the authority and process for determining important matters of the Group Company.
 - 3) The representative director of the Company shall designate the division in charge of the Group Company, and the officer in charge of the business execution of such division shall confirm the implementation and compliance of the preceding two items through presidents of the Group Company, etc.
 - 4) Management of the Company and the Group Company shall confirm the management policy of the Socionext and issues for achieving the management goals through regular liaison meetings, etc.
 - 5) Directors of the Company shall evaluate internal control over financial reporting of the Group Company in accordance with domestic and foreign laws and regulations, and carry out improvement activities based on the results.

- 6) The Company's internal audit organization shall conduct an internal audit of the entire Socionext.
6. Matters relating to Socionext Personnel assisting with the duties of Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors (excluding Audit & Supervisory Committee Members).
 - 1) The Company shall have Socionext Personnel to assist with the duties of the Audit & Supervisory Committee of the Company and shall assign appropriate personnel with the abilities and knowledge required by the Audit & Supervisory Committee of the Company.
 - 2) In order to ensure the independence of the Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by Audit & Supervisory Committee of the Company, Management of the Company shall obtain the consent of the Audit & Supervisory Committee of the Company with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.
 - 3) In principle, Management of the Company shall not allow the Socionext Personnel described in 1) above to serve concurrently with any other organizations. However, when it becomes necessary to have the Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.
7. System for reporting to the Audit & Supervisory Committee
 - 1) Management of the Company and the Group Company shall provide Audit & Supervisory Committee Members of the Company with an opportunity to attend important meetings.
 - 2) Management, accounting advisors, auditors, executive officers, employees executing business, persons handling operations, other equivalent persons and employees of the Company and the Group Company shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.
 - 3) Management and employees of the Company and the Group Company shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company.
 - 4) No Management, accounting advisors, auditors, executive officers, employees executing business, persons handling operations and other equivalent persons of the Company and the Group Company shall treat any managers or employees unfavorably for the reason of making a report under the preceding two items.
8. System for Ensuring Effectiveness of Audit by Audit & Supervisory Committee
 - 1) Management of the Company and the Group Company shall regularly exchange information with Audit & Supervisory Committee Members of the Company.
 - 2) The Company's internal audit organization shall periodically report its audit findings to the Audit & Supervisory Committee of the Company.
 - 3) The Audit & Supervisory Committee of the Company shall, from time to time, have the Accounting Auditor of the Company explain and report on the results of the audit and other matters and shall regularly exchange information with the Accounting Auditor of the Company.
 - 4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and management of the Company shall establish procedures for the requests in the same paragraph.

(2) Outline of the Implementation Status of Systems to Ensure the Appropriateness of Business Operations

An outline of the implementation status of the system to ensure the appropriateness of business operations during the fiscal year under review is as follows.

1. Systems to ensure that the execution of the duties by Socionext personnel complies with laws and regulations and the Articles of Incorporation
 - * We strive to comply with laws and regulations by ensuring that all Socionext Personnel are fully aware of our management philosophy, management vision, Action Policy, the CSR Policy and compliance codes.
 - * Specifically, we are strengthening our compliance system by appointing a Risk Compliance Officer for each division under the Risk Compliance Committee.
 - * In order to prevent transactions with anti-social forces and inappropriate transactions with related parties, we check the appropriateness of transactions as an essential response in our business processes.
 - * Our financial reporting system is audited by the Accounting Auditor in accordance with the Companies Act and the Financial Instruments and Exchange Act. We regularly exchange opinions and share information with the Accounting Auditor.
 - * We use e-learning to provide all Socionext Personnel with various types of compliance education, including matters related to prevention of insider trading, information security, harassment and procurement transactions.

2. Systems under which information regarding execution of duties by Directors shall be retained and managed
 - * In accordance with the Important Document Management Regulations, minutes of general meetings of shareholders, minutes of meetings of the Board of Directors, minutes of meetings of Management Committee and the approval documents, etc. as the documents related to management's execution of duties are properly stored and managed with a person responsible for the storage and the method of storage specified.
 - * The Company has established a system in which Directors and Audit & Supervisory Committee Members can view documents to confirm the status of execution of duties at all times.
 - * In accordance with the Information Security Code, we have clarified our systems and responsibilities to maintain and manage information security. We are continuously working to strengthen information security by establishing telecommuting information management guidelines to ensure information security as telecommuting becomes more widespread, and entrusting IT Management Partners Co., Ltd. to handle operations in the IT management Division as needed.

3. Regulations and other systems for the risk management of loss
 - * In addition to the Board of Directors Regulations and the Management Committee Regulations, the Company has established the Risk Management Code and has developed a risk management system not only in Japan but also overseas.
 - * We have established a risk management process and regularly conduct a company-wide risk review by the Management Committee. Through this process, we grasp the latest risk status, develop measures and countermeasures against risks, check the progress and report to the Board of Directors.
 - * As part of the BCM/BCP initiative, we develop basic policies and rules, action plans and manuals, and conduct training to continuously improve our response and recovery capabilities during normal times.
 - * In addition to the above, we are developing and expanding our global Whistle-Blowing System and make the rules for the usage known. During the fiscal year under review, there were no serious violations of laws or regulations, and there were no whistle-blower incidents.

4. Systems to ensure efficient execution of duties by Directors
 - * In addition to clarifying the business model and the business areas of Solution SoC and promoting a business transformation and shift of resources to growth areas, which we have implemented to date, we are focusing on large-scale global business opportunities and development for business expansion and growth.
 - * In order to enable efficient and timely allocation of development resources, we are continuously strengthening our management structure.
 - * We are working to establish multi-year management, achieve quarterly management targets, promote comprehensive cost and gross margin improvements, upgrade our market strategy and make up-front

development investments in design wins and lead generation, globalize and improve the efficiency of SCM, globalize and improve the efficiency of corporate operations, strengthen management and build IT infrastructure.

- * In line with our listing on the Prime Market of the Tokyo Stock Exchange, we have strengthened our public relations and investor relations functions and newly established institutional legal functions, among other measures, in order to establish a structure for execution of duties as a listed company. In addition, in order to strengthen governance and increase corporate value, the ESG Promotion Office was newly established to promote the construction, execution and disclosure of ESG-related business processes required internally and externally.
5. Systems to ensure the appropriateness of operations of the Corporate Group composed of the Company and its subsidiaries
- * In accordance with the Management Committee Regulations, the Socionext Approval Authority and the Affiliates Management Regulations, important matters relating to the business activities of the Group Company are set forth and administered by the Management Committee as matters to be approved and reported. In addition, presidents of the Group Company make monthly business reports to the Management Committee members, etc.
 - * In the Group Company, the Company officers and employees are assigned to serve as officers of the Group Company to strengthen guidance, support and supervision on the development of operational systems. In addition, with the aim of establishing a system of internal regulations with an awareness of the global management system, we have established the codes applicable to the entire Group Company to strengthen the management system of the Group Company.
 - * With the aim of realizing a speedy decision-making process for the Company in the global market, we are strengthening cooperation between the Group Company and the business and corporate divisions.
6. Matters relating to Socionext Personnel assisting with the duties of Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors
- * As an organization to support the duties of Audit & Supervisory Committee Members, the Company has strengthened its system for reporting and providing information to Audit & Supervisory Committee Members and has established a system for the effective execution of audits by the Audit & Supervisory Committee, including the establishment of a dedicated Audit & Supervisory Committee Secretariat.
7. System for reporting to the Audit & Supervisory Committee
- * Audit & Supervisory Committee Members attend important meetings such as the Board of Directors, the Management Committee, and meetings for performance reporting, and conduct investigations and interviews with each division and exchange opinions with Directors of the Company.
8. System for Ensuring Effectiveness of Audit by Audit & Supervisory Committee
- * In terms of relationship with the Accounting Auditor, we exchange information and opinions while monitoring the independence and appropriateness of their audit, and we also discuss the selection of the Accounting Auditor.
 - * We work closely with the Internal Audit Department, which is the internal audit division, to improve effectiveness and efficiency of audits by exchanging information and opinions with each other on a regular basis and when necessary.

Consolidated Statement of Changes in Net Assets (April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	30,200	30,200	28,867	-	89,267
Changes during the year					
Issuance of new shares					-
Profit attributable to owners of parent			19,763		19,763
Acquisition of treasury stock				(0)	(0)
Cancellation of treasury stock		(0)		0	-
Transfer from retained earnings to capital surplus		0	(0)		-
Net changes in items other than those in shareholders' equity					-
Total changes during the year	-	-	19,763	-	19,763
Balance as of March 31, 2023	30,200	30,200	48,630	-	109,030

	Accumulated other comprehensive income		Share subscription rights	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2022	330	330	12	89,609
Changes during the year				
Issuance of new shares				-
Profit attributable to owners of parent				19,763
Acquisition of treasury stock				(0)
Cancellation of treasury stock				-
Transfer from retained earnings to capital surplus				-
Net changes in items other than those in shareholders' equity	492	492		492
Total changes during the year	492	492	-	20,255
Balance as of March 31, 2023	822	822	12	109,864

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

Notes to the Consolidated Financial Statements

1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements

Consolidated Financial statements are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006, as last amended Ministry of Justice Order No. 43 of December 26, 2022).

(1) Scope of Consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

The consolidated financial statements consolidate all six subsidiaries.

(Names of consolidated subsidiaries)

Socionext America Inc.
Socionext Europe GmbH
Socionext Technology Pacific Asia Ltd.
Socionext Technology (Shanghai) Co., Ltd.
Socionext Taiwan Inc.
Socionext Korea Ltd.

(2) Application of equity method

Number and names of affiliates accounted for by the equity method

(Affiliates)

Trinity Semiconductor Research LLC

(3) Fiscal years and other matters of consolidated subsidiaries

Among the consolidated subsidiaries, Socionext Technology (Shanghai) Co., Ltd., whose account closing date is December 31, has been consolidated using the financial statements provisionally closed as of the closing date of the consolidated financial statements.

(4) Accounting Policies

1) Basis and method for valuation of assets

a. Securities

Other securities:

* Other than stocks with no market value Market value method based on market prices as of the fiscal year-end
Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets.

Method of determining cost of sale at time of sale... Cost method using moving average method

* Stocks etc. with no market value Cost method using the moving average method

b. Derivatives

Market value

c. Inventories

Inventories held for ordinary sale

* Finished goods

Cost method using the gross average method

* Work in process

Cost method using the gross average method

Inventories with reduced profitability have been written down in book value.

2) Method of depreciation and amortization for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

Depreciation is calculated by the straight-line method.

The useful lives are estimated as follows, reflecting the collection period according to the actual situation.

Buildings and structures, net 2 to 20 years

Machinery and equipment, net 3 to 5 years

Tools, furniture and fixtures 3 to 10 years

b. Intangible assets

Depreciation is calculated by the straight-line method.

Among all, technology assets and internal-use software are amortized using the straight-line method over their estimated useful lives (up to five years) for internal use.

c. Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease term as the useful life and a residual value of zero.

3) Basis of recording revenues and expenses

With respect to the sale of semiconductor products, the Company recognizes revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product at the time of delivery of the product.

2. Notes to Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereafter referred to as the "Guidance on Accounting Standard for Fair Value Measurement") has been applied from the beginning of the fiscal year under review, and the new accounting policies set forth in the Guidance on Accounting Standard for Fair Value Measurement are being applied over the future in accordance with the transitional treatment set forth in Article 27, Paragraph 2 of the Guidance on Accounting Standard for Fair Value Measurement.

The application of this accounting standard has no impact on the consolidated financial statements.

3. Notes on recognition of revenues

(1) Detailed information of revenues from contracts with customers

Net sales of finished goods	156,751 million yen
NRE Sales	34,867 million yen
Other	1,149 million yen
Revenues from contracts with customers	192,767 million yen
Sales to external customers	192,767 million yen

(2) Information that is the basis for understanding the revenues generated by contracts with customers
The Group Company is engaged in research, design and development, manufacturing, sales and service of semiconductor products, with revenues primarily from the sales of semiconductor products.

With respect to product sales, we recognize revenues when control of the product is transferred to the customer, that is, when the product is delivered to the customer, the legal ownership, physical possession and significant risks and economic value associated with the ownership of the product are transferred to the customer, and we gain the right to receive payment from the customer.

With respect to NRE sales, we recognize revenue when the products developed are delivered to the customer and the customer confirms receipt and evaluation of the deliverables, as significant risk and economic value are transferred to the customer and we gain the right to receive payment from the customer.

Revenues from these product sales and NRE sales are measured at transaction prices associated with the contract with customers.

The consideration for the transaction is received within one year after the fulfillment of the performance obligation and does not include any material financial factor.

(3) Information on the relationship between fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenues expected to be recognized in the following fiscal year and thereafter from contracts with customers existing at the end of the fiscal year under review

1) Balance of contract assets and contract liabilities

	Balance as of April 1, 2022	Balance as of March 31, 2023
Contract liabilities	295 million yen	824 million yen

Contract liabilities primarily relate to advances received under contracts with customers before fulfilling performance obligations.

Contract liabilities are reversed as revenues are recognized. "Contract liabilities" are included in "Other" in the consolidated balance sheet.

2) Transaction price allocated to the outstanding performance obligation
In the Group Company, payment terms under individual performance obligations are up to one year, and no transactions have long-term prepaid or deferred payment terms.

4. Notes on Accounting Estimates

Items whose amounts are recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates and which may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

* Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the fiscal year under review
Deferred tax assets 6,897 million yen

(2) Information on the content of significant accounting estimates for identified items
Deferred tax assets are recognized only for tax credits and deductible temporary differences that are more likely to be applicable to future taxable income. The timing and amount of taxable income may be affected by future changes in uncertain economic conditions, and if the timing and amount of taxable income differ from the estimates, it may have a material impact on the amount recognized in the consolidated financial statements for the following fiscal year and thereafter.

5. Notes to the Consolidated Balance Sheet

* Accumulated Depreciation of Property, Plant and Equipment

Buildings and structures, net	2,577 million yen
Machinery and equipment, net	99 million yen
<u>Tools, furniture and fixtures</u>	<u>27,707 million yen</u>
Total	30,383 million yen

6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and total number of issued shares at the end of the fiscal year under review
Common stock 33,666,666

(2) Dividend of Retained Earnings
Dividends whose record date is in the fiscal year under review, but which come into effect in the following fiscal year

Resolution schedule	Type of shares	Source of dividend	Total amount of dividend (million yen)	Amount of dividend per share (yen)	Record date	Date to come into effect
May 19, 2023 Board of Directors meetings	Common stock	Retained earnings	7,070	210	March 31, 2023	June 7, 2023

(3) Type and number of shares subject to share subscription rights (excluding those for which the first day of the exercise period has not yet arrived) at the end of the fiscal year under review
Not applicable

7. Notes on Financial Instruments

(1) Matters concerning financial instruments

1) Policy for financial instruments

The Group Company invests in financial assets with a higher degree of safety after securing the liquidity necessary for its business activities.

Our policy is to use derivatives to avoid the risk of foreign exchange fluctuations in trade receivables and payables and not to engage in speculative transactions.

2) Details of financial instruments and related risks

Accounts receivable-trade, our trade receivables, are exposed to customer credit risk. In addition, some foreign currency-denominated trade receivables are exposed to foreign exchange risk, but except for those not exceeding the balance of the same foreign currency-denominated accounts payable-trade, we hedge them

using forward foreign exchange contracts.

Accounts payable-trade, our trade payables, are mostly due within two months. Certain foreign currency-denominated balances are exposed to foreign exchange risk, but are continuously within the range of the same foreign currency-denominated accounts receivable balance.

3) Risk management system relating to financial instruments

a. Management of credit risk (default risk of customers)

In accordance with the receivables management rules, the Company regularly monitors the business conditions of its business partners and manages the due dates and balances of each partner in order to identify concerns for collection at an early stage and mitigate risks.

b. Management of market risks (fluctuation risks in foreign exchange rates, interest rates, etc.)

The Company uses forward foreign exchange contracts to hedge foreign currency-denominated trade receivables and payables against the fluctuation risks in foreign exchange that are managed by currency and by due dates.

c. Management of liquidity risk in financing activities (our payment default risk)

In the Company, a department in charge prepares and updates cash flow plans in a timely manner based on reports from each department, and manages risks by maintaining liquidity on hand.

4) Supplementary explanation of matters relating to fair value of financial instruments

As fair value measurement of financial instruments incorporates variable factors, adopting different assumptions could result in different values.

(2) Fair value of financial instruments

“Cash on hand and in banks” is omitted because it is cash, and the market values of “Deposits,” “Accounts receivable-trade,” “Accounts receivable-other,” “Accounts payable-trade,” “Accounts payable-other,” and “Accrued expenses” are omitted too, as they are close to their book values, being settled in a short period of time.

(3) Items related to breakdown by level of market value of financial instruments

1) Financial instruments which are reported at market value on the consolidated balance sheet

Not applicable

2) Financial instruments which are not reported at market value on the consolidated balance sheet

Descriptions are omitted due to lack of significance.

8. Notes to Per-share Information

(1) Net assets per share 3,262.93 yen

(2) Profit per share for the fiscal year under review 587.02 yen

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 the exercise of put options by its shareholders, the Company acquired all the 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 and other events above were conducted at the beginning of the fiscal year ended March 31, 2023.

Consolidated Statement of Changes in Net Assets (April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance as of April 1, 2022	30,200	30,200	-	30,200	24,860	24,860
Changes during the year						
Issuance of new shares						
Profit					18,078	18,078
Acquisition of treasury stock						
Cancellation of treasury stock			(0)	(0)		
Transfer from retained earnings to capital surplus			0	0	(0)	(0)
Total changes during the year	-	-	-	-	18,078	18,078
Balance as of March 31, 2023	30,200	30,200	-	30,200	42,939	42,939

	Shareholders' equity		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2022	-	85,260	12	85,272
Changes during the year				
Issuance of new shares		-		-
Profit		18,078		18,078
Acquisition of treasury stock	(0)	(0)		(0)
Cancellation of treasury stock	0	-		-
Transfer from retained earnings to capital surplus		-		-
Total changes during the year	-	18,078	-	18,078
Balance as of March 31, 2023	-	103,339	12	103,351

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

Notes to the Non-consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Financial statements are prepared in accordance with the Rules of Corporate Accounting (the Ministry of Justice Ordinance No. 13 of February 7, 2006, as last amended the Ministry of Justice Ordinance No. 43 of December 26, 2022).

(2) Basis and method for valuation of assets

a. Securities

1) Shares of subsidiaries and affiliates Cost method using the moving average method

2) Other securities:

* Other than stocks with no market value Market value method based on market prices as of the fiscal year-end

Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets.

Method of determining cost of sale at time of sale... Cost method using moving average method

* Stocks etc. with no market value Cost method using the moving average method

b. Derivatives, etc.

* Derivatives Market value

c. Inventories

inventories held for ordinary sale

* Finished goods Cost method using the gross average method

* Work in process Cost method using the gross average method

Inventories with reduced profitability have been written down in book value.

(3) Methods of depreciation and amortization for non-current assets

1) Property, plant and equipment (excluding leased assets)

Depreciation is calculated by the straight-line method.

The useful lives are estimated as follows, reflecting the collection period according to the actual situation.

Buildings and structures, net 6 to 20 years

Machinery and equipment, net 3 to 5 years

Tools, furniture and fixtures 3 to 10 years

2) Intangible assets

Depreciation is calculated by the straight-line method.

Among all, technology assets and internal-use software are amortized using the straight-line method over their estimated useful lives (up to five years) for internal use.

3) Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease term as the useful life and a residual value of zero.

(4) Basis of recording revenues and expenses

With respect to the sale of semiconductor products, the Company recognizes the revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product at the time of delivery of the product.

2. Notes to Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereafter referred to as the "Guidance on Accounting Standard for Fair Value Measurement") has been applied from the beginning of the fiscal year under review, and the new accounting policies set forth in the Guidance on Accounting Standard for Fair Value Measurement are being applied over the future in accordance with the transitional treatment set forth in Article 27, Paragraph 2 of the Guidance on Accounting Standard for Fair Value Measurement.

The application of this accounting standard has no impact on the non-consolidated financial statements.

3. Notes on Accounting Estimates

Items whose amounts are recorded in the non-consolidated financial statements for the fiscal year under review based on accounting estimates and which may have a material impact on the non-consolidated financial statements for the following fiscal year are as follows:

* Recoverability of deferred tax assets

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review
Deferred tax assets 6,751 million yen

(2) Information on the content of significant accounting estimates for identified items
Deferred tax assets are recognized only for tax credits and deductible temporary differences that are more likely to be applicable to future taxable income. The timing and amount of taxable income may be affected by future changes in uncertain economic conditions, and if the timing and amount of taxable income differ from the estimates, it may have a material impact on the amount recognized in the non-consolidated financial statements for the following fiscal year and thereafter.

4. Notes to the Non-consolidated Statement of Financial Position

(1) Accumulated Depreciation of Property, Plant and Equipment

Buildings and structures, net	1,502 million yen
Machinery and equipment, net	68 million yen
<u>Tools, furniture and fixtures</u>	<u>26,170 million yen</u>
Total	27,742 million yen

(2) Monetary receivables from and monetary payables to the affiliates

Short-term monetary receivables	24,179 million yen
Short-term monetary payables	1,060 million yen

5. Notes to Non-consolidated Statement of Income

Transaction with the affiliates

Operating transactions	
Net sales	103,250 million yen
Purchases	12,810 million yen
Non-operating transactions	
Dividend income	785 million yen

6. Notes to Tax-Effect Accounting

Breakdown of Major Factors for Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets	
Accrued bonus	1,088 million yen
Accrued social insurance expenses on bonus	170 million yen
Inventories	3,530 million yen
Accrued enterprise taxes	492 million yen
Non-current assets	1,141 million yen
Lump-sum depreciable assets	62 million yen
Asset retirement obligations	116 million yen
Loss on valuation of investment securities	68 million yen
<u>Other</u>	<u>149 million yen</u>
Subtotal of deferred tax assets	6,820 million yen
<u>Valuation allowance</u>	<u>(68) million yen</u>
Total deferred tax assets	6,751 million yen

7. Notes to Transaction with Related Parties

Subsidiaries, Affiliates and Other Parties

Type	Name of companies and others	Percentage of voting rights held (owned)	Relationship with related parties	Details of transactions	Transaction amount (Million yen)	Item	Balance as of March 31, 2023 (Million yen)
Subsidiaries	Socionext America Inc.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	31,444	Accounts receivable-trade, net	3,897
				Outsourcing of operations, etc.	5,703	Accounts receivable-other	5
						Accounts payable-trade	356
Subsidiaries	Socionext Technology Pacific Asia Ltd.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	62,611	Accounts receivable-trade, net	18,293
				Outsourcing of operations, etc.	1,901	Accounts receivable-other	170
						Accounts payable-trade	29

Transaction terms and decision policies of transaction terms

(Note) Transaction terms of the above companies are determined in a similar manner as those for general transactions.

8. Notes to Per-share Information

- (1) Net assets per share 3,069.48 yen
(2) Profit per share for the fiscal year under review 536.99 yen

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 the exercise of put options by its shareholders, the Company acquired all the 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 and other events above were conducted at the beginning of the fiscal year ended March 31, 2023.