socionext™

## Fiscal Year Ended March 31, 2024

# Consolidated Financial Results

April 26, 2024

Socionext Inc.

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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 Fiscal Year Ended March 31, 2024

– *Actual Consolidated Financial Results FY24/3*
– *Consolidated Earnings Forecast FY25/3*

# FY24/3 Consolidated Statements of Income

(Yen in billions)

| | FY23/3 | FY24/3 | YoY | YoY % | (Reference) Disclosure as of January 2024 |
|---|---|---|---|---|---|
| **Net Sales** | 192.8 | 221.2 | 28.5 | 14.8% | 217.0 |
| Product Revenue | 156.8 | 182.9 | 26.1 | 16.7% | — |
| NRE Revenue | 34.9 | 37.6 | 2.7 | 7.9% | — |
| Others | 1.1 | 0.8 | -0.4 | -33.8% | — |
| **Cost of Sales** | 103.9 | 111.2 | 7.3 | 7.0% | — |
| Product Cost Ratio | 66.3% | 60.8% | | | |
| **Selling, General and Administrative Expenses** | 67.1 | 74.5 | 7.4 | 11.0% | — |
| R&D | 49.3 | 53.3 | 4.0 | 8.0% | — |
| SG&A (excluding R&D) | 17.8 | 21.2 | 3.4 | 19.1% | — |
| **Operating Income** | 21.7 | 35.5 | 13.8 | 63.6% | 31.5 |
| Margin | 11.3% | 16.1% | | | 14.5% |
| **Profit** | 19.8 | 26.1 | 6.4 | 32.2% | 22.5 |
| Margin | 10.3% | 11.8% | | | 10.4% |
| **FX Rate (USD/JPY)** | 135.5 | 144.6 | | | 138.7 |

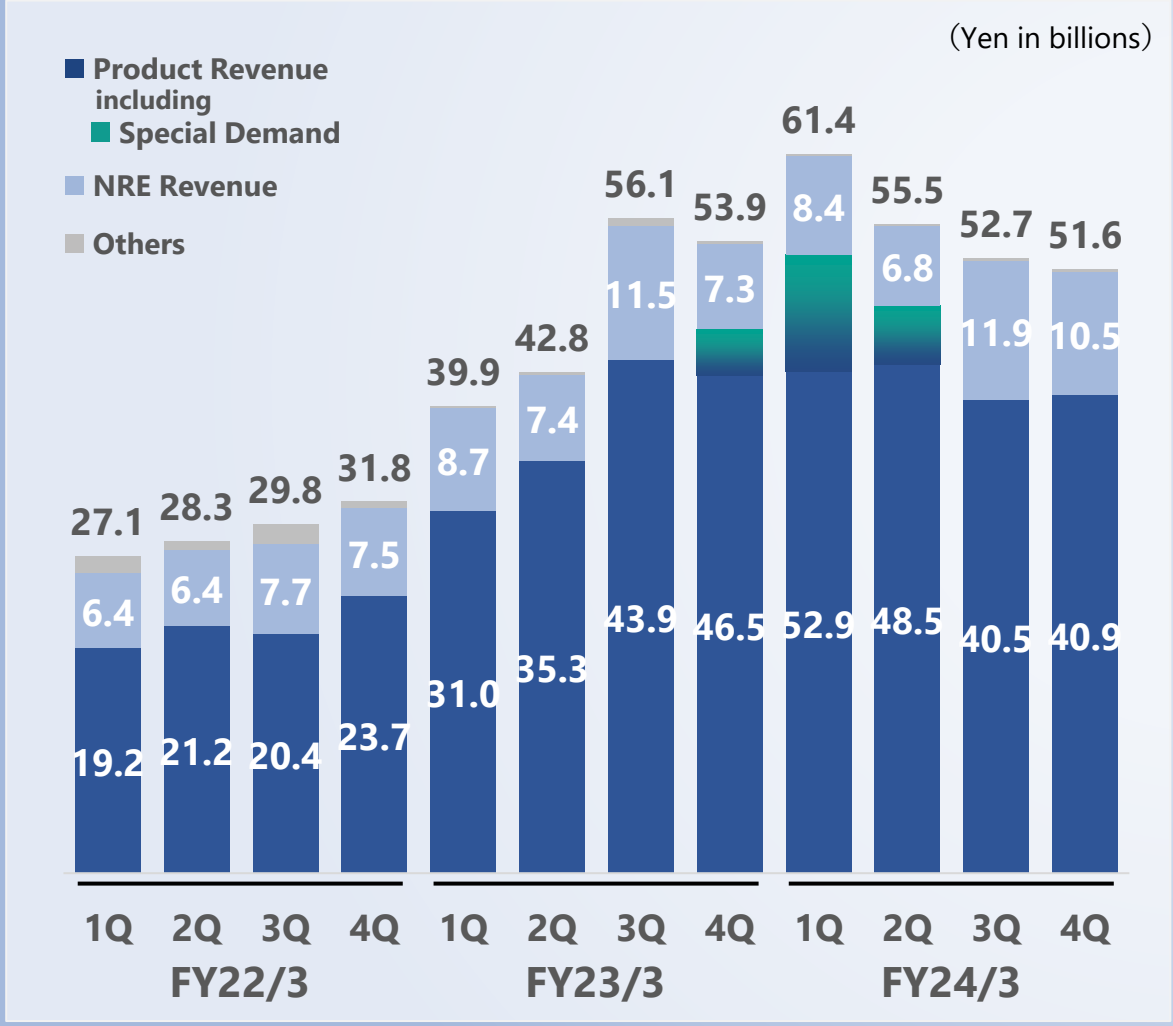
# 4Q FY24/3 Consolidated Statements of Income

(Yen in billions)

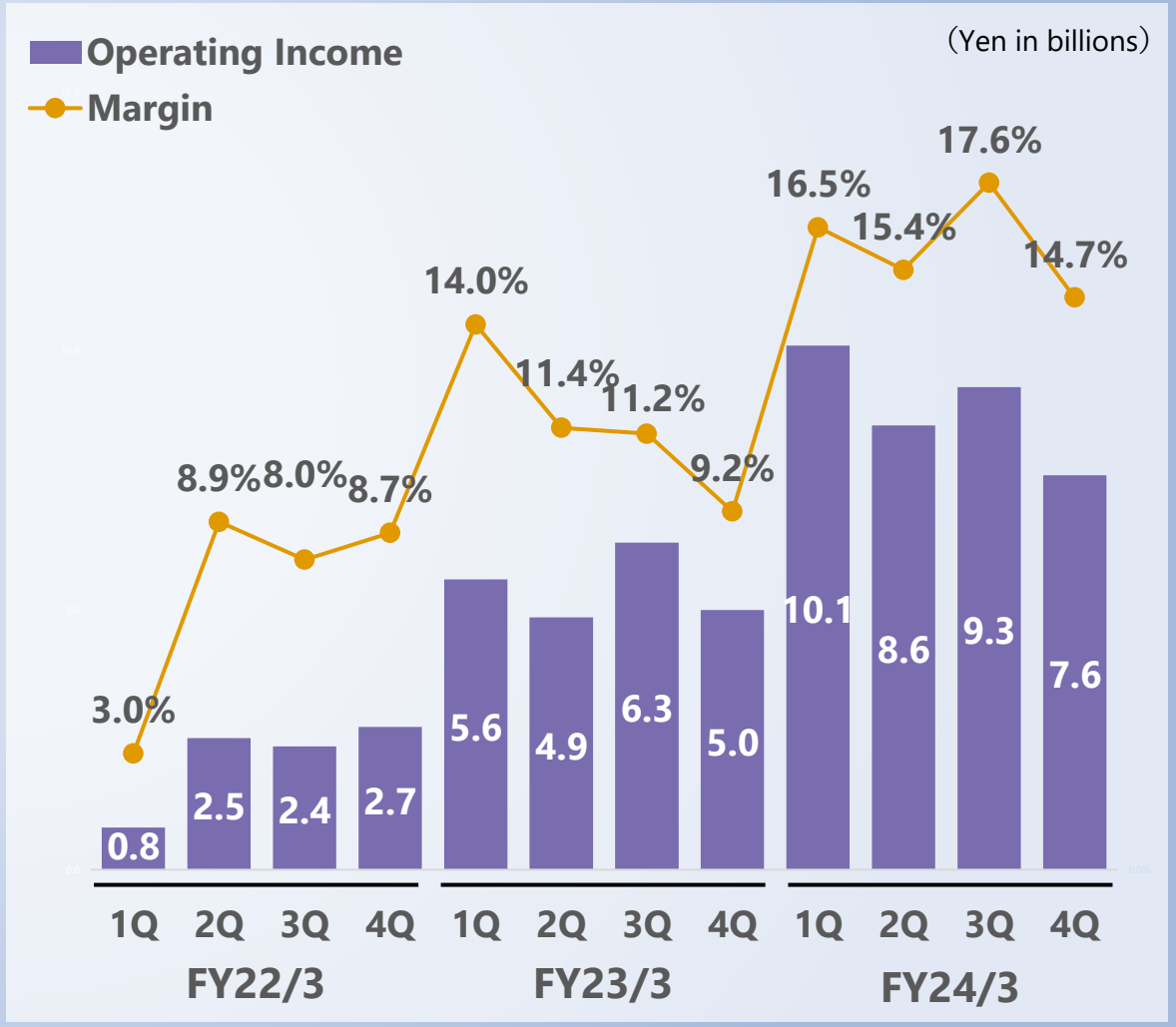
| | FY23/3 | | | | FY24/3 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | YoY | YoY % |
| **Net Sales** | **39.9** | **42.8** | **56.1** | **53.9** | **61.4** | **55.5** | **52.7** | **51.6** | **-2.3** | **-4.3%** |
| Product Revenue | 31.0 | 35.3 | 43.9 | 46.5 | 52.9 | 48.5 | 40.5 | 40.9 | -5.6 | -12.0% |
| NRE Revenue | 8.7 | 7.4 | 11.5 | 7.3 | 8.4 | 6.8 | 11.9 | 10.5 | 3.2 | 44.8% |
| Others | 0.2 | 0.2 | 0.6 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 | 0.0 | 13.3% |
| **Cost of Sales** | **19.9** | **22.1** | **31.8** | **30.2** | **34.5** | **28.2** | **24.6** | **23.9** | **-6.3** | **-20.8%** |
| Product Cost Ratio | 64.0% | 62.6% | 72.4% | 64.9% | 65.2% | 58.2% | 60.8% | 58.4% | | |
| **Selling, General and Administrative Expenses** | **14.5** | **15.9** | **18.0** | **18.8** | **16.8** | **18.7** | **18.8** | **20.2** | **1.4** | **7.3%** |
| R&D | 10.6 | 11.5 | 13.4 | 13.8 | 12.2 | 12.5 | 13.6 | 15.0 | 1.2 | 8.7% |
| SG&A (excluding R&D) | 3.9 | 4.4 | 4.6 | 5.0 | 4.7 | 6.3 | 5.1 | 5.1 | 0.2 | 3.2% |
| **Operating Income** | **5.6** | **4.9** | **6.3** | **5.0** | **10.1** | **8.6** | **9.3** | **7.6** | **2.6** | **52.4%** |
| Margin | 14.0% | 11.4% | 11.2% | 9.2% | 16.5% | 15.4% | 17.6% | 14.7% | | |
| **Profit** | **5.1** | **5.0** | **5.2** | **4.5** | **8.0** | **7.3** | **5.0** | **5.8** | **1.3** | **29.2%** |
| Margin | 12.7% | 11.6% | 9.3% | 8.4% | 12.9% | 13.2% | 9.5% | 11.3% | | |
| **FX Rate (USD/JPY)** | **129.6** | **138.4** | **141.6** | **132.3** | **137.4** | **144.6** | **147.9** | **148.6** | | |

# Quarterly Net Sales and Operating Income

## Net Sales[1]



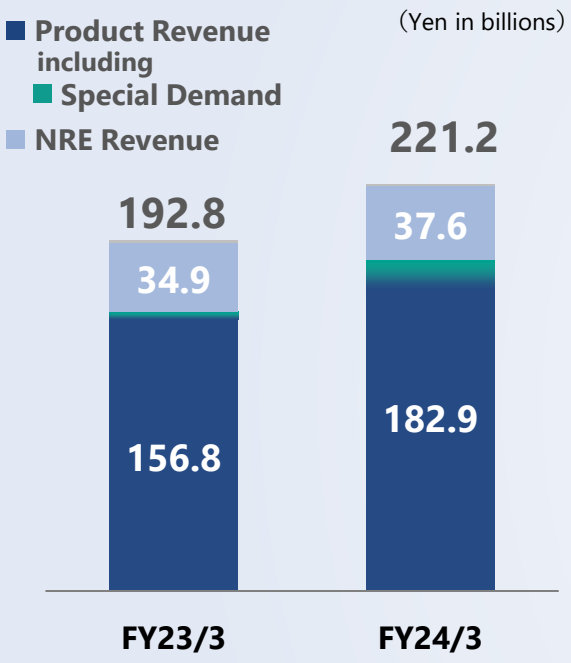

## Operating Income[1]

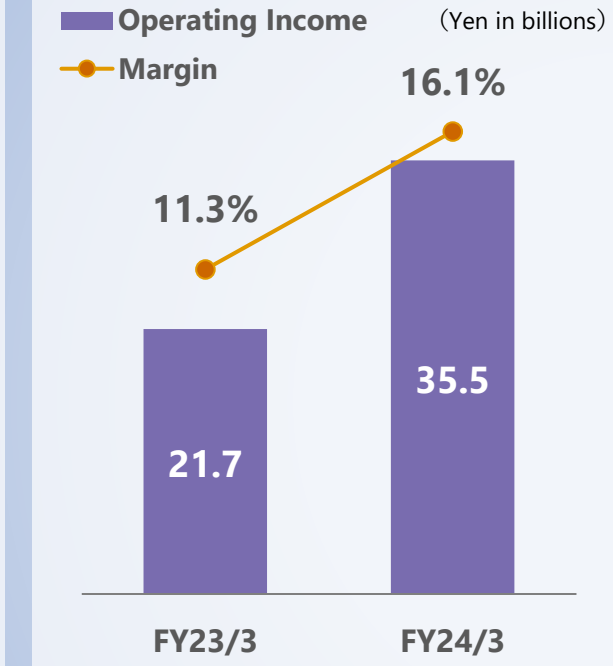



1. The quarterly figures are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.
2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

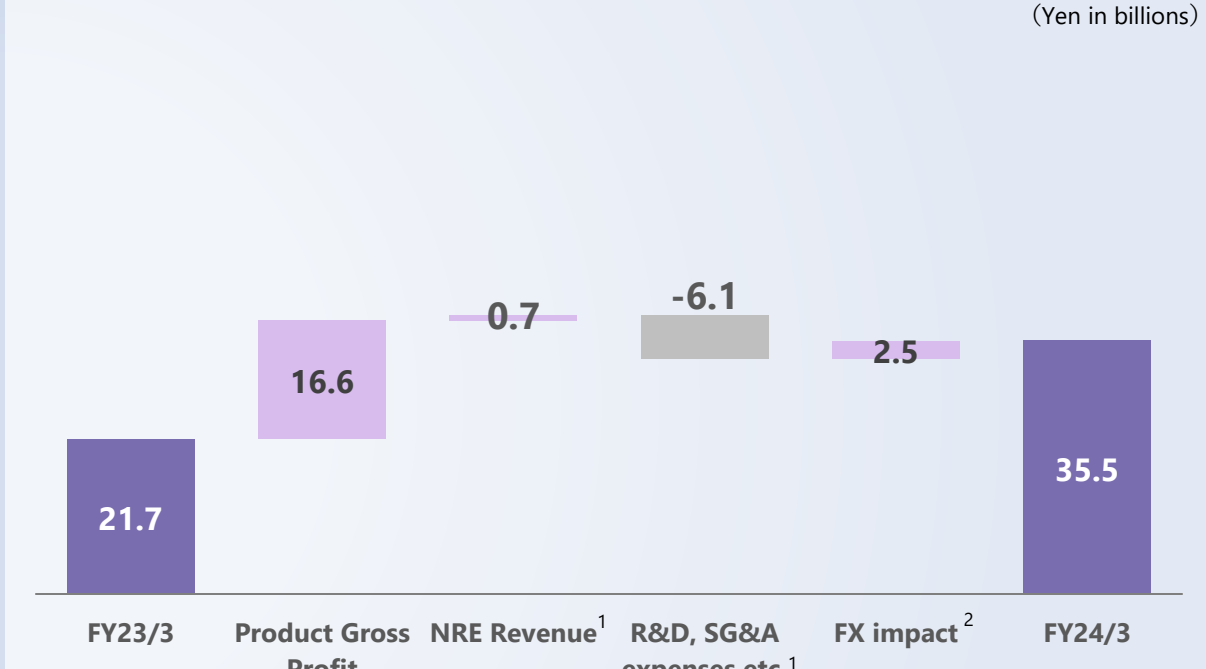
# FY24/3 Annual Financial Results

## Net Sales & Operating Income




## Operating Income YoY Analysis




**<Net sales> YoY +28.5 bn yen (+14.8%)**

- Product revenue +26.1 bn yen (FX impact +9.7 bn yen)
- NRE revenue: +2.7 bn yen (FX impact +2.0 bn yen)
- Depreciation of Japanese yen +11.7 bn yen (USD/JPY 135.5→144.6)

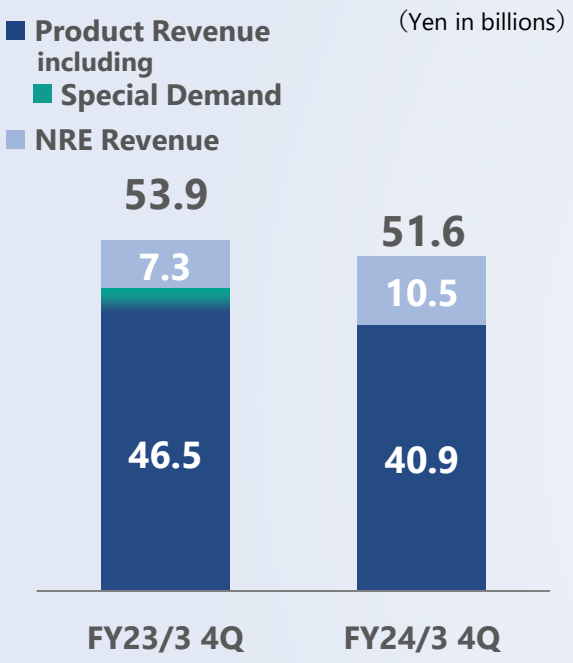
**<Operating income> YoY +13.8 bn yen (+63.6%)**

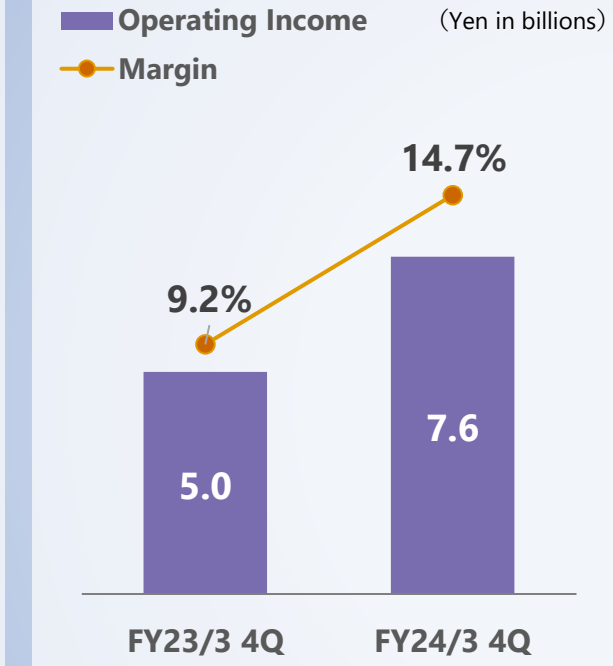
- Increase in gross profit from product revenue +16.6 bn yen
- Increase in NRE revenue +0.7 bn yen
- Increase in R&D・SG&A, etc. -6.1 bn yen
- Depreciation of Japanese yen +2.5 bn yen (USD/JPY 135.5→144.6)

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.

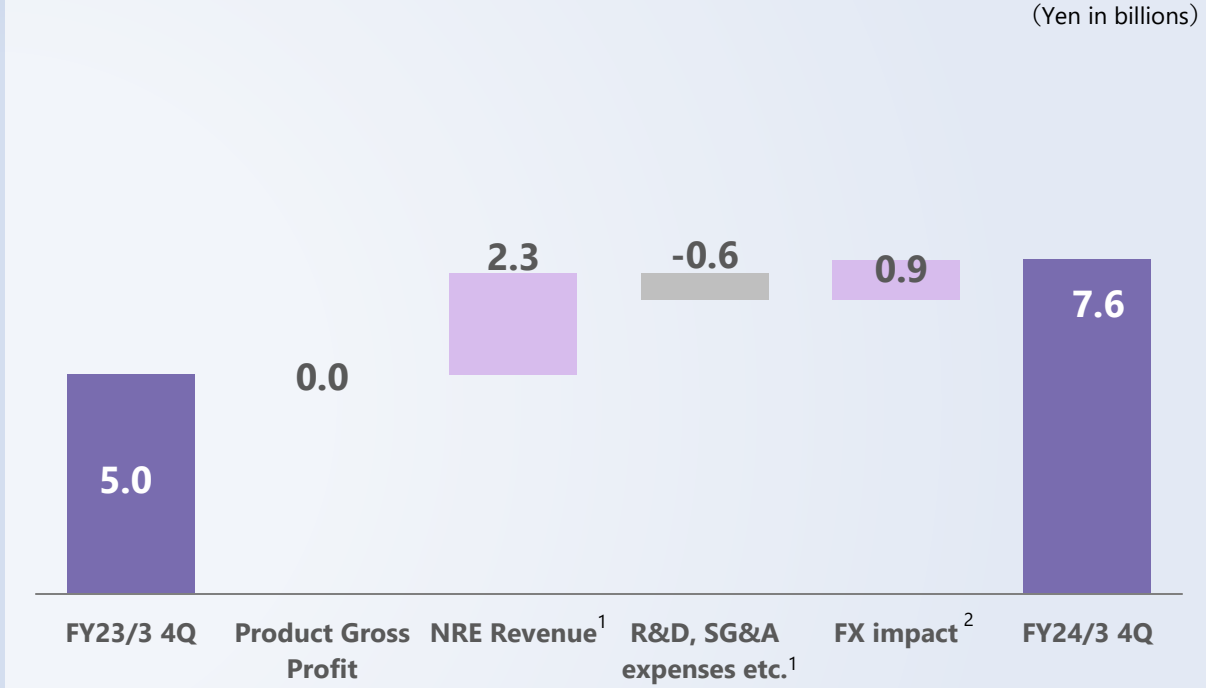
# 4Q FY24/3 Financial Results - YoY Changes

## Net Sales & Operating Income




## Operating Income YoY Analysis




**<Net sales> YoY -2.3 bn yen (-4.3%)**

- Product revenue -5.6 bn yen (FX impact +3.8 bn yen)
- NRE revenue +3.2 bn yen (FX impact +1.0 bn yen)
- Depreciation of Japanese yen +4.8 bn yen (USD/JPY 132.3→148.6)

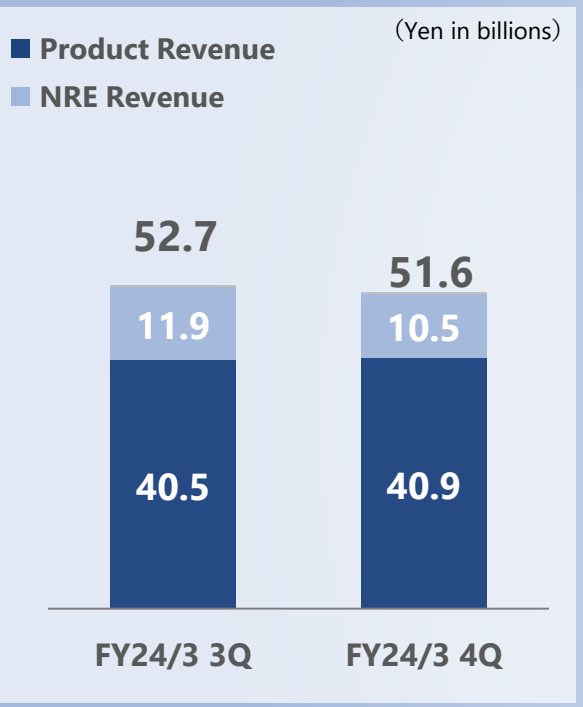
**<Operating income> YoY +2.6 bn yen (+52.4%)**

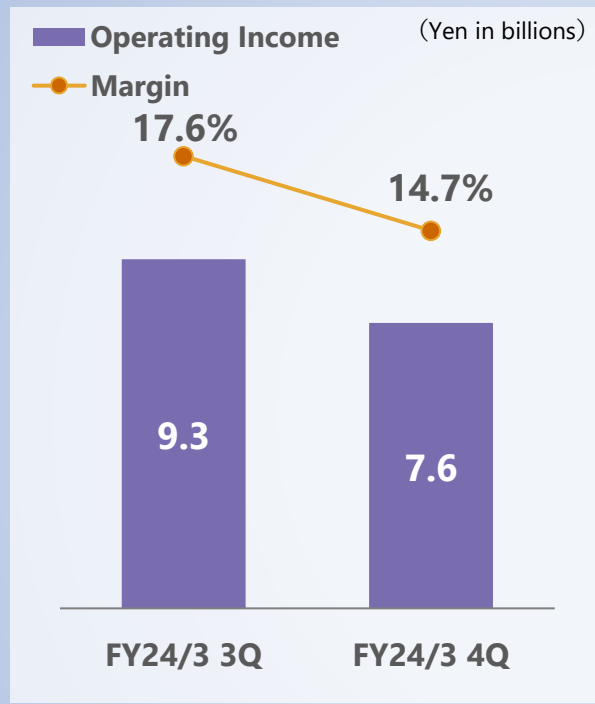
- No increase or decrease in gross profit from product revenue
- Increase in NRE revenue +2.3 bn yen
- Increase in R&D・SG&A, etc. -0.6 bn yen
- Depreciation of Japanese yen +0.9 bn yen (USD/JPY 132.3→148.6)

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.

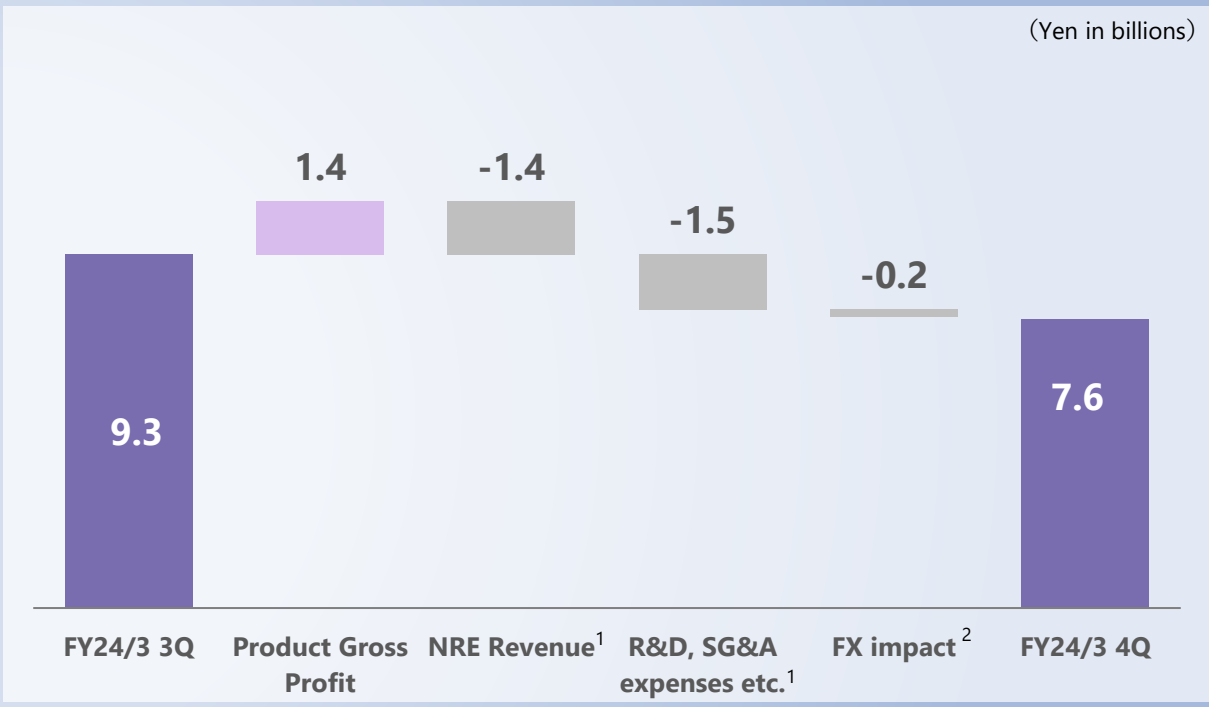
# 4Q FY24/3 Financial Results - QoQ Changes

## Net Sales & Operating Income




## Operating Income QoQ Analysis




**<Net sales> QoQ -1.0 bn yen (-2.0%)**

- Product revenue 0.4 bn yen (FX impact +0.2 bn yen)
- NRE revenue -1.4 bn yen (FX impact +0.0 bn yen)
- Depreciation of Japanese yen +0.2 bn yen (USD/JPY 147.9→148.6)

**<Operating income> QoQ -1.7 bn yen (-18.4%)**

- Increase in gross profit from product revenue +1.4 bn yen
- Decrease in NRE revenue -1.4 bn yen
- Increase in R&D・SG&A, etc. -1.5 bn yen
- Depreciation of Japanese yen -0.2 bn yen (USD/JPY 147.9→148.6)

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.

# (Reference) Mid-Term Financial Targets Announced in Sep. 2022

| | FY21/3 | FY22/3 | Mid-Term Target[1] | FY23/3 Results | FY24/3 Results |
|---|---|---|---|---|---|
| Net Sales Growth | 99.7 billion yen | 117.0 billion yen | High teen% CAGR[2] | 192.8 billion yen | 221.2 billion yen CAGR[2]:37% |
| OP Margin | 1.6% (1.6 billion yen) | 7.2% (8.5 billion yen) | Low-to-Mid teen % | 11.3% (21.7billion yen) | 16.1% (35.5 billion yen) |

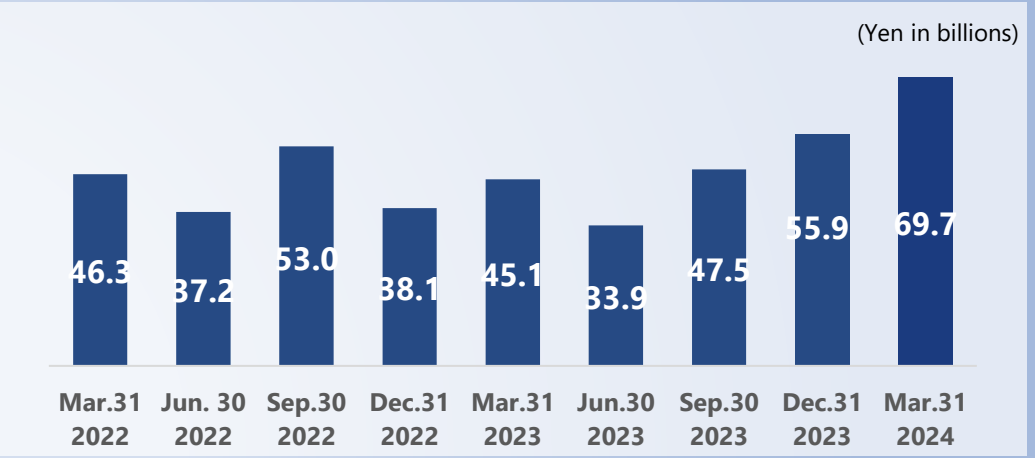
1. The mid-term targets presented herein represent our plans and expectations as of September 2022. These mid-term targets are forward-looking statements, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of 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.
2. The base year of the calculation of Compound Annual Growth Rate (CAGR) is FY22/3.

# Consolidated Balance Sheet（As of March 31, 2024）

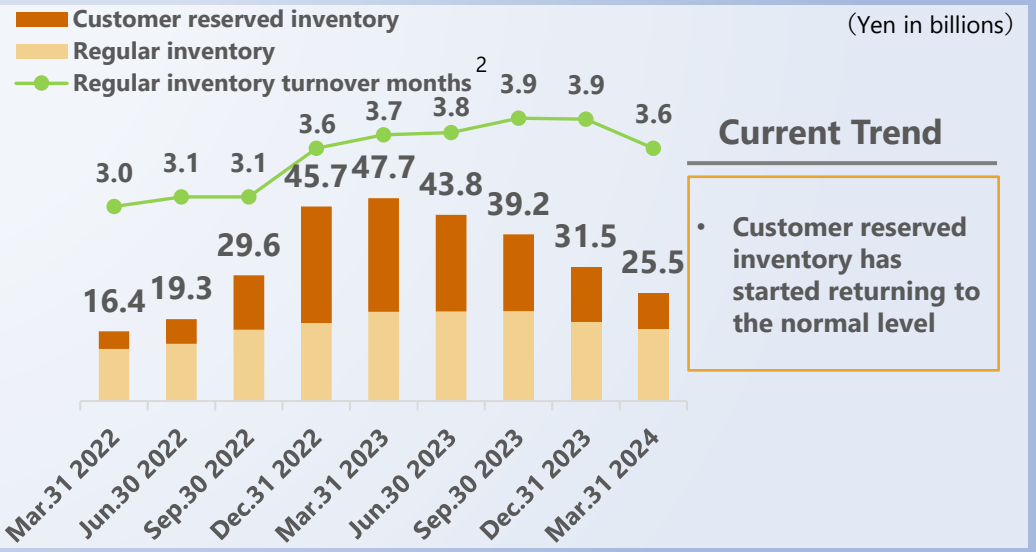
(Yen in billions)

| | As of Mar.31,2023 | As of Mar.31,2024 | Change |
|---|---|---|---|
| **Total Assets** | 193.9 | **186.8** | -7.1 |
| **Total Current Assets** | 156.1 | **138.9** | -17.2 |
| **Cash on-hand and in banks** | 45.1 | **69.7** | +24.6 |
| **Accounts receivable-trade** | 40.8 | **35.3** | -5.6 |
| **Inventories**[1] | 47.7 | **25.5** | -22.2 |
| **Accounts receivable-other** | 16.2 | **2.9** | -13.3 |
| **Total non-Current Assets** | 37.9 | **47.9** | +10.1 |
| **Total Liabilities** | 84.1 | **55.8** | -28.3 |
| **Total Current Liabilities** | 82.3 | **53.1** | -29.2 |
| **Accounts payable-trade** | 23.4 | **15.8** | -7.7 |
| **Accounts payable-other** | 24.6 | **9.3** | -15.2 |
| **Liabilities related to changeable subcontracting** | 18.9 | **9.3** | -9.6 |
| **Total Net Assets** | 109.9 | **131.0** | +21.2 |
| **Shareholders' Equity Ratio** | 56.6% | 70.1% | |

## Cash on Hand and in Banks




## Inventories



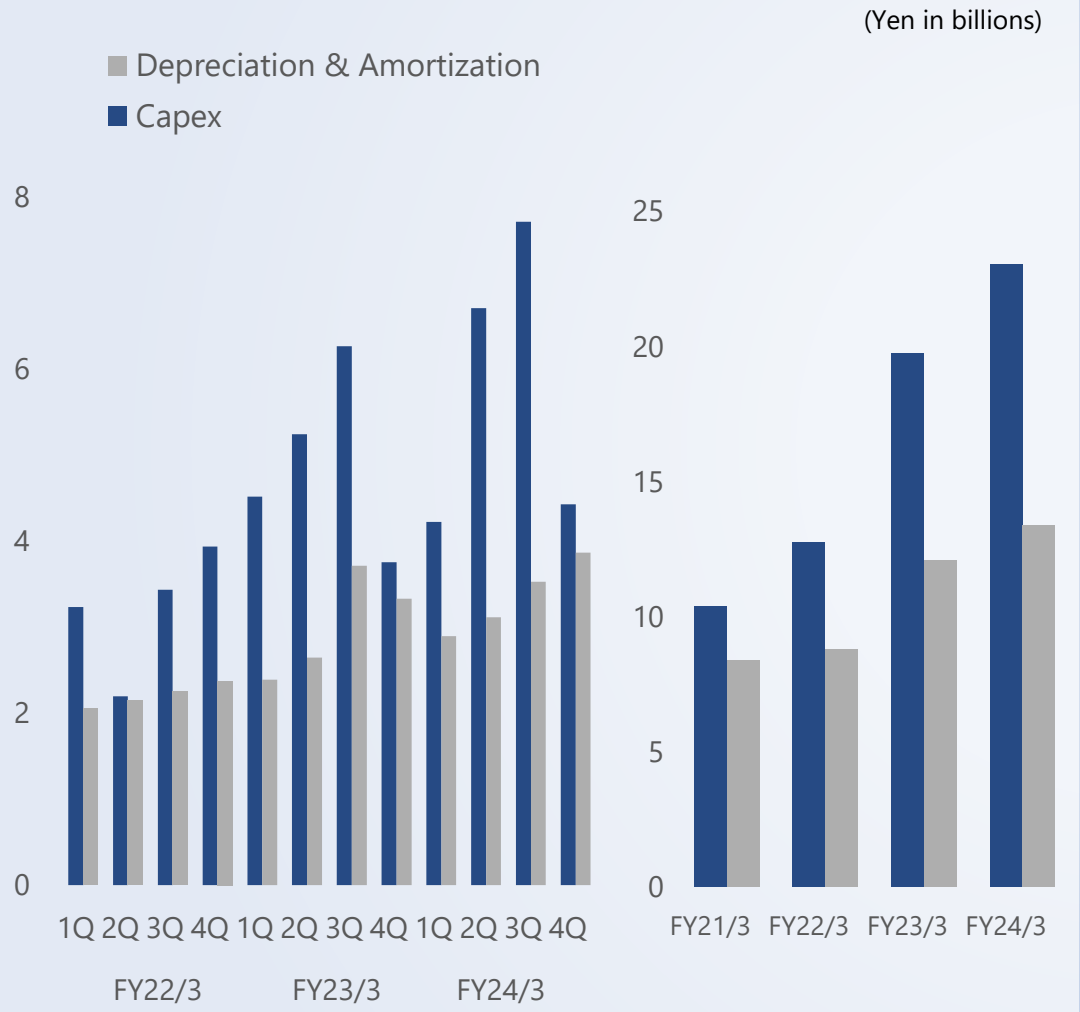

### Current Trend

- Customer reserved inventory has started returning to the normal level

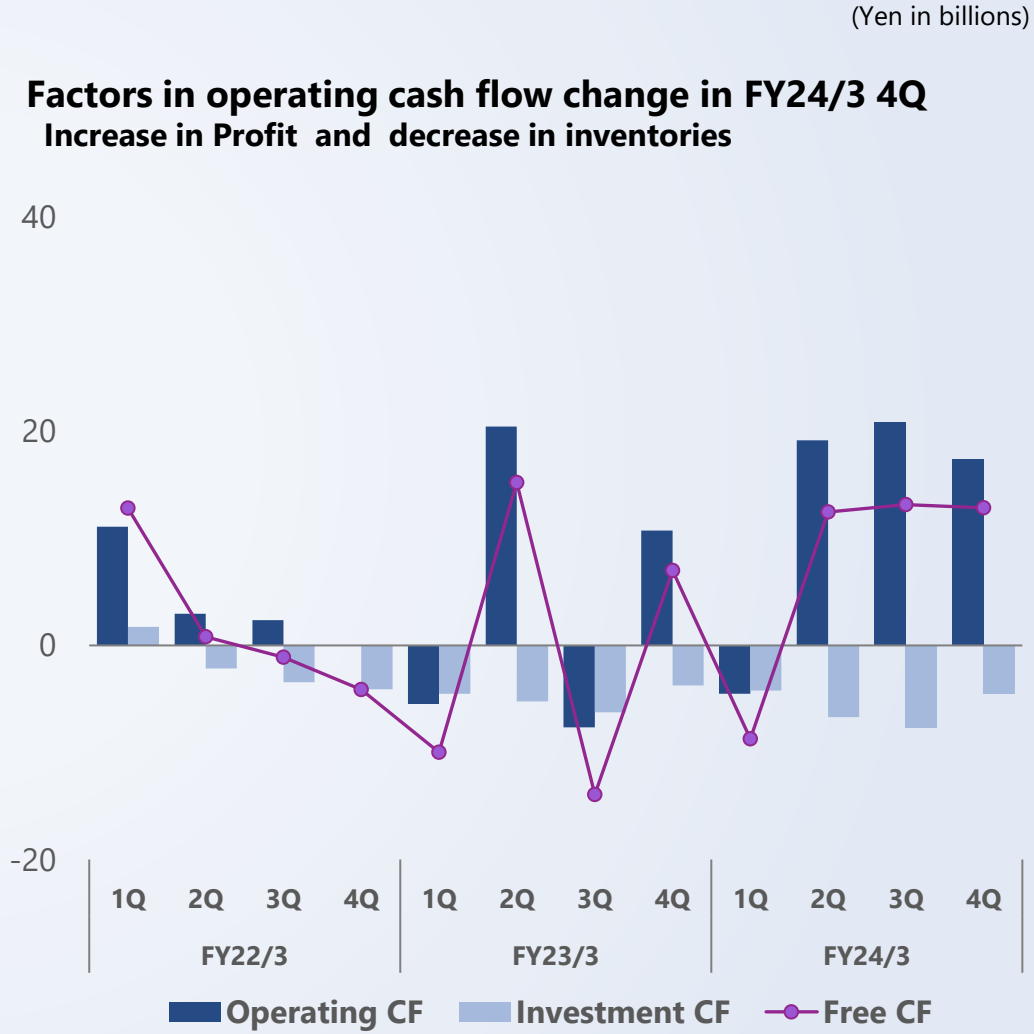
1. Inventories consist of finished goods and work in process
2. Regular inventory turnover months = ordinary inventories balance/forecasted cost of sales in next-3-month average

# Capex-Depreciation & Amortization / Cash Flow

## Capex[1]-Depreciation & Amortization[2]



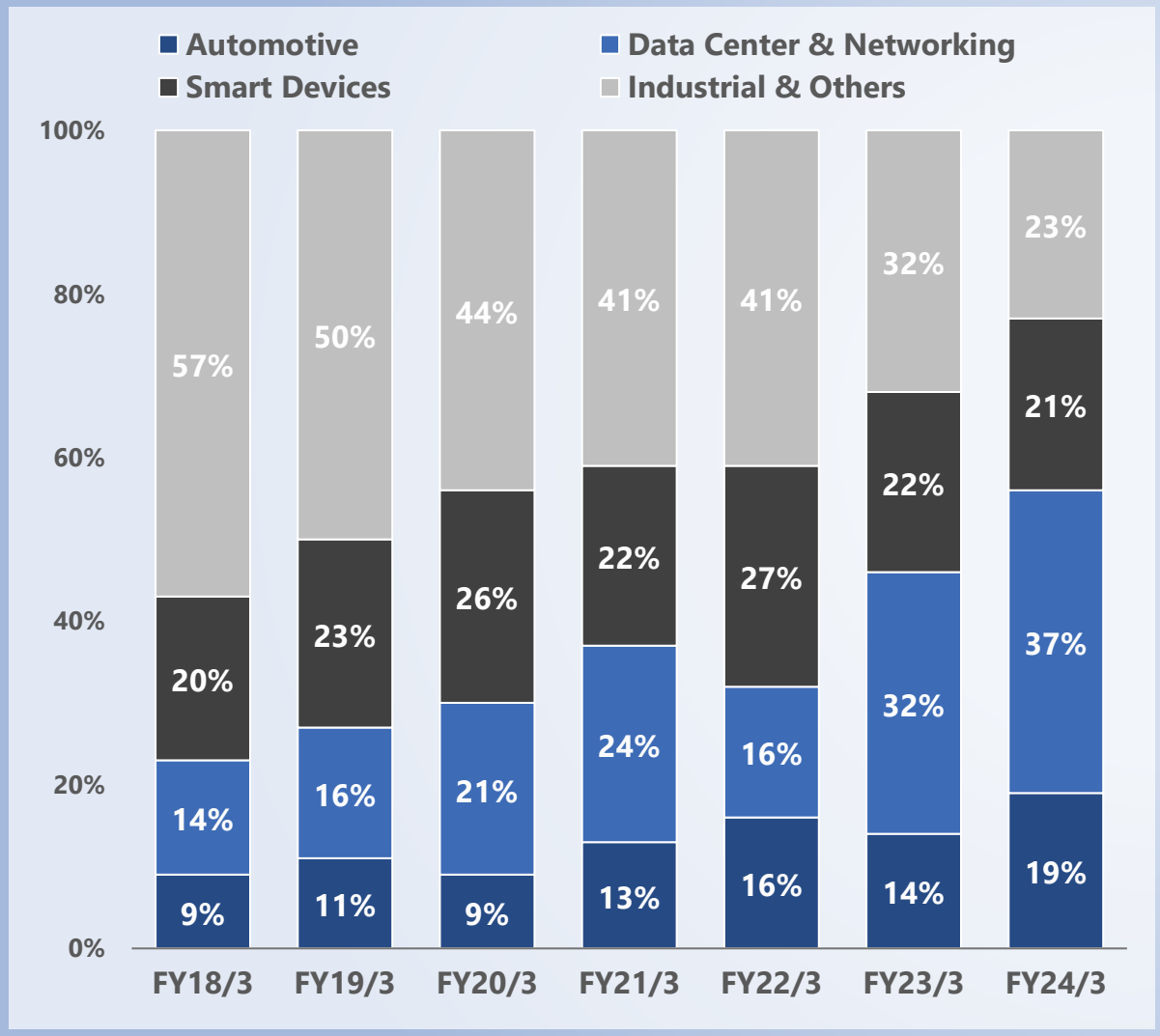

## Cash Flow[2]



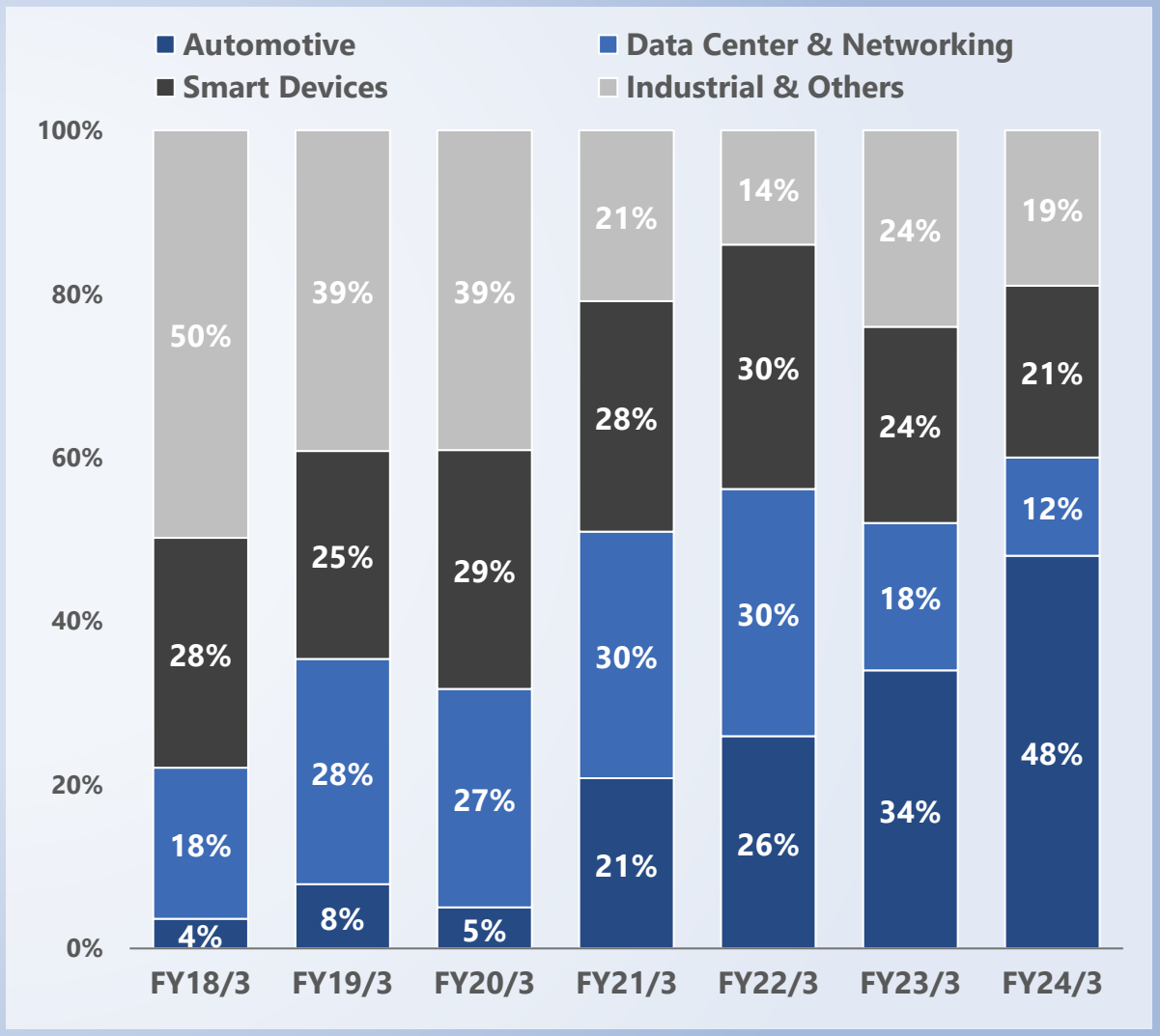

1. Capex: Purchases of PP&E + purchase of intangible assets
2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

# Breakdown by Application Market

## Net Sales

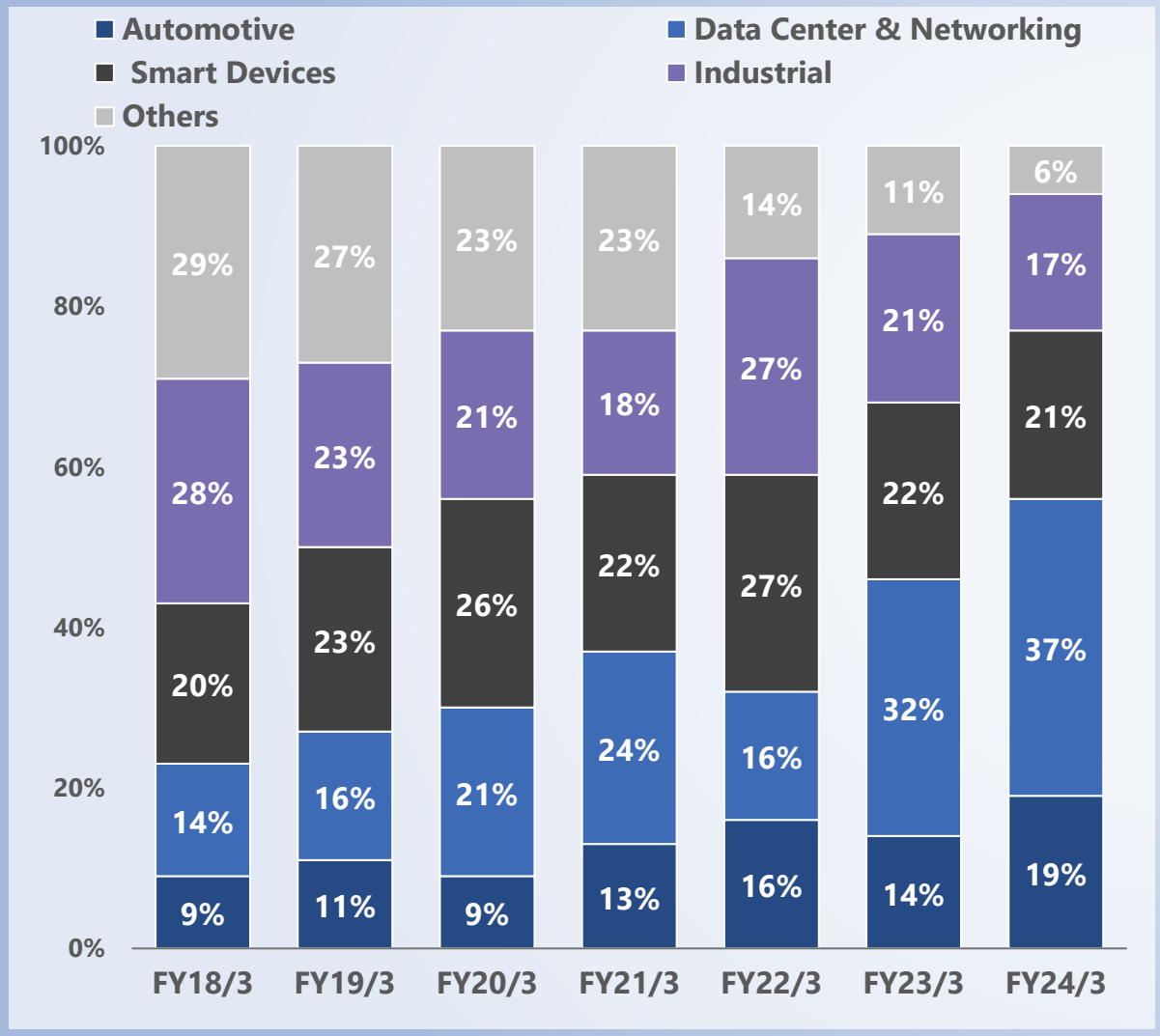



## NRE Revenue

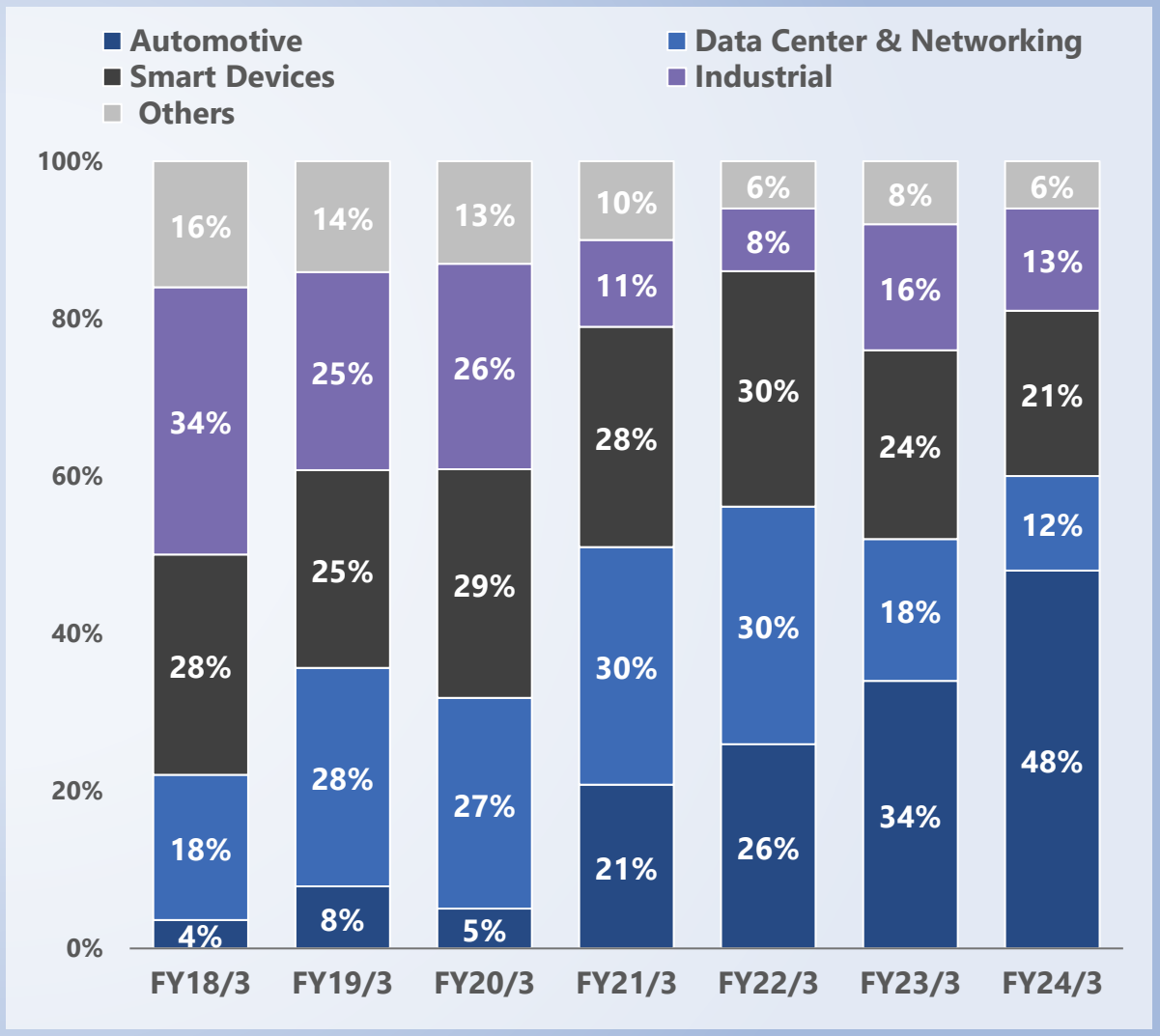


# Breakdown by Application Market

## Net Sales



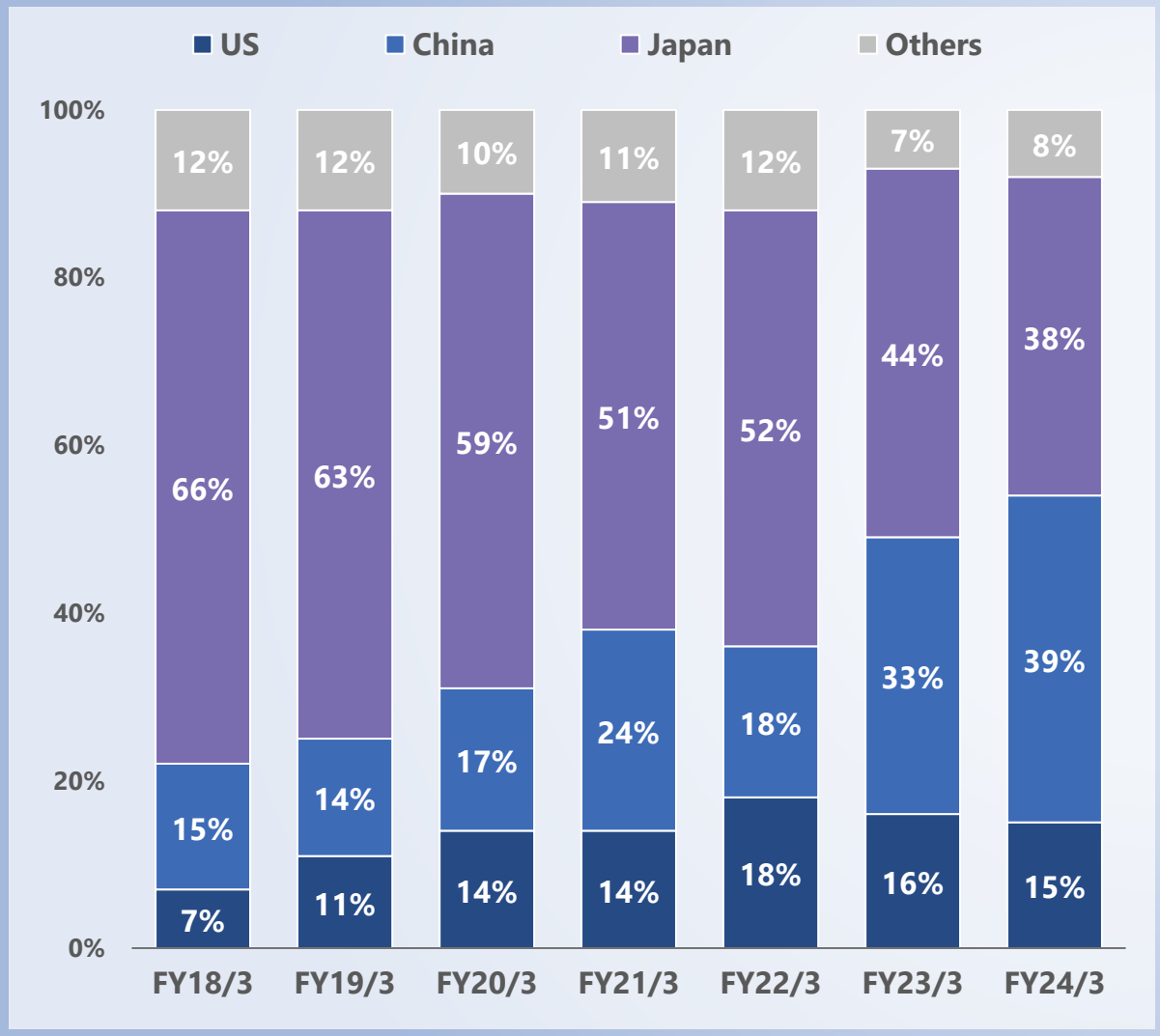

## NRE Revenue



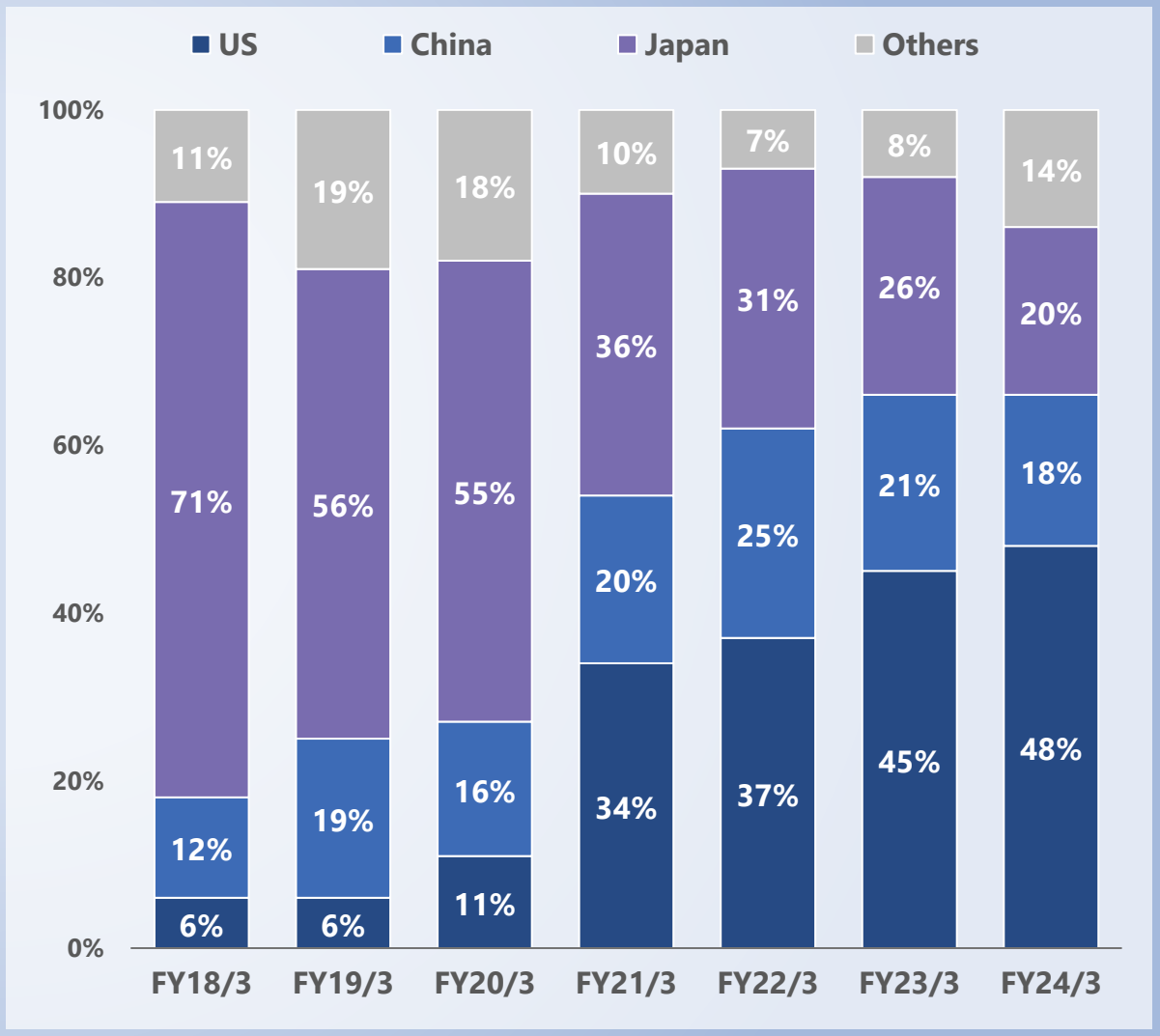

1. Industrial: office equipment, factory automation, industrial equipment, measurement instruments/testers, etc.
Others: sensors, existing consumer equipment (BDR, TV tuners), etc.

# Breakdown by Geographic Region

## Net Sales

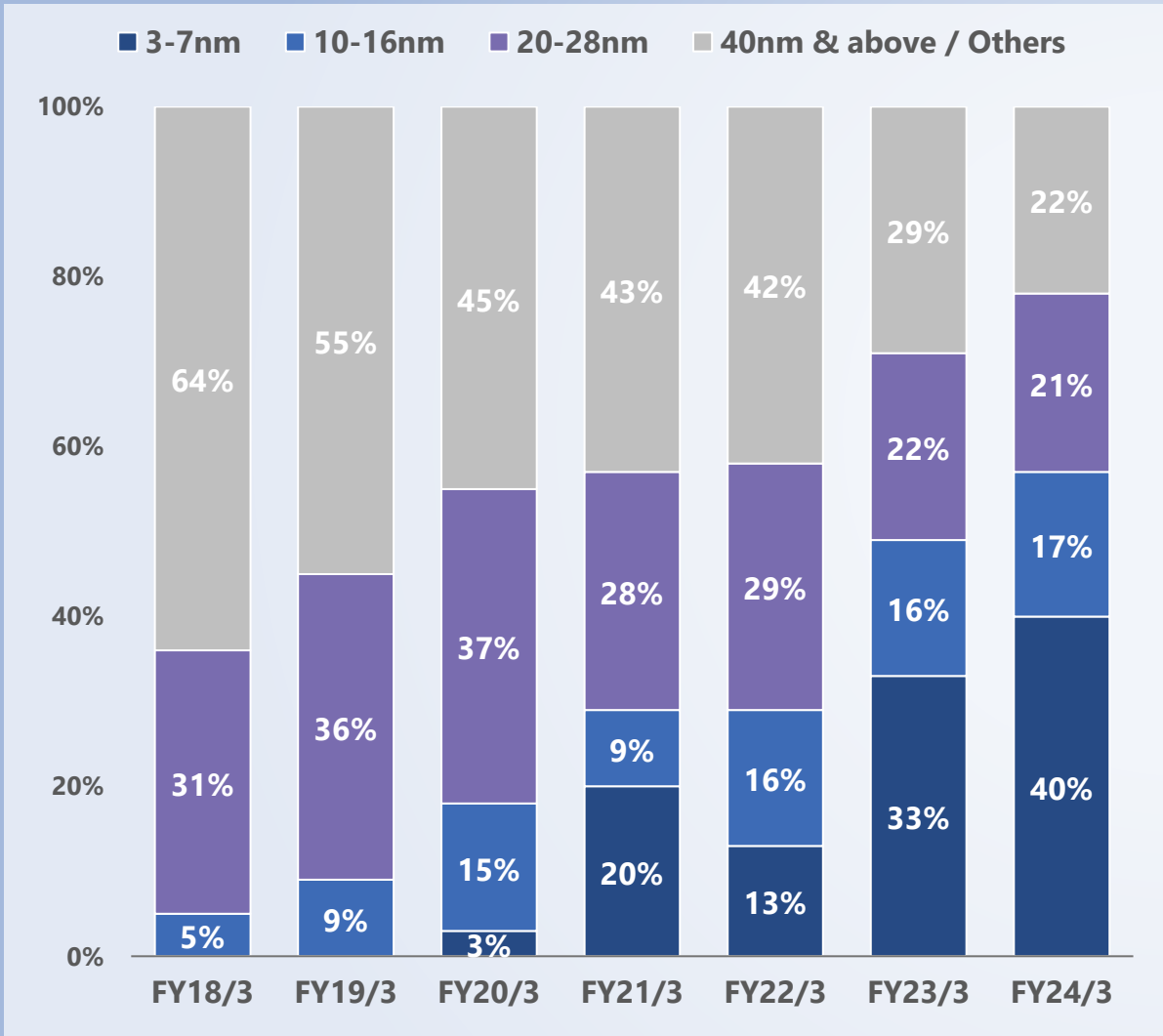



## NRE Revenue

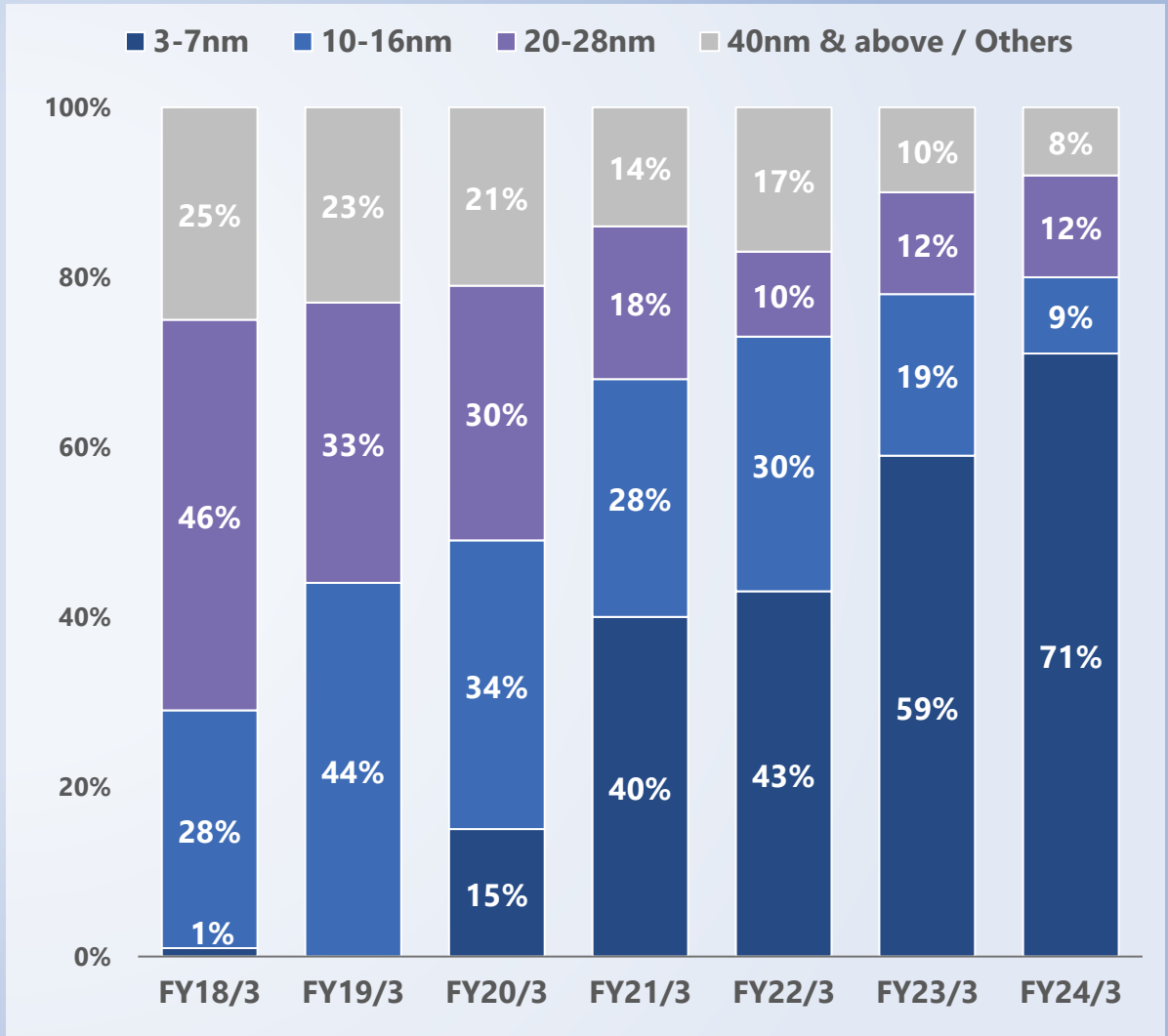


# Breakdown by Process Node

## Net Sales

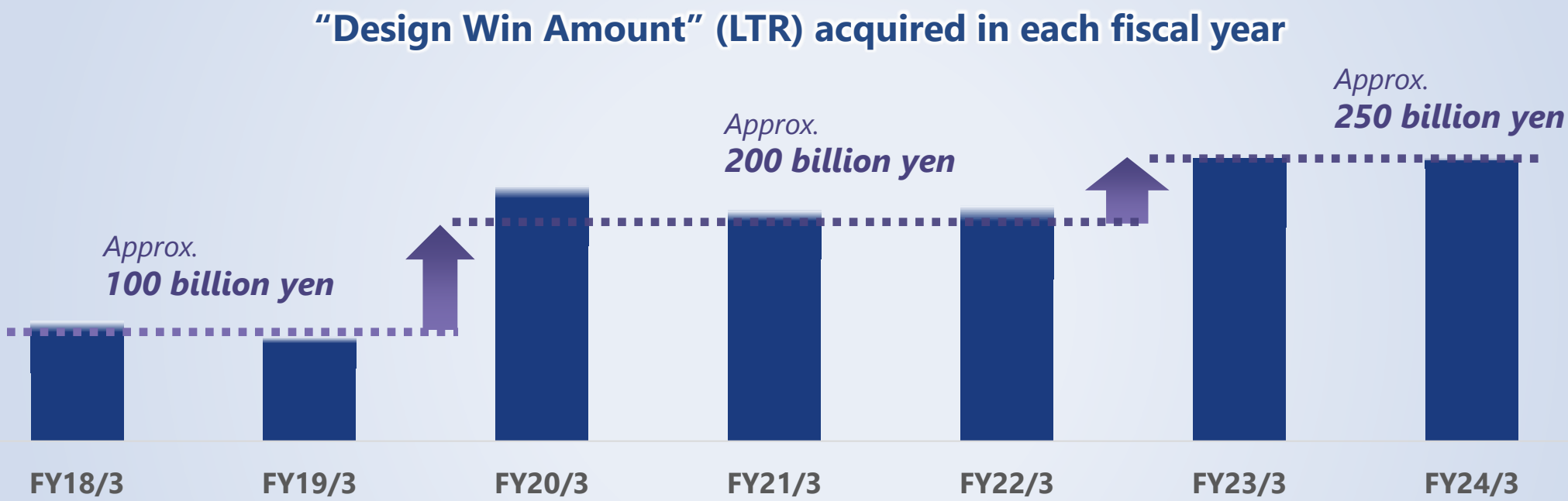



## NRE Revenue



# Strong Design Wins

- **"Design Win Amount[1]" has more than doubled through transformation since 2018**
  **The amount was at level of 250 billion yen in FY24/3 following FY23/3**

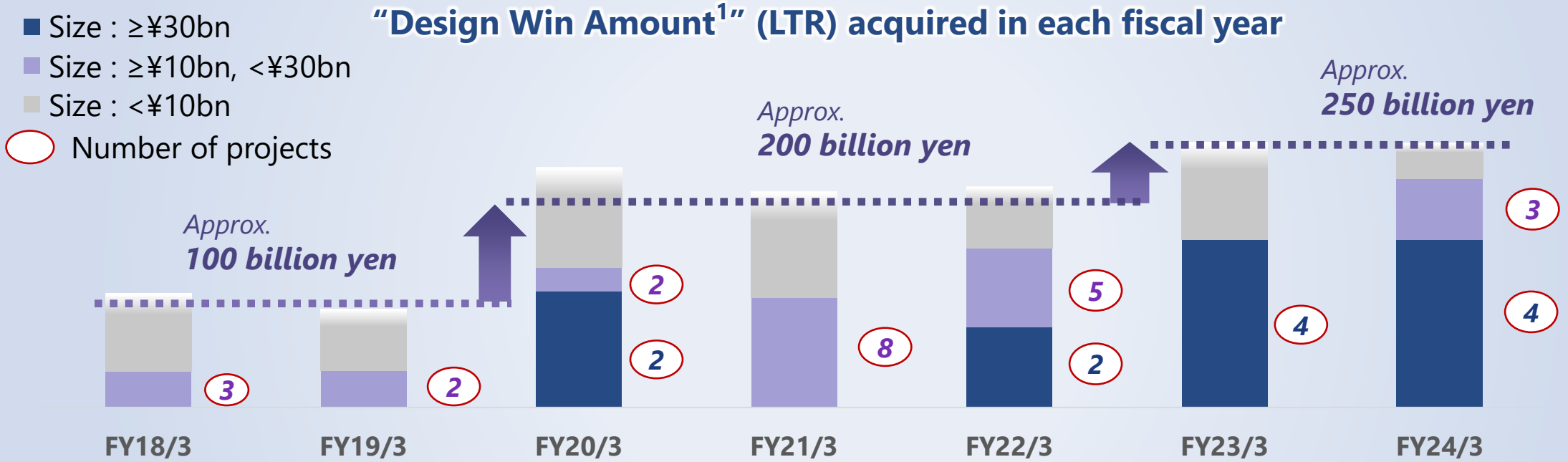



*We do not update the "design win amount" for any changes in circumstances that we become aware of after such period-end date. Those changes include: (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices,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

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

# Large-Scale Design Wins Increasing

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




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

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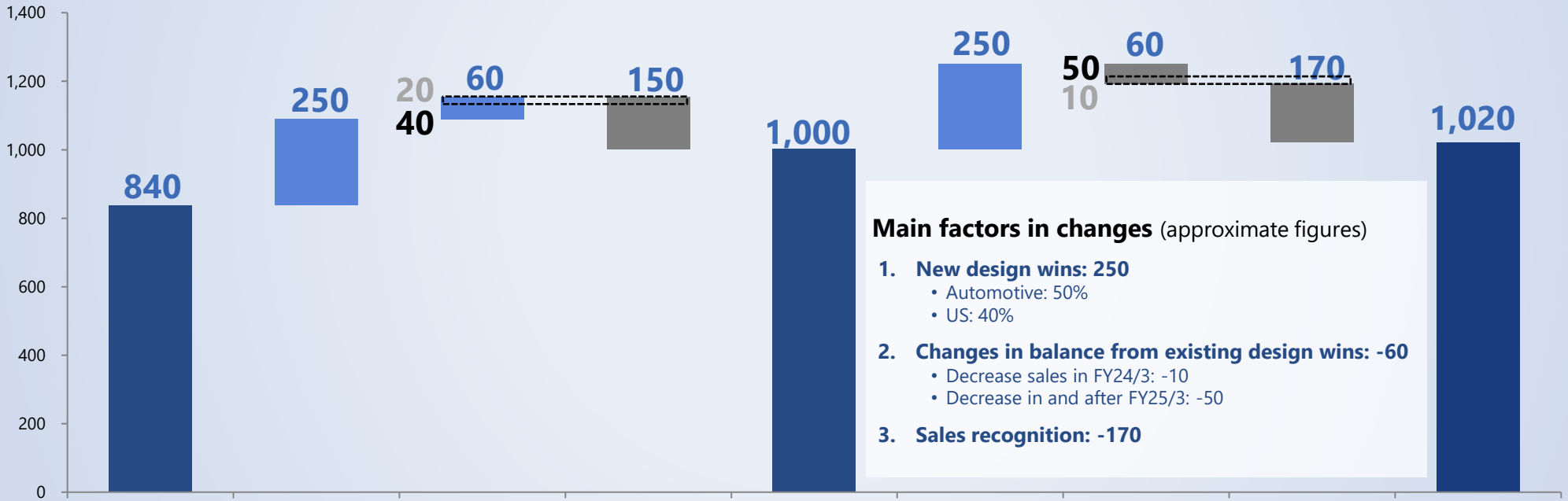
# Design Win Balance: Breakdown of Changes

- **Although new Design Wins expanded, Design Win Balance increased only slightly, due to revision of sales forecasts for existing projects in response to customers' business environment and the cancellation of mass production for a few projects mainly in Japan**
- **Approximately 60% of the current Design Win balance will be recognized as net sales between FY26/3 and FY29/3**

(Yen in billions)

## Design Win Balance (Approx.) FY22/3 - FY24/3



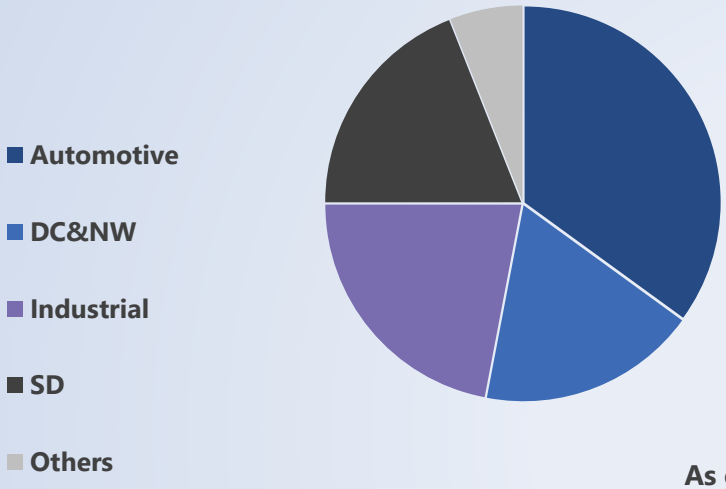

**Main factors in changes** (approximate figures)

1. **New design wins: 250**
   - Automotive: 50%
   - US: 40%
2. **Changes in balance from existing design wins: -60**
   - Decrease sales in FY24/3: -10
   - Decrease in and after FY25/3: -50
3. **Sales recognition: -170**

1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired up until the relevant balance date, including (1) recognition of revenue relating to such projects or any other subsequent changes in the development process, estimated sales volumes, unit prices, available manufacturing capacity or other factors that occur, which could either increase or decrease "design win balance" and (2) any subsequent cancellation of projects. For example, certain projects in primary areas reflected in the "design win amount" for FY20/3, FY21/3 and FY22/3 suffered from subsequent cancellations that accounted for around 20%, respectively, of the relevant "design win amount" shown in the graph above. However, the "design win amount" corresponding to subsequent project cancellations for FY20/3, FY21/3, FY22/3, FY23/3 and FY24/3 were more than offset by the effects of increases in actual or newly estimated unit prices or volumes with respect to some of the projects compared to our original expectations, and thus the retrospective "design win" amounts for such years after taking these subsequent effects into consideration would show a mostly same level to our original expectations. There have been no significant subsequent cancellations regarding the design win amount for the fiscal year ended March 31, 2023, and ended March 31, 2024,although there can be no assurance that cancellations will not occur in the future with respect to design win amounts for such fiscal year or any prior fiscal year. A foreign exchange assumption of $1=¥100 has been used. 2.Design Win Balance as of June 2022 was 880 billion yen

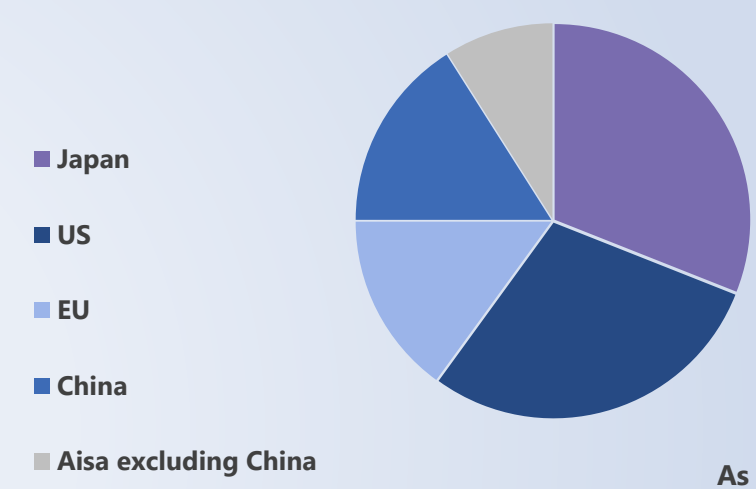
# Design Win Balance by Application Market and Region

By application




As of FY24/3

By region[1]




As of FY24/3

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

＊ “Industrial” has been separated from “Others” as an independent category

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

# Abundant Global “Design Win Balance”

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

## Automotive

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

## Data Center & Networking

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

## Industrial

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

## Smart Devices

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

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


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

# Consolidated Earnings Forecast

(Yen in billions)

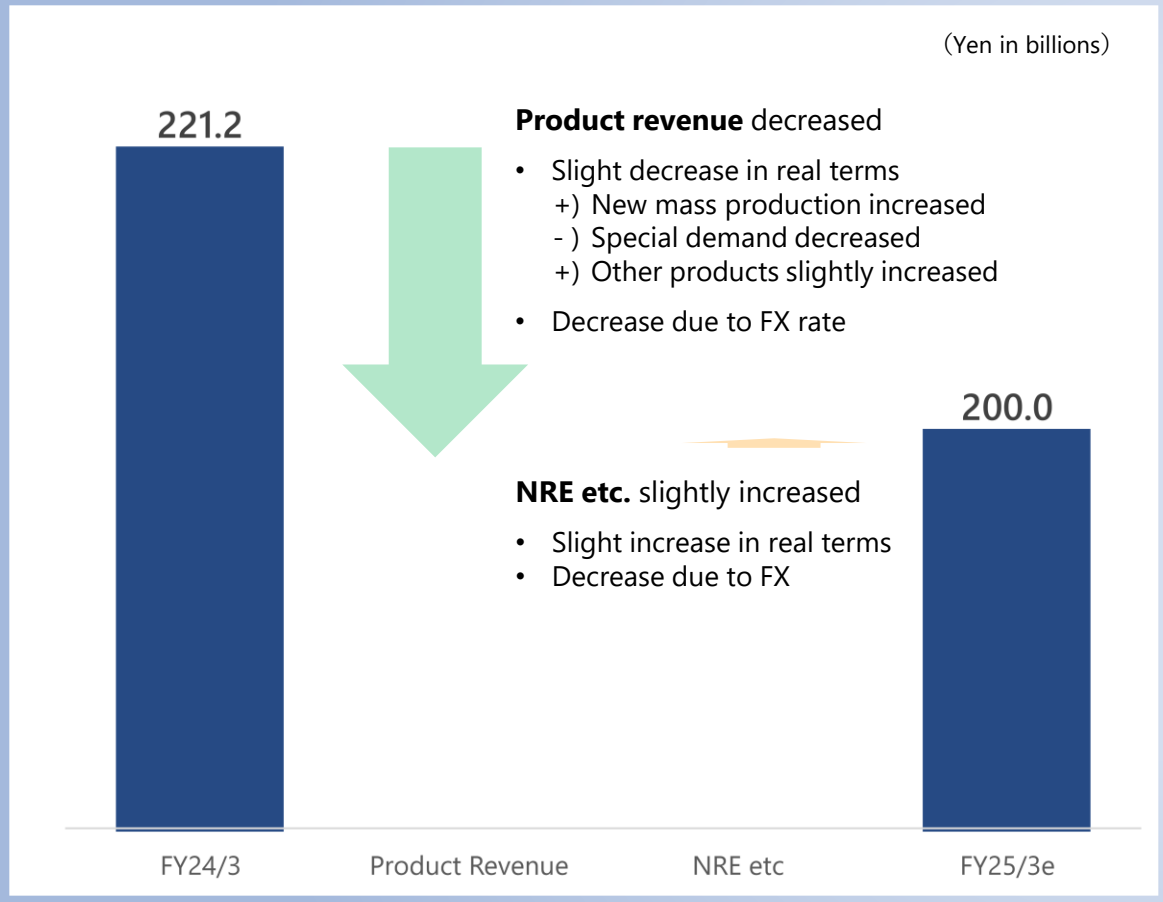
| | FY2024/3 Full Year Results | FY2025/3 Full Year Forecast | YoY | YoY % |
|---|---|---|---|---|
| **Net Sales** | **221.2** | **200.0** | -21.2 | -9.6% |
| **Operating Income** | **35.5** | **27.0** | -8.5 | -24.0% |
| Margin | **16.1%** | **13.5%** | -2.6%pt | |
| **Profit** | **26.1** | **19.5**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

- The FX rate sensitivity for the FY25/3 forecast is assumed to be approx.1.2 billion yen for net sales, and approx. 325 million yen for operating income to a 1 yen change against US dollar. The impact on other currencies is assumed to be negligible.

1. Actual basic earnings per share for FY2024/3 and forecasted basic earnings per share for FY2025/3 was calculated based on 176,119,044 shares.
2. Estimated dividends per share for FY2024/3 was 42.00yen as of the end of April, 2023 and 46.00yen as of the end of October, 2023.
3. Actual and forecasted basic earnings per share and dividends per share were calculated based on the number of shares after the five-for-one stock split. Socionext conducted 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.

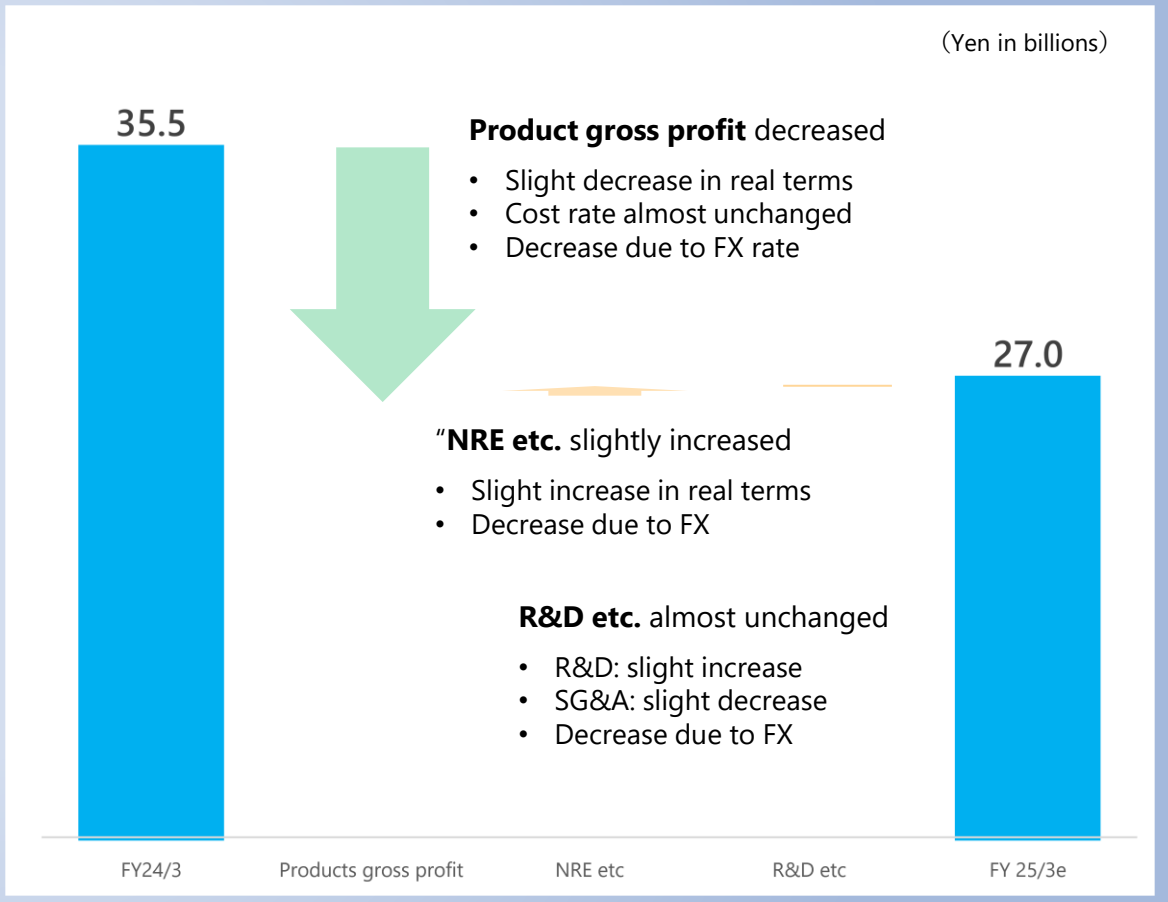
# Consolidated Earnings Forecast (vs Previous Results)

## Net Sales




(FX rate) (144.6) (130.0)

## Operating Profit



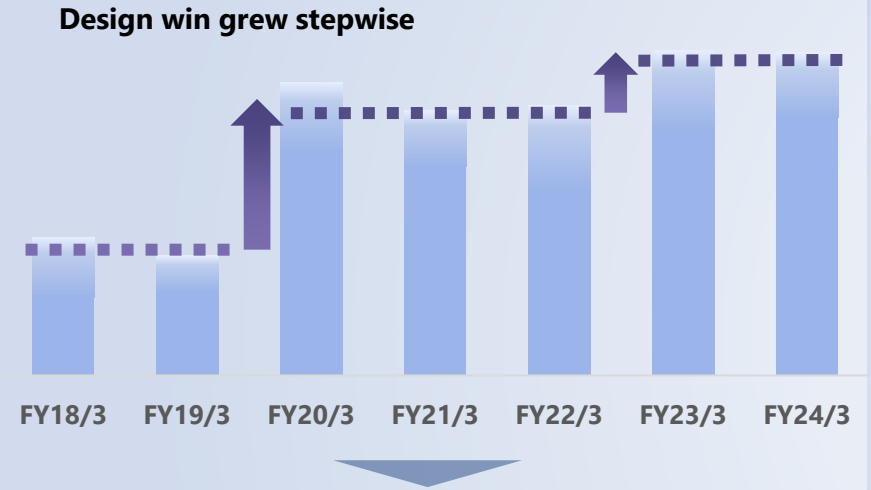

(FX rate) (144.6) (130.0)

➢ The FX rate sensitivity for the FY25/3 forecast is assumed to be approx.1.2 billion yen for net sales, and approx. 325 million yen for operating income to a 1 yen change against US dollar. The impact on other currencies is assumed to be negligible.

# Illustrative Image of Growth

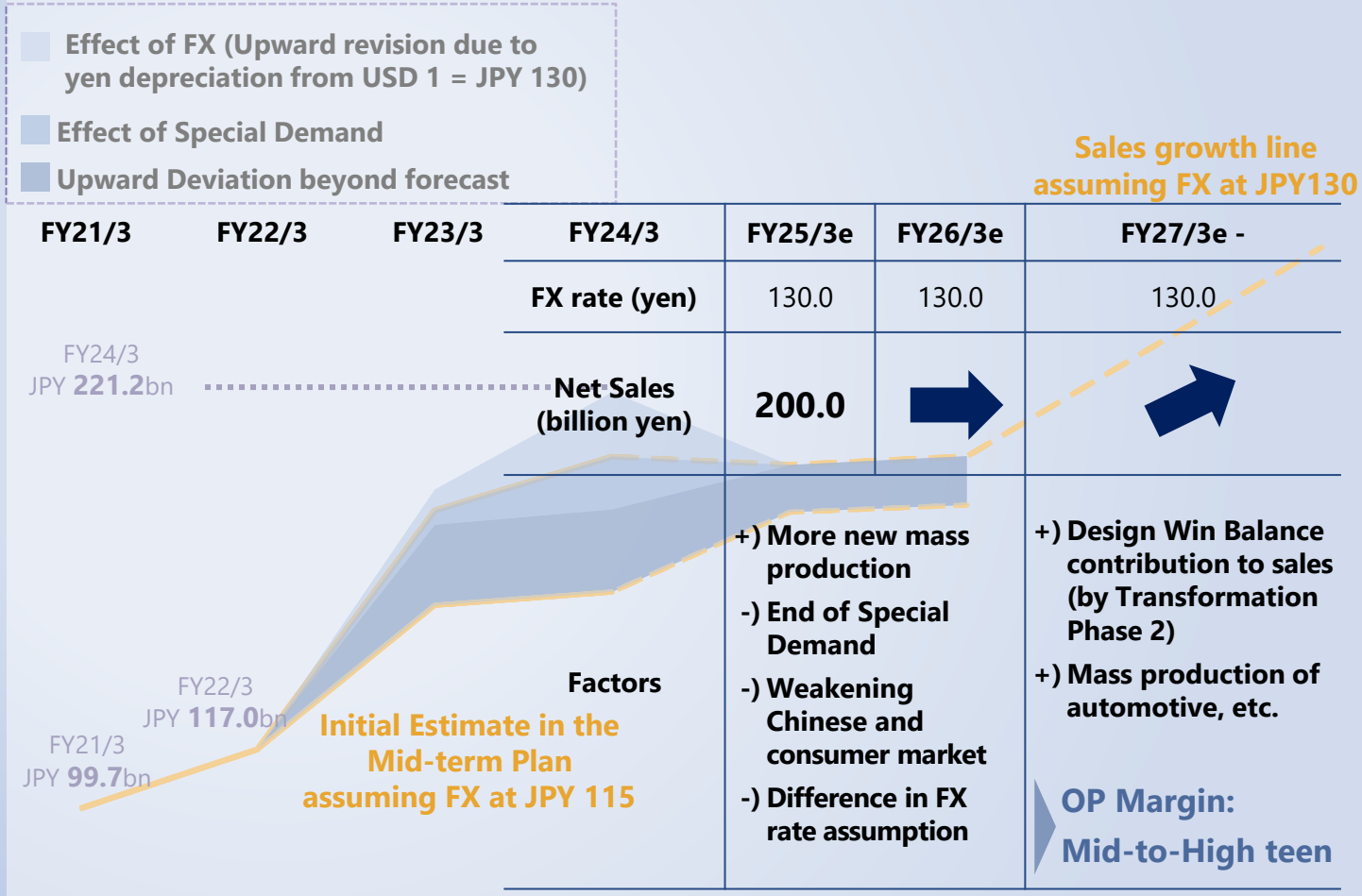
- While expansion of new mass production continues, Net Sales will possibly be flat or slightly decrease in FY25/3 and FY26/3, due to end of Special Demand and weakening of Chinese and consumer markets → Another growth acceleration will follow driven by new mass production in automotive and other areas

## Sales growth mechanism




- Actual net sales increased due to the special demand and other upward deviation
- Without these temporary factor, new mass production sales are expected to grow steadily with design win balance

## Net sales achievement and forecast[2]

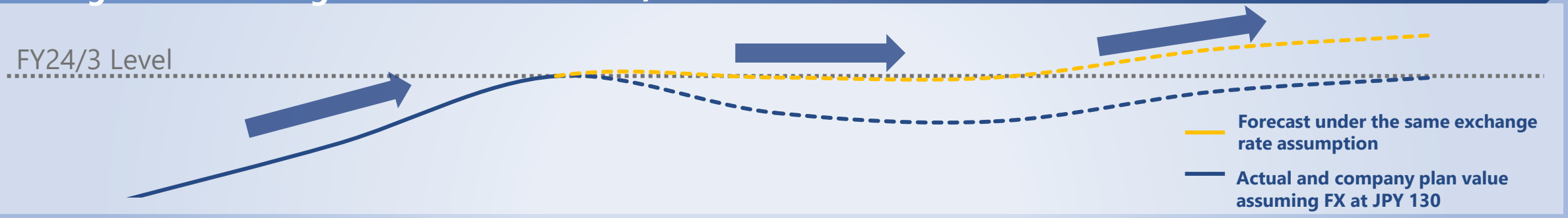



1. Refer to page 3
2. Net sales for FY21/3 and FY22/3 was based on the actual FX rate the time. The upper line chart assumes FX rate of USD 1 = JPY 130 in and after FY23/3 for the purpose of comparison between the current and long-term growth trend. The lower line chart was net sales estimate in the mid-term plan recalculated with an assumption of USD 1 = JPY 115. Upward deviation is calculated using this recalculated net sales estimate. Please note that the actual mid-term plan assumed FX rate of JPY 115 except for FY23/3 with an assumption of JPY 125.
3. This slide is from the Q2 FY24/3 financial results presentation, with updated FY24/3 results and revised exchange rates for FY25/3 and beyond.

# OP Margin Trend and Outlook for Future

- **OP margin has shown improvement in recent years, and while it may temporarily remain flat, it is expected to grow again due to the increase in product revenue**

## Long-term OP margin trend after FY2022/3




| | ~FY24/3 | | FY25/3-FY26/3 | FY27/3~ |
|---|---|---|---|---|
| Product Gross Margin | ■ ~FY23/3 | ■ FY24/3 | | |
| R&D ratio | ■ R&D ratio improved due to the increase in product revenue<br>■ R&D efficiency improved while total expense increased | | ■ Baseline trend is mostly flat<br>■ Advanced R&D and cost related to strengthening R&D structure would be on the rise | ■ R&D and SG&A ratio will slightly improve due to the increase in net sales while the total amount of R&D and SG&A would be on the rise |
| SG&A ratio | ■ SG&A ratio improved due to the increase in net sales | | | |
| FX rate (USD/JPY) | 112.4 | 135.5 | 143 | 130.0 |

**Arrows indicate direction of impact on OP margin*

# Market Trend, Background of FY25/3 Forecast and Outlook for FY26/3 & Beyond

## Market trend and Design win

### Automotive
- Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)
- Demand is strongly active for HPC, in addition to zone architecture and sensing SoCs
- Business opportunities continue to be active

### Data Center & Networking
- Demand growing for DC＆NW and cloud service SoCs, due in part to increasing demand for generative AI
- New business opportunities for data center active in the US

### Smart Devices
- Demand for new technologies in smart devices area continues to be strong due to expanding use of AI
- Business opportunities active with advanced customers, in applications including computer vision, AR etc.

### Industrial
- Demand expanding for Solution SoC with advanced technologies in industrial applications, due to expanding use of AI and networking
- Business opportunities increasing, for FA, and measurement equipment, as well as for custom SoCs using RF-CMOS technologies

## FY25/3 forecast

**Product Revenue**

Overview
- Sales from new mass production will increase significantly compared to FY24/3 (accounting for 10% of total product sales)
- Total product revenue in real terms will be flat or slightly lower than FY24/3, due to end of "special demand" in China and decline in office and FA equipment due to changes in the market environment

Application market
- Automotive business will remain steady
- Demand for existing Smart Device business will increase
- Slight decrease in office and FA equipment due to inventory adjustment
- Demand for large-scale SoCs will drive demand for testers
- "Special demand" for the China network business will decrease by about 15bn yen from FY24/3 (back to initially projected level)

Geographic region
- China: "Special Demand" will decrease
  New mass production for Automotive will increase
- US: Smart Devices and Industrial will increase
- Japan：Industrial (office, FA) will decrease

**NRE revenue**
- Moderate increase in line with increase in Design Wins
- Steady design wins expected from Automotive and Industrial for AI functionality, as well as from Data Center business opportunities

**Operating Income**
- Operating Income will decrease from FY24/3, Due to decrease in product GP due to lower product sales while maintaining the manufacturing cost rate and Increase in R&D for active investment for leading-edge technologies

**FX Assumptions**

1USD=130JPY
- FX sensitivity (Sales): approx. 1.2 billion yen
- FX sensitivity (OP): approx. 325 million yen

## FY26/3 & beyond outlook

**Product Revenue**

FY26/3: Same level as FY25/3 or slightly lower
- Sales increase from new mass production is expected to continue (same level as FY25/3)
- Sales from China network business ("special demand" ended / some contributed to revenues ahead of schedule) will decrease, returning to initially projected level
- Demand for consumer electronics is expected to weaken in the near term

FY27/3 & beyond:
- With design wins acquired in FY20/3~23/3 at 200 billion yen and current level of design wins at 250 billion yen, sales growth expected as the mass production of projects from these design wins start ("Design Win Balance" calculated based on 1USD = 100JPY)
  - Automotive:
    Mass production will start for ADAS/AD SoC
  - Industrial:
    - Demand will expand as inventory adjustment level off
    - Demand for large-scale SoCs will drive demand for testers
    - Mass production will start for IoT equipment utilizing RF technology
  - Data Center & Networking:
    - Business expansion expected

**NRE**

Continue to be in increasing trend

socionext™

# Growth strategy

- *Further Growth through "Phase 2 Transformation"*
- *Solution SoC Business Model*
- *Growing Demand for Custom (Bespoke) SoCs*
- *Positioning of Socionext in Custom SoC Market*
- *Socionext's Development Platform for "Entire Design" for Diverse Fields and Products*
  *Investing in Leading-Edge Technologies*
- *Advanced SoC Developments on Computer Architecture Basis in Diverse Fields*
- *Design Wins Expanding in Each Application Market*
- *Expanding Business in Each Application Market*
- *Transformation of Global R&D Structure*

# Further Growth through “Phase 2 Transformation”

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

## “Phase 1 Transformation”

**More design wins by “outside-in change”**

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

## Further Growth and Development through “Phase 2 Transformation”

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

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

| | FY25/3e | FY26/3e | FY27/3e - |
|---|---|---|---|
| **Net Sales (billion yen)** | **200.0** | → | ↗ |
| **FX Rate (yen)** | 130.0 | 130.0 | 130.0 |

**OP Margin Mid-to-High teen %**

**Achieve high growth and OP margin improvement**

# Socionext's Mission

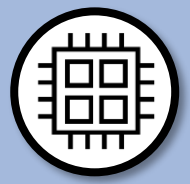
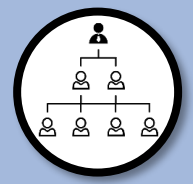
**"Together with our global partners, we bring innovation to everyone everywhere"**

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


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

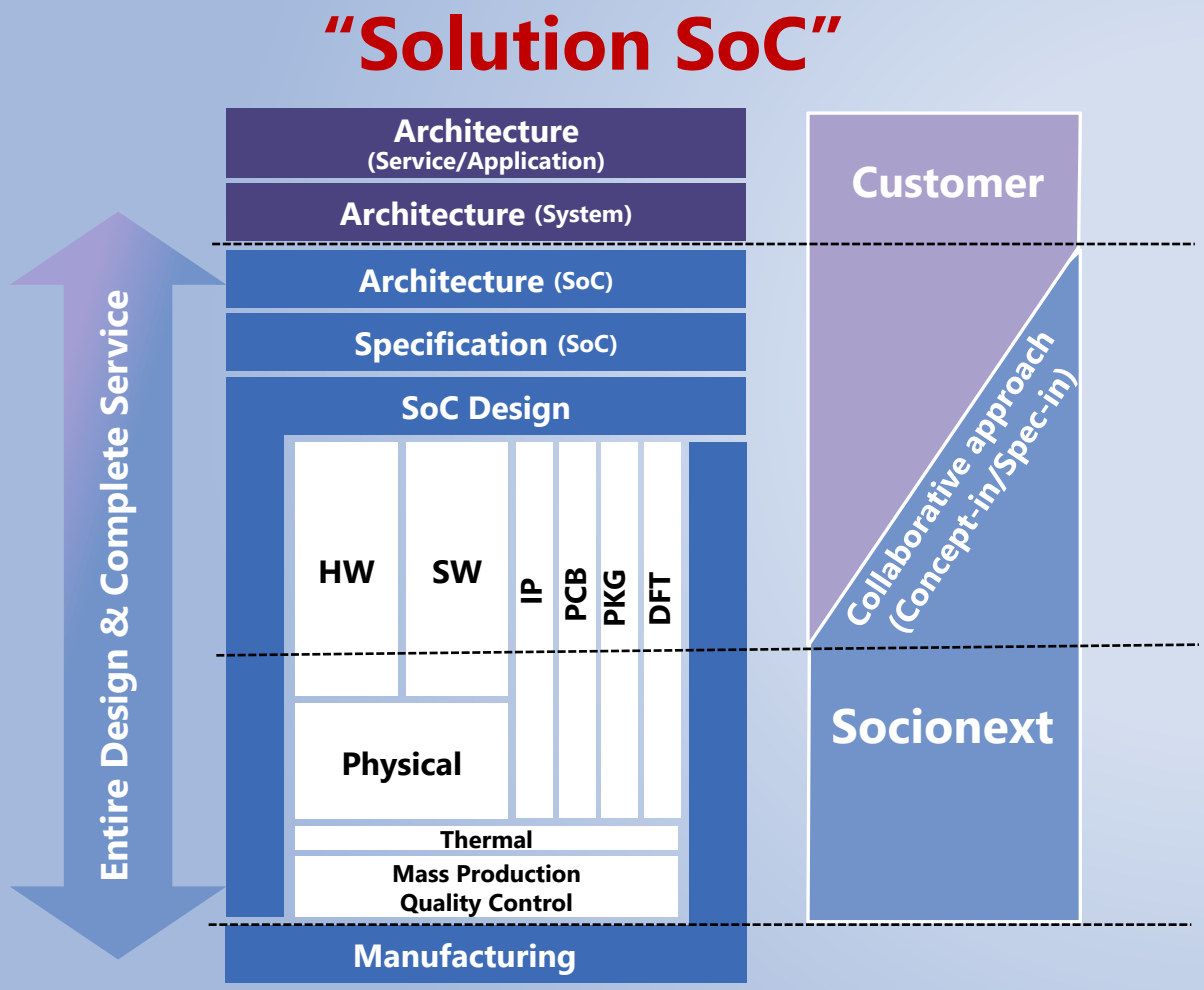
# Transformation into Global Custom SoC Vendor in Advanced Technology Areas

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

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

# Solution SoC Business Model

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




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

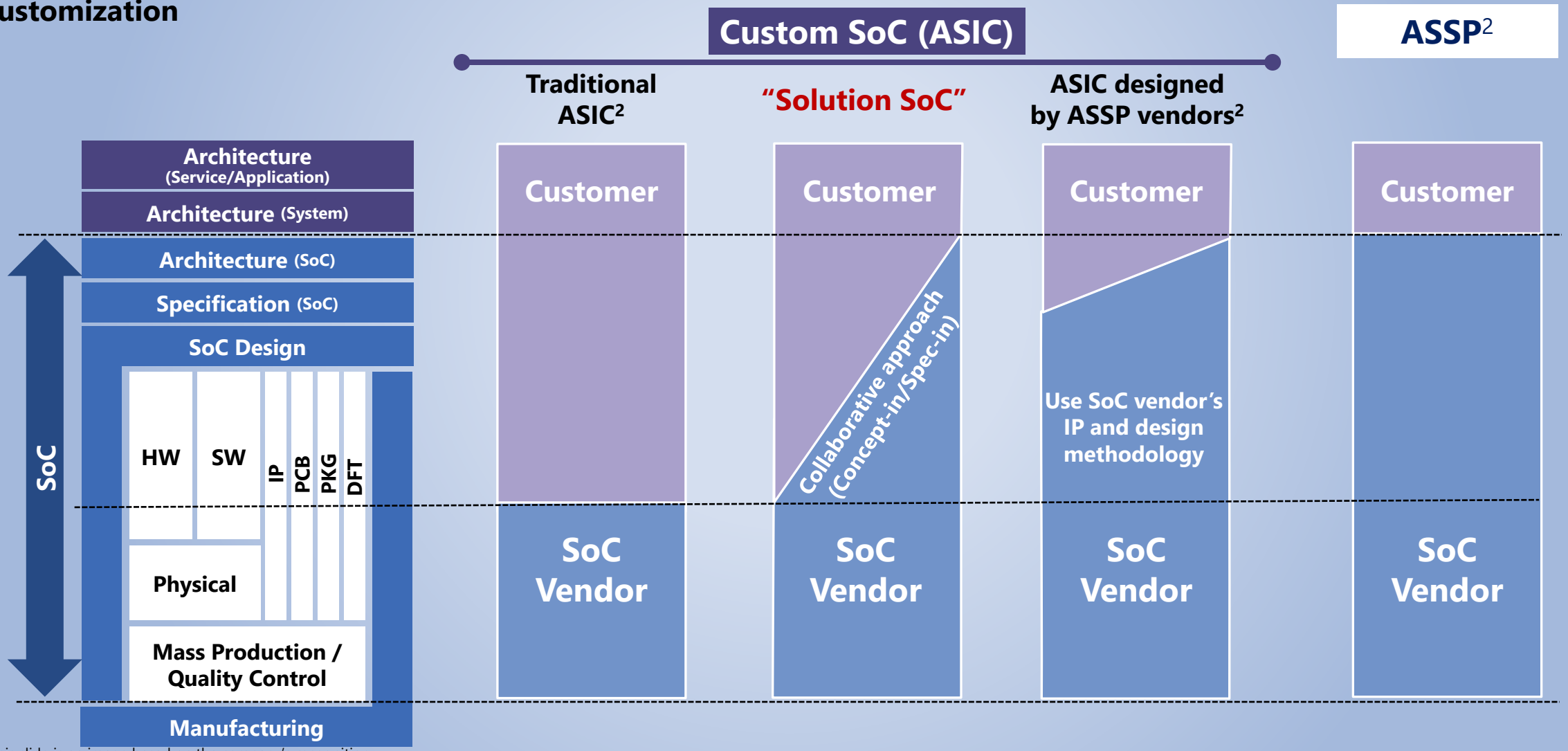
## Socionext

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

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

# Features of Solution SoC Business Model

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




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

# Competitive Advantages of Solution SoC Business Model

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

## Competitive advantages of bespoke SoC developed under Solution SoC business model

### Compared to Traditional ASIC[1]

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

### Compared to ASIC designed by ASSP vendors[1]

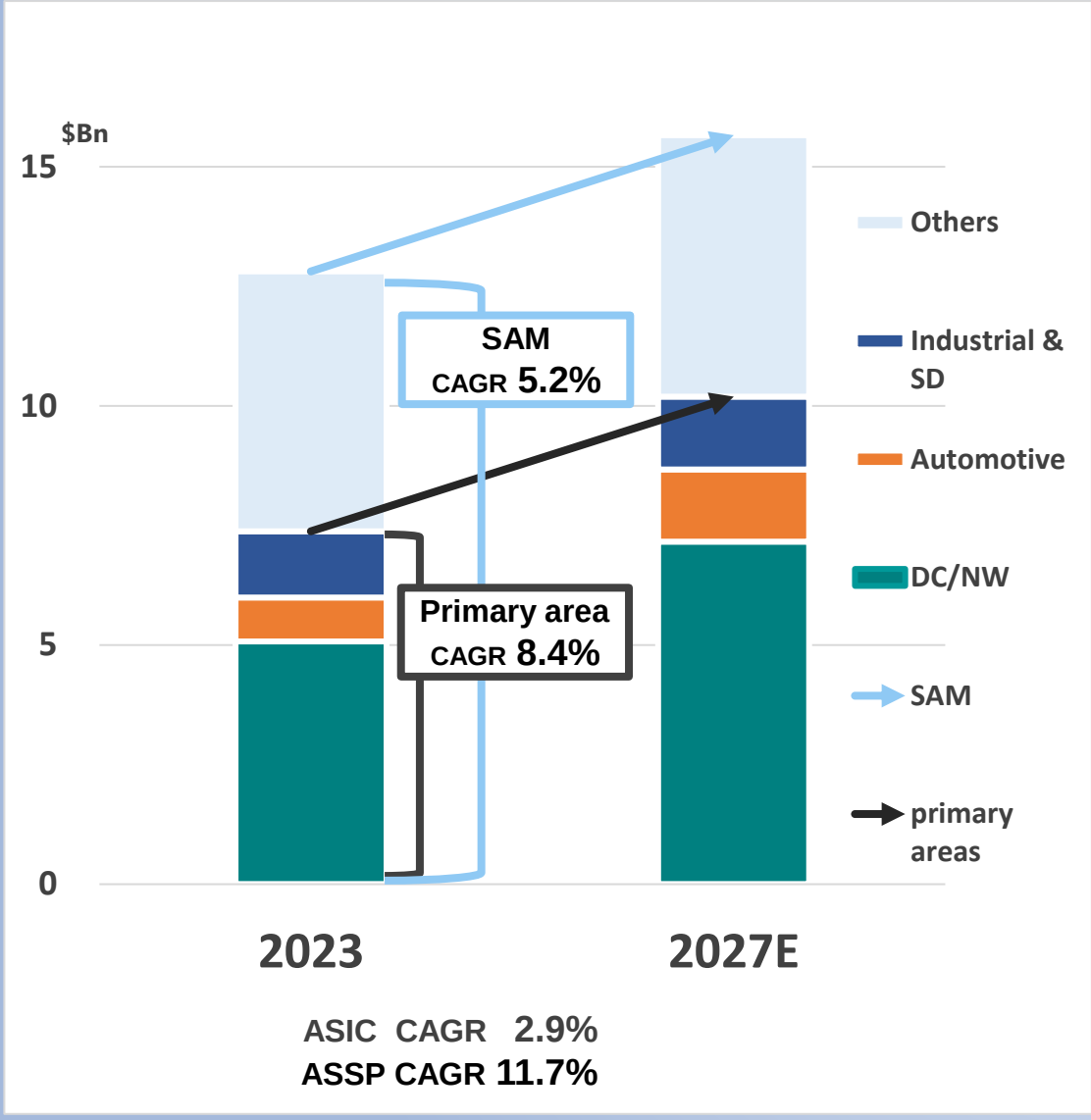
- Flexibly draw on ecosystem resources in order to design optimal custom SoCs (as opposed to limited modifications restricted to their own IP and design methodologies)

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

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

1. Classifications are based on our own assessment

# Growing Demand for Custom (Bespoke) SoCs




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

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

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

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

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

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

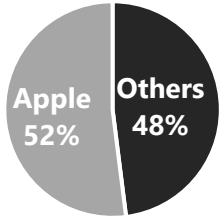
1. Calculated by Socionext based on Omdia "Application Market Forecast Tool-1Q 2024". " Figures for the market for "logic ASICs" are used for the "Custom SoC(ASIC)"
2. Market CAGR(2023-2027E) are calculated by (figure of 2027E / figure of 2023)^(1/4)-1.

# Positioning of Socionext in Custom SoC (ASIC) Market

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

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

***Market Share***




***Market Size***
**$25 billion**

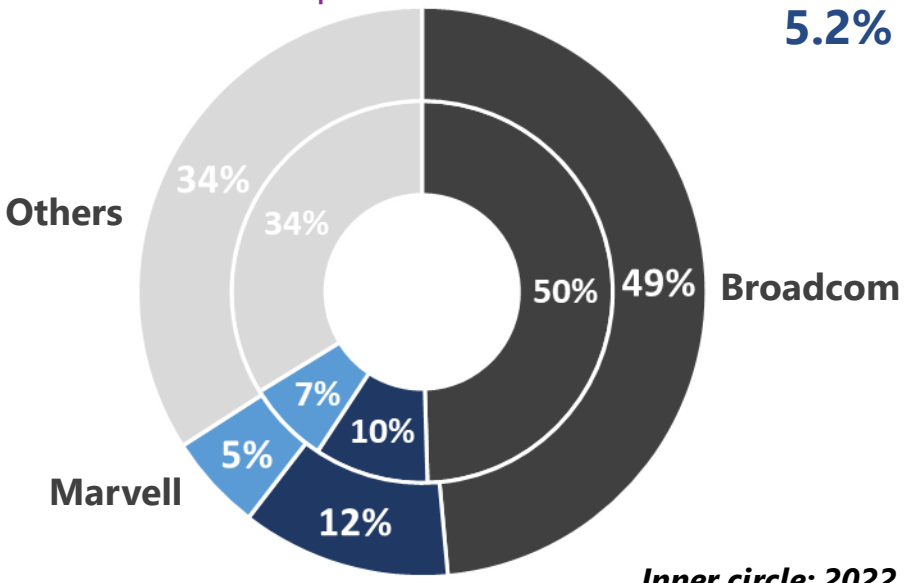
***Market CAGR[3] (2023-2027E)***
**2.9%**

***These Market Data are estimated by Socionext based on Omdia data***

***Market Share Excluding Apple***

***Market Size***
**$12 billion**

***Market CAGR[3] (2023-2027E)***
**5.2%**




***Inner circle: 2022***
***Outer circle: 2023***

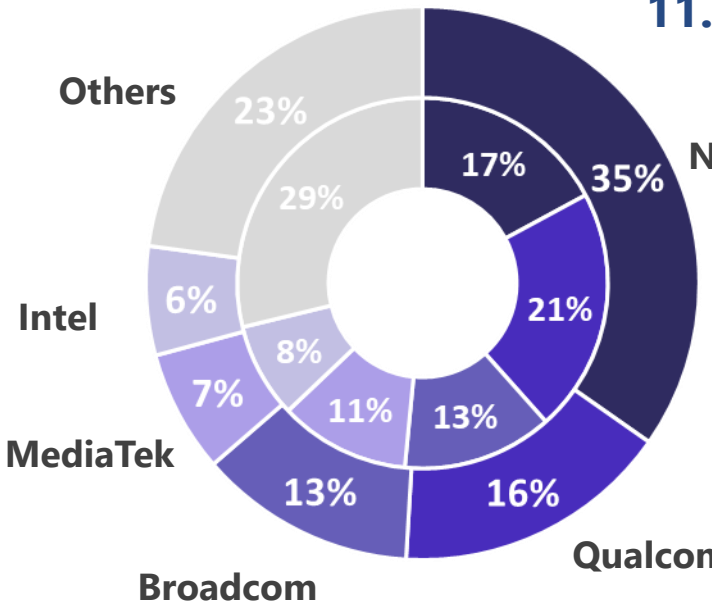
***The market data above does not include certain traditional ASIC vendors in Taiwan such as GUC, Alchip and Faraday due to the lack of third-party statistical data.***

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

***Market Share***

***Market Size***
**$139 billion**

***Market CAGR[3] (2023-2027E)***
**11.7%**




***Inner circle: 2022***
***Outer circle: 2023***

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

# Strengthening Investments in R&D and Leading-Edge Technologies

## Computer architecture-based design & development

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

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

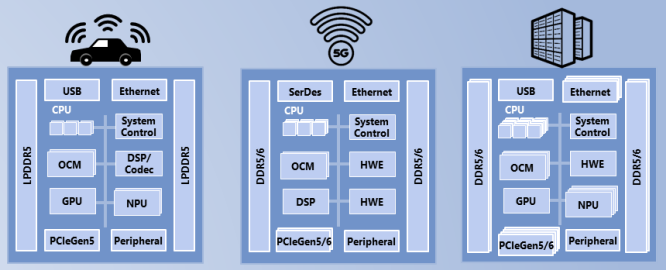
- Building and strengthening computer architecture-based design and development platform that covers not only hardware but also "Entire Design" for "Solution SoC", including system-level software, thermal design, etc.
- Leveraging experiences in multiple applications and products
- Keeping pace with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

## Investing further inleading-edge technologies

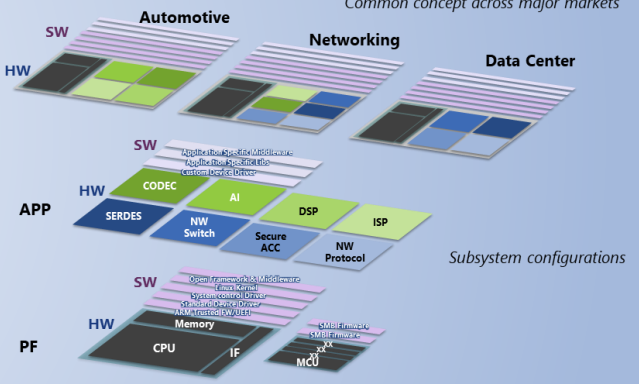
- Investing in most advanced process technologies
  - 2nm and 1.4nm
  - Chiplets (die-to-die interconnect, 2.5D/3D, etc.)
  - AI to support design and development, IPs
- Meet customer expectations for technology evolution by tight collaboration with SoC ecosystem players (EDA, IP and other vendors)

◆ **Drive innovation with tighter collaboration with SoC ecosystem**

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

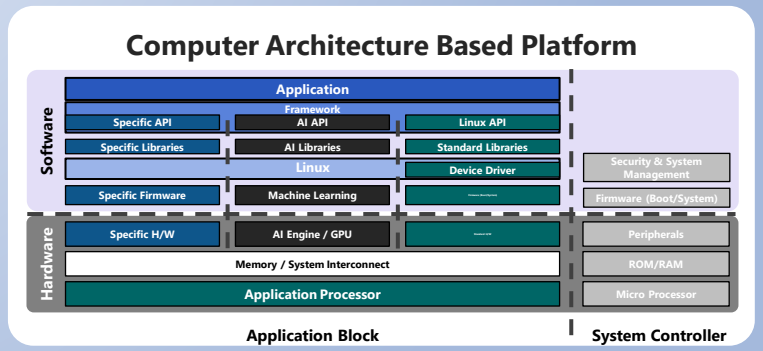



*Common concept across major markets*




*Subsystem configurations*

### Socionext's "Solution SoC" design & development platform

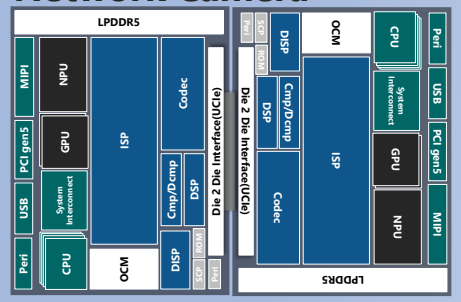


# Advanced SOC Developments on Computer Architecture Basis in Diverse Fields

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

## Smart Devices

### Network Camera

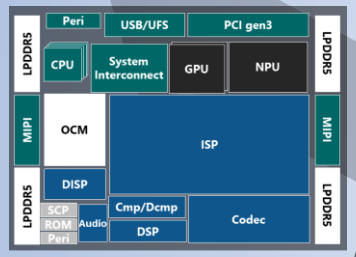



*Chiplet / Homogeneous*

### 5G-RF TRX Unit

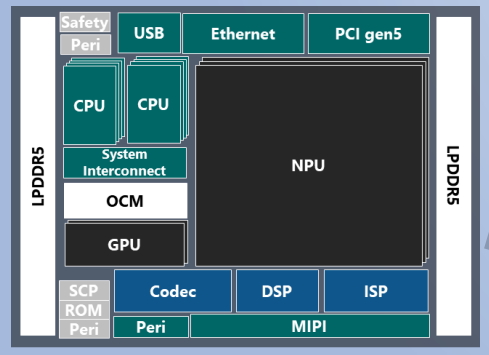

*Chiplet / Heterogeneous*

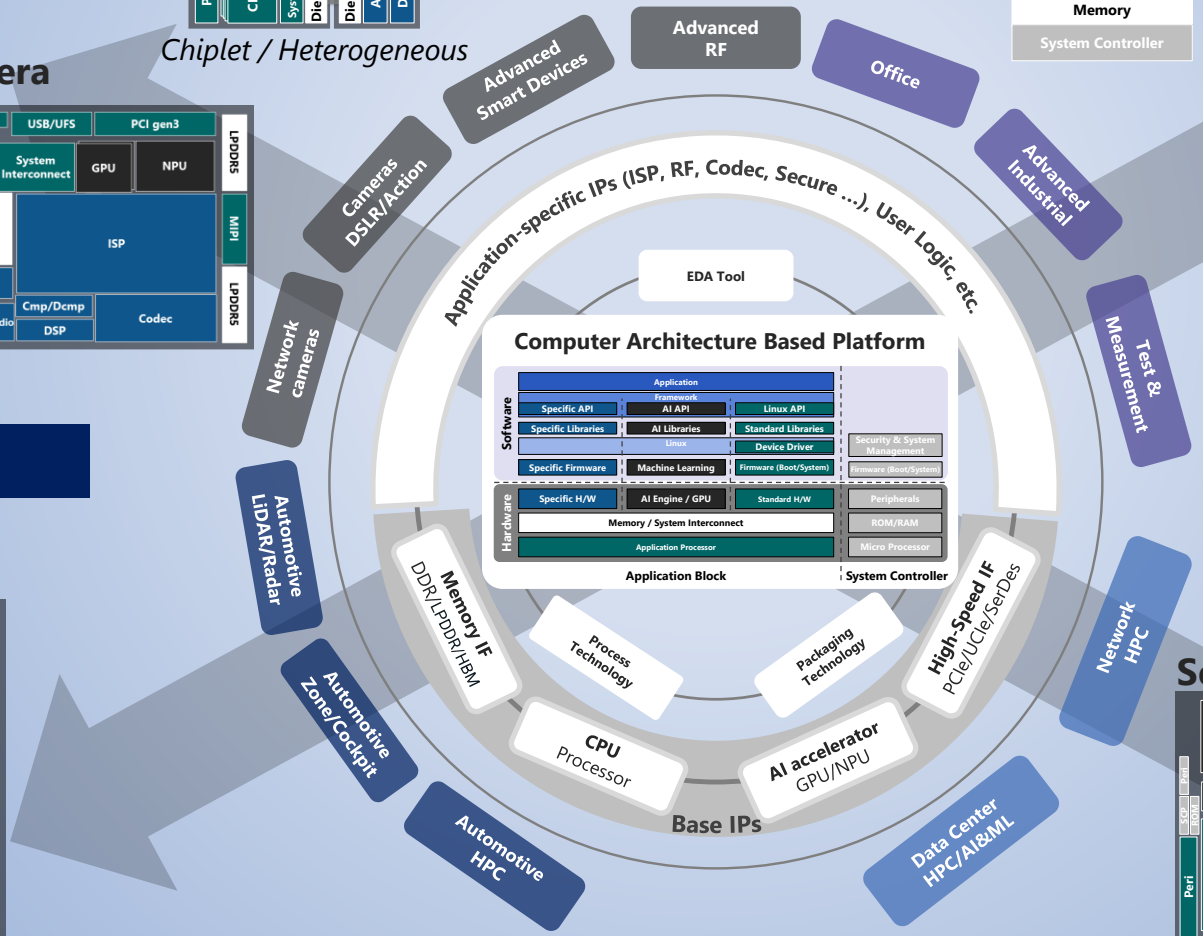
### Camera




## Automotive

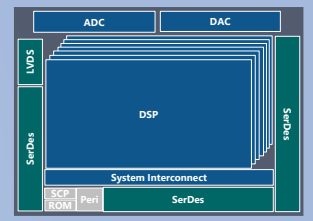
### Automotive/ADAS

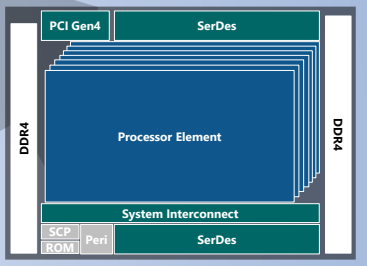



## Industrial

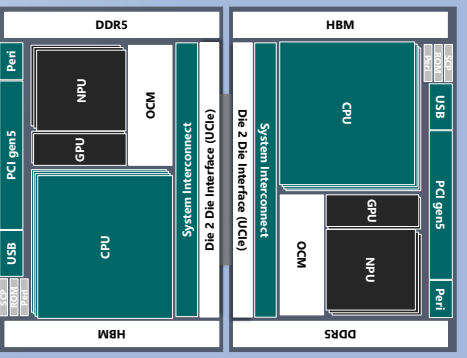
### Test & Measurement



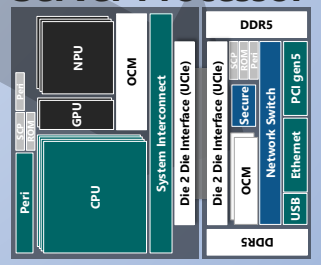

## Data Center & Networking

### Server Processor




*Chiplet / Homogeneous*

### Server Processor




*Chiplet / Heterogeneous*

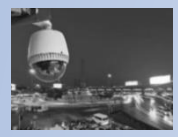
1.Development cases in this page are mainly those in mass production or under development, but some are still in business negotiation stage.

# Design Wins Expanding in Each Application Market

## Smart Devices

**5/7/12nm**
*DSLR/Action*

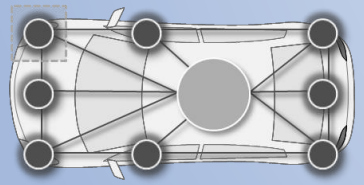

**5/7nm**
*Network cameras*
*AR*

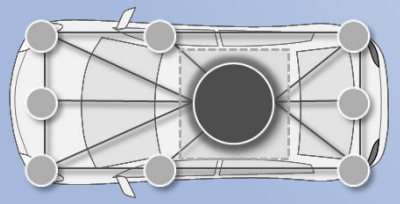
## Automotive

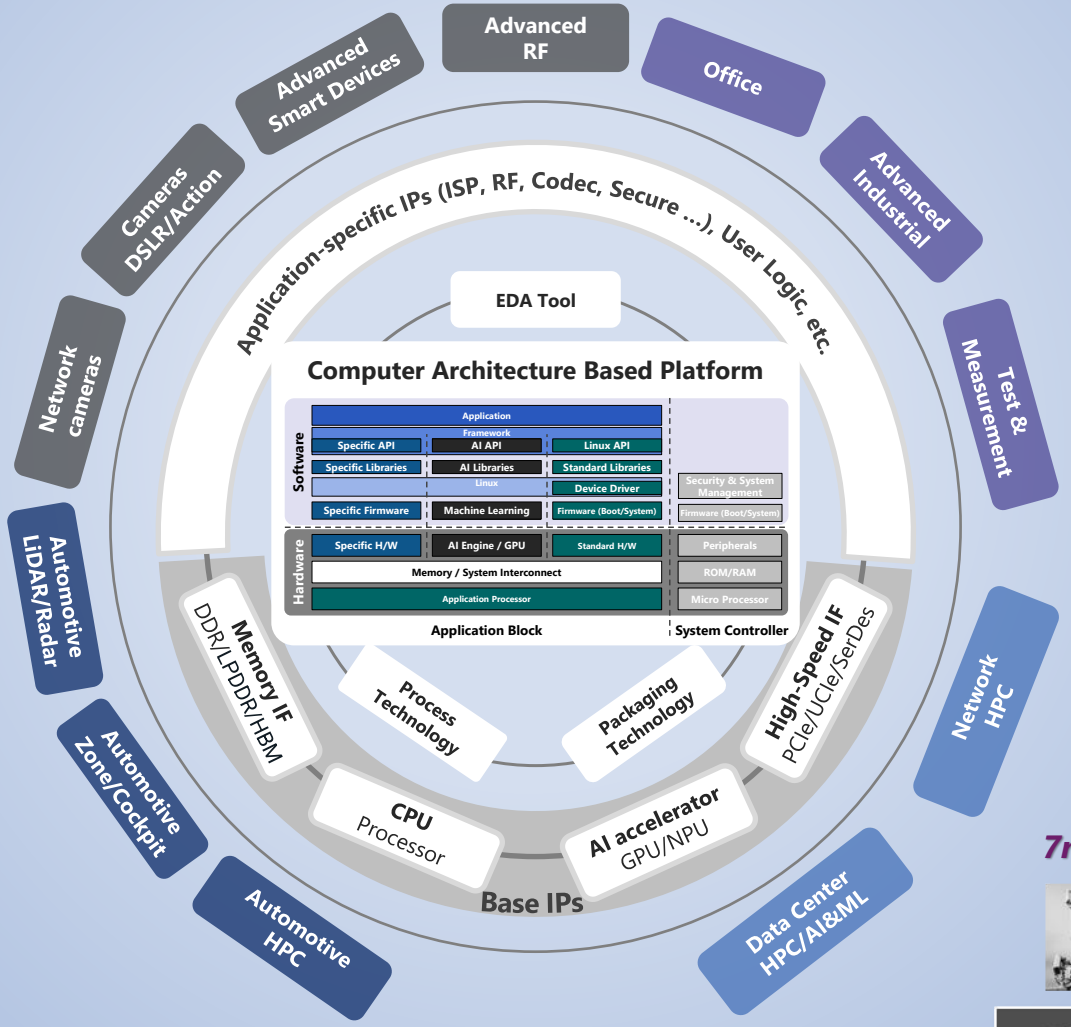
**16/22nm**
*LiDAR / Radar / Camera*

**7/16/22nm**
*Zone Computing*



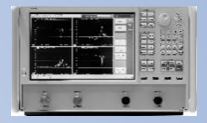
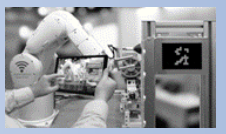
**3/5nm**
*HP Computing*





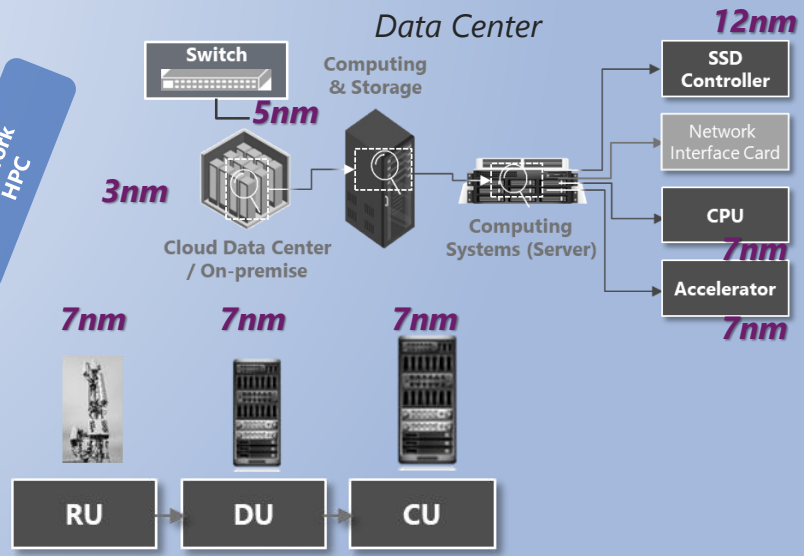

## Industrial

**5/7nm**
*Test & Measurement*

**28nm**
*Printer*

## Data Center & Networking



# Design Wins Expanding in Each Application Market

## Smart Devices

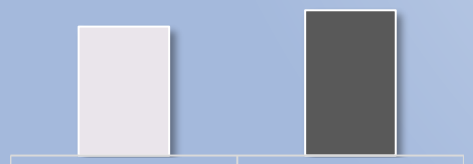
| Application | nm | Customers[1] |
|---|---|---|
| Network cameras<br>DSLR/Action | 5-12 | Major Players |

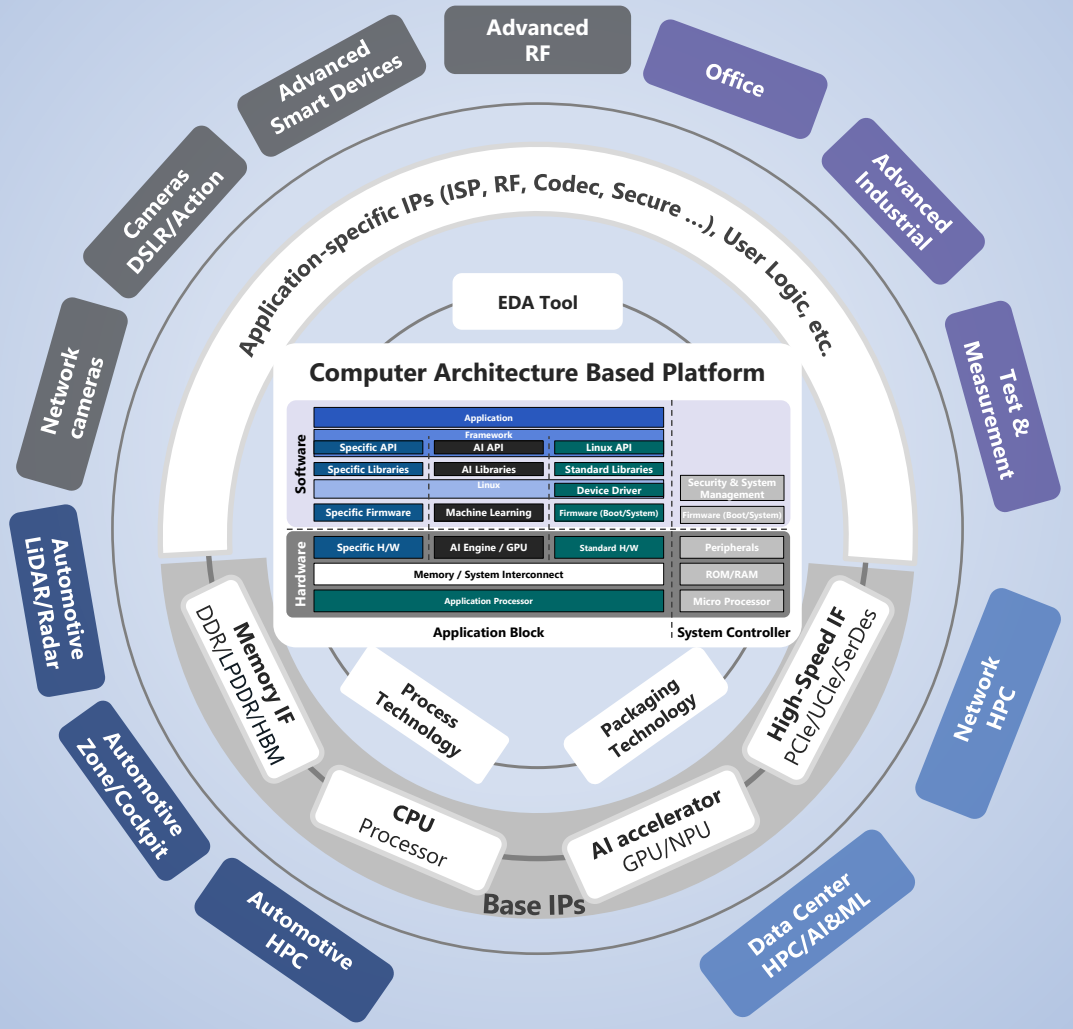
Design win balance


## Automotive

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

Design win balance




## Industrial

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

Design win balance


## Data Center & Networking

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

Design win balance

✓ Business active in the US


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

# Expanding Business in Each Application Market

## Smart Devices

- Demand for new technologies in smart devices area continues to be strong due to expanding use of AI
- Business opportunities active with advanced customers, in applications including computer vision, AR etc.

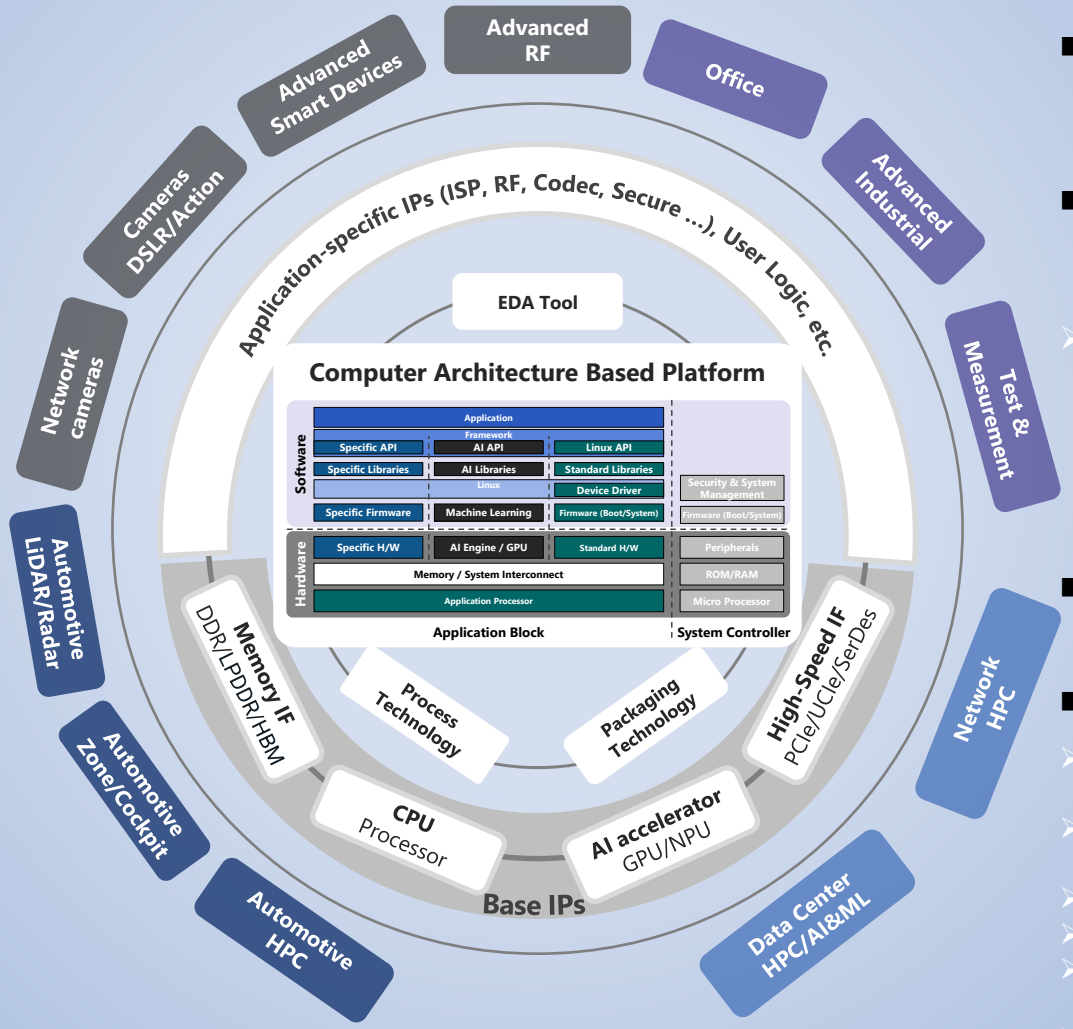
➢ **Leverage Solution SoC business model and strengthen advanced low-power technologies required by innovative markets**

## Automotive

- Innovation continues for ADAS (Advanced Driver Assistance System) and AD (Autonomous Driving)
- Demand is strongly active for HPC, in addition to zone architecture and sensing SoCs
- Business opportunities continue to be active

➢ **Leverage Solution SoC business model and establish solid position in the industry**

➢ **Pursue most advanced process nodes**
- **Use of 3nm process for automotive (October 2023)**




## Industrial

- Demand expanding for Solution SoC with advanced technologies in industrial applications, due to expanding use of AI and networking
- Business opportunities increasing, for FA and measurement equipment, as well as for custom SoCs using RF-CMOS technologies

➢ **Leverage Solution SoC business model and deliver custom SoCs with advanced process nodes and RF-CMOS technology**

## Data Center & Networking

- Demand growing for DC&NW and cloud service SoCs, due in part to increasing demand for generative AI
- New business opportunities active in the US

➢ **Leverage Solution SoC business model and aim for further business expansion**

➢ **Continue to invest in leading-edge technologies**

➢ **Fully utilize entire design capability**

➢ **Strengthen partnership with IP vendors**

➢ **Strengthen R&D capability in the US / Resource shift to the US**

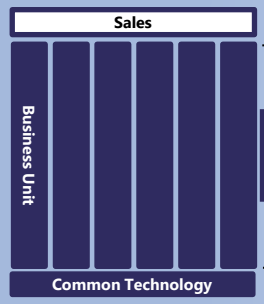
➢ **Pursue most advanced process nodes**
- Collaboration with Arm on 2nm etc.

➢ **New business in the US is in progress**

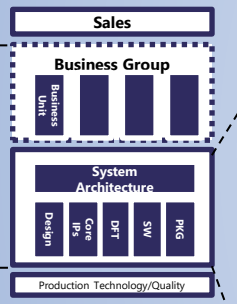
# Transformation of Global R&D Structure

- **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**

## Measurement
## Reinforce "Entire Design" capability

- **Reinforce the team as global organization, and build-up a strong global R&D structure**
  - Integrate wide range of function including SoC architecture, software, package, thermal consisting of high-level engineering teams
  - Integrate Japanese team with teams from other regions, mainly US, and strengthen activities in US.
  - Shift Japanese engineering resources to US
  - Acquiring talented engineers globally
  - Increase engineers for advanced development
- **Focus on design methodology, thermal design, quality, advance technology and other technologies to strengthen "Entire Design" capability In addition to current SoC design platform.**

**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, and operate and strengthen internal and external resources under the leadership of U.S. subsidiary

socionext™

## Appendix:

## Overview

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

# FY24/3 Consolidated Statements of Income

| (Yen in billions) | FY21/3 | FY22/3 | FY23/3 | FY24/3 | FY25/3E |
|---|---|---|---|---|---|
| Net Sales | 99.7 | 117.0 | 192.8 | 221.2 | 200.0 |
| *% YoY* | *-3.7%* | *+17.3%* | *+64.7%* | *+14.8%* | *-9.6%* |
| *Product Revenue* | *73.1* | 84.6 | 156.8 | 182.9 | - |
| *NRE Revenue* | *23.0* | 28.1 | 34.9 | 37.6 | - |
| *Other Revenue* | *3.6* | 4.3 | 1.1 | 0.8 | - |
| Cost of Goods Sold | (43.2) | (49.8) | (103.9) | (111.2) | - |
| Gross Profit | 56.5 | 67.3 | 88.8 | 110.0 | - |
| *% Margin* | *56.7%* | *57.5%* | *46.1%* | *49.7%* | - |
| *% Product Gross Margin* | *40.1%* | *41.1%* | *33.7%* | *39.2%* | |
| R&D | (39.2) | (43.2) | (49.3) | (53.3) | - |
| Selling, General and Administrative Expenses (excl. R&D) | (15.8) | (15.6) | (17.8) | (21.2) | - |
| Operating Income | 1.6 | 8.5 | 21.7 | 35.5 | 27.0 |
| *% Margin* | *1.6%* | *7.2%* | *11.3%* | *16.1%* | *13.5%* |
| Non-Operating Income | 0.4 | 0.6 | 1.8 | 1.6 | 0 |
| Profit before Income Taxes | 2.0 | 9.1 | 23.4 | 37.1 | 27.0 |
| Income Taxes | (0.5) | (1.6) | (3.7) | (11.0) | (7.5) |
| Profit | 1.5 | 7.5 | 19.8 | 26.1 | 19.5 |
| *% Margin* | *1.5%* | *6.4%* | *10.3%* | *11.8%* | *9.8%* |
| FX Rate (USD/JPY) | 106.1 | 112.4 | 138.7 | 144.6 | 130.0 |

# Consolidated Balance Sheets

| (Yen in billion) | FY21/3 | FY22/3 | FY23/3 | FY24/3 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash on-hand and in banks | 42.7 | 46.3 | 45.1 | 69.7 |
| Accounts receivable-trade, net | 28.6 | 25.1 | 40.8 | 35.3 |
| Inventories[1] | 6.7 | 16.4 | 47.7 | 25.5 |
| Others | 2.6 | 2.9 | 22.4 | 8.6 |
| Total Current Assets | 80.6 | 90.6 | 156.1 | 138.9 |
| Property, Plant and Equipment | 8.9 | 11.6 | 17.2 | 21.8 |
| Reticle | 3.7 | 4.7 | 5.6 | 8.1 |
| Others PP&E | 5.2 | 6.9 | 11.6 | 13.0 |
| Intangible Assets | 11.6 | 12.2 | 13.0 | 18.5 |
| Deferred Tax Assets | 2.3 | 3.1 | 6.9 | 6.7 |
| Others | 0.9 | 0.8 | 0.8 | 0.9 |
| Total Non-current Assets | 23.7 | 27.8 | 37.9 | 47.9 |
| Total Assets | 104.2 | 118.4 | 193.9 | 186.8 |

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

## Strong Balance Sheet

***Cash on-hand and in banks***

¥69.7bn
(FY24/3 )

***Debt***

No Debt
(FY24/3 )

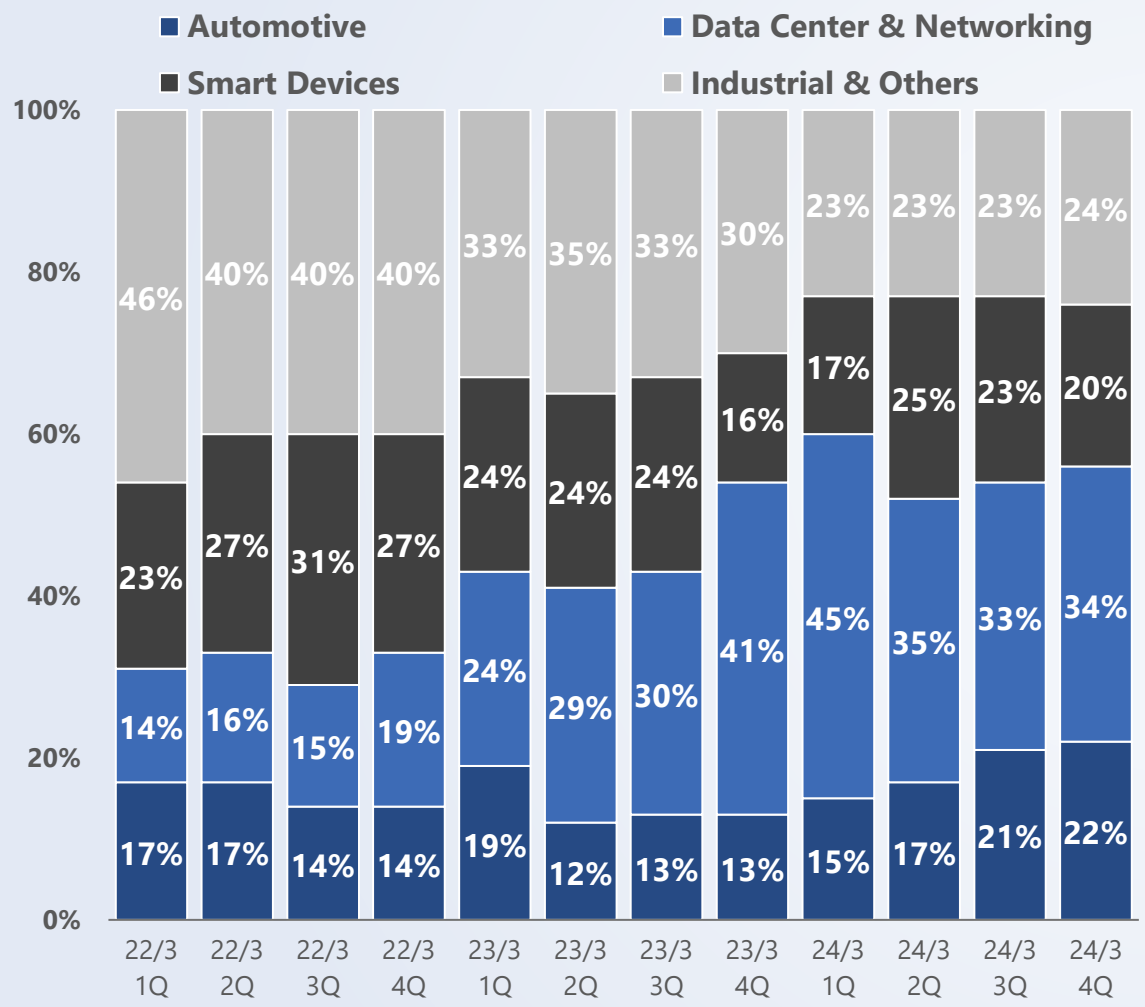
***Equity Ratio[2]***

70.1%
(FY24/3 )

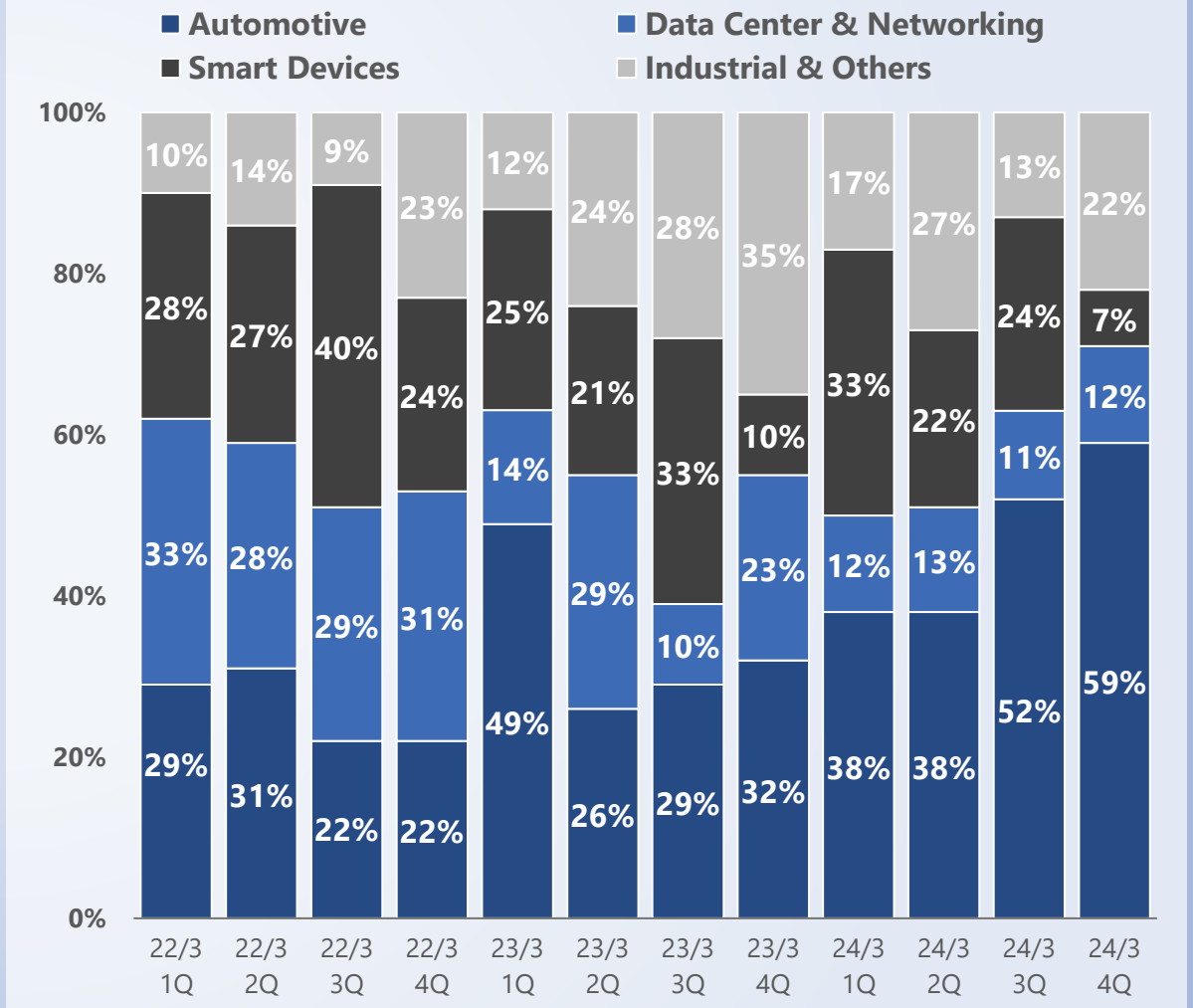
1. Inventories is calculated as the sum of "Finished goods" and "Work in progress"
2. Equity Ratio is calculated as (Total Equity / Total Liabilities and Equity)

# Breakdown by Application Market (Quarterly Ratios)

## Net Sales[1]



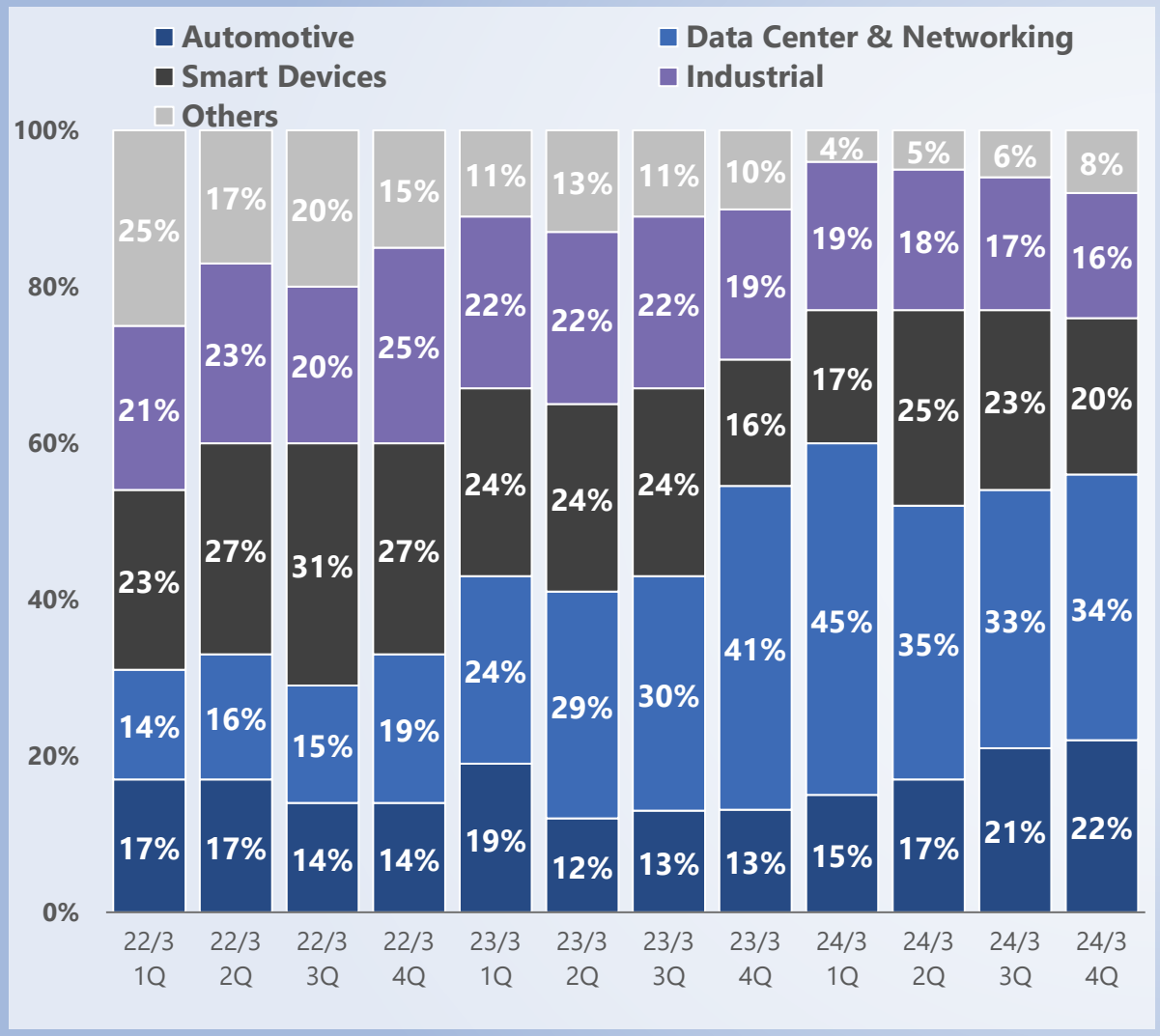

## NRE Revenue[1]



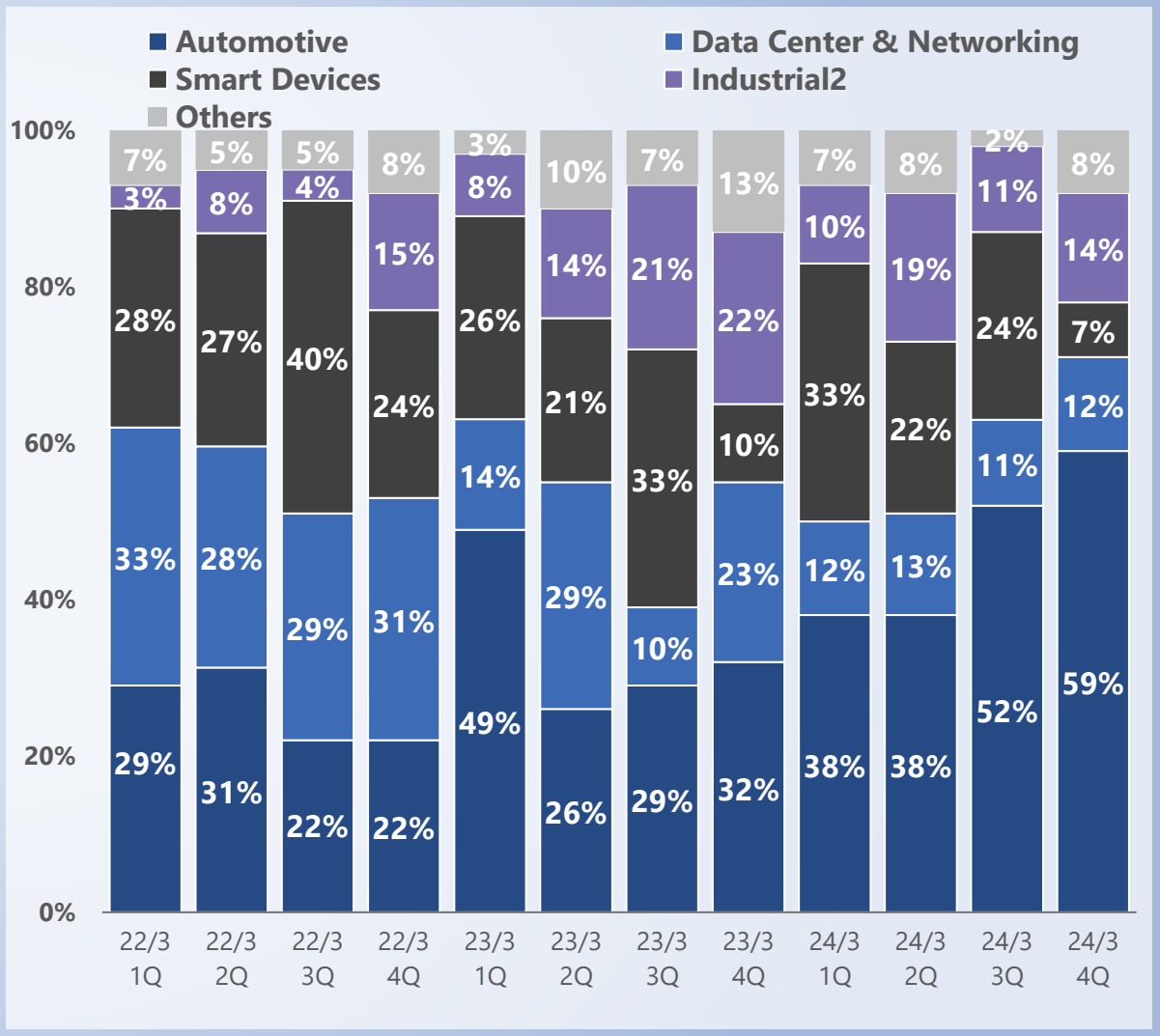

1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

# Breakdown by Application Market (Quarterly Ratios)

## Net Sales[1]



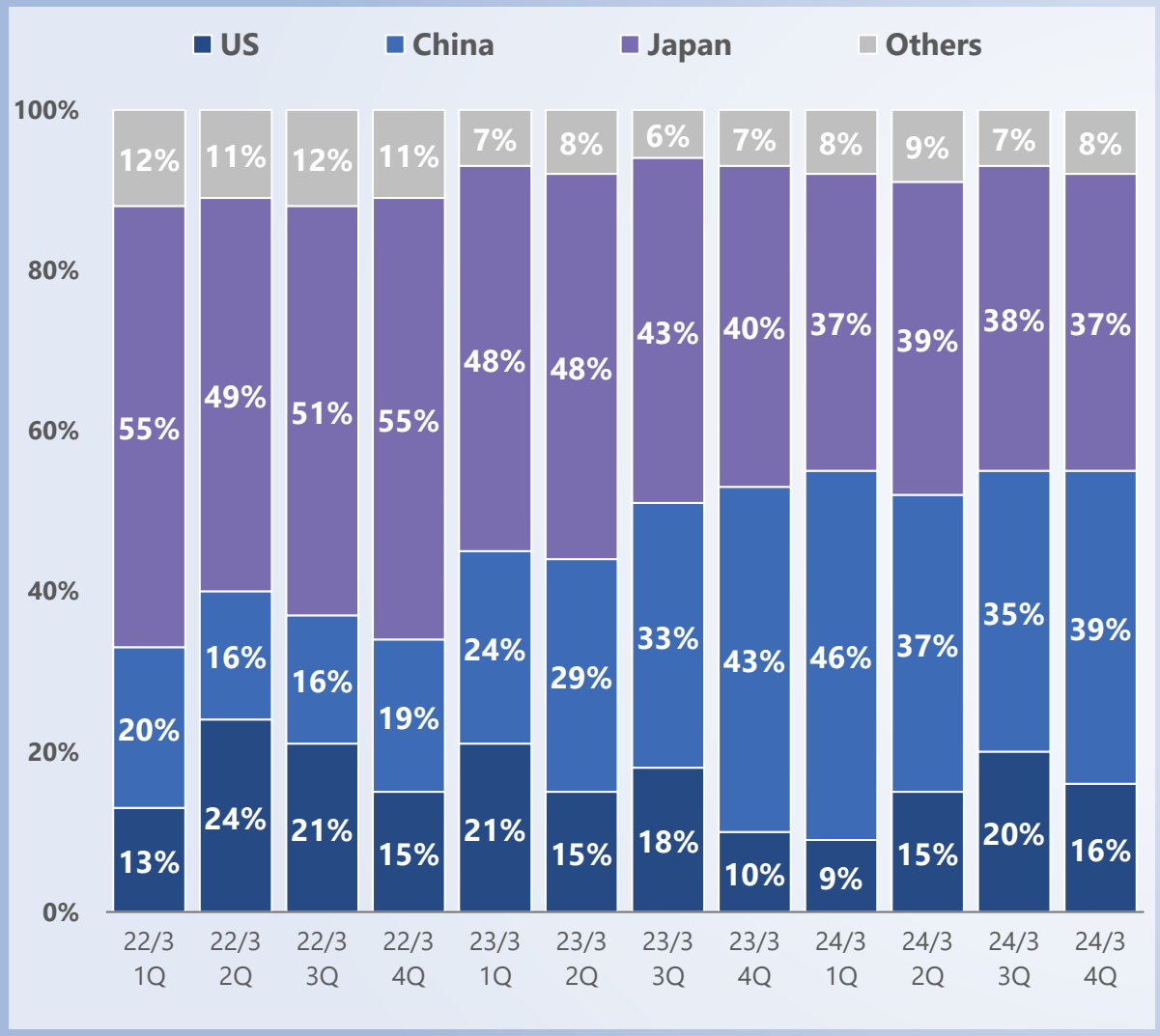

## NRE Revenue[1]



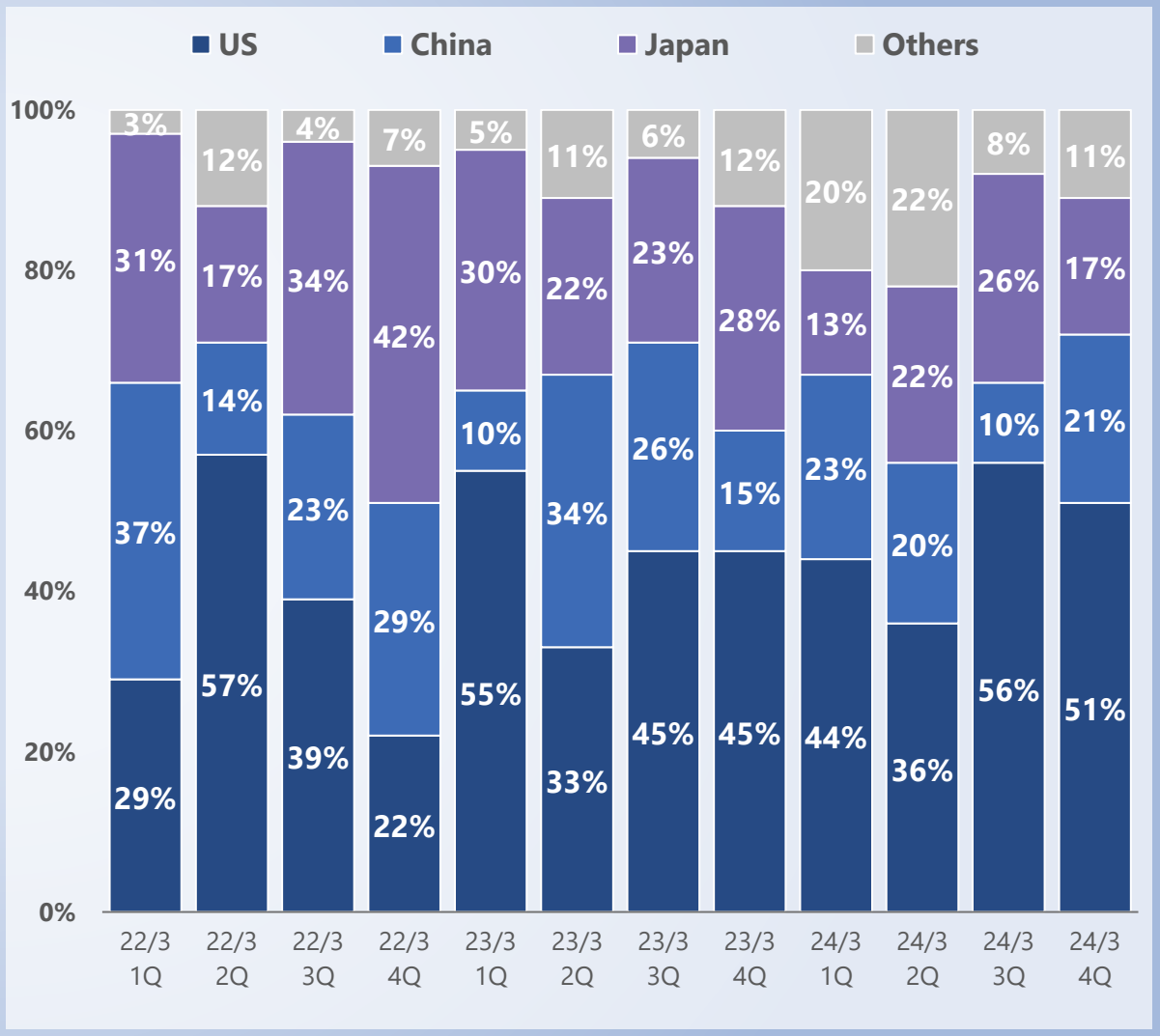

1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

# Breakdown by Geographic Region (Quarterly Ratios)

## Net Sales[1]



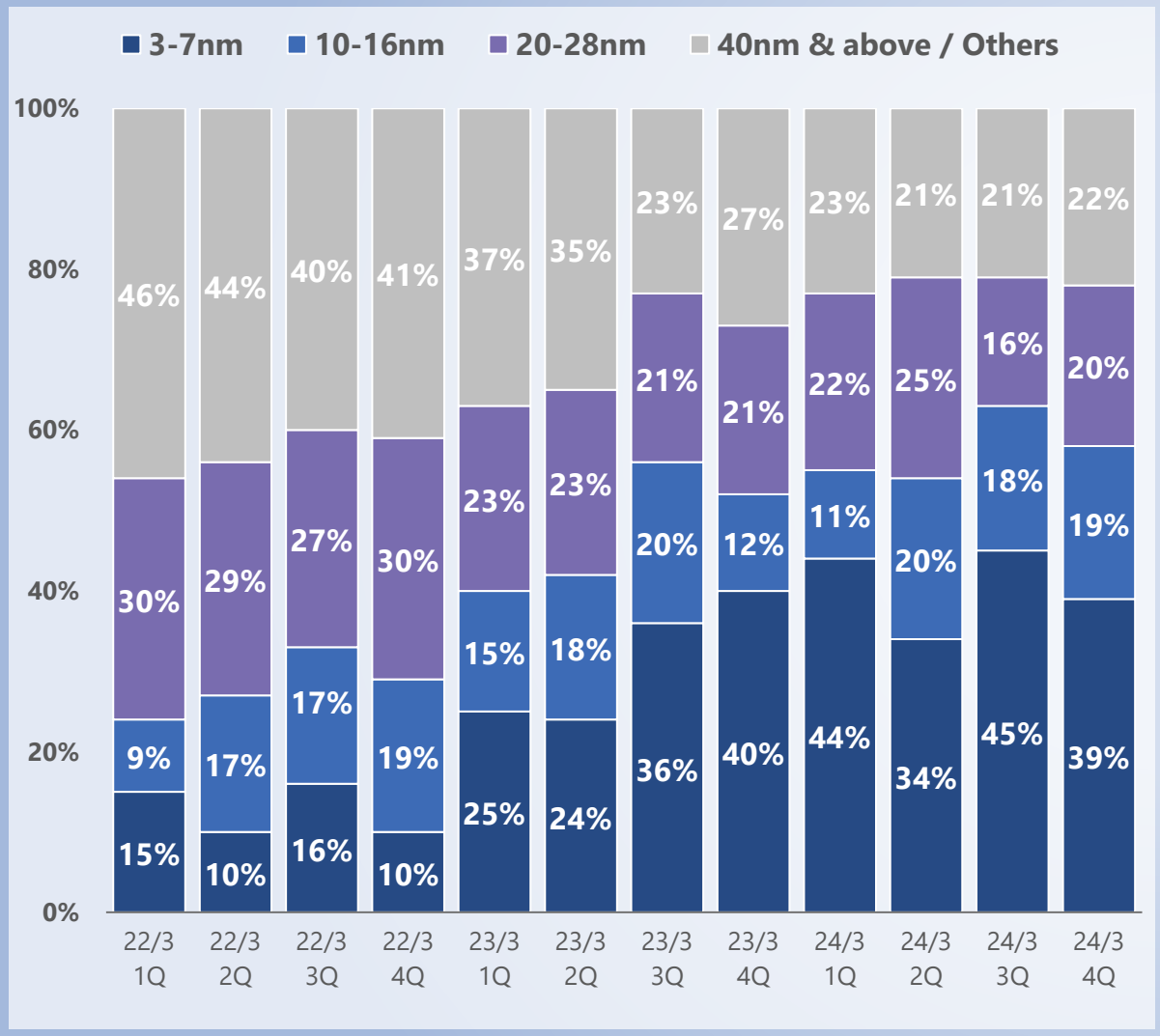

## NRE Revenue[1]



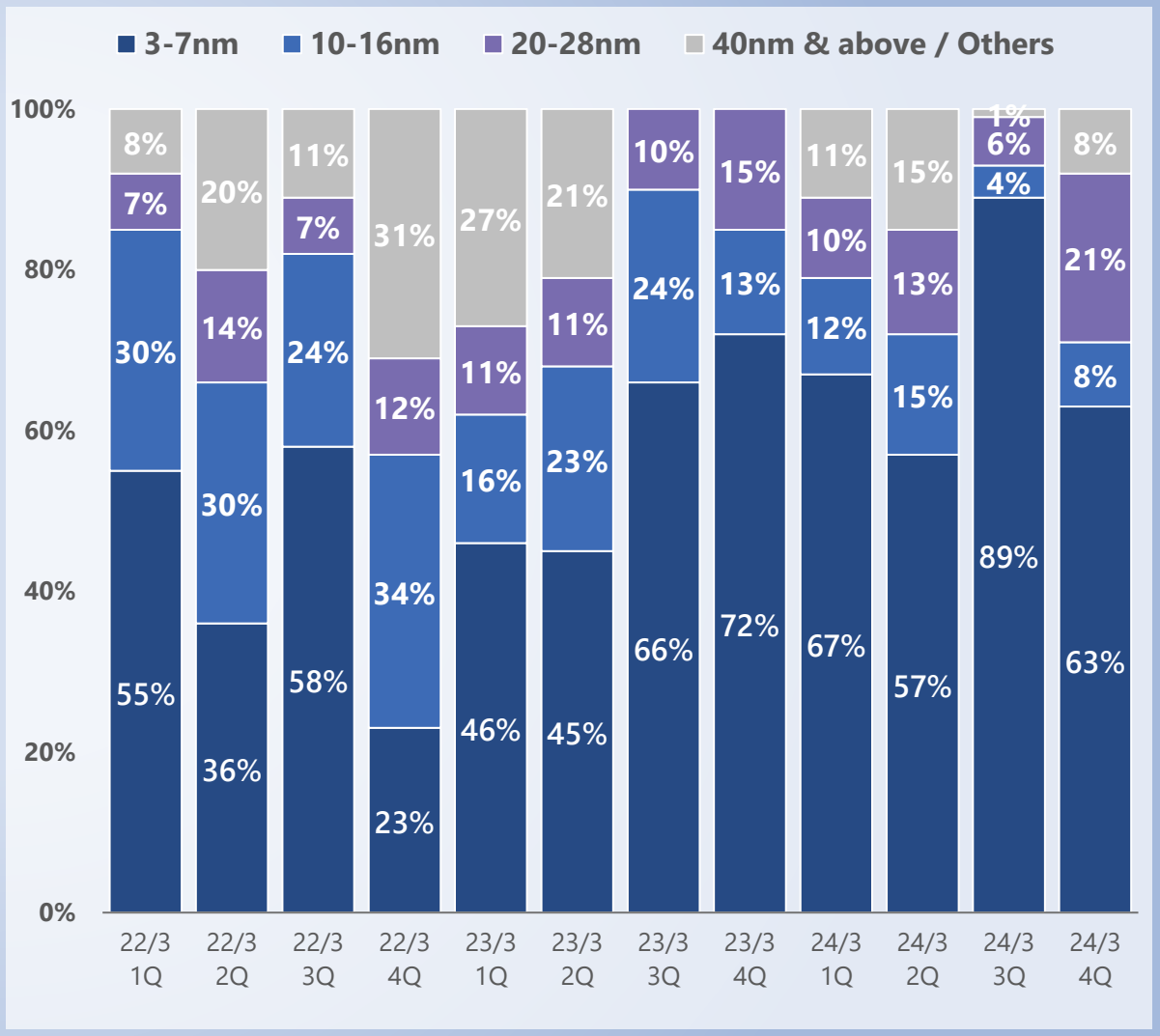

1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

# Breakdown by Process Node (Quarterly Ratios)

## Net Sales[1]




## NRE Revenue[1]



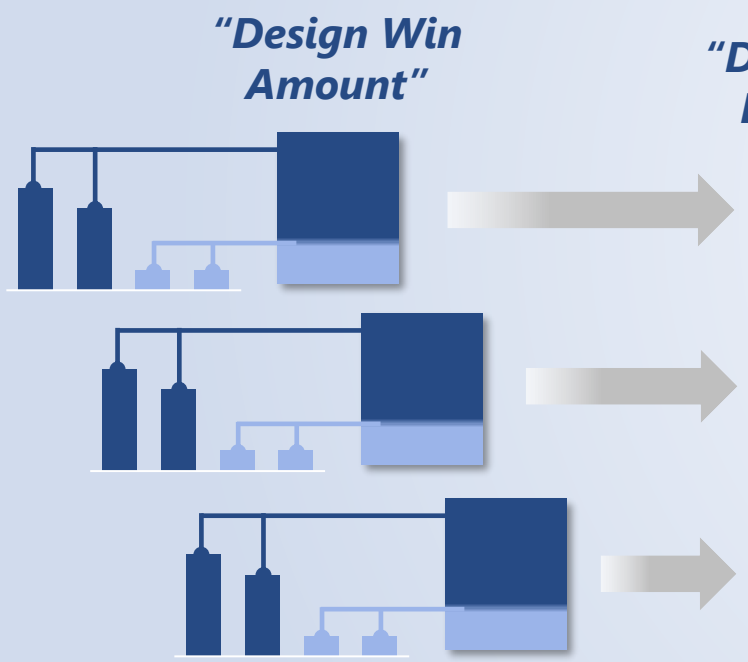

1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

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

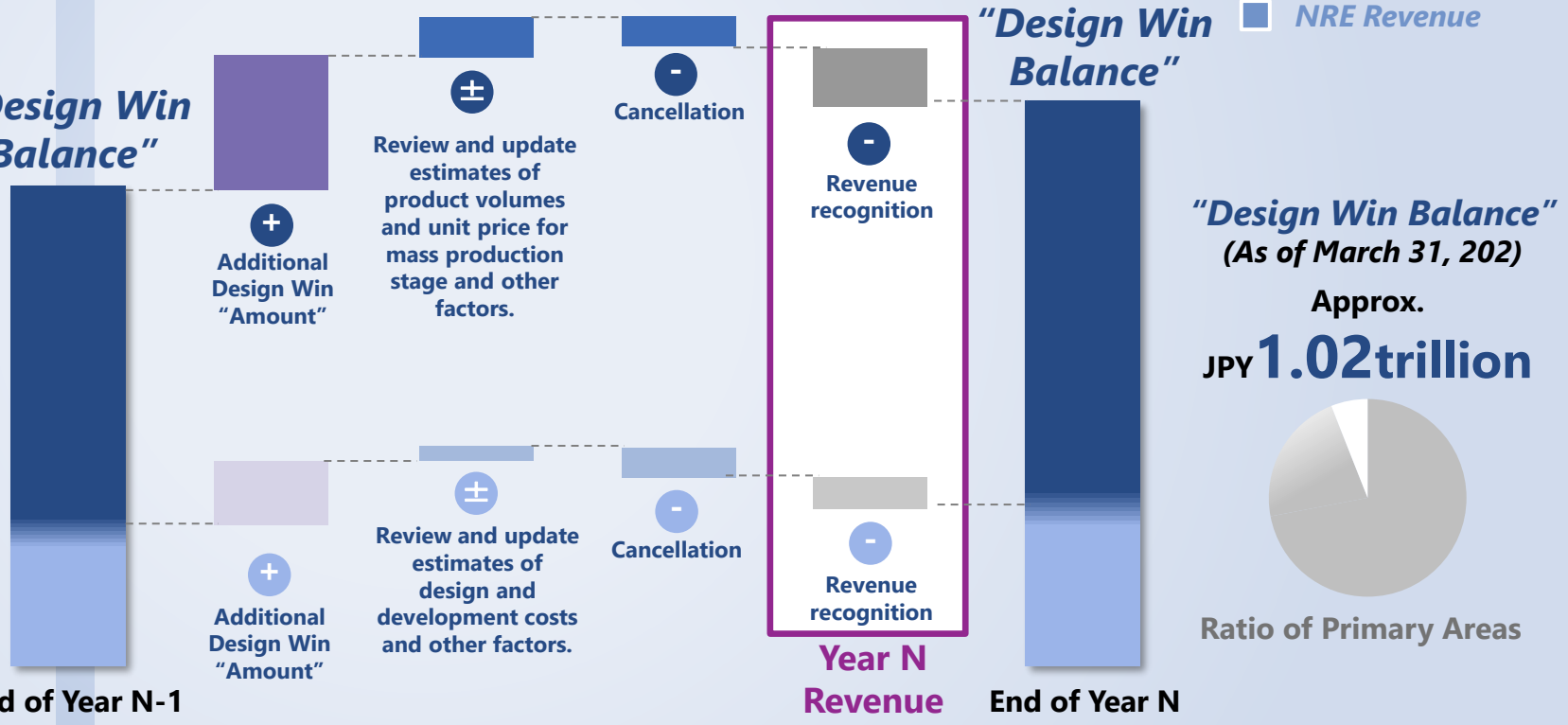
**"Design Win Balance[1]" ・・・**

***"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.***

## "Design Win Amount" calculated from "Design Win Balance" [1]




## Image of Change in "Design Win Balance [2]"




**"Design Win Balance"**
***(As of March 31, 202)***

**Approx.**

**JPY 1.02 trillion**



Ratio of Primary Areas

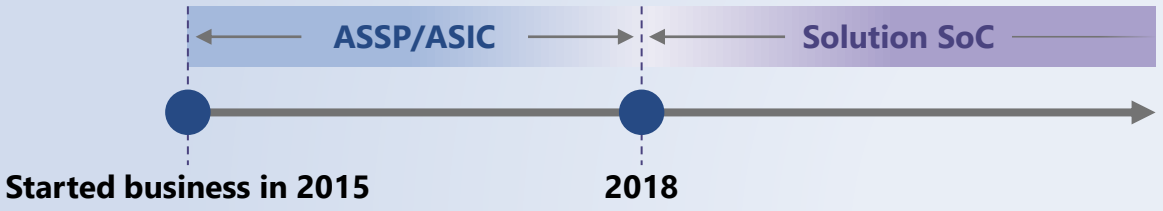
1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired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

# Socionext at a Glance

- **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




**Business Description**

**Fabless Custom SoCs**

**Capital**
As of March 31, 2024

**32.6 billion yen**

**Employees[1]**
As of March 31, 2024

| | |
|---|---|
| Global Employees | 2,534 |
| Engineers[2] | Approx. 1,900 |

## Key Financials FY24/3

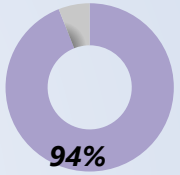
| Net Sales | Net Sales Growth (YoY) | OP Margin |
|---|---|---|
| **221.2 billion yen** | **14.8%** | **16.1%** |

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

**Business model**

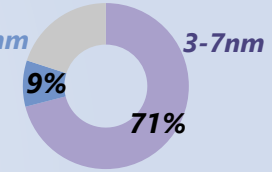
**Solution SoC (Optimal Custom SoC)**

**Primary Areas**

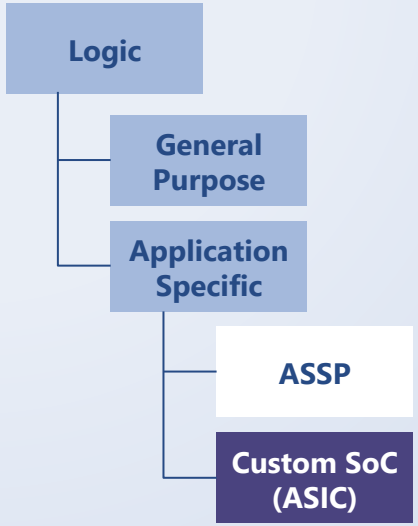



*"Automotive" "Data Center & Networking" "Smart Devices" "Industrial"*

**Process Node**




### ~Socionext's Positioning in Semiconductor Market~




**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**

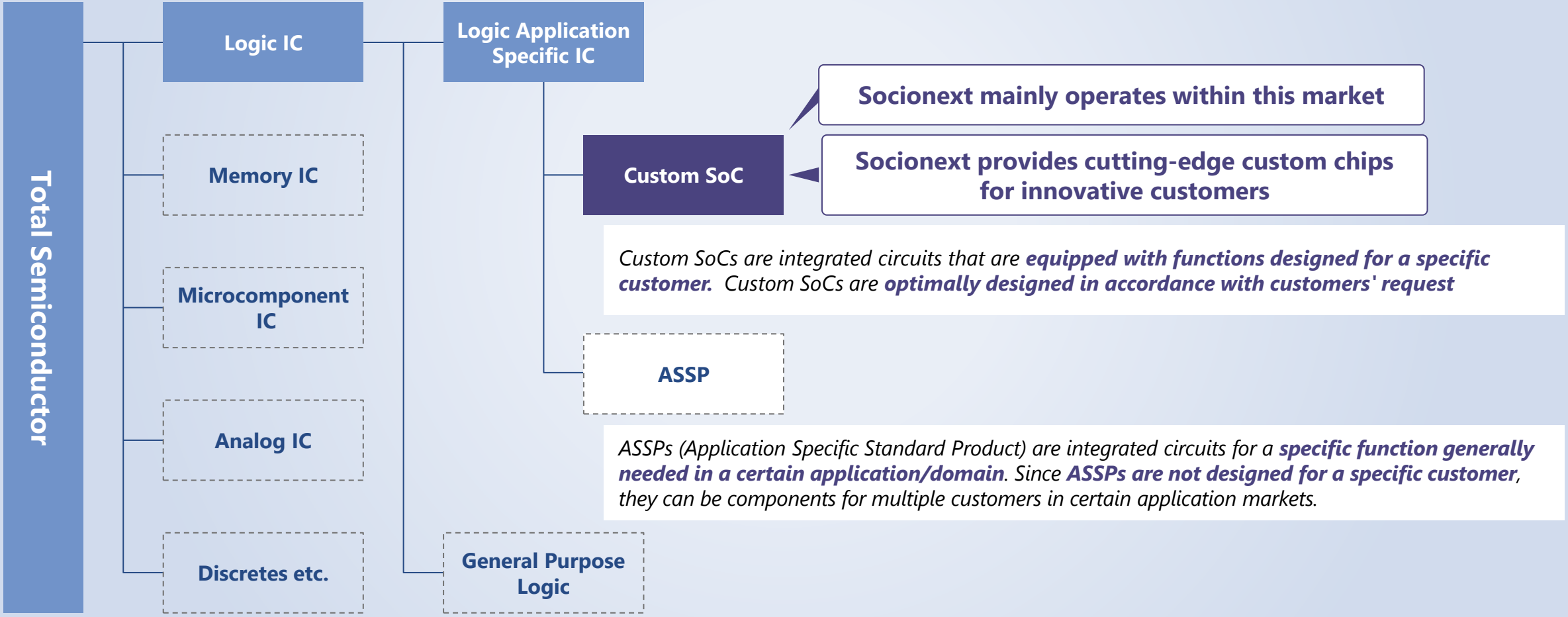
- Traditional ASIC
- **Solution SoC** — New and distinctive business model
- ASIC designed by ASSP vendor

**Market Size $25bn[4] in 2023**

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

# Detail of Custom SoC and ASSP

- **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"

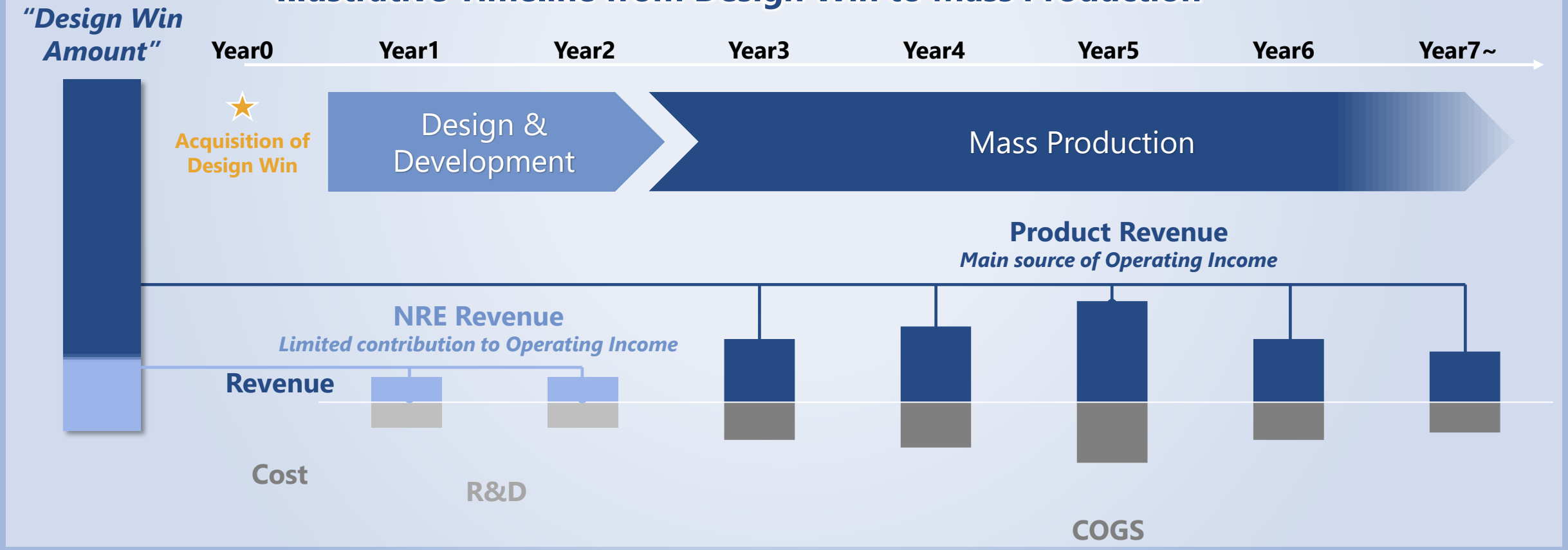
**"Design Win Amount[1]" ・・・**

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

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

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

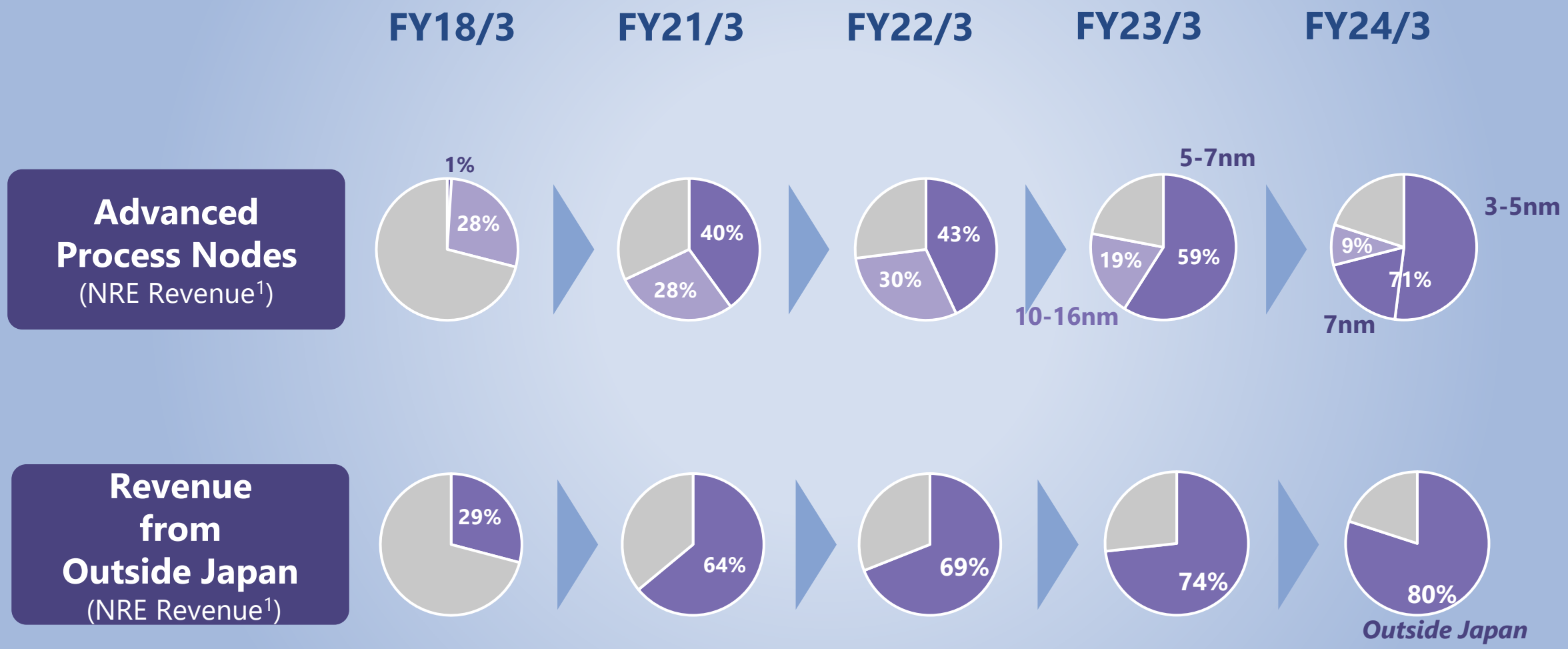
## Illustrative Timeline from Design Win to Mass Production[2]




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

# Transforming into a Global SoC Company with Cutting-edge Technologies

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



socionext