2Q FY2024/3
Consolidated
Financial Results

October 31, 2023
Socionext Inc.
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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.
This is a report on financial results for the second quarter of fiscal year ending Mach 2024 (FY24/3).

Net sales were 55.5 billion yen, an increase of 29.7% from the same quarter of the previous fiscal year.

Operating income was 8.6 billion yen, an increase of 76.2% from the same quarter of the previous fiscal year.
This slide shows the first half performance.

Net sales were 117.0 billion yen, an increase of 41.3% from the same period of the previous fiscal year.

Operating income was 18.7 billion yen, an increase of 78.6% from the same period of the previous fiscal year.
This slide shows our historical net sales and operating income from the first quarter in FY22/3 to the second quarter in FY24/3.

Net sales steadily increased because of the start of mass productions of large-scale design wins from FY20/3.

NRE revenue is a deliverable from design and development and fluctuates from quarter to quarter, but the YoY trend of NRE revenue remains upward due to large-scale design wins in the advanced technology area.
This slide shows the analysis of net sales and operating income for the second quarter in FY24/3 compared with the same quarter in the previous fiscal year.

Net sales were 55.5 billion yen, an increase of 12.7 billion (+29.7%) from the same quarter in the previous fiscal year.

The main reason for the increase in net sales was the expansion of product revenue for Data Center & Networking (7nm) and Smart Devices in the United States due to the start of full-scale mass production of large-scale design wins acquired in and after FY20/3. Net sales related to Special Demand was approximately 5.0 billion yen.

Operating income was 8.6 billion yen, an increase of 3.7 billion yen (+76.2%) from the same quarter in the previous fiscal year.

Operating income increased by 3.7 billion yen due to increase in product gross profit (+6.1 bn) as a result of product revenue expansion in spite of negative factors such as increase in R&D/SG&A expenses (-2.6bn) and decrease in NRE revenue (-0.8bn).

SG&A includes the temporary expenses of approximately 1.5 billion yen for the transformation of R&D structure.
This slide shows the analysis of net sales and operating income for the first half in FY24/3 compared with the same period in the previous fiscal year.

Net sales were 117.0 billion yen, an increase of 34.2 billion yen (+41.3%) from the same period in the previous fiscal year. Operating income was 18.7 billion yen, an increase of 8.2 billion yen (+78.6%) from the same period in the previous fiscal year.

The main reason for the increase in net sales was the expansion of product revenue for Data Center & Networking (7nm) and Smart Devices in the United States due to the start of full-scale mass production of large-scale design wins acquired in and after FY20/3. Net sales related to Special Demand was approximately 15.0 billion yen.

Operating income increased by 8.2 billion yen due to increase in product gross profit (+12.6 bn) as a result of product revenue expansion in spite of negative factors such as increase in R&D/SG&A expenses (-4.6bn) and decrease in NRE revenue (-1.5bn).

SG&A includes the temporary expenses of approximately 1.5 billion yen for the transformation of R&D structure.
This slide shows the analysis of net sales and operating income for the second quarter in FY24/3 compared with the first quarter.

Net sales decreased by 5.9 billion yen (-9.6%) and operating income decreased by 1.5 billion yen (-15.3%).

Product revenue decreased by 4.4 billion yen, and NRE revenue decreased by 1.5 billion yen. The depreciation of Japanese yen led to 2.4 billion yen increase in net sales. Product revenue related to Special Demand decreased by 5.0 billion yen.

Operating income decreased by 1.5 billion yen due to decrease in NRE revenue (-1.8bn) and increase in R&D/SG&A expenses (-1.9bn) including the temporary expenses for the transformation of R&D structure (approx. -1.5bn) in spite of increase in product gross profit (+0.7bn) as a result of improvement in product mix and resulting margin expansion.

1. R&D cost connected to NRE revenue is recorded as an expense. Accordingly, NRE does not fully contribute to an increase in operating income for a particular period.
2. FX impact is an increase or decrease from the previous year or quarter caused by change in USD/JPY exchange rate. The FX impact is excluded from the other factors shown in the operating income analysis.
For the balance sheet, total assets were 178.0 billion yen, a decrease of 16.0 billion yen. Total liabilities were 54.3 billion yen, a decrease of 29.8 billion yen, and total net assets were 123.7 billion yen, an increase of 13.8 billion yen, from the end of the previous fiscal year, respectively.

The decrease in total assets is due mainly to a decrease in inventories of wafers procured in advance by customer request and related receivables as a result of product sales for the customer. The decrease in total liabilities is due to the same factor.

Cash on-hand and in banks increased by 2.3 billion yen because of increase of profit despite the tax and dividend payments.

Inventories from the upfront procurement of wafers were peaked out between 3Q and 4Q of FY23/3 and started to return to regular inventory levels through FY24/3.

While regular inventory level did not change a lot, regular inventory turnover months increased a little due to lower level of product revenue for the upcoming 3Q in FY24/3. Regular inventory turnover months started to decrease toward approximately 3 months.
This slide explains about Capital expenditures and Cash flow.

In the second quarter in FY24/3, capex for reticle and IP has increased because of new opportunities in advanced technology products. The level of depreciation & amortization would increase as the capex increases with our business growth.

Significant positive Operating CF was recorded due to collection of the account receivables which increased in the first quarter of FY24/3 and the decrease of inventory. Therefore, free cash flow in the second quarter in FY24/3 was positive in spite of the increase of capex.
This slide shows the breakdown of historical net sales and NRE revenue by application from FY18/3.

In the first half of FY24/3, the proportion of Data Center & Networking including net sales related to Special Demand increased while net sales for Automotive and Smart devices increased as well.

NRE revenue for Automotive performed well and expanded its proportion in NRE revenue.
This is the breakdown by geography. Both net sales and NRE revenue have shifted from Japan to overseas regions such as the United States and China.

In the first half of FY24/3, the proportion of China including net sales related to Special Demand increased.

Although the proportion of United States decreased to 9% in the first quarter of FY24/3, it has returned to 15% in the second quarter, the same level as the previous fiscal year.
This is the breakdown by process node.

Both net sales and NRE revenue have shifted to advanced technologies (5-7nm). The proportion of advanced technologies reached to 62% in NRE revenue.
Today we have announced a revision to our full-year performance outlook at the beginning of the year, as well as a stock split of 5 shares for every 1 common stock.

Our current outlook for this fiscal year is 214 billion yen for net sales, an increase of 11.0% compared to the previous fiscal year (+14bn compared with initial forecast). Operating profit is estimated to be 29 billion yen, which is a 33.6% increase from the previous fiscal year (+6.5bn compared with initial forecast). Profit is estimated to be 22.5 billion yen, which is a 13.8% increase from the previous fiscal year (+5.0bn compared with initial forecast). The projected earnings per share for this fiscal year will be 639.52 yen, and the dividend per share will be 230 yen, which is 20 yen more than the initial plan at the beginning of this fiscal year. An interim dividend of 115 yen per share will be given to shareholders.

A year-end dividend per share is expected to be 23 yen after considering a five-for-one stock split of common stock, or 115 yen without considering the stock split.

The exchange rate assumption for the second half of this fiscal year is 125 yen per dollar.

The sensitivity to exchange rate fluctuations is estimated to be approximately 1.3 billion yen in annual sales for every 1 yen change against the dollar. However, for the second half alone, it is expected to be around 1.2 billion yen. The sensitivity to exchange rate fluctuations in operating profit remains unchanged at about 350 million yen.
This slide shows factors behind the revision to the earning forecast.

Gross profit from product revenue slightly increased because improvement in cost of goods manufactured rate offset the impact of decrease in product revenue due to lower-than-expected special demand and weakening Chinese and consumer market.

NRE revenue and R&D/SG&A Expenses is anticipated to remain the same level as expected. With the depreciation of Japanese yen, operating income is expected to be 29 billion yen (+6.5 billion yen compared with initial forecast).
### Background of Market Trend / Revised Earnings Forecast and Forecast after FY25/3

#### FY24/3 forecast

- **Product revenue**
  - **Market**
    - Increase in automotive, DC/Networks, and Industrials
    - Decrease in MFP, Consumer product due to inventory adjustment
    - Special demand (revenue contribute: JPY 15bn for FY24/3, JPY 4bn for FY23/3), which is concentrated in 1H
    - 1H revenue is expected to be larger than 2H
  - **Geography**
    - China: Increase in DC/Networking
    - US: Slightly increase including Consumer products
    - Japan: Decrease in consumer market, Increase in automotive etc.
  - **NRE revenue**
    - Steady increase due to well acquired Design win
  - **Operating Income**
    - Product Gross margin rate Improvement: owing to decrease in the expense for front-loading procurement etc.
    - Increase in R&D and SG&A: Development for state of the arts technologies, increase of depreciation, investment for IT, overseas selling expense, labor cost for reinforcing talented engineers
    - Restructuring expense recorded in 1H
  - **FX**
    - Assumption in 2H FX: 1USD=125JPY
    - FX sensitivity in sales: Approx. JPY 1.3bn in FY24/3 annual, approx. 1.2bn in FY24/3 2H
    - FX sensitivity in Operating Profit: JPY approx. 0.35bn

#### After FY25/3 forecast

- **Product revenue**
  - While new mass production launches will continue to serve as the basis for growth, there is a possibility that new mass production will be offset by the end of special demand, which might limit the growth.
  - **New mass production launch**
    - Based on the acquired design win (worth 200 billion JPY) from FY20/3 to FY23/3 and the current strong situation, expecting stable sales growth through new mass production launches.
  - **Factors to be offset**
    - For 5G network products, which have been driving the growth, Special Demand ended in the first half of FY24/3, returning to the baseline in FY25/3, and may decline faster than expected from FY26/3 onward.
    - Chinese market & consumer market are being weak
  - **Automotive business**
    - While current design win for automotive is well, takes time for start of mass production and revenue contribution
    - Excluding the impact of FX, we expect a period of relatively flat or slight decrease in the next two years

#### FY25/3-FY26/3

- **Product revenue**
  - Expecting a return to high growth against a background of strong design win acquisitions especially in the automotive market

### Market trend and Design win

<table>
<thead>
<tr>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)</td>
</tr>
<tr>
<td>Demand is strongly active for zone architecture and sensing SoCs</td>
</tr>
<tr>
<td>Design win has been piling up</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DC/Networking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand for DC networking and cloud service SoCs is in growth trend</td>
</tr>
<tr>
<td>Acquiring new design wins in the US remains a challenge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Smart Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand for action cameras and new technology is still strong</td>
</tr>
<tr>
<td>Opportunities with advanced customers are increasing in computer vision and AR markets etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial &amp; Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunities are increasing for large-scale SoCs for FA and measurement equipment, as well as for custom SoCs using RF-CMOS technologies</td>
</tr>
</tbody>
</table>

This slide shows market trend related to the acquisition of design win, background of revised earnings forecast and forecast in and after FY25/3.
Net sales grew over the baseline estimated at the time of listing due to Special demand, more mass production revenue in some projects than the initial forecast and the effect of foreign exchange rate.

Operating income margins estimated to be 13.6%, getting closer to our mid-term target of low-to-mid teen.
Keeping high level revenue, net sales will possibly be flat due to the end of special demand and weakening Chinese and consumer market, followed by growth acceleration driven by mass production in automotive-related business, etc.

- Actual net sales swelled due to the special demand and other upward deviation
- Without these temporary factors, net sales are expected to grow steadily with continuous mass production from design win balance

This slide shows net sales forecast and growth trend.

Net sales in FY23/3 and in FY24/3 so far, has grown over the baseline estimated at the time of listing due to Special Demand, more mass production revenue in some projects than the initial forecast and the effect of foreign exchange rate. Mid-term plan is being achieved ahead of the schedule.

Increase of net sales due to new mass production is expected in FY25/3 and FY26/3 given strong acquisition of design win. However, this increase may be offset due to the end of special demand and weakening Chinese and consumer market. Therefore, net sales excluding the impact of foreign exchange will possibly be flat or decrease slightly. After that, net sales is expected to return to high growth trend mainly due to strong acquisition of design win for automotive.
Topics/ Recent Development

- Constant reconsideration of R&D structure to strengthen design and development capabilities
  - “Socionext Strengthens Design and Development Capabilities with New Office in Bangalore, India” (announced on 2023/8/10)
  - Reorganizes global design and development resources

- “Socionext Announces Collaboration with Arm and TSMC on 2nm Multi-Core Leading CPU Chiplet Development” (announced on 2023/10/18)

- “Socionext Begins Development of SoCs for Advanced ADAS and AD Using 3nm Automotive Process” (announced on 2023/10/23)

- Plans five-for-one stock split of common stock owned by shareholders listed or recorded in the final shareholder register as of December 31, 2023 (announced on 2023/10/31)
Appendix:

Overview
- Consolidated Financial Statements
- Breakdown of Net Sales (Quarterly)
- Detail of Design Win
- Growth Strategy
- Company Overview and others
<table>
<thead>
<tr>
<th>(Yen in billions)</th>
<th>FY21/3</th>
<th>FY22/3</th>
<th>FY23/3</th>
<th>FY24/3 1H</th>
<th>FY24/3E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>99.7</td>
<td>117.0</td>
<td>192.8</td>
<td>117.0</td>
<td>214.0</td>
</tr>
<tr>
<td>% YoY</td>
<td>-4%</td>
<td>+17%</td>
<td>+65%</td>
<td>+41.3%</td>
<td>+11.0%</td>
</tr>
<tr>
<td><strong>Product Revenue</strong></td>
<td>72.1</td>
<td>84.6</td>
<td>156.8</td>
<td>101.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>NRE Revenue</strong></td>
<td>22.0</td>
<td>28.1</td>
<td>34.9</td>
<td>15.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
<td>3.6</td>
<td>4.3</td>
<td>1.1</td>
<td>0.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cost of Goods Sold</strong></td>
<td>(41.2)</td>
<td>(49.8)</td>
<td>(103.9)</td>
<td>(62.7)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>56.5</td>
<td>67.3</td>
<td>88.8</td>
<td>54.3</td>
<td>-</td>
</tr>
<tr>
<td>% Margin</td>
<td>56.7%</td>
<td>57.5%</td>
<td>46.1%</td>
<td>46.4%</td>
<td>-</td>
</tr>
<tr>
<td><strong>R&amp;D</strong></td>
<td>(39.2)</td>
<td>(43.2)</td>
<td>(49.3)</td>
<td>(24.6)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Selling, General and Administrative Expenses (excl. R&amp;D)</strong></td>
<td>(15.8)</td>
<td>(15.6)</td>
<td>(17.8)</td>
<td>(11.0)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>1.6</td>
<td>8.5</td>
<td>21.7</td>
<td>18.7</td>
<td>29.0</td>
</tr>
<tr>
<td>% Margin</td>
<td>1.6%</td>
<td>7.2%</td>
<td>11.3%</td>
<td>16.0%</td>
<td>13.6%</td>
</tr>
<tr>
<td><strong>Non-Operating Income</strong></td>
<td>0.4</td>
<td>0.6</td>
<td>1.8</td>
<td>1.8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit before Income Taxes</strong></td>
<td>2.0</td>
<td>9.1</td>
<td>23.4</td>
<td>20.4</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td>(0.5)</td>
<td>(1.6)</td>
<td>(3.7)</td>
<td>(5.2)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>1.5</td>
<td>7.5</td>
<td>19.8</td>
<td>15.3</td>
<td>22.5</td>
</tr>
<tr>
<td>% Margin</td>
<td>1.5%</td>
<td>6.4%</td>
<td>10.3%</td>
<td>12.1%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
### Consolidated Balance Sheets

(Yen in billion)  

<table>
<thead>
<tr>
<th>Assets</th>
<th>FY21/3</th>
<th>FY22/3</th>
<th>FY23/3</th>
<th>FY24/3 1H</th>
<th>FY21/3</th>
<th>FY22/3</th>
<th>FY23/3</th>
<th>FY24/3 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on-hand and in banks</td>
<td>42.7</td>
<td>46.3</td>
<td>45.1</td>
<td>47.5</td>
<td>Accounts Payable-trade</td>
<td>12.0</td>
<td>16.6</td>
<td>23.4</td>
</tr>
<tr>
<td>Accounts receivable-trade, net</td>
<td>28.6</td>
<td>25.1</td>
<td>40.8</td>
<td>37.0</td>
<td>Accrued Expenses</td>
<td>7.4</td>
<td>6.9</td>
<td>30.3</td>
</tr>
<tr>
<td>Inventories¹</td>
<td>6.7</td>
<td>16.4</td>
<td>47.7</td>
<td>39.2</td>
<td>Others</td>
<td>1.9</td>
<td>3.9</td>
<td>28.6</td>
</tr>
<tr>
<td>Others</td>
<td>2.6</td>
<td>2.9</td>
<td>22.4</td>
<td>13.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>80.6</td>
<td>90.6</td>
<td>156.1</td>
<td>137.1</td>
<td><strong>Total Current Liabilities</strong></td>
<td>21.3</td>
<td>27.4</td>
<td>82.3</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>8.9</td>
<td>11.6</td>
<td>17.2</td>
<td>19.7</td>
<td><strong>Total Non-current Liabilities</strong></td>
<td>1.3</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Reticle</td>
<td>3.7</td>
<td>4.7</td>
<td>5.6</td>
<td>7.3</td>
<td><strong>Total Liabilities</strong></td>
<td>22.6</td>
<td>28.8</td>
<td>84.1</td>
</tr>
<tr>
<td>Others PP&amp;E</td>
<td>5.2</td>
<td>6.9</td>
<td>11.6</td>
<td>12.4</td>
<td>Common Stock</td>
<td>30.2</td>
<td>30.2</td>
<td>30.2</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>11.6</td>
<td>12.2</td>
<td>13.0</td>
<td>15.0</td>
<td>Capital Surplus</td>
<td>30.2</td>
<td>30.2</td>
<td>30.2</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>2.3</td>
<td>3.1</td>
<td>6.9</td>
<td>5.4</td>
<td>Retained Earnings</td>
<td>21.4</td>
<td>28.9</td>
<td>48.6</td>
</tr>
<tr>
<td>Others</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>Others</td>
<td>0.3</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total Non-current Assets</strong></td>
<td>23.7</td>
<td>27.8</td>
<td>37.9</td>
<td>40.9</td>
<td><strong>Total Equity</strong></td>
<td>81.7</td>
<td>89.6</td>
<td>109.9</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>104.2</td>
<td>118.4</td>
<td>193.9</td>
<td>178.0</td>
<td><strong>Total Liabilities and Equity</strong></td>
<td>104.2</td>
<td>118.4</td>
<td>193.9</td>
</tr>
</tbody>
</table>

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)

### Strong Balance Sheet

- **Cash on-hand and in banks**: ¥47.5bn (FY24/3 1H)
- **Debt**: No Debt (FY24/3 1H)
- **Equity Ratio**: 70% (FY24/3 1H)
Breakdown by Application Market (Quarterly Ratios)

Net Sales

<table>
<thead>
<tr>
<th>FY22/3 1Q</th>
<th>FY22/3 2Q</th>
<th>FY22/3 3Q</th>
<th>FY22/3 4Q</th>
<th>FY23/3 1Q</th>
<th>FY23/3 2Q</th>
<th>FY23/3 3Q</th>
<th>FY23/3 4Q</th>
<th>FY24/3 1Q</th>
<th>FY24/3 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart Devices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Center &amp; Networking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial &amp; Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NRE Revenue

<table>
<thead>
<tr>
<th>FY22/3 1Q</th>
<th>FY22/3 2Q</th>
<th>FY22/3 3Q</th>
<th>FY22/3 4Q</th>
<th>FY23/3 1Q</th>
<th>FY23/3 2Q</th>
<th>FY23/3 3Q</th>
<th>FY23/3 4Q</th>
<th>FY24/3 1Q</th>
<th>FY24/3 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smart Devices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Center &amp; Networking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial &amp; Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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)

#### Net Sales

<table>
<thead>
<tr>
<th>Region</th>
<th>FY22/3 1Q</th>
<th>FY22/3 2Q</th>
<th>FY22/3 3Q</th>
<th>FY22/3 4Q</th>
<th>FY23/3 1Q</th>
<th>FY23/3 2Q</th>
<th>FY23/3 3Q</th>
<th>FY23/3 4Q</th>
<th>FY24/3 1Q</th>
<th>FY24/3 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>China</td>
<td>55%</td>
<td>49%</td>
<td>51%</td>
<td>55%</td>
<td>48%</td>
<td>48%</td>
<td>43%</td>
<td>40%</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>Japan</td>
<td>13%</td>
<td>21%</td>
<td>21%</td>
<td>15%</td>
<td>15%</td>
<td>18%</td>
<td>10%</td>
<td>9%</td>
<td>15%</td>
<td>16%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

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.

#### NRE Revenue

<table>
<thead>
<tr>
<th>Region</th>
<th>FY22/3 1Q</th>
<th>FY22/3 2Q</th>
<th>FY22/3 3Q</th>
<th>FY22/3 4Q</th>
<th>FY23/3 1Q</th>
<th>FY23/3 2Q</th>
<th>FY23/3 3Q</th>
<th>FY23/3 4Q</th>
<th>FY24/3 1Q</th>
<th>FY24/3 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>China</td>
<td>37%</td>
<td>22%</td>
<td>23%</td>
<td>22%</td>
<td>26%</td>
<td>28%</td>
<td>26%</td>
<td>28%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Japan</td>
<td>26%</td>
<td>22%</td>
<td>22%</td>
<td>22%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Others</td>
<td>5%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

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)

Net Sales¹

<table>
<thead>
<tr>
<th>5-7nm</th>
<th>10-16nm</th>
<th>20-28nm</th>
<th>40nm &amp; above / Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY23/3 1Q</td>
<td>46%</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>FY23/3 2Q</td>
<td>44%</td>
<td>44%</td>
<td>41%</td>
</tr>
<tr>
<td>FY23/3 3Q</td>
<td>41%</td>
<td>41%</td>
<td>37%</td>
</tr>
<tr>
<td>FY23/3 4Q</td>
<td>38%</td>
<td>40%</td>
<td>35%</td>
</tr>
</tbody>
</table>

NRE Revenue¹

<table>
<thead>
<tr>
<th>5-7nm</th>
<th>10-16nm</th>
<th>20-28nm</th>
<th>40nm &amp; above / Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY23/3 1Q</td>
<td>8%</td>
<td>11%</td>
<td>27%</td>
</tr>
<tr>
<td>FY23/3 2Q</td>
<td>11%</td>
<td>24%</td>
<td>21%</td>
</tr>
<tr>
<td>FY23/3 3Q</td>
<td>15%</td>
<td>12%</td>
<td>23%</td>
</tr>
<tr>
<td>FY23/3 4Q</td>
<td>25%</td>
<td>14%</td>
<td>11%</td>
</tr>
</tbody>
</table>

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.
Design Win Balance

“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. “Design win amount” for FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for more than 15% and 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY18/3, FY19/3, FY20/3, and FY21/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective “design win” amounts for such years after taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, 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.

End of Year N-1

Revenue

Year N

Additional Design Win “Amount”

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

Additional Design Win “Amount”

“Design Win Balance”

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

“Design Win Amount”

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

“Design Win Balance” (As of March 31, 2023)

Approx. JPY 1 trillion

Ratio of Primary Areas

Image of Change in “Design Win Balance”

Revenue recognition

Cancellation

Additional Design Win “Amount”

“Design Win Balance”

“Design Win Amount”

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

Product Revenue

NRE Revenue

Year N

Nature of Material

For illustrative purposes only.

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

Image of Change in “Design Win Balance”

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

Revenue recognition

Cancellation

Review and update estimates of design and development costs and other factors.

Review and update estimates of product volumes and unit price for mass production stage and other factors.

Product Revenue

NRE Revenue

Year N

Nature of Material

For illustrative purposes only.
"Design Win Amount" has approximately doubled throughout our transformation since 2018.
Stepping up to the next "Design Win Amount" level in FY23/3 with approximately 250 billion yen.

Approx. 100 billion yen
FY18/3
FY19/3
FY20/3
FY21/3
Approx. 200 billion yen
FY22/3
FY23/3

Approx. 250 billion yen

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 area reflected in the "design win amount" for FY21/3 and FY22/3 suffered from subsequent cancellations that amounted to more than 15% and 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY18/3, FY19/3, FY20/3, and FY21/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective "design win" amounts for such years after taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, 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 six 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 are believed 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 revenue realization, 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 in terms of describing general trends over extended periods. Refer to page 5.

29
The ratio of large-scale Design Wins has been rising. We expect a significant portion of future product shipments will be attributable to large-scale Design Wins, which generally contribute to improve our business efficiency.

- Size: ≥¥30bn
- Size: ≥¥10bn, <¥30bn
- Size: <¥10bn

### "Design Win Amount" (LTR) acquired in each fiscal year

<table>
<thead>
<tr>
<th>Year</th>
<th>Size</th>
<th>Number of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18/3</td>
<td>≥¥30bn</td>
<td>3</td>
</tr>
<tr>
<td>FY19/3</td>
<td>≥¥10bn, &lt;¥30bn</td>
<td>2</td>
</tr>
<tr>
<td>FY20/3</td>
<td>&lt;¥10bn</td>
<td>2</td>
</tr>
<tr>
<td>FY21/3</td>
<td>Approx. 100 billion yen</td>
<td>8</td>
</tr>
<tr>
<td>FY22/3</td>
<td>Approx. 200 billion yen</td>
<td>5</td>
</tr>
<tr>
<td>FY23/3</td>
<td>Approx. 250 billion yen</td>
<td>4</td>
</tr>
</tbody>
</table>

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 FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for more than 15% and 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY18/3, FY19/3, FY20/3 and FY21/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and the retrospective “design win” amounts for such years after taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, 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 six periods set forth in the above graph.

1. The life-time revenue (or LTR) for 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, and due to various factors such as subsequent cancellations, changes in the development process and costs, actual re-estimations, 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 when describing general trends over extended periods. Refer to page 3.
Design Win Balance increased from March 2022 with acquisition of new design wins and increase of amount for products currently in production stage

Approximately 60% of current Design Win Balance expected to be turned into net sales in FY25/3 to FY28/3

Design Win Balance (Approx.) FY2022/3 - FY2023/3

Main factors in changes (approximate figures)

1. New design wins: +250 billion yen
   - Automotive: approx. 40%
   - US: approx. 40%

2. Changes in balance from existing design wins: +60 billion yen
   - Increase sales FY22/3: 20 billion
   - Increase in and after FY24/3: 40 billion

3. Sales recognition: -150 billion yen
   - Increase due to securing production quota for FY23/3

Design Win Balance: Breakdown of Changes

- Design Win Balance represents our estimates of remaining accumulated “design win amount” that is associated with projects that are active as of a particular date. “Design win balance” thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, which could either increase or decrease “design win balance” and (2) any subsequent cancellation of projects. For example, certain projects in our primary areas reflected in the “design win amount” for FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for more than 15% and 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY21/3, FY22/3, and FY23/3 were more than offset by the effects of increase in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective “design win” amounts for such years after taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, 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.

Design Win Balance as of June 2022 was 880 billion yen.
Design wins for projects based on advanced technologies, especially in the automotive market, from global leading customers. Our total Design Win Balance reached approximately 1 trillion yen as of March 31, 2023 (excl. special demand). Our substantial presence encourages us to acquire new design wins by leveraging the experience of our development process.

**Automotive**

<table>
<thead>
<tr>
<th>Application</th>
<th>nm</th>
<th>Customer³</th>
</tr>
</thead>
<tbody>
<tr>
<td>HP Computing AD/ADAS</td>
<td>3-7nm</td>
<td>Global OEMs, Tier-1 Suppliers/ Emerging companies</td>
</tr>
<tr>
<td>Li/DAR Camera radar HMI</td>
<td>7-22nm</td>
<td></td>
</tr>
</tbody>
</table>

**Data Center & Networking**

<table>
<thead>
<tr>
<th>Application</th>
<th>nm</th>
<th>Customer²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Centers</td>
<td>5-12nm</td>
<td>Global Major Telecom Equipment Players</td>
</tr>
<tr>
<td>5G Base Station CU/DU/RU</td>
<td>7-12nm</td>
<td></td>
</tr>
</tbody>
</table>

**Smart Devices**

<table>
<thead>
<tr>
<th>Application</th>
<th>nm</th>
<th>Customer²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camera ISP Technology</td>
<td>5-12nm</td>
<td>Major Players</td>
</tr>
</tbody>
</table>

**Industrial & Others**

<table>
<thead>
<tr>
<th>Application</th>
<th>nm</th>
<th>Customer²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial automation IoT &amp; Radar devices</td>
<td>5-28nm</td>
<td></td>
</tr>
<tr>
<td>Printer Measurement equipment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**“Design win balance” (LTR) as of June 30, 2022 & March 31, 2023 (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 our primary area reflected in the “design win amount” for FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for more than 15% and 20%, respectively, of the relevant “design win amount” shown in the graph above. However, the “design win amount” corresponding to subsequent project cancellations for FY19/3, FY20/3, and FY21/3 was 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 if taking these subsequent effects into consideration would show a modest increase compared to the amounts depicted above. There have been no significant subsequent cancellations regarding “design win balance” for the fiscal year ended March 31, 2023, although some may 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. Charts on this page exclude amount of “Special Demand.” Refer to page 33. Only non-Japanese customers are listed.

32
By application market:
- Reflecting the recent strong design wins in automotive market, approx. 30% of Design Win Balance is from "Automotive", 20%+ is from "Data Center & Networking", and 10%+ is from "Smart Devices"
- Growth in demand for advanced SoCs in the industrial equipment has resulted in "Industrial & Others" accounting for approx. 30%

By geographic region:
- Japan continues to account for about one third, but share of US and China increased to about 20% and about one quarter respectively / Europe accounts for about 10%
- Sales from DC&NW and Automotive businesses in China will grow faster than Automotive in US / Share of China continues to expand for now
- In the mid-term, well-balanced sales growth is expected, in line with the composition of Design Win Balance

Charts on this page excludes amount of "Special Demands"
"Geographic region" is calculated based on the regional companies of Socionext.
## Roadmap to OP Margin Target

- Increase product revenue through accumulated design wins
- Improve profitability with product revenue increase and operating leverage

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Impact on OP Margin</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase in product revenue</td>
<td>Decline in GP Margin</td>
<td>In line with expectation along with product revenue increase</td>
</tr>
<tr>
<td>2. Increase in product revenue ratio&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Improvement in R&amp;D / Net Sales Ratio</td>
<td>Ratio is steadily getting lower, still room for improvement</td>
</tr>
<tr>
<td>3. GP margin decreases due to decline in proportion of NRE revenue, but amount of GP will increase</td>
<td>Improvement in SG&amp;A / Net Sales Ratio</td>
<td>Improving over expectation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OP Margin (FY22/3)</th>
<th>OP Margin (Mid-Term target)&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2%</td>
<td>Low-to-Mid teen%</td>
</tr>
</tbody>
</table>

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

<sup>2</sup> For the mid-term financial targets, please see page 19.
Further Growth through "Phase 2 Transformation"

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

### "Phase 1 Transformation"

More design wins by "outside-in change"

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

### Further Growth and Development through "Phase 2 Transformation"

- Build competitive R&D structure / active investment
- Strengthen ties to SoC ecosystem
- Maintain high level of design win amount

### Mid-Term Financial Targets

<table>
<thead>
<tr>
<th>FY21/3</th>
<th>FY22/3</th>
<th>Mid-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>99.7 billion yen</td>
<td>117.0 billion yen</td>
</tr>
<tr>
<td>OP Margin</td>
<td>1.6%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY23/3 Estimate</th>
<th>FY24/3 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>102.8 billion yen</td>
<td>214.0 billion yen</td>
</tr>
</tbody>
</table>

High growth will turn visible
Toward Future Growth

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

**Market Trend**

- Increase in demand for “Solution SoC” to continue
  - Entering the era of “More Than Moore”, new services and applications continue to emerge

**R&D**

- Strengthen “Solution SoC” design platform
  - Investment in leading technologies
  - Enhance R&D efficiency and technology capability
  - 2nm process node, 2.5D/3D, Chiplets and AI for SoC design

**Growth Strategy**

- **AD/ADAS**
  - Continue to leverage the competitive strength of the Solution SoC business model

- **DC/HPC/5G**
  - Strengthen investment and offer broader range of products

- **Smart Device**
  - Enhance capabilities in advanced and low power technologies in innovative markets

- **Industrial and Others**
  - Leverage “Solution SoC” business model for industrial market and provide custom SoC with advanced process nodes or RF-CMOS technologies

**Transformation of R&D Structure**

- Build the 3-tiered R&D structure, and integrate R&D structure globally
  - Leading Global R&D Team - Project Management - R&D Resources
  - Establish global business R&D operation
  - Strengthens design and development capabilities in India

**Continue to Acquire New Design Wins**
Strengthen R&D and Investment in Leading Technologies

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

**Design trends**
- Common complexity to achieve optimal PPA
- Common concepts across major markets
- Software-Defined SoC as part of a software-oriented system

**What Socionext can do**
- Move to platform-based design, based on a computer architecture
- Keep up with technology evolution while maintaining the existing assets of each functional layers.
  - Build standard and optimized R&D flow with platform-based approach
  - Improve development efficiency and profitability

**Socionext’s initiatives**
- Build solid development platform including software
- Closer partnership with SoC ecosystem (EDA, IP and other suppliers)
- Actively invest in leading technologies (2nm & beyond, chiplet (die-to-die interconnect, 2.5D/3D packaging), AI for design, IP, etc)
  - Strengthen ties to SoC ecosystem and drive global innovation
Rebuilding global R&D structure in line with the change of primary business areas and the business model
Reinforcing flexible and scalable “Solution SoC” development platform

Transformation of R&D Structure

- Consolidation of BUs led to shift of business areas from TV, and Cameras to Automotive, Data Center & Networking and Smart Devices
- Building a global and competitive R&D structure in line with new and distinctive business model for future growth

Measures:
- Acquiring talented engineers globally and build-up a strong R&D team
- Increase engineers for advanced development
- Reinforce PM in line with the status of global design wins
- Reinforce resources including outsourcing to non-Japan-based design companies (ex. Open new office in India)
Socionext has developed a new and distinctive “Solution SoC” business model to provide optimal custom SoCs to customers who need advanced and innovative chips.

Company Overview

Business Description
- **Fabless**
- **ASSP/ASIC**
- **Solution SoC**

Key Financials FY23/3

- **Net Sales** 192.8 billion yen
- **Net Sales Growth (YoY)** 64.7%
- **OP Margin** 11.3%

Business Overview (Ratio is NRE revenue breakdown for FY23/3)

- **Business model**
  - **Solution SoC** (Optimal Custom SoC)

- **Primary Areas**
  - “Automotive”
  - “Data Center & Networking”
  - “Smart Devices”

- **Process Node**
  - 5-7nm
  - 10-16nm

~Socionext’s Positioning in Semiconductor Market~

- **Three business models**
  - **Traditional ASIC**
  - **Solution SoC**
  - **ASIC designed by ASSP vendor**

Market Size $24bn\textsuperscript{4} in 2022

1. Number 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 - 4Q22”. All market sizes are calculated in terms of USD-based revenue.
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)

ASSPs (Application Specific Standard Product) are integrated circuits for a specific function generally needed in a certain application/domain. Since ASSPs are not designed for a specific customer, they can be components for multiple customers in certain application markets.

Custom SoCs are integrated circuits that are equipped with functions designed for a specific customer. Custom SoCs are optimally designed in accordance with customers’ request.

Socionext mainly operates within this market.
Socionext provides cutting-edge custom chips for innovative customers.
"Design Win Amount\(^1\)" represents an 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.

- 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\(^2\).
- A foreign exchange assumption of 1USD=100JPY has been used.

---

**Illustrative Timeline from Design Win to Mass Production**

<table>
<thead>
<tr>
<th>&quot;Design Win Amount&quot;</th>
<th>Year0</th>
<th>Year1</th>
<th>Year2</th>
<th>Year3</th>
<th>Year4</th>
<th>Year5</th>
<th>Year6</th>
<th>Year7–</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of Design Win</td>
<td></td>
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<tr>
<td>Design &amp; Development</td>
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<tr>
<td>Mass Production</td>
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<td></td>
</tr>
<tr>
<td>NRE Revenue</td>
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<td></td>
</tr>
<tr>
<td>Limited contribution to Operating Income</td>
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<tr>
<td>Product Revenue</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Main source of Operating Income</td>
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<tr>
<td>Revenue</td>
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<tr>
<td>Cost</td>
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<td></td>
</tr>
<tr>
<td>R&amp;D</td>
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<tr>
<td>COGS</td>
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</tr>
</tbody>
</table>

1. Refer to page 3.
2. For illustrative purposes only. The actual timeline of product development to mass production may differ materially based on the project and actual customer demand.
The primary difference between "traditional ASIC" and "Solution SoC" is how to interface with customers.

The primary difference between "Solution SoC" and "ASIC designed by ASSP vendors" 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 and Features for Solution SoCs

- Through our Solution SoC business model, we design optimal custom SoCs in collaboration with our customers while drawing on the optimal IP, design methodology and OSS from across the semiconductor ecosystem.

## Competitive advantages of solution SoCs

<table>
<thead>
<tr>
<th>Compared to Traditional ASIC¹</th>
<th>Compared to ASIC designed by ASSP vendors¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Available for companies with limited in-house resources</td>
<td>- 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)</td>
</tr>
<tr>
<td>- Valuable support of software development in early stages and upstream design</td>
<td></td>
</tr>
</tbody>
</table>

### 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 a wide range of applications
   - Entire design capability in advanced technology areas

3. **Scale**
   - Abundant engineering resources 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
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.”

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Primary Applications</th>
<th>Expansion of Overseas Business</th>
<th>Technology</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Past</strong></td>
<td>Focus on ASSP and ASIC</td>
<td>Mainly Domestic Focus</td>
<td>Follower</td>
<td>Hierarchical Organization</td>
</tr>
<tr>
<td>2018</td>
<td>DTV, Blu-ray/DVD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Present</strong></td>
<td>Focus on Solution SoC</td>
<td>Global Market</td>
<td>Leader (3nm, 5nm, 7nm)</td>
<td>Quick Decision-Making with a Flat Team Structure</td>
</tr>
<tr>
<td></td>
<td>Automotive, Data Center &amp; Networking, Smart Devices, Industrial</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Shift in NRE revenue composition illustrates the steady progress of our business transformation.

**Advanced Process Nodes (NRE Revenue)**

- **FY18/3**: 1% 28%
- **FY21/3**: 28% 40%
- **FY22/3**: 30% 43%
- **FY23/3**: 19% 59%

**Revenue from Outside Japan (NRE Revenue)**

- **FY18/3**: 29%
- **FY21/3**: 64%
- **FY22/3**: 69%
- **FY23/3**: 74%
Positioning of Socionext in Semiconductor Market

With the exception of Apple, Socionext has the 2nd largest market share of 10% within the Custom SoC(ASIC)¹ market, where some players can design 7nm/5nm SoCs.

### Custom SoC(ASIC)¹ Market Share² (2022)

- **Market Size**: $12 billion
- **Market Share**:
  - Apple: 49%
  - Others: 34%
  - Marvell: 7%

### ASSP¹ Market Share² (2022)

- **Market Size**: $121 billion
- **Market CAGR³ (2021-2025E)**: 5.0%
- **Market Share**:
  - Others: 28%
  - Marvell: 9%
  - Intel: 17%
  - Nvidia: 11%

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.

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¹ We define “ASSP” as the “Logic ASSP” segment based on Omdia “Application Market Forecast Tool-3Q 2023” classification and “Custom SoC(ASIC)” as “Logic ASIC” based on Omdia “Application Market Forecast Tool-3Q 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-4Q22”. 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-3Q 2023”. Market CAGR(2021-2025E) is calculated figure of 2025E / figure of 2021(1/4) - 1.
## Demand for Custom SoC(ASIC) Exceeding Demand for ASSP

The custom SoC(ASIC) market is expected to grow at 8.8% CAGR(2021-2025E)\(^1,2\), faster than the total semiconductor & ASSP markets.

### Market Growth\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Market CAGR(^1) (2017-2021)</th>
<th>Market CAGR(^1) (2021-2025E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor</td>
<td>8.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>ASSP</td>
<td>11.6%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Custom SoC (ASIC)</td>
<td>6.0%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

### Background of Growing Demand for Custom (bespoke) SoCs

1. Through the evolution of technology, new services and applications emerge, and demand for Custom SoCs is expected to expand in the “More than Moore” era.
2. Dissatisfaction with ASSP due to (1) limited performance in the “More than Moore” era, where PPA no longer improves at historical rates and (2) lock-in concerns.
3. Evolving and expanding semiconductor ecosystem (Foundry, OSAT, EDA, IP vendor, OSS, etc).

---

1. Calculated by Socionext based on Omdia “Application Market Forecast Tool-3Q 2023”. Figures for the market for “logic ASICs” are used for the “Custom SoC(ASIC)”.
2. Market CAGR(2017-2021) and Market CAGR(2021-2025E) are calculated by (figure of 2021 / figure of 2017\(^1\))^\(\frac{1}{4}\) - 1 and (figure of 2025\(^E\) / figure of 2021\(^1\))^\(\frac{1}{4}\) - 1, respectively.
Total global market size of Primary Areas is expected to grow at a 14.6% CAGR, higher than that of custom SoC (ASIC).

The Automotive custom SoC (ASIC) market is expected to grow at a 11.9% CAGR.

Socionext Focused on Growing Markets

<table>
<thead>
<tr>
<th>Custom SoC</th>
<th>CAGR</th>
<th>SAM</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 (ASIC)</td>
<td></td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>27 2025E</td>
<td>+8.6%</td>
<td>+10.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSP</th>
<th>CAGR</th>
<th>SAM</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td></td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>135 2025E</td>
<td>+5.0%</td>
<td>+14.6%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Semiconductor</th>
<th>CAGR</th>
<th>SAM</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>593 2021</td>
<td>+3.4%</td>
<td>0.6</td>
<td>+11.9%</td>
</tr>
<tr>
<td>677 2025E</td>
<td></td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>

1. We have mostly acquired design wins in our Primary Areas, that is, (a) Automotive, (b) Data Center & Networking and (c) Smart Devices, although we do not focus only on these 3 areas but also seek opportunities in other growing markets such as the industrial application market.

2. CAGR is calculated by (figure of 2025E / figure of 2021)^(1/4)-1

3. SAM of Custom SoC / SAM of primary areas

4. We define “ASSP” as the “Logic ASSP” segment and “Custom SoC(ASIC)” as the “Logic ASIC” segment based on Omdia “Application Market Forecast Tool-3Q 2023” classifications.

5. Omdia’s classifications of the markets may differ in certain respects from our target market classifications. Classification are based on the company’s assessment. Omdia’s classifications may differ in certain respects from our target market classifications.


Example of Design Win in Each Application Market

- We acquired design wins for chips using advanced technology that are crucial for customers to build their applications.
- Those achievements led to repeated orders from some customers.

<table>
<thead>
<tr>
<th>E/E Architecture &amp; LiDAR (Central ECU / Zone ECU)</th>
<th>Data Center</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3/5nm</strong> (HP Computing)</td>
<td>12nm</td>
</tr>
<tr>
<td><strong>7/16/22nm</strong> (Zone Computing)</td>
<td></td>
</tr>
<tr>
<td><strong>16/22nm</strong> (LiDAR / Radar / Camera)</td>
<td></td>
</tr>
</tbody>
</table>

### Data Center
- **5nm**
  - Switch
  - Computing & Storage
  - Cloud Data Center / On-premise
  - Computing Systems (Server)
- **7nm** (Antenna / Direct RF)
- **7nm** (Baseband processing)
- **7nm** (Computing)
- **7/16/22nm** (Zone Computing)

### 5G Networking
- **7nm** (Antenna / Direct RF)
- **7nm** (Baseband processing)
- **7nm** (Computing)
- **5G Smart Devices**
- **CU**
- **DU**
- **RU**
### Performance Comparison with Competitors (Traditional ASIC Vendors)

- **We have improved net sales per employee and operating income per employee**
- **We will target further improvements in these metrics through the transformation of our R&D structure**

#### Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Socionext</th>
<th>Traditional ASIC Vendor A</th>
<th>Traditional ASIC Vendor B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>139</td>
<td>399</td>
<td>208</td>
</tr>
<tr>
<td>FY21</td>
<td>234</td>
<td>422</td>
<td>409</td>
</tr>
<tr>
<td>FY22</td>
<td>466</td>
<td>716</td>
<td>834</td>
</tr>
</tbody>
</table>

#### Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Socionext</th>
<th>Traditional ASIC Vendor A</th>
<th>Traditional ASIC Vendor B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>35</td>
<td>28</td>
<td>29</td>
</tr>
<tr>
<td>FY21</td>
<td>51</td>
<td>47</td>
<td>51</td>
</tr>
<tr>
<td>FY22</td>
<td>69</td>
<td>69</td>
<td>64</td>
</tr>
</tbody>
</table>

#### Number of Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Socionext</th>
<th>Traditional ASIC Vendor A</th>
<th>Traditional ASIC Vendor B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>564</td>
<td>548</td>
<td>489</td>
</tr>
<tr>
<td>FY21</td>
<td>642</td>
<td>654</td>
<td>626</td>
</tr>
<tr>
<td>FY22</td>
<td>858</td>
<td>717</td>
<td>717</td>
</tr>
</tbody>
</table>

---

1. Net sales, operating income and number of employees are based on data disclosed by each company. Net Sales and operating income were converted into USD using the average exchange rate for the respective fiscal years.
2. The fiscal year end for Socionext is March 31 and the fiscal year end for Traditional ASIC Vendor A&B is December 31.
3. Socionext has adopted Japan Generally Accepted Accounting Principles (“J GAAP”), and Traditional ASIC Vendor A & B have adopted International Financial Reporting Standards (“IFRS”). Accordingly, the figures shown above may not be comparable due to differences in accounting standards.