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2Q FY2024/3

Consolidated Financial Results

October 31, 2023

Socionext Inc.

Disclaimer

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

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

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

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Consolidated Financial Results for the 6 Months Ended September 30, 2023

- *Actual Consolidated Financial Results 2Q FY24/3 Results*
- *Consolidated Earnings Forecast*

2Q FY24/3 Consolidated Statements of Income

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(Yen in billions)

	FY23/3				FY24/3			
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	YoY %
Net Sales	**39.9**	**42.8**	**56.1**	**53.9**	**61.4**	**55.5**	**12.7**	**29.7%**
Product Revenue	31.0	35.3	43.9	46.5	52.9	48.5	13.2	37.5%
NRE Revenue	8.7	7.4	11.5	7.3	8.4	6.8	-0.5	-7.1%
Others	0.2	0.2	0.6	0.2	0.1	0.2	0.0	1.6%
Cost of Sales	**19.9**	**22.1**	**31.8**	**30.2**	**34.5**	**28.2**	**6.1**	**27.8%**
Selling, General and Administrative Expenses	**14.5**	**15.9**	**18.0**	**18.8**	**16.8**	**18.7**	**2.9**	**18.0%**
R&D	10.6	11.5	13.4	13.8	12.2	12.5	1.0	8.3%
SG&A (excl. R&D)	3.9	4.4	4.6	5.0	4.7	6.3	1.9	43.8%
Operating Income	**5.6**	**4.9**	**6.3**	**5.0**	**10.1**	**8.6**	**3.7**	**76.2%**
Margin	14.0%	11.4%	11.2%	9.2%	16.5%	15.4%	+4.0%pt	
Profit	**5.1**	**5.0**	**5.2**	**4.5**	**8.0**	**7.3**	**2.4**	**48.2%**
Margin	12.7%	11.6%	9.3%	8.4%	12.9%	13.2%	+1.6%pt	
FX Rate (USD/JPY)	**129.6**	**138.4**	**141.6**	**132.3**	**137.4**	**144.6**	**6.2**	

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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.

1H FY24/3 Consolidated Statements of Income

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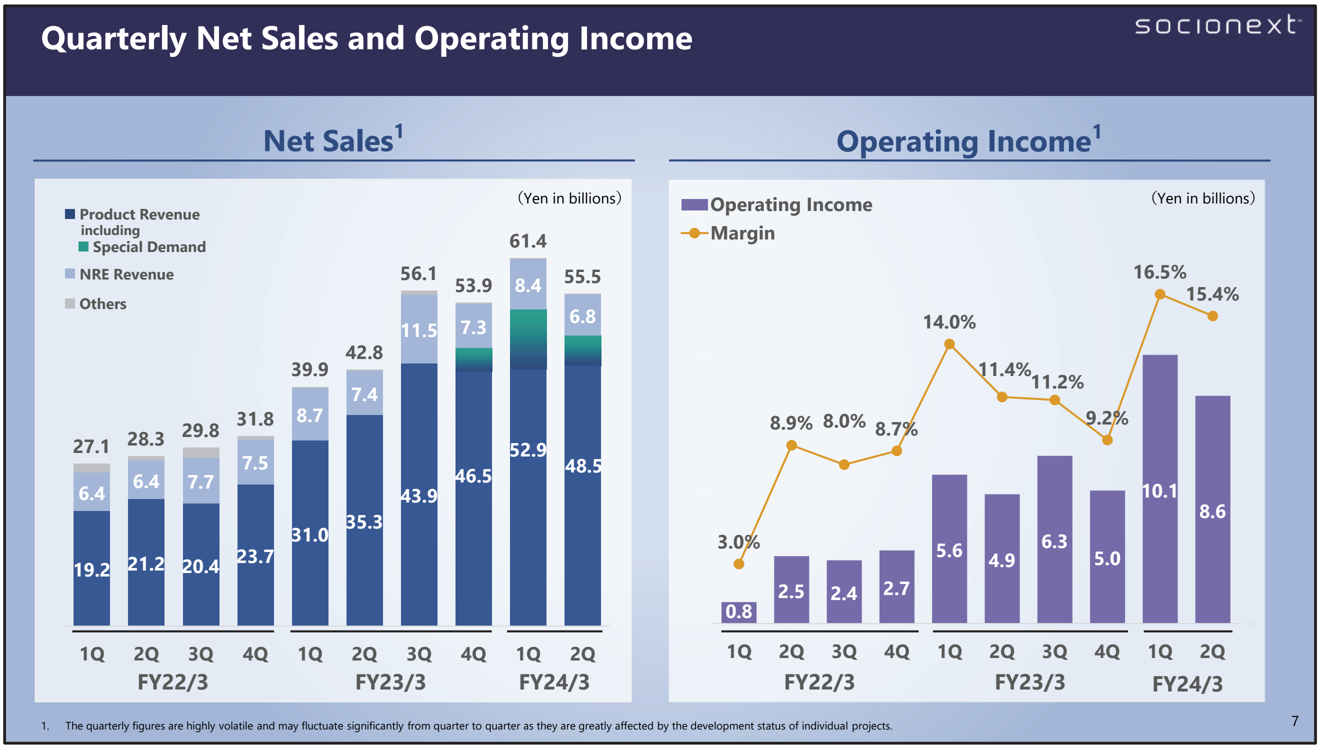
(Yen in billions)

	FY23/3 1H	FY24/3 1H	YoY	YoY %
Net Sales	**82.8**	**117.0**	**34.2**	**41.3%**
Product Revenue	66.3	101.4	35.1	52.9%
NRE Revenue	16.1	15.2	-0.9	-5.4%
Others	0.4	0.3	0.0	-5.9%
Cost of sales	**42.0**	**62.7**	**20.8**	**49.5%**
Selling, General and Administrative Expenses	**30.4**	**35.6**	**5.2**	**17.2%**
R&D	22.1	24.6	2.5	11.5%
SG&A (excl. R&D)	8.3	11.0	2.7	32.4%
Operating Income	**10.5**	**18.7**	**8.2**	**78.6%**
Margin	12.6%	16.0%	+3.4%pt	
Profit	**10.0**	**15.3**	**5.3**	**52.7%**
Margin	12.1%	13.1%	+1.0%pt	
FX Rate (USD/JPY)	**134.0**	**141.0**	**7.0**	

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.

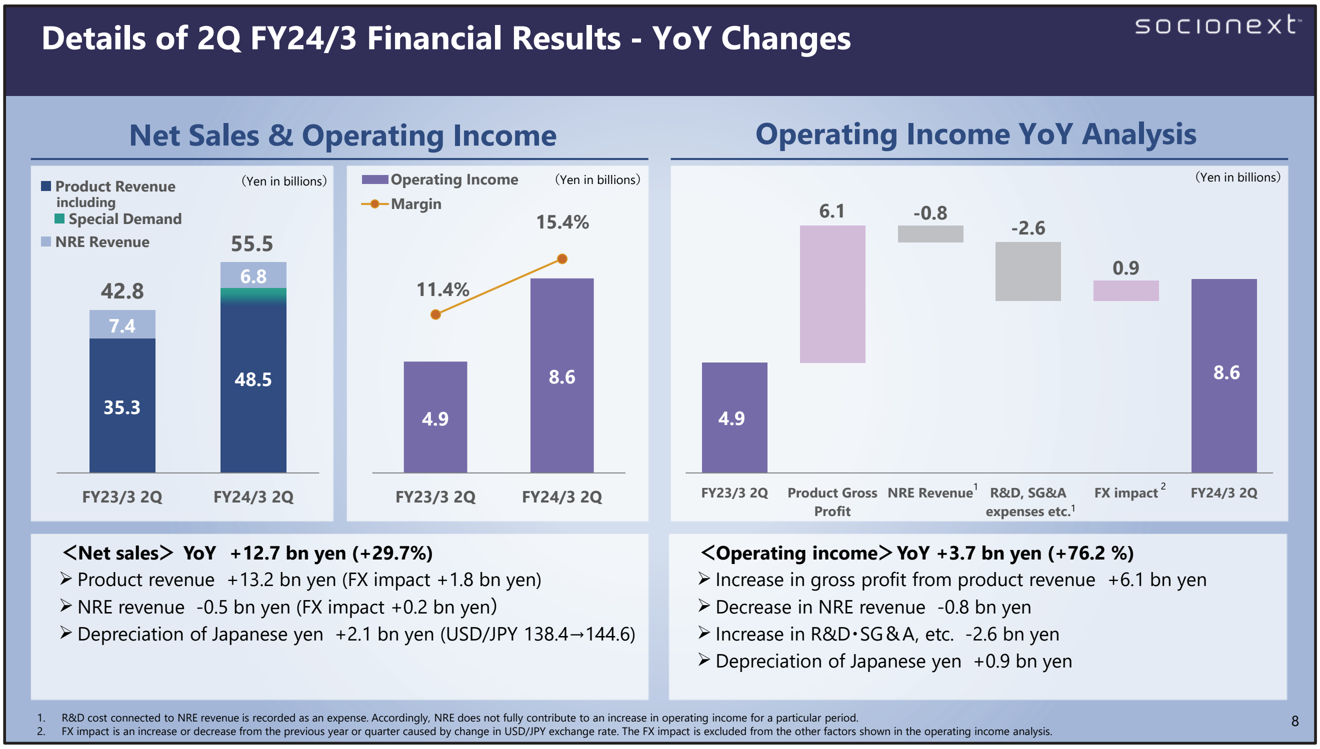
Operating income was 18.7 billion yen, an increase of 78.6% from the same period of the previous fiscal year.



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.

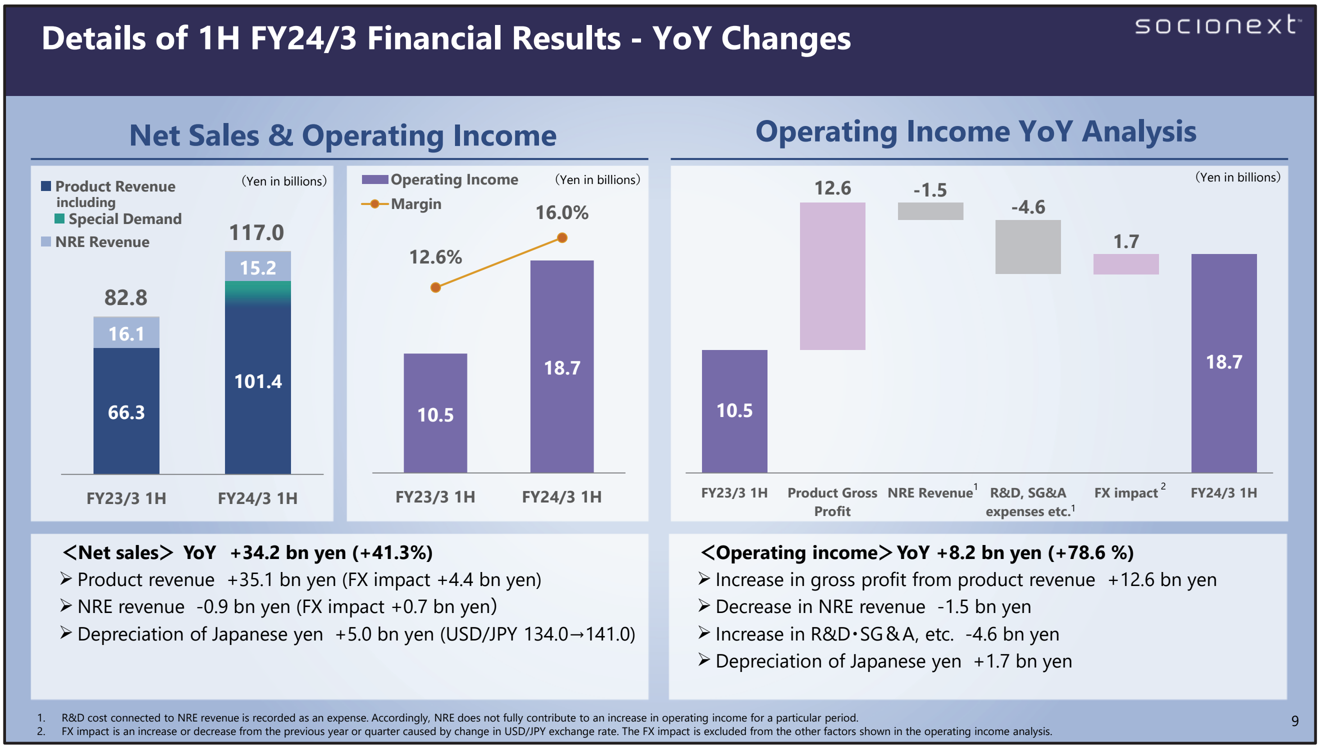
Net sales were 55.5 billion yen, an increase of 12.7 billion (+29.7%) from the same quarter in the previous fiscal year.

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.



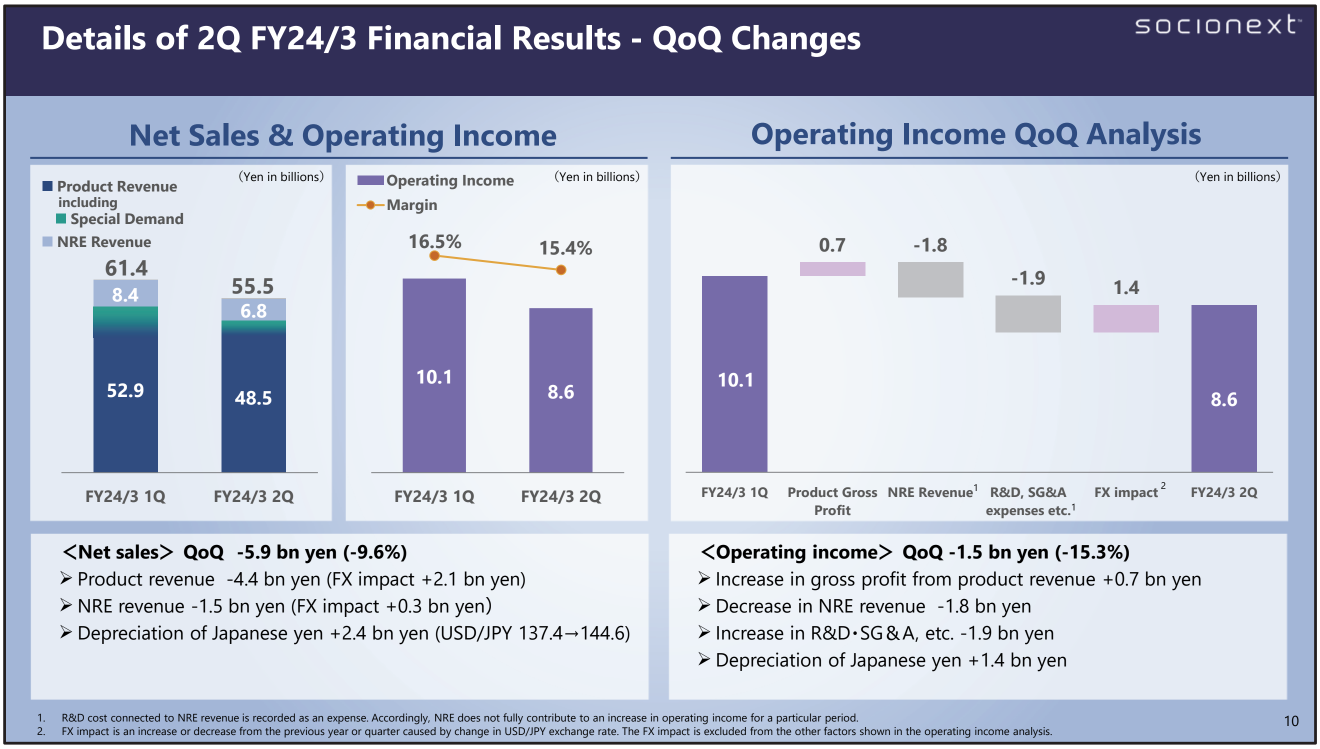
This slide shows the analysis of net sales and operating income for the first half in FY24/3 compared with the same period in the previous fiscal year.

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.

Consolidated Balance Sheet (As of September 30, 2023)

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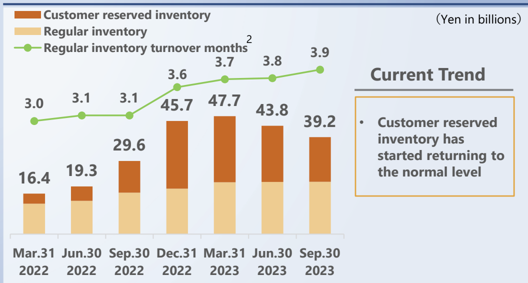
(Yen in billions)

	As of Mar.31,2023	As of Sep.30,2023	Change
Total Assets	193.9	**178.0**	-16.0
Total Current Assets	156.1	**137.1**	-19.0
Cash on-hand and in banks	45.1	**47.5**	+2.3
Accounts receivable-trade	40.8	**37.0**	-3.8
Inventories[1]	47.7	**39.2**	-8.5
Accounts receivable-other	16.2	**5.8**	-10.4
Total non-Current Assets	37.9	**40.9**	+3.0
Total Liabilities	84.1	**54.3**	-29.8
Total Current Liabilities	82.3	**52.5**	-29.8
Accounts payable-trade	23.4	**16.0**	-7.4
Accounts payable-other	24.6	**4.0**	-20.6
Liabilities related to changeable subcontracting	18.9	**18.2**	-0.7
Total Net Assets	109.9	**123.7**	+13.8
Shareholders' Equity Ratio	56.6%	**69.5%**	

Cash on Hand and in Banks

Inventories



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

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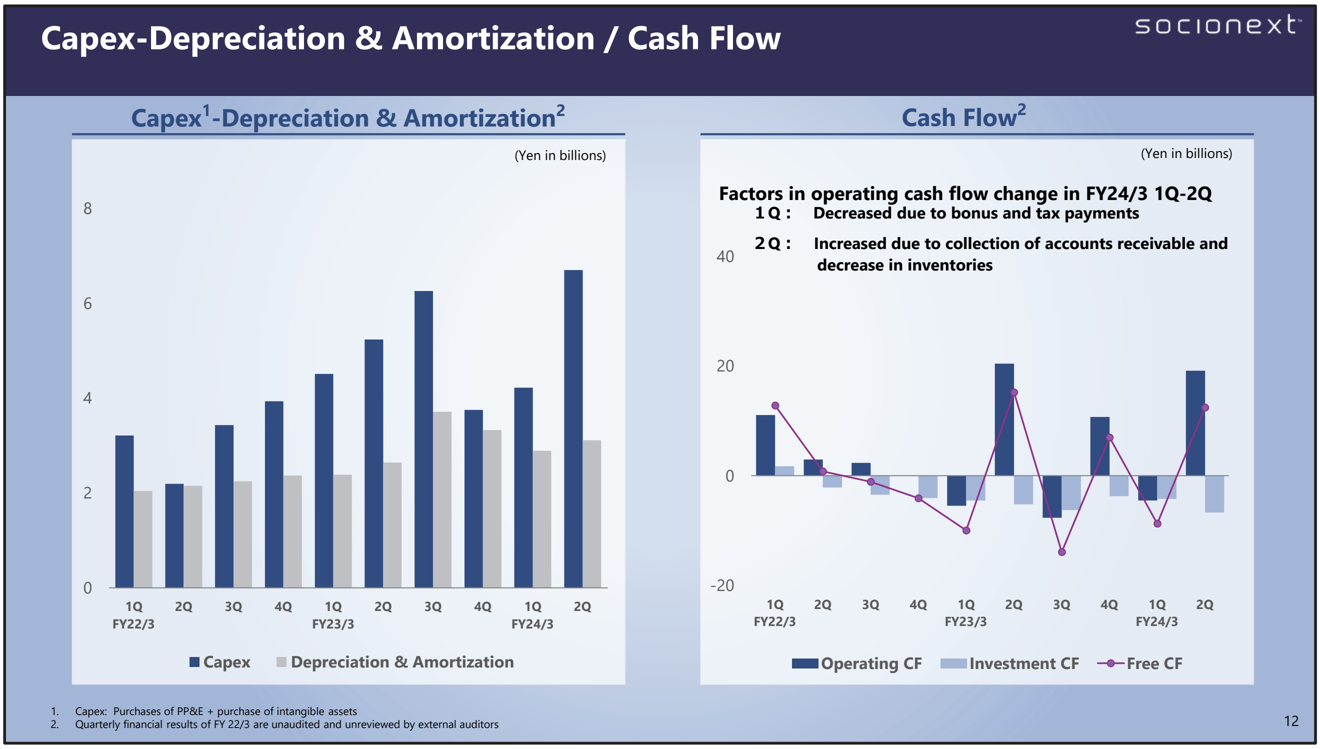
For the balance sheet, total assets were 178.0 billion yen, a decrease of 16.0 billion yen. Total liabilities were 54.3 billion yen, a decrease of 29.8 billion yen, and total net assets were 123.7 billion yen, an increase of 13.8 billion yen, from the end of the previous fiscal year, respectively.

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.

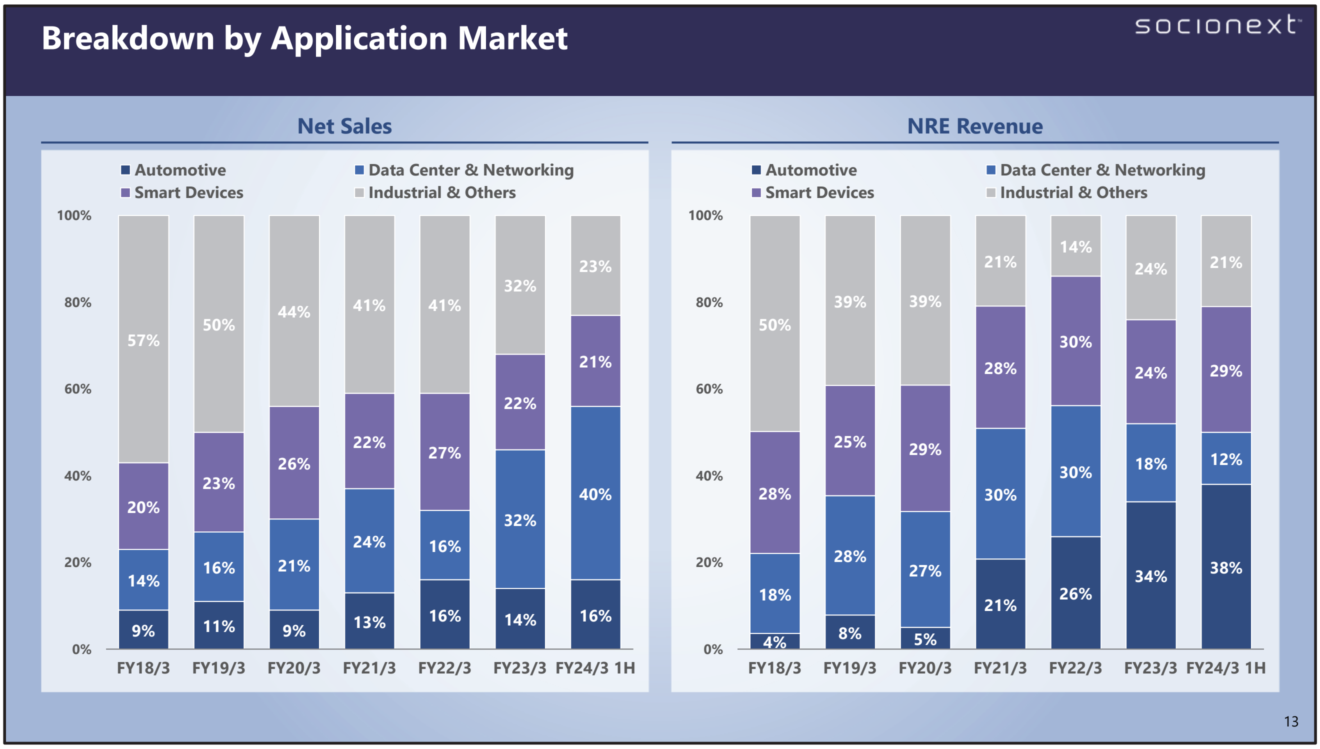
While regular inventory level did not change a lot, regular inventory turnover months increased a little due to lower level of product revenue for the upcoming 3Q in FY24/3. Regular inventory turnover months started to decrease toward approximately 3 months.



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.

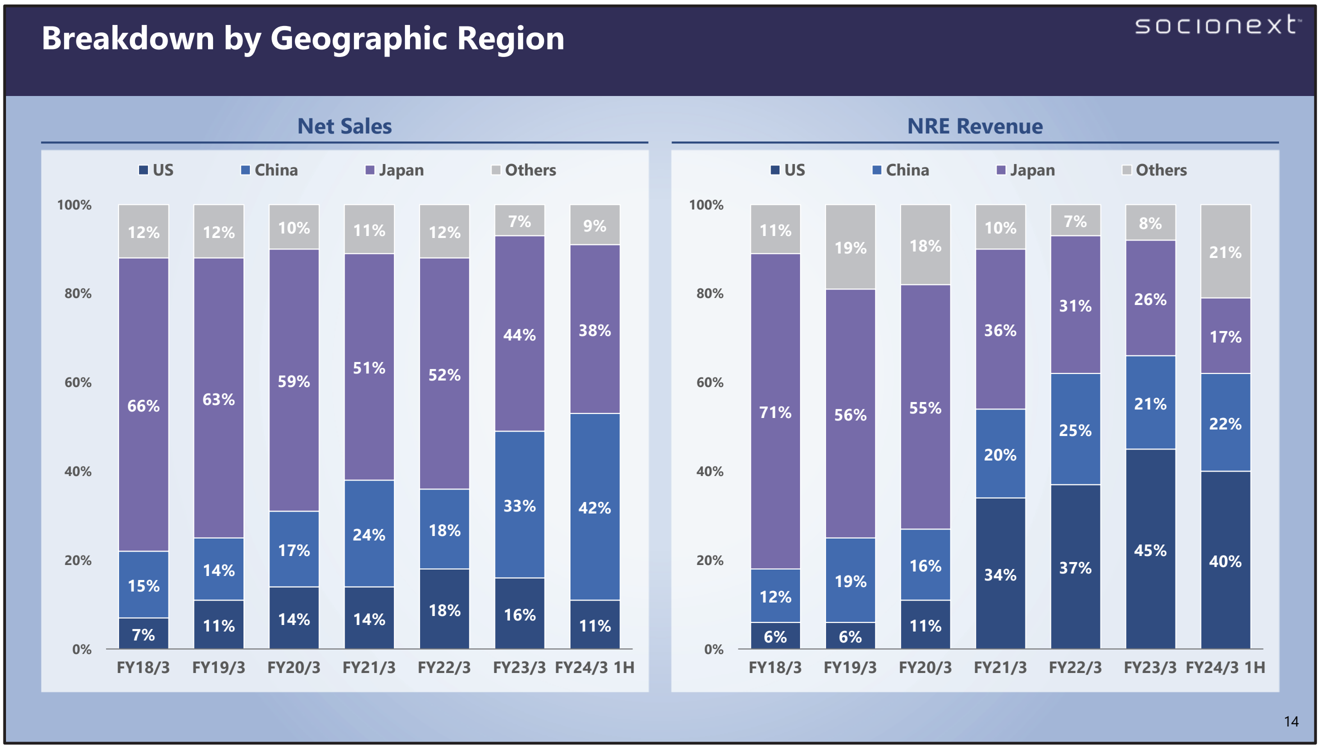
Significant positive Operating CF was recorded due to collection of the account receivables which increased in the first quarter of FY24/3 and the decrease of inventory. Therefore, free cash flow in the second quarter in FY24/3 was positive in spite of the increase of capex.



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.

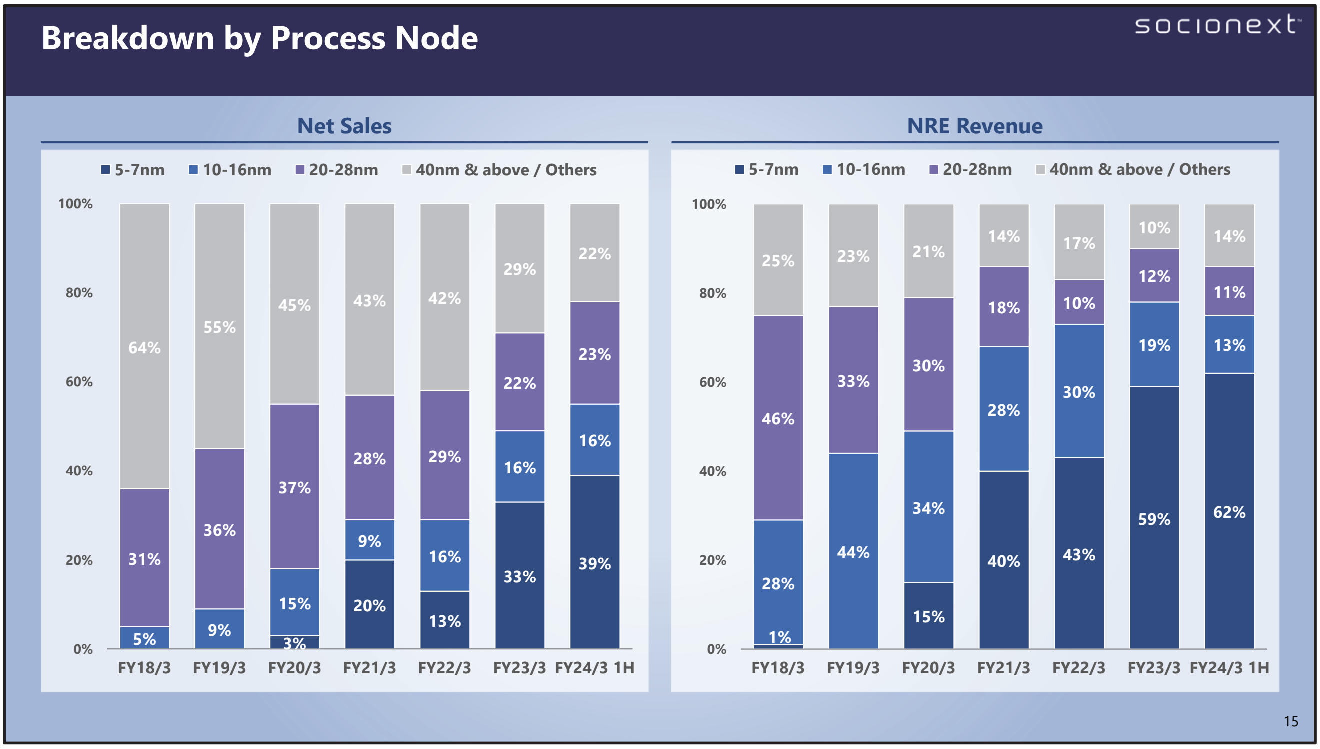
NRE revenue for Automotive performed well and expanded its proportion in NRE revenue.



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.

Consolidated Earnings Forecast

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(Yen in billions)

	FY2023/3 Full Year Results	FY2024/3 Full Year Forecast as of April 2023	FY2024/3 Full Year Forecast as of Oct 2023	YoY	YoY %	Previous Forecast	Previous Forecast %
Net Sales	192.8	200.0	**214.0**	21.2	11.0%	14.0	7.0%
Operating Income	21.7	22.5	**29.0**	7.3	33.6%	6.5	28.9%
Margin	11.3%	11.3%	**13.6%**	+2.3%pt		+2.3pt	
Profit	19.8	17.5	**22.5**	2.7	13.8%	5.0	28.6%
Margin	10.3%	8.8%	**10.5%**	+0.2%pt		+1.7%pt	
Basic Earnings per Share[1]	587.02yen	504.55yen	**639.52yen**[3] (after stock split) 127.90yen				
Dividends per Share[2]	210.00yen	210.00yen	**230.00yen**[3] (after stock split) 46.00yen				
FX Rate (USD/JPY)	135.5yen	115.0yen	**133.0yen** (FX for2H : 125.0yen)				

- **FX sensitivity: Appreciation or depreciation of 1 yen against USD would have impact of approximately 1.3 billion yen on Net Sales and 0.35 billion yen on Operating Income annually. In the second half, it is expected to have an impact of approximately 1.2 billion yen on Net sales. The exchange rate sensitivity of JPY to other currencies would be minor**

1. Forecasted basic earnings per share for FY2024/3 has been revised from 519.80yen as of the end of April to 504.55yen as of the end of July, reflected the change in the number of shares since April 2023, which is due to the exercise of stock options. The number of shares used for calculation of the forecast was 33,666,666 shares as of April, 34,684,312 shares as of July, and 35,182,431 shares as of October in the fiscal year 2023. (Actual basic earnings per share for FY2023/3 was calculated based on 33,666,666 shares.)
2. Estimated dividends per share for FY2023/3 was 160.00yen as of the end of September, 2022 and 190.00yen as of the end of December, 2022
3. Socionext will conduct a five-for-one stock split of common stock owned by shareholders listed or recorded in the final shareholder register as of December 31, 2023.

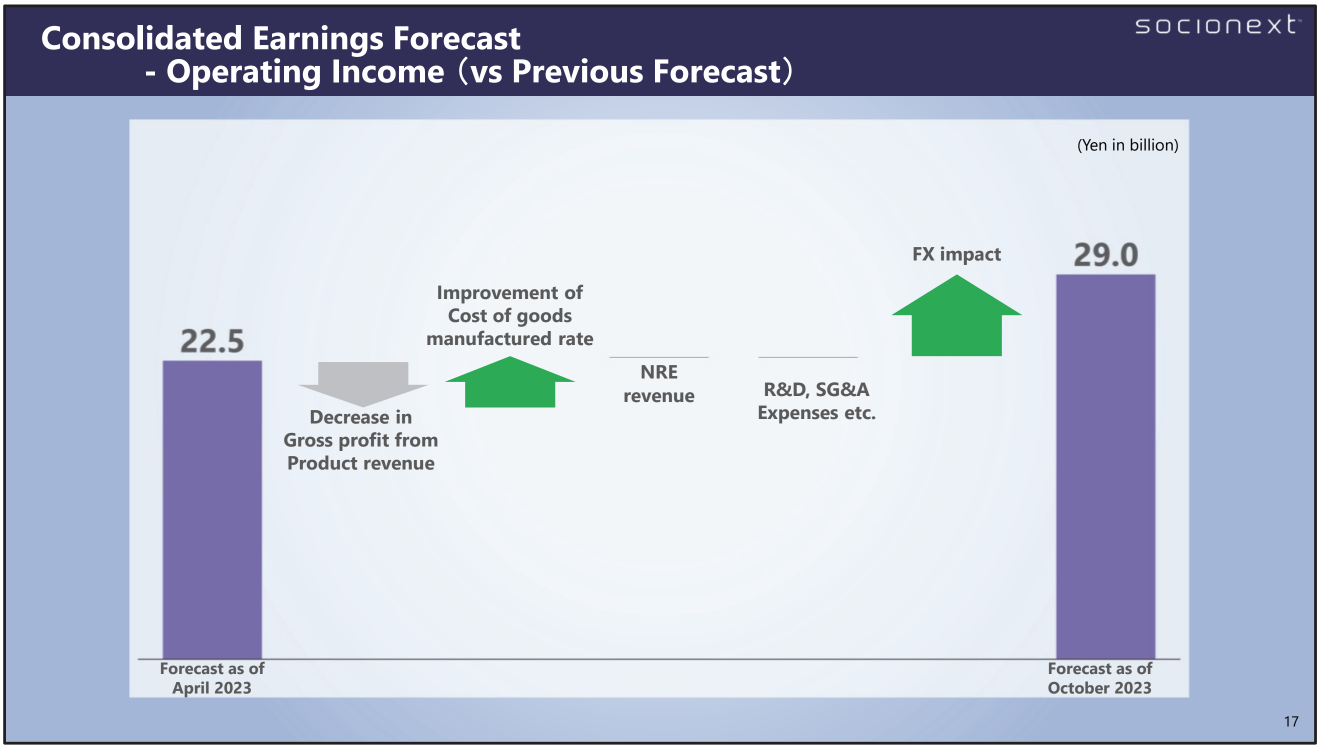
Today we have announced a revision to our full-year performance outlook at the beginning of the year, as well as a stock split of 5 shares for every 1 common stock.

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

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Market trend and Design win

Automotive

- Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)
- Demand is strongly active for zone architecture and sensing SoCs
- Design win has been piling up

DC/Networking

- Demand for DC＆ networking and cloud service SoCs is in growth trend
- Acquiring new design wins in the US remains a challenge

Smart Devices

- Demand for action cameras and new technology is still strong
- Opportunities with advanced customers are increasing in computer vision and AR markets ets.

Industrial &Others

- Opportunities are increasing for large-scale SoCs for FA and measurement equipment, as well as for custom SoCs using RF-CMOS technologies

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

FY25/3-FY26/3

- **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

After FY27/3

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

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This slide shows market trend related to the acquisition of design win, background of revised earnings forecast and forecast in and after FY25/3.

(Reference) Mid-Term Financial Targets announced in Sep 2022

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	FY21/3	FY22/3	Mid-Term Target[1]	FY23/3 Results	FY24/3 Estimate
Net Sales Growth	99.7 billion yen	117.0 billion yen	High teen% CAGR	192.8 billion yen	214.0 billion yen CAGR:35%
OP Margin	1.6% (1.6 billion yen)	7.2% (8.5 billion yen)	Low-to-Mid teen %	11.3% (21.7billion yen)	13.6% (29.0 billion yen)

1. The mid-term targets presented herein represent our plans and expectations as of September 2022. These mid-term targets are forward-looking statements, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results may vary and those variations may be material due to a number of factors. Nothing in this presentation should be regarded as a representation by any person that these targets will be achieved, and the Company undertakes no duty to update these targets as circumstances change.

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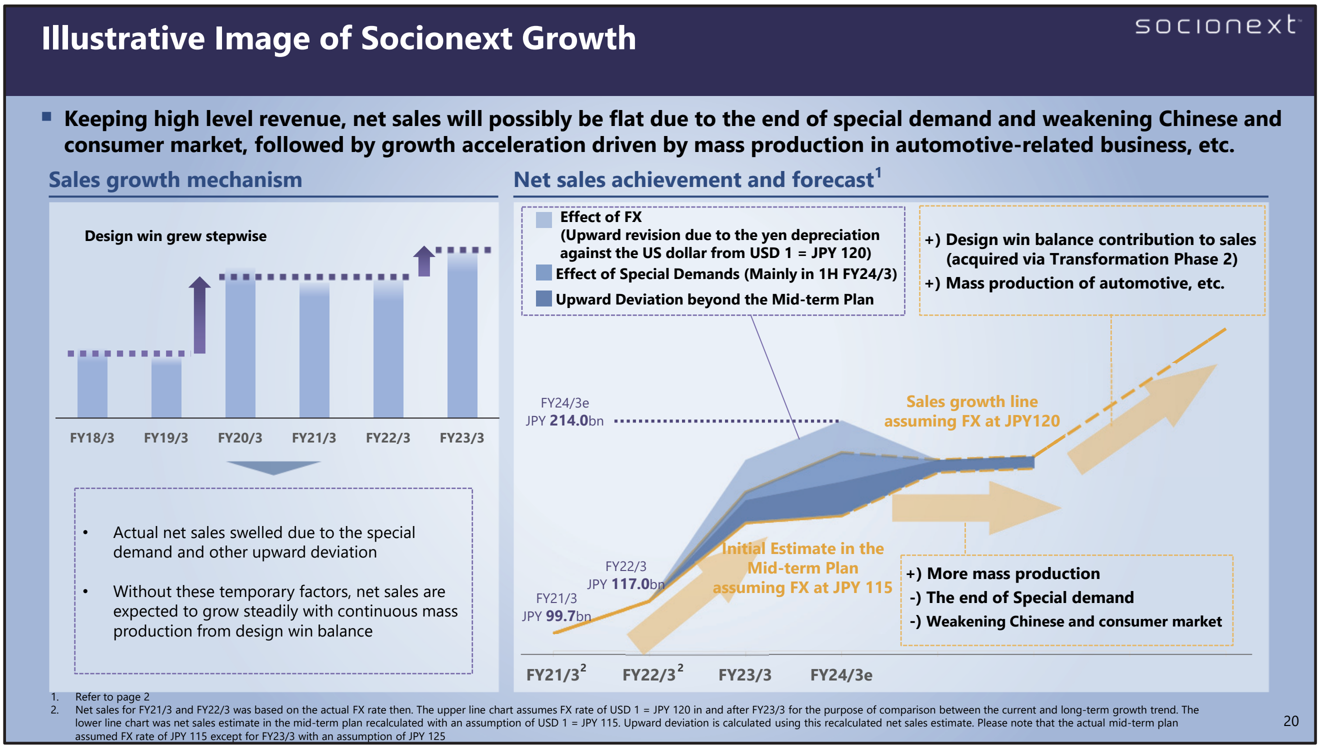
Net sales grew over the baseline estimated at the time of listing due to Special demand, more mass production revenue in some projects than the initial forecast and the effect of foreign exchange rate.

Operating income margins estimated to be 13.6%, getting closer to our mid-term target of low-to-mid teen.



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

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- 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*)

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Appendix:

Overview

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

FY23/3 Consolidated Statements of Income

(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3 1H	FY24/3E
Net Sales	99.7	117.0	192.8	117.0	214.0
% YoY	*-4%*	*+17%*	*+65%*	*+41.3%*	*+11.0%*
Product Revenue	*73.1*	84.6	156.8	101.4	-
NRE Revenue	*23.0*	28.1	34.9	15.2	-
Other Revenue	*3.6*	4.3	1.1	0.3	-
Cost of Goods Sold	(43.2)	(49.8)	(103.9)	(62.7)	-
Gross Profit	56.5	67.3	88.8	54.3	-
% Margin	*56.7%*	*57.5%*	*46.1%*	*46.4%*	-
R&D	(39.2)	(43.2)	(49.3)	(24.6)	-
Selling, General and Administrative Expenses (excl. R&D)	(15.8)	(15.6)	(17.8)	(11.0)	-
Operating Income	1.6	8.5	21.7	18.7	29.0
% Margin	*1.6%*	*7.2%*	*11.3%*	*16.0%*	*13.6%*
Non-Operating Income	0.4	0.6	1.8	1.8	-
Profit before Income Taxes	2.0	9.1	23.4	20.4	-
Income Taxes	(0.5)	(1.6)	(3.7)	(5.2)	-
Profit	1.5	7.5	19.8	15.3	22.5
% Margin	*1.5%*	*6.4%*	*10.3%*	*13.1%*	*10.5%*

Consolidated Balance Sheets

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(Yen in billion)	FY21/3	FY22/3	FY23/3	FY24/3 1H
Assets				
Cash on-hand and in banks	42.7	46.3	45.1	47.5
Accounts receivable-trade, net	28.6	25.1	40.8	37.0
Inventories[1]	6.7	16.4	47.7	39.2
Others	2.6	2.9	22.4	13.5
Total Current Assets	80.6	90.6	156.1	137.1
Property, Plant and Equipment	8.9	11.6	17.2	19.7
Reticle	3.7	4.7	5.6	7.3
Others PP&E	5.2	6.9	11.6	12.4
Intangible Assets	11.6	12.2	13.0	15.0
Deferred Tax Assets	2.3	3.1	6.9	5.4
Others	0.9	0.8	0.8	0.8
Total Non-current Assets	23.7	27.8	37.9	40.9
Total Assets	104.2	118.4	193.9	178.0

	FY21/3	FY22/3	FY23/3	FY24/3 1H
Liabilities and Equity				
Accounts Payable-trade	12.0	16.6	23.4	16.0
Accrued Expenses	7.4	6.9	30.3	10.9
Others	1.9	3.9	28.6	25.6
Total Current Liabilities	21.3	27.4	82.3	52.5
Total Non-current Liabilities	1.3	1.4	1.7	1.8
Total Liabilities	22.6	28.8	84.1	54.3
Common Stock	30.2	30.2	30.2	32.5
Capital Surplus	30.2	30.2	30.2	32.5
Retained Earnings	21.4	28.9	48.6	56.9
Others	(0.1)	0.3	0.8	1.9
Total Equity	81.7	89.6	109.9	123.7
Total Liabilities and Equity	104.2	118.4	193.9	178.0

Strong Balance Sheet

Cash on-hand and in banks

¥47.5bn
(FY24/3 1H)

Debt

No Debt
(FY24/3 1H)

Equity Ratio[2]

70%
(FY24/3 1H)

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

Breakdown by Application Market (Quarterly Ratios)

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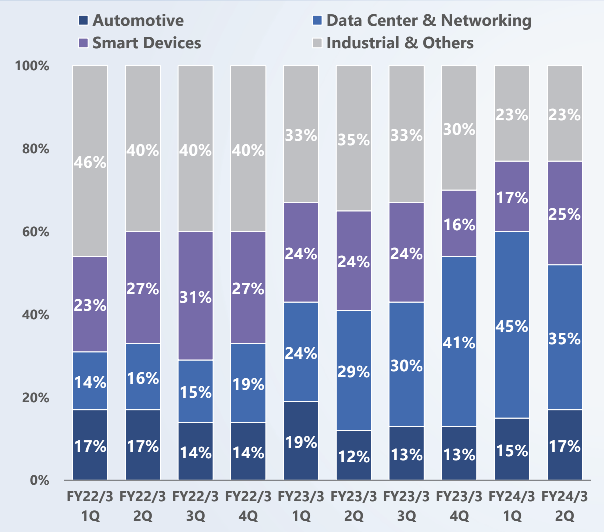
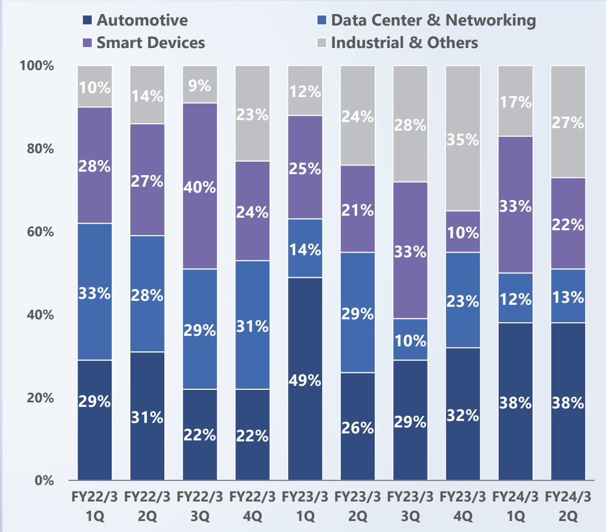
Net Sales[1]



NRE Revenue[1]



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

Breakdown by Geographic Region (Quarterly Ratios)

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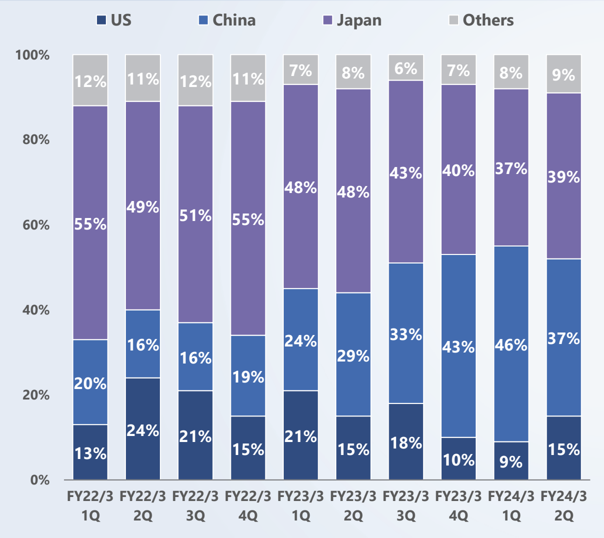
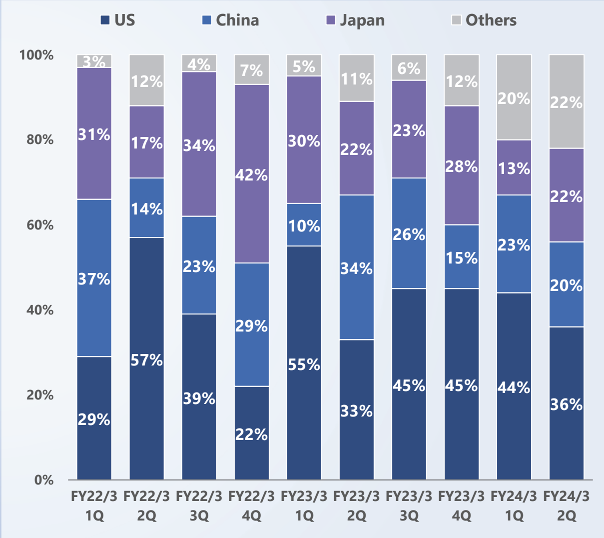
Net Sales[1]



NRE Revenue[1]



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

Breakdown by Process Node (Quarterly Ratios)

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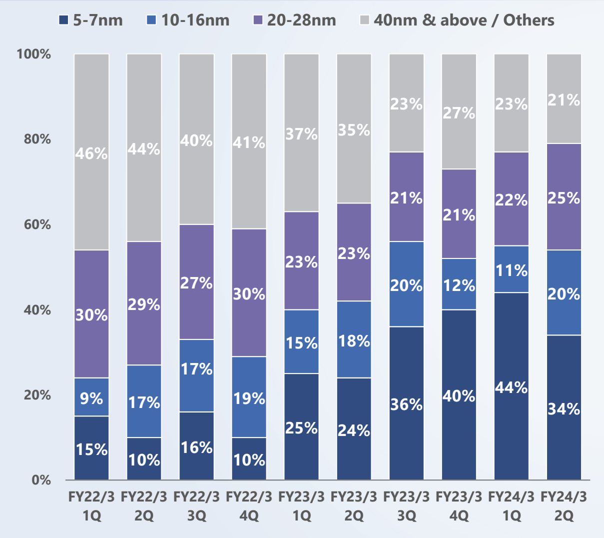
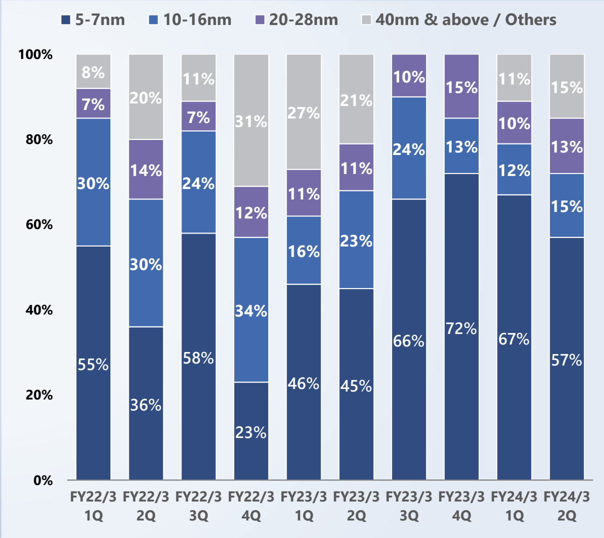
Net Sales[1]



NRE Revenue[1]



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

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

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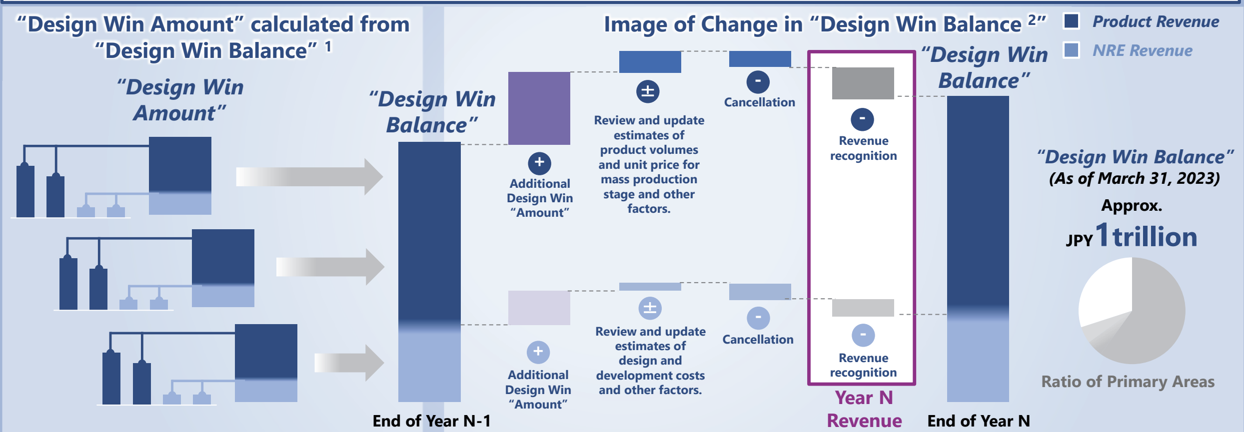
Repeated material—
Presentation Material For FY23/3

"Design Win Balance[1]" ・・・

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



1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, which could either increase or decrease "design win balance" and (2) any subsequent cancellation of projects. For example, certain projects in 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 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

Strong Design Wins

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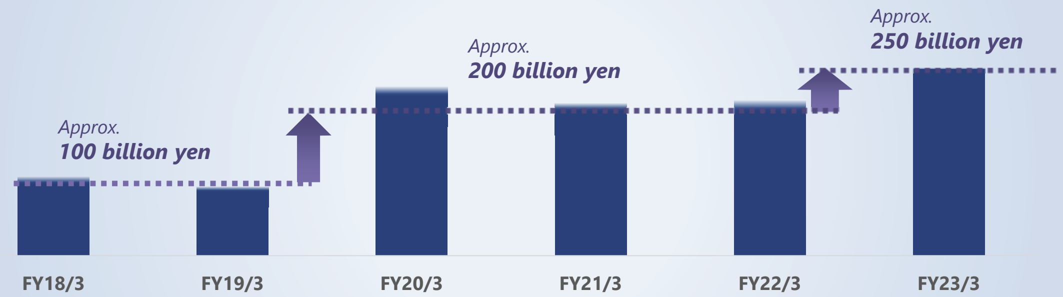
Repeated material—
Presentation Material For FY23/3

- **"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**

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



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

Increase in the Ratio of Large-Scale Design Wins

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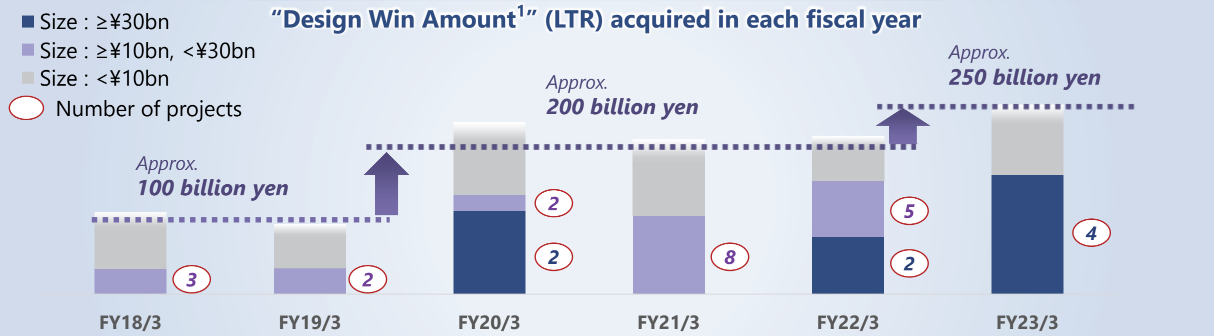
- **The ratio of large-scale Design Wins has been rising. We expect a significant portion of future product shipments will be attributable to large-scale Design Wins, which generally contribute to improve our business efficiency**



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 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.

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Design Win Balance: Breakdown of Changes

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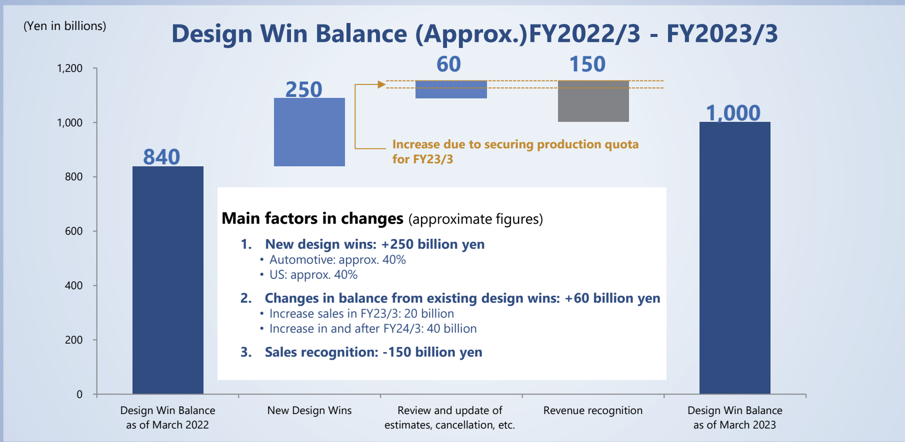
**Repeated material—
Presentation Material For FY23/3**

- **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**



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 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 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. 2.Charts on this page exclude amount of "Special Demand." Refer to page 3 3.Design Win Balance as of June 2022 was 880 billion yen

Abundant Global "Design Win Balance[1]"

socionext

- **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[2])**
- **Our substantial presence encourages us to acquire new design wins by leveraging the experience of our development process**

Automotive

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

Data Center & Networking

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

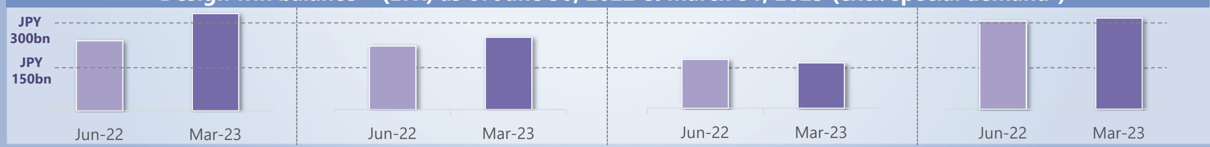
Smart Devices

Application	nm	Customer[3]
Camera ISP Technology	5-12nm	Major Players

Industrial & Others

Application	nm	Customer[3]
Industrial automation IoT & Radar devices Printer Measurement equipment	5-28nm	Major Players

"Design win balance[1]" (LTR) as of June 30, 2022 & March 31, 2023 (excl. special demand[2])



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2. Charts on this page exclude amount of "Special Demand." Refer to page 3
3. Only non-Japanese customers are listed

Design Win Balance by Application Market and Region

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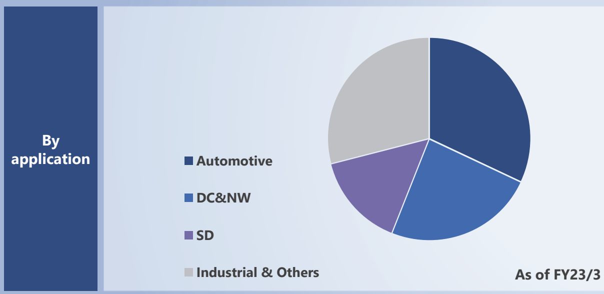
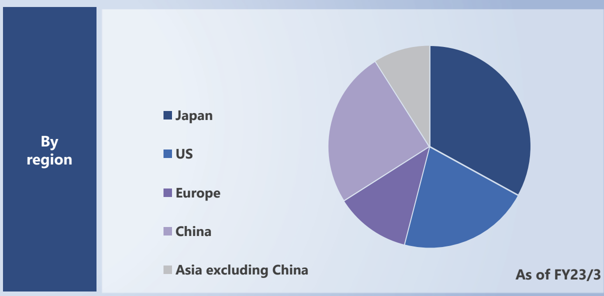
Repeated material—
Presentation Material For FY23/3

- **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%





- **By application market: relatively well-balanced increase in Design Win Balance**
  By region: US and China each saw an increase in Design Win Balance
- **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

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Repeated material—
Presentation Material For FY23/3

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

Roadmap to OP Margin Target

OP Margin (FY22/3): **7.2%** → OP Margin (Mid-Term target[2]): **Low-to-Mid teen%**

	1 Decline in GP Margin	2 Improvement in R&D / Net Sales Ratio	3 Improvement in SG&A / Net Sales Ratio
Mechanism	▪ Increase in product revenue ▪ Increase in product revenue ratio[1] ▪ GP margin decreases due to decline in proportion of NRE revenue, but amount of GP will increase	▪ Increase in product revenue ▪ Improvement in R&D efficiency while total expense increases	▪ Increase in total net sales
Impact on OP Margin	↓	↑	↑
Progress	▪ In line with expectation along with product revenue increase	▪ Ratio is steadily getting lower, still room for improvement	▪ Improving over expectation

1. 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
2. For the mid-term financial targets, please see page 19

Further Growth through "Phase 2 Transformation"

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Repeated material—
Presentation Material For FY23/3

- 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

Mid-Term Financial Targets

	FY21/3	FY22/3	Mid-Term Target	FY23/3 Results	FY24/3 Estimate
Net Sales	99.7 billion yen	117.0 billion yen	High teen% CAGR	192.8 billion yen	214.0 billion yen
OP Margin	1.6%	7.2%	Low-to-Mid teen%	11.3%	13.6%

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

High growth will turn visible

35

Toward Future Growth

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- **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

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

×

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

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

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- **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

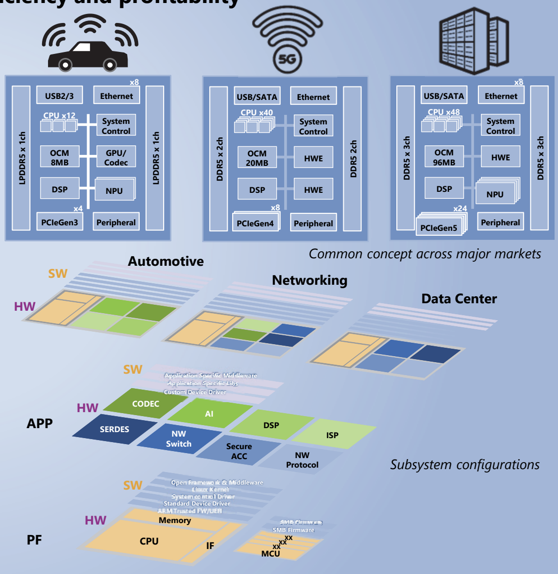
- Move to platform-based design, **based on a computer architecture**
- Keep up with technology evolution while maintaining the existing assets of each functional layers.

◆ **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**

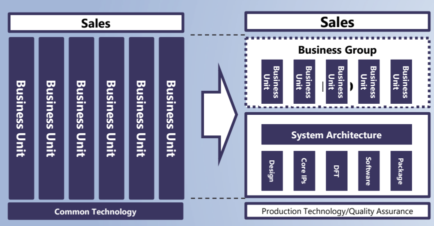


Transformation of R&D Structure

socionext

- 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

～March 2018　　～ 2021



Consolidation of BUs led to shift of business areas from TV, and Cameras to Automotive, Data Center & Networking and Smart Devices

2022 ～

Leading Global R&D Team
System Architecture
Software, IPs,
Chiplets, Packaging
Advanced Technology

Project Management

R&D Resources

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 at a Glance

socionext

Repeated material—
Presentation Material For FY23/3

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

Company Overview

History

ASSP/ASIC → Solution SoC

Started business in 2015 — 2018

Business Description

Fabless Custom SoCs

Capital

As of March 31, 2023

30.2 billion yen

Employees[1]

As of March 31, 2023

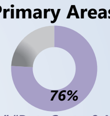
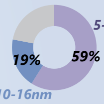
Global Employees: 2,526

Engineers[2]: Approx. 1,900

Key Financials FY23/3

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

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

Business model		Primary Areas		Process Node
Solution SoC (Optimal Custom SoC)	×		×	

~Socionext's Positioning in Semiconductor Market~

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

Market Size $24bn[4] in 2022

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

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

Three business models

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

1. Numbers of employees and engineers are on a consolidated basis
2. Number of staff working in divisions relating to technical development and analysis in and outside Japan
3. Classifications of these business models are based on our own assessment
4. Market Size estimated by Socionext based on Omdia data "Competitive Landscaping Tool CLT, Annual- 4Q22". All market sizes are calculated in terms of USD-based revenue

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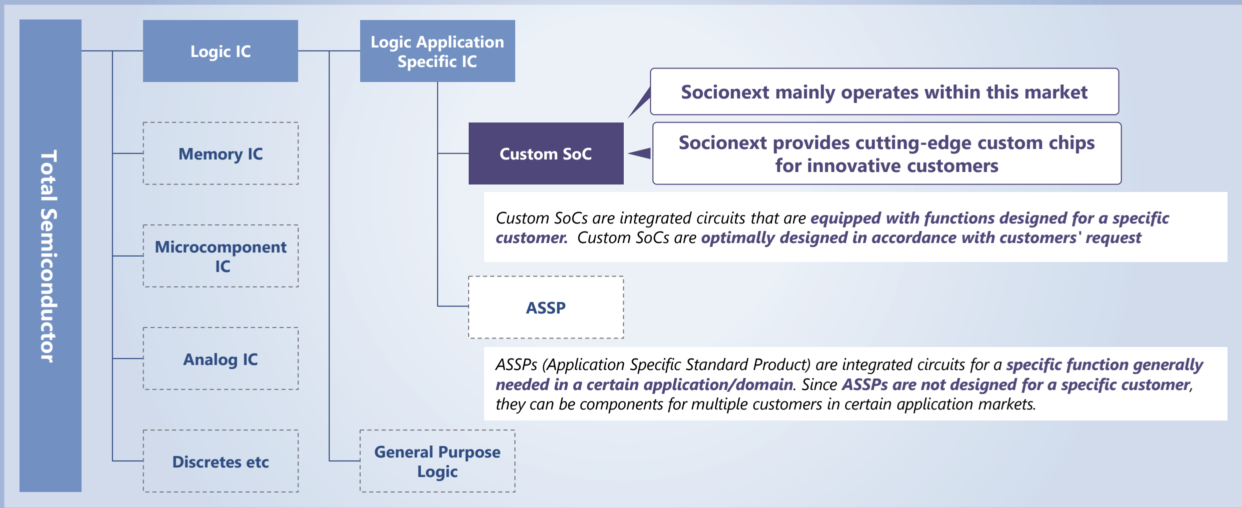
Detail of Custom SoC and ASSP

Repeated material—
Presentation Material For FY23/3

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



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

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Repeated material— Presentation Material For FY23/3

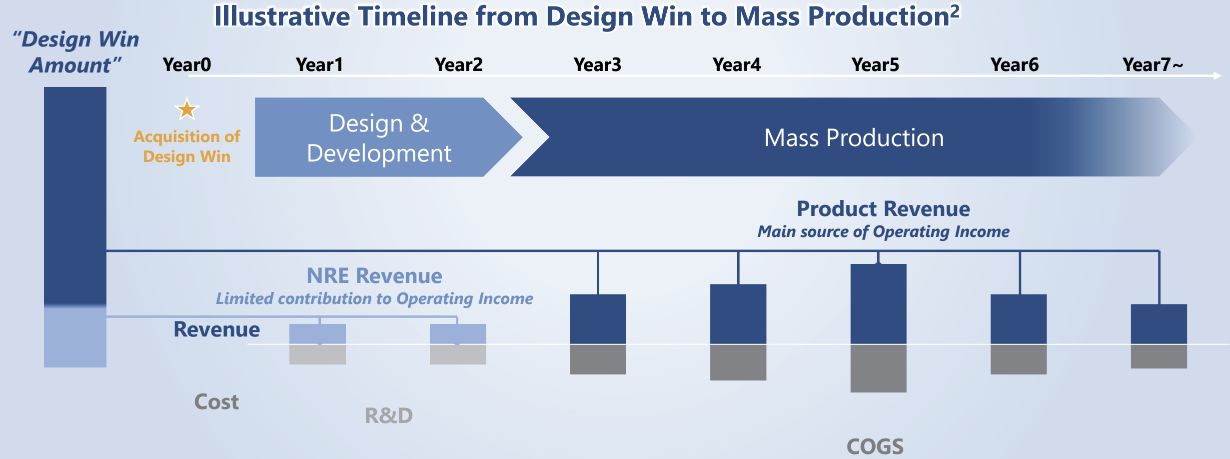
"Design Win Amount[1]" ・・・

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

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

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

Illustrative Timeline from Design Win to Mass Production[2]

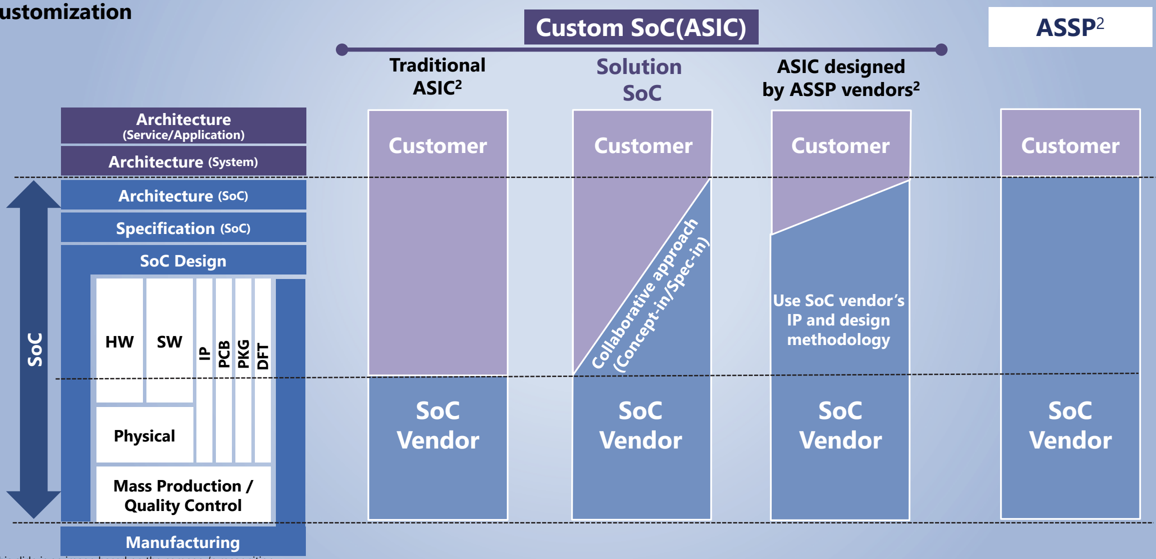


1. Refer to page 3
2. For illustrative purposes only. The actual timeline of product development to mass production may differ materially based on the product and actual customer demand

Features of Solution SoC Business Model[1]

Repeated material—
Presentation Material For FY23/3

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



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

Competitive Advantages and Features for Solution SoCs

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- **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

Compared to Traditional ASIC[1]

- Available for companies with limited in-house resources
- **Valuable support of software development in early stages and upstream design**

Compared to ASIC designed by ASSP vendors[1]

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

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

1. **Understanding Customers**
   - **Deep understanding of architecture of customer's systems**
   - Experience of ASSP business which enables our teams to understand the customer's system, applications and IPs
2. **Understanding SoCs**
   - **Deep understanding of SoCs architecture** and technologies including IP, EDA tools, packaging, quality control and manufacturing
   - Years of experience and expertise in custom SoC business for 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

Transformation into a Global Custom SoC Vendor in Advanced Technology Areas

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Repeated material— Presentation Material For FY23/3

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

	Business Model	Primary Applications	Expansion of Overseas Business	Technology	Culture
Past	Focus on ASSP and ASIC	DTV, Blu-ray/DVD, DSC	Mainly Domestic Focus	Follower	Hierarchical Organization
2018					
Present	Focus on Solution SoC	Automotive, Data Center & Networking, Smart Devices, Industrial	Global Market	Leader *(3nm, 5nm, 7nm)*	Quick Decision-Making with a Flat Team Structure

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Transforming into a Global SoC Company with Cutting-Edge Technologies

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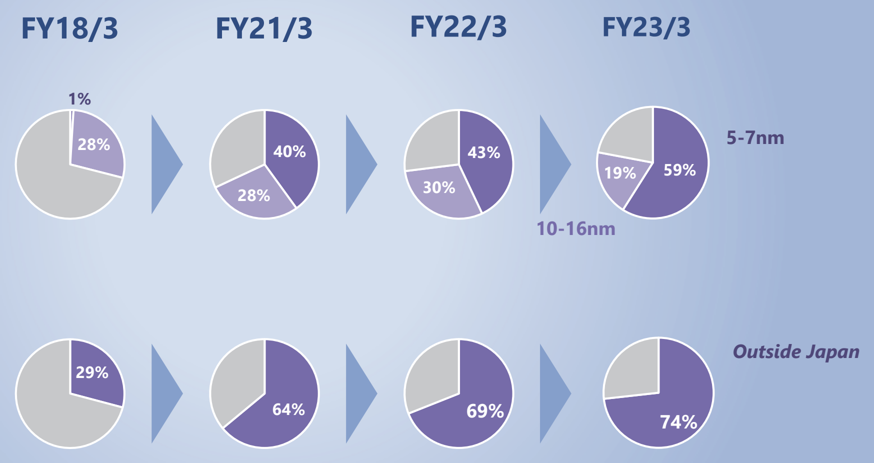
Repeated material—
Presentation Material For FY23/3

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

Advanced Process Nodes (NRE Revenue[1])

Revenue from Outside Japan (NRE Revenue[1])



Positioning of Socionext in Semiconductor Market

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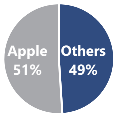
- **With the exception of Apple, Socionext has the 2nd largest market share of 10% within the Custom SoC(ASIC)[1] market, where some players can design 7nm/5nm SoCs.**

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

Market Share



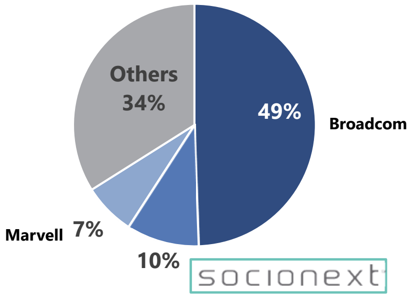
Market Size
$24 billion

Market CAGR[3]
(2021-2025E)
8.8%

These Market Data are estimated by Socionext based on Omdia data

Market Share Excluding Apple

Market Size **$12 billion**



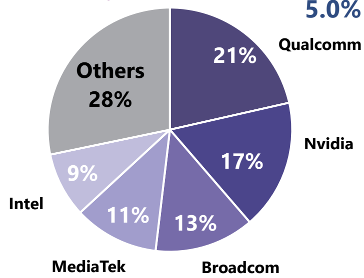
The market data above does not include certain traditional ASIC vendors in Taiwan such as GUC, Alchip and Faraday due to the lack of third-party statistical data.

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

Market Share

Market Size
$121 billion

Market CAGR[3]
(2021-2025E)
5.0%



1. We define "ASSP" as the "Logic ASSP" segment based on Omdia "Application Market Forecast Tool-3Q 2023" classification and "Custom SoC(AS)C)" 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

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- 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]

	Market CAGR[2] (2017-2021)	*Market CAGR[2] (2021-2025E)*
Semi-conductor	8.3%	3.4%
ASSP	11.6%	5.0%
Custom SoC (ASIC)	6.0%	8.8%

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, when 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)^(1/4)-1 and (figure of 2025E / figure of 2021)^(1/4)-1, respectively

Socionext Focused on Growing Markets

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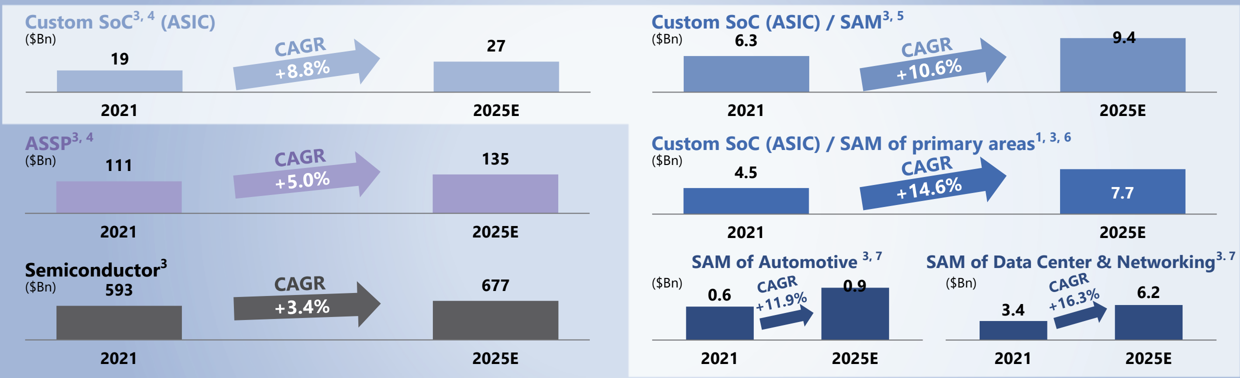
- Total global market size of Primary Areas[1] is expected to grow at a 14.6% CAGR[2], higher than that of custom SoC (ASIC)
- The Automotive custom SoC (ASIC)[4] market is expected to grow at a 11.9% CAGR[2]



1. We have mainly 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. Calculated by Socionext based on Omdia "Application Market Forecast Tool-3Q 2023". These figures are our estimate of the market size for ASIC, ASSP and semiconductor markets and are not intended as an objective indicator of the size of the market for our current businesses model. Our estimates of each Serviceable Available Market (SAM) and Primary Areas are based on certain assumptions and were calculated using statistical data and publications from external sources as indicated herein. Actual market size may differ from these estimates due to the limitations peculiar to such statistical data and publications in terms of their accuracy
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. Omdia's classifications of the markets may differ in certain respects from our target markets. Classification are based on the company's assessment. Omdia's classifications may differ in certain respects from our target
5. SAM are "Data Center Servers", "Solid-State Drives", "Other Peripherals", "Enterprise Ethernet Switches & Routers", "Carrier Ethernet Switches & Routers", "Optical Equipment", "Broadcast & Streaming Video", "Data Center Network Switches", "M2M Modules", "Mobile Comm Infrastructure", "Other Consumer Electronics", "Other Wireless Communications", "LCD TV", "OLED TV", "Set-Top Boxes", "Connectivity & Telematics", "Infotainment & Cluster", "ADAS", "Chassis & Safety", "Medical Electronics", "Automation", and "Test & Measurement", "Security & Video Surveillance"
6. SAM of Primary Areas' (Automotive, Data Center & Networking and Smart Devices) Market are "Data Center Servers", "Solid-State Drives", "Enterprise Ethernet Switches & Routers", "Carrier Ethernet Switches & Routers", "Optical Equipment", "Broadcast & Streaming Video", "Data Center Network Switches", "Mobile Comm Infrastructure", "Other Consumer Electronics", "Connectivity & Telematics", "Infotainment & Cluster", "ADAS" and "Chassis & Safety", "Security & Video Surveillance"
7. SAM of Automotive are "Connectivity & Telematics", "Infotainment & Cluster", "ADAS" and "Chassis & Safety" in Automotive Electronics Categories. SAM of Data Center and Networking are "Data Center Servers", "Solid-State Drives", "Enterprise Ethernet Switches & Routers", "Carrier Ethernet Switches & Routers", "Optical Equipment", "Broadcast & Streaming Video", "Data Center Network Switches", and "Mobile Comm Infrastructure"

Example of Design Win in Each Application Market

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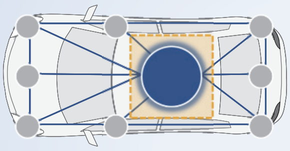
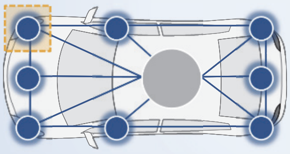
- We acquired design wins for chips using advanced technology that are crucial for customers to build their applications
- Those achievements led to repeated orders from some customers

E/E Architecture & LiDAR (Central ECU / Zone ECU)

3/5nm
(HP Computing)

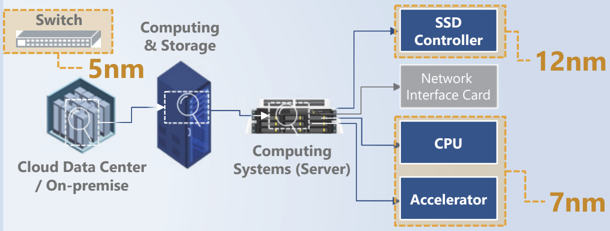


7/16/22nm
(Zone Computing)

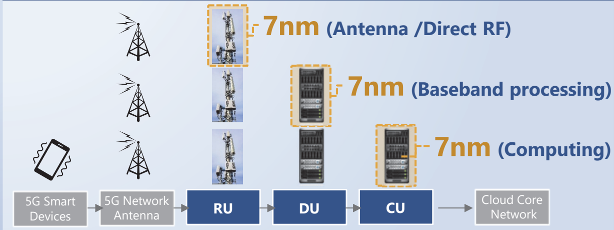


16/22nm
(LiDAR / Radar / Camera)

Data Center



5G Networking



Performance Comparison with Competitors (Traditional ASIC Vendors)

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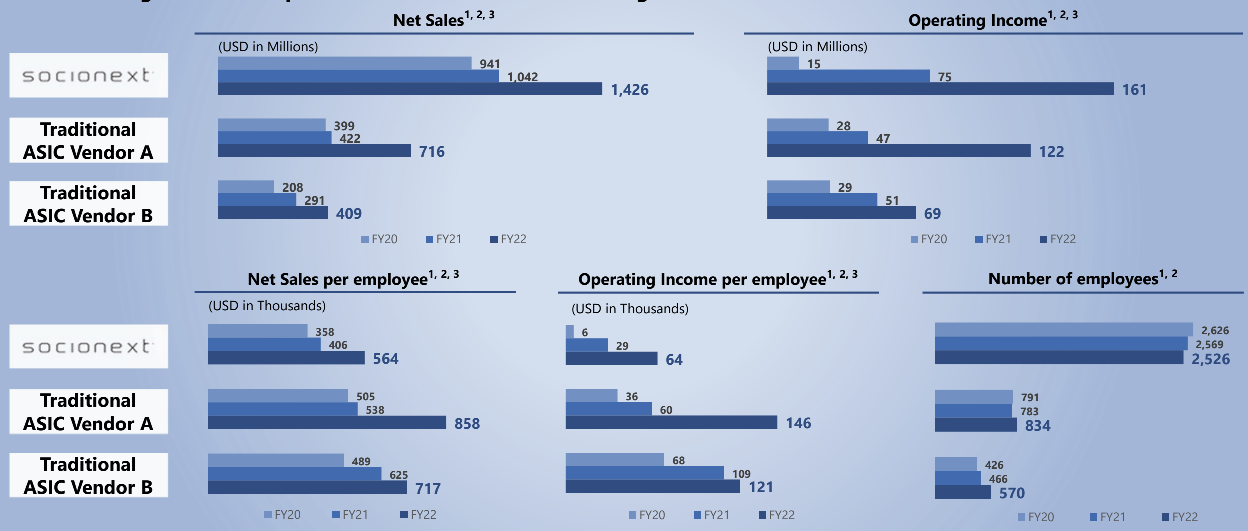
- We have improved net sales per employee and operating income per employee
- We will target further improvements in these metrics through the transformation of our R&D structure



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 Principals ("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