

socionext™

1Q FY2025/3

# Consolidated Financial Results

July 31, 2024  
Socionext Inc.

This presentation has been prepared solely for the purpose of presenting relevant information regarding Socionext Inc. ("Socionext"). This presentation and the information contained herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for shares of our common stock (the "securities") in any jurisdiction in which such offer, solicitation or invitation would be unlawful. This presentation and the information contained herein is being furnished to you solely for your information and may not be reproduced, disclosed to or redistributed to any other person, in whole or in part without our prior written consent.

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof, and neither Socionext nor its advisors or representatives guarantees that the information contained in this presentation is true, accurate or complete. It should be understood that subsequent developments may affect the information contained in this presentation, which neither Socionext nor its advisors or representatives are under an obligation to update, revise or affirm. The information in this presentation is subject to change without prior notice and such information may change materially. Neither this presentation nor any of its contents may be disclosed to or used by any other person for any purpose without the prior written consent of Socionext.

This presentation contains statements that constitute forward-looking statements, including estimations, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance. Any forward-looking statements in this presentation are based on the current assumptions and beliefs of Socionext in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Socionext's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information.

Except as otherwise indicated, the views, statements and outlook indicated herein are those of Socionext. The information related to or prepared by companies or third parties other than Socionext is based on publicly available and other information as cited, and Socionext has not independently verified the accuracy and appropriateness of, nor makes any warranties regarding, such information.

### 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.

socionext™

**Consolidated Financial Results  
for the 3 Months Ended June 30, 2024**

– *Actual Consolidated Financial Results* 1Q FY25/3 Results



(Yen in billions)

	FY24/3				FY25/3	YoY	YoY %
	1Q	2Q	3Q	4Q	1Q		
<b>Net Sales</b>	<b>61.4</b>	<b>55.5</b>	<b>52.7</b>	<b>51.6</b>	<b>52.8</b>	<b>-8.7</b>	<b>-14.1%</b>
Product Revenue	52.9	48.5	40.5	40.9	42.3	-10.6	-20.1%
NRE Revenue	8.4	6.8	11.9	10.5	10.3	1.9	23.1%
Others	0.1	0.2	0.2	0.2	0.2	0.0	24.0%
<b>Cost of Sales</b>	<b>34.5</b>	<b>28.2</b>	<b>24.6</b>	<b>23.9</b>	<b>22.9</b>	<b>-11.5</b>	<b>-33.5%</b>
Product Cost Ratio	65.2%	58.2%	60.8%	58.4%	54.3%		
<b>Selling, General and Administrative Expenses</b>	<b>16.8</b>	<b>18.7</b>	<b>18.8</b>	<b>20.2</b>	<b>19.6</b>	<b>2.7</b>	<b>16.2%</b>
R&D	12.2	12.5	13.6	15.0	15.0	2.8	23.0%
SG&A (excluding R&D)	4.7	6.3	5.1	5.1	4.6	-0.1	-1.5%
<b>Operating Income</b>	<b>10.1</b>	<b>8.6</b>	<b>9.3</b>	<b>7.6</b>	<b>10.3</b>	<b>0.2</b>	<b>1.5%</b>
Margin	16.5%	15.4%	17.6%	14.7%	19.4%		
<b>Profit</b>	<b>8.0</b>	<b>7.3</b>	<b>5.0</b>	<b>5.8</b>	<b>7.6</b>	<b>-0.4</b>	<b>-4.8%</b>
Margin	12.9%	13.2%	9.5%	11.3%	14.3%		
<b>FX Rate (USD/JPY)</b>	<b>137.4</b>	<b>144.6</b>	<b>147.9</b>	<b>148.6</b>	<b>155.9</b>		

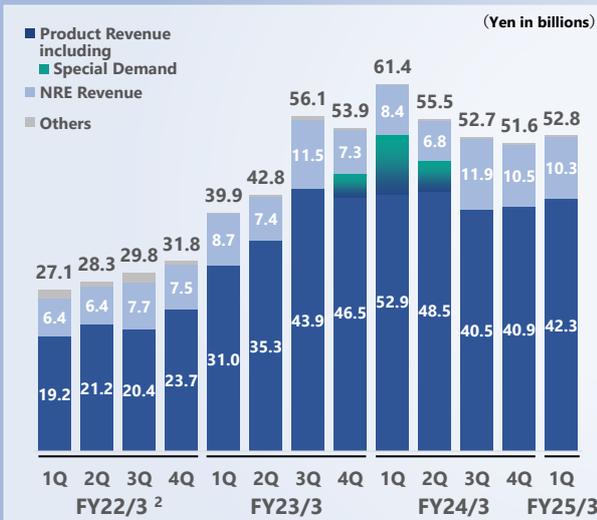
5

Here are the financial results of the first quarter of fiscal year ending March 2025 (1Q FY25/3).

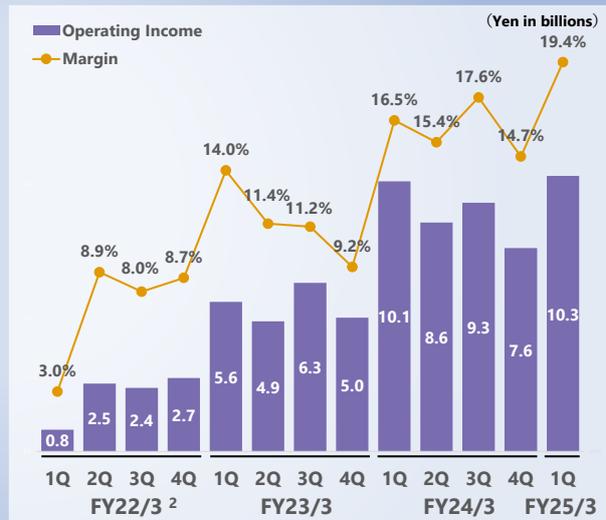
Net sales were 52.8 billion yen, a decrease of 14.1% from the same quarter of previous fiscal year (1Q FY24/3). Operating income was 10.3 billion yen, an increase of 1.5% from 1Q FY24/3.

Operating income is in line with expectations, with positive factors such as a lower product cost ratio as well as the impact of yen depreciation.

Net Sales<sup>1</sup>



Operating Income<sup>1</sup>

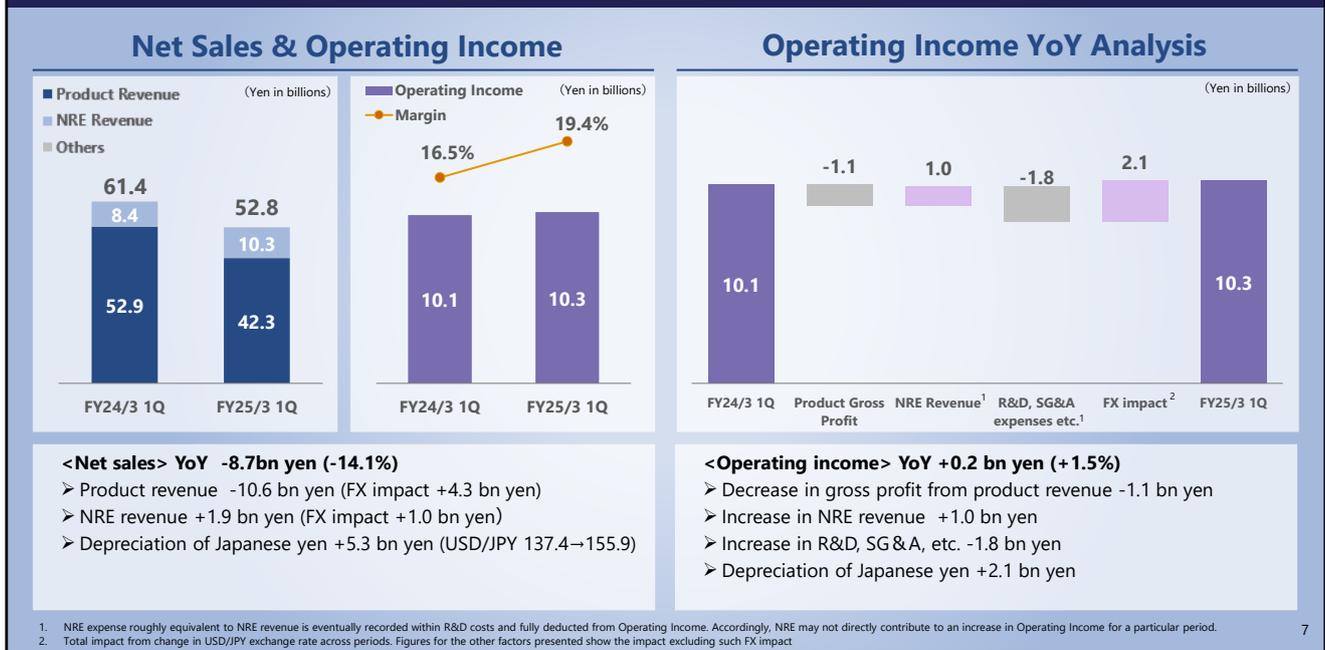


1. The quarterly figures are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.  
 2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

This slide shows the trends in net sales and operating income.

Product revenue decreased from previous fiscal year (FY24/3) due to the end of Special Demand, but the trend is stable.

NRE revenue is a deliverable from the design and development activities and fluctuates from quarter to quarter. However, it maintained upward trend due to large-scale design wins in the advanced technology fields.



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

Net sales were 52.8 billion yen, decrease of 8.7 billion yen (-14.1%) from 1Q FY24/3.

Product revenue decreased by 10.6 billion yen. NRE revenue increased by 1.9 billion yen.

The impact of yen depreciation was 5.3 billion yen.

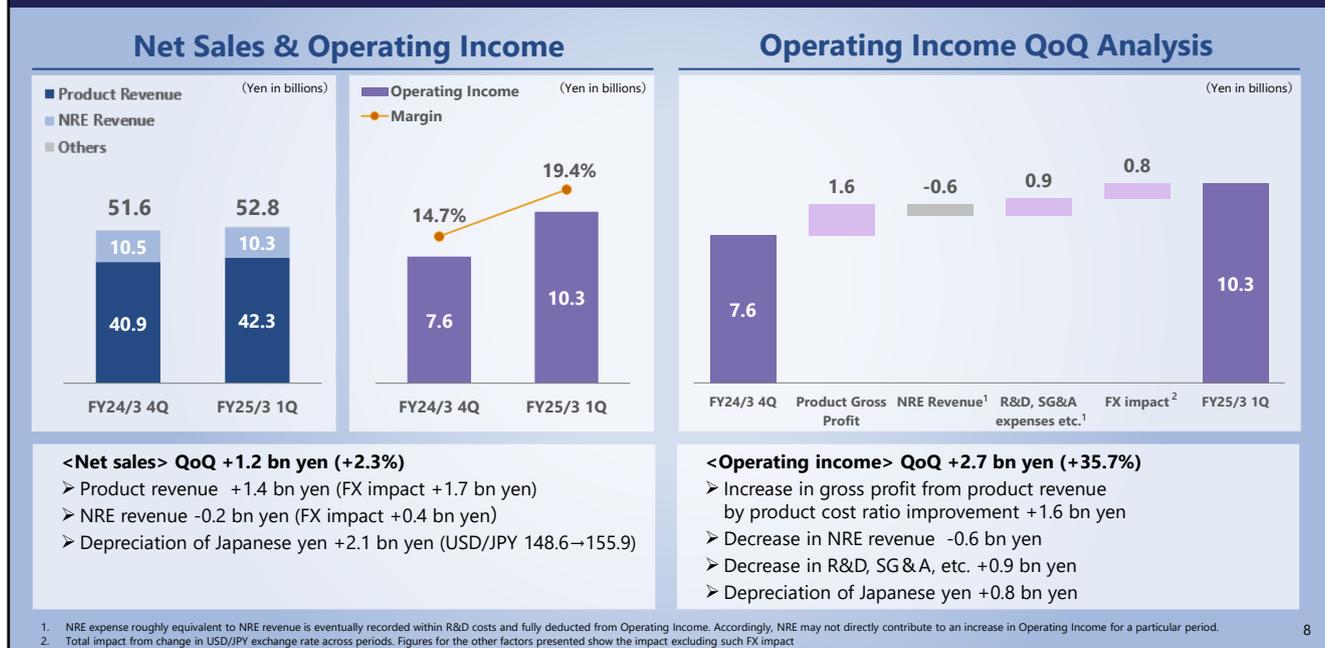
The main factor for the decrease of product revenue was the end of Special Demand.

There was an increase in product revenue from the start of mass production of new products, however, revenue from the existing products decreased, due to weak demand in China and for industrial equipment (FA) and consumer products.

NRE revenue increased from 1Q FY24/3, due in part to having multiple projects that completed the development.

Operating income was 10.3 billion yen, an increase of 200 million yen (+1.5%) from 1Q FY24/3.

We maintained almost the same level of operating income as in 1Q FY24/3, due to an increase in NRE revenue (+1.0 billion yen) and impact of yen depreciation (+2.1 billion yen), despite a decrease in product gross profit due to lower product revenue and an increase in R&D expenses.



This slide shows the quarter-on-quarter analysis of net sales and operating income for 1Q FY25/3, compared to the previous quarter (4Q FY24/3).

Net sales increased by 1.2 billion yen (+2.3%), and operating income increased by 2.7 billion yen (+35.7%) from 4Q FY24/3.

Product revenue increased by 1.4 billion yen. NRE revenue decreased by 200 million yen.

The impact of yen depreciation was 2.1 billion yen.

Product revenue stayed at almost the same level as in 4Q FY24/3 if FX impact is excluded, due to a decrease in 5G base station products in China, as well as weak demand for industrial (FA) and consumer products.

NRE revenue was also at the same level as 4Q FY24/3.

Operating income increased by 2.7 billion yen from 4Q FY24/3. Factors include increase in product gross profit by 1.6 billion yen due to an improvement in the product cost ratio, and decrease in R&D and SG&A expenses by 900 million yen.

	As of Mar.31,2024	As of Jun.30,2024	Change
<b>Total Assets</b>	186.8	<b>177.9</b>	-8.9
<b>Total Current Assets</b>	138.9	<b>136.0</b>	-2.9
Cash on-hand and in banks	69.7	<b>69.1</b>	-0.7
Accounts receivable-trade	35.3	<b>37.8</b>	+2.5
Inventories <sup>1</sup>	25.5	<b>21.9</b>	-3.6
Accounts receivable-other	2.9	<b>1.6</b>	-1.3
<b>Total non-Current Assets</b>	47.9	<b>41.9</b>	-6.0
<b>Total Liabilities</b>	55.8	<b>42.8</b>	-13.0
<b>Total Current Liabilities</b>	53.1	<b>40.1</b>	-13.0
Accounts payable-trade	15.8	<b>16.0</b>	+0.3
Accounts payable-other	9.3	<b>9.0</b>	-0.3
Liabilities related to changeable subcontracting	9.3	<b>5.2</b>	-4.1
<b>Total Net Assets</b>	131.0	<b>135.1</b>	+4.0
<b>Shareholders' Equity Ratio</b>	70.1%	<b>75.8%</b>	



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

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

This slide shows the balance sheet as of the end of 1Q FY25/3.

Total assets were 177.9 billion yen, a decrease of 8.9 billion yen from the end of FY24/3.

Total liabilities were 42.8 billion yen, a decrease of 13.0 billion yen, and total net assets were 135.1 billion yen, an increase of 4.0 billion yen, from the end of FY24/3.

Factors of the 8.9 billion yen decrease of total assets include decrease of inventories and lower investment in IPs and reticles.

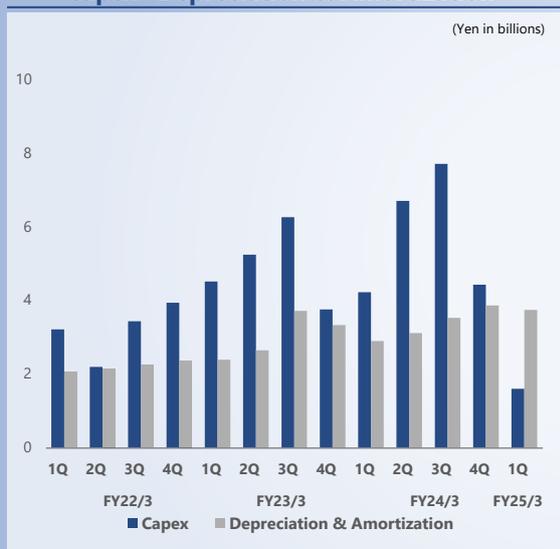
Cash on-hand and in banks decreased due to payments of income tax and dividends.

As for the inventories, "customer-reserved inventories" are decreasing after peaking in 4Q FY23/3.

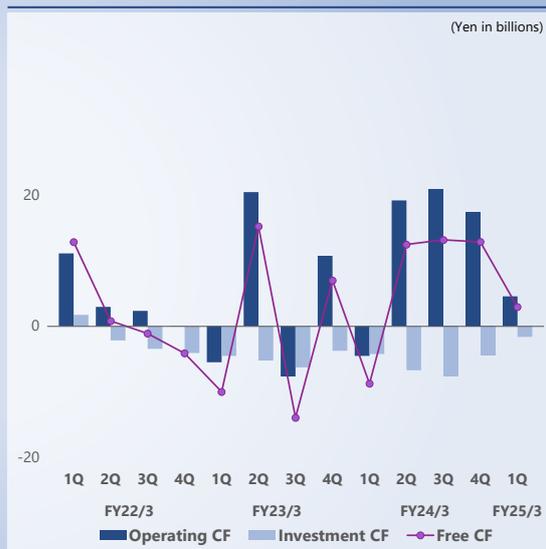
From this fiscal year, we will show "inventory" as the sum of "regular inventory" and "customer reserved inventory", and the turnover months will be calculated using this new "inventory".

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

Capex<sup>1</sup>-Depreciation & Amortization<sup>2</sup>



Cash Flow<sup>2</sup>

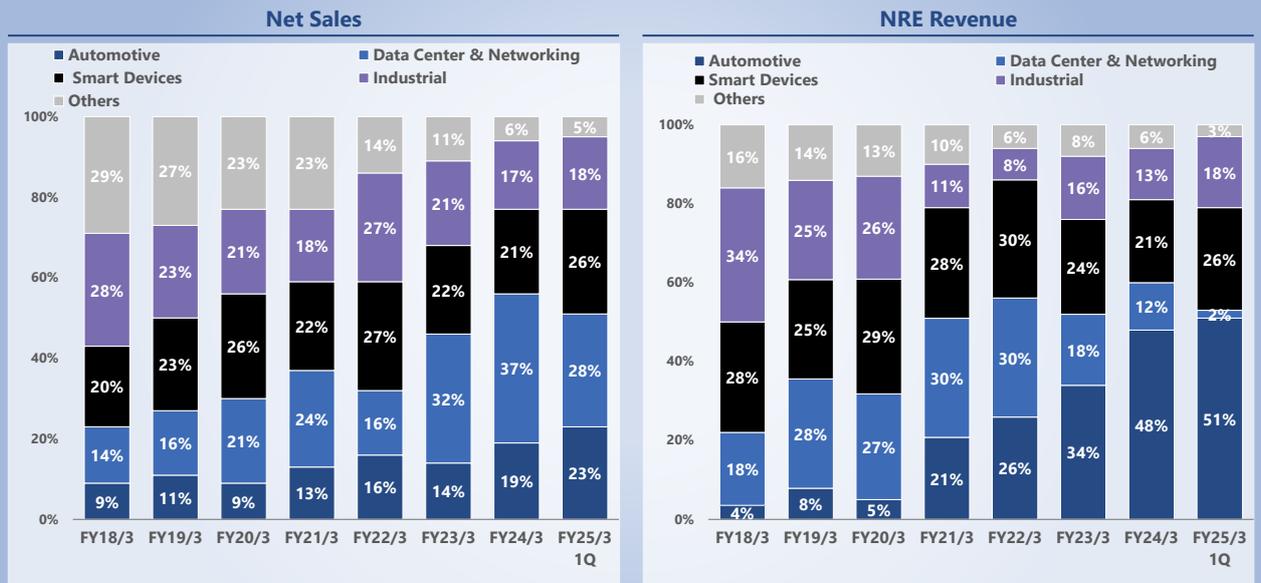


1. Capex: Purchases of PP&E + purchase of intangible assets  
 2. Quarterly financial results of FY 22/3 are unaudited and unreviewed by external auditors

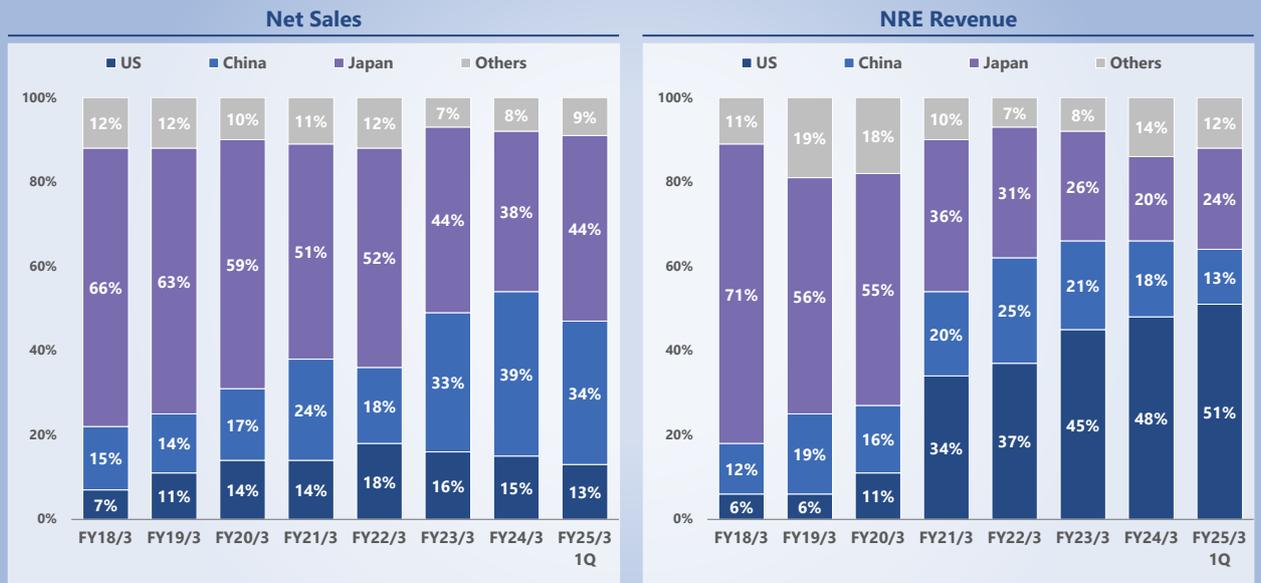
This slide shows capital expenditures and cash flow.

In 1Q FY25/3, investment in IPs and reticles decreased due to the timing of design and development, which led to the lower capex. However, we expect capex and depreciation & amortization to increase as we move toward the growth of our business.

Free cash flow was positive, due to recording of net profit, decrease of inventories, and depreciation & amortization being greater than capex, although there were income tax and other payments.



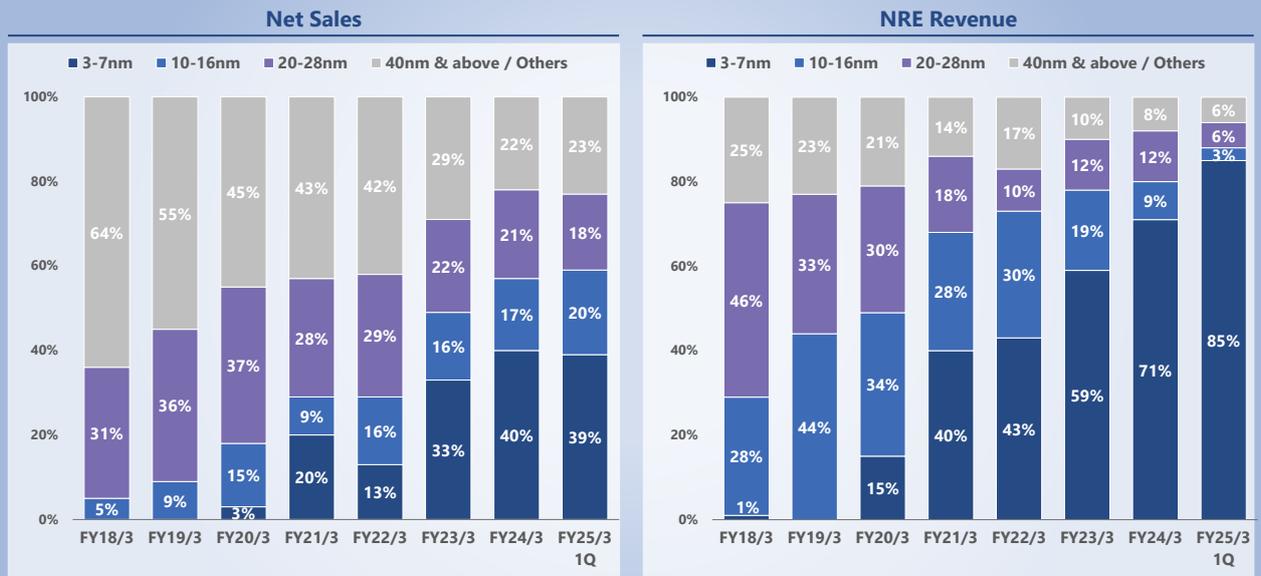
This slide shows the breakdown of net sales and NRE revenue by application market. As for NRE revenue, automotive exceeded 50%, following the similar trend from FY24/3.



This slide shows the breakdown by geographic region.

China accounts for 34% of the net sales in this quarter, but the ratio is expected to decline as "Special Demand" ended.

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



This slide shows the breakdown by process node.

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

7nm and beyond now account for more than 80% of total NRE revenue.

5nm and 3nm combined account for more than 50% of total NRE revenue.

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

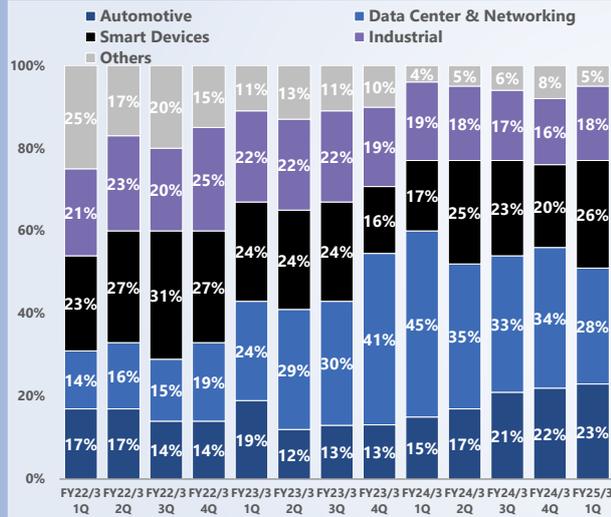
# Consolidated Statements of Income

(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1Q
Net Sales	99.7	117.0	192.8	221.2	52.8
% YoY	-3.7%	+17.3%	+64.7%	+14.8%	-14.1%
<i>Product Revenue</i>	73.1	84.6	156.8	182.9	42.3
<i>NRE Revenue</i>	23.0	28.1	34.9	37.6	10.3
<i>Other Revenue</i>	3.6	4.3	1.1	0.8	0.2
Cost of Goods Sold	(43.2)	(49.8)	(103.9)	(111.2)	(22.9)
Gross Profit	56.5	67.3	88.8	110.0	29.8
% Margin	56.7%	57.5%	46.1%	49.7%	56.5%
% <i>Product Gross Margin</i>	40.1%	41.1%	33.7%	39.2%	45.7%
R&D	(39.2)	(43.2)	(49.3)	(53.3)	(15.0)
Selling, General and Administrative Expenses (excl. R&D)	(15.8)	(15.6)	(17.8)	(21.2)	(4.6)
Operating Income	1.6	8.5	21.7	35.5	10.3
% Margin	1.6%	7.2%	11.3%	16.1%	19.4%
Non-Operating Income	0.4	0.6	1.8	1.6	0.5
Profit before Income Taxes	2.0	9.1	23.4	37.1	10.8
Income Taxes	(0.5)	(1.6)	(3.7)	(11.0)	(3.2)
Profit	1.5	7.5	19.8	26.1	7.6
% Margin	1.5%	6.4%	10.3%	11.8%	14.3%
FX Rate (USD/JPY)	106.1	112.4	135.5	144.6	155.9

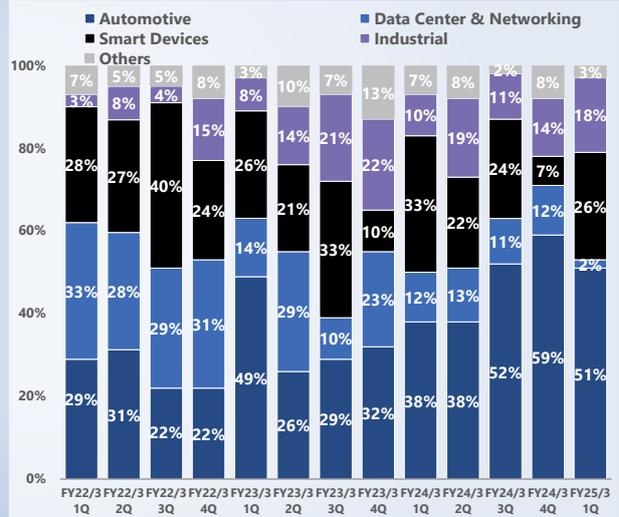
(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1Q		FY21/3	FY22/3	FY23/3	FY24/3	FY25/3 1Q
<b>Assets</b>						<b>Liabilities and Equity</b>					
Cash on-hand and in banks	42.7	46.3	45.1	69.7	69.1	Accounts Payable-trade	12.0	16.6	23.4	15.8	16.0
Accounts receivable-trade, net	28.6	25.1	40.8	35.3	37.8	Accrued Expenses	7.4	6.9	30.3	18.2	13.5
Inventories <sup>1</sup>	6.7	16.4	47.7	25.5	21.9	Others	1.9	3.9	28.6	19.1	10.6
Others	2.6	2.9	22.4	8.4	7.2						
<b>Total Current Assets</b>	<b>80.6</b>	<b>90.6</b>	<b>156.1</b>	<b>138.9</b>	<b>136.0</b>	<b>Total Current Liabilities</b>	<b>21.3</b>	<b>27.4</b>	<b>82.3</b>	<b>53.1</b>	<b>40.1</b>
Property, Plant and Equipment	8.9	11.6	17.2	21.8	20.0	Total Non-current Liabilities	1.3	1.4	1.7	2.7	2.8
Reticle	3.7	4.7	5.6	8.1	7.1	<b>Total Liabilities</b>	<b>22.6</b>	<b>28.8</b>	<b>84.1</b>	<b>55.8</b>	<b>42.8</b>
Others PP&E	5.2	6.9	11.6	13.7	12.9	Common Stock	30.2	30.2	30.2	32.7	32.7
Intangible Assets	11.6	12.2	13.0	18.5	17.4	Capital Surplus	30.2	30.2	30.2	32.7	32.7
Deferred Tax Assets	2.3	3.1	6.9	6.7	3.5	Retained Earnings	21.4	28.9	48.6	63.6	66.7
Others	0.9	0.8	0.8	0.9	1.0	Others	(0.1)	0.3	0.8	2.1	2.9
<b>Total Non-current Assets</b>	<b>23.7</b>	<b>27.8</b>	<b>37.9</b>	<b>47.9</b>	<b>41.9</b>	<b>Total Equity</b>	<b>81.7</b>	<b>89.6</b>	<b>109.9</b>	<b>131.0</b>	<b>135.1</b>
<b>Total Assets</b>	<b>104.2</b>	<b>118.4</b>	<b>193.9</b>	<b>186.8</b>	<b>177.9</b>	<b>Total Liabilities and Equity</b>	<b>104.2</b>	<b>118.4</b>	<b>193.9</b>	<b>186.8</b>	<b>177.9</b>

1. Inventories is calculated as the sum of "Finished goods" and "Work in progress"

Net Sales<sup>1</sup>

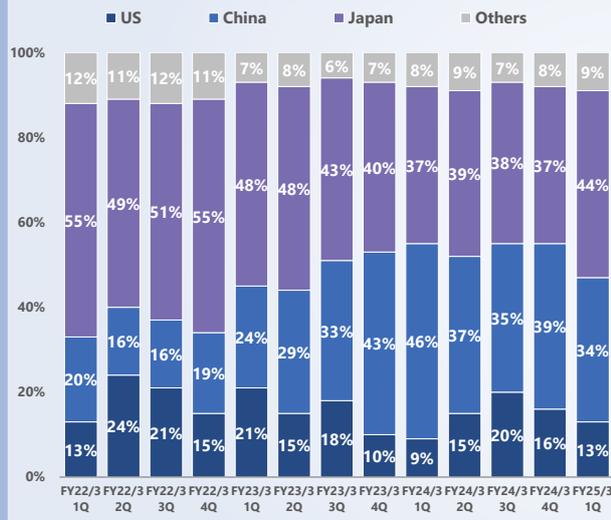


NRE Revenue<sup>1</sup>

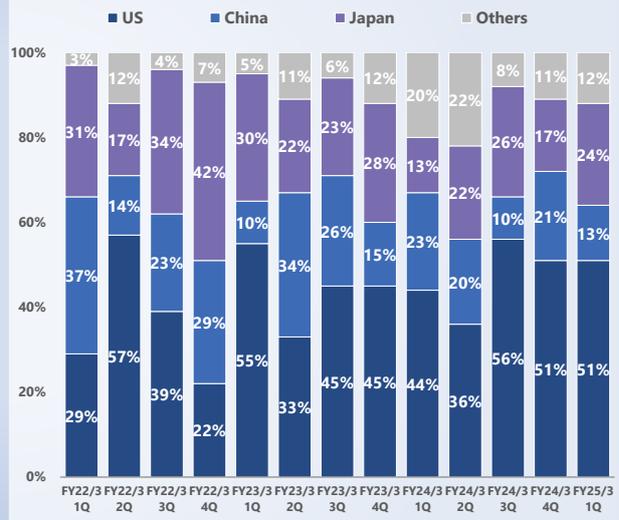


1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

### Net Sales<sup>1</sup>

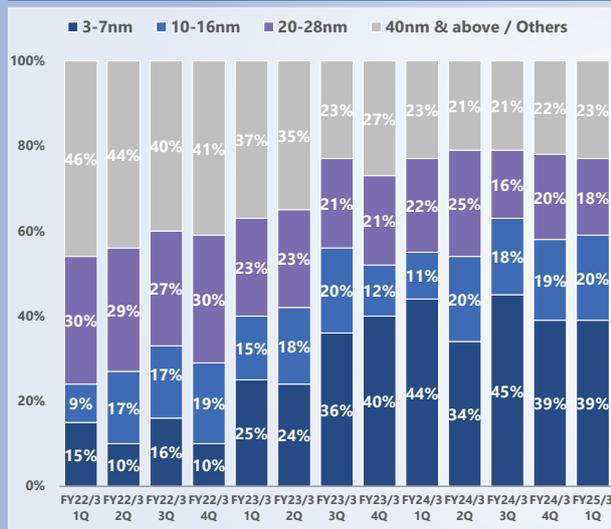


### NRE Revenue<sup>1</sup>

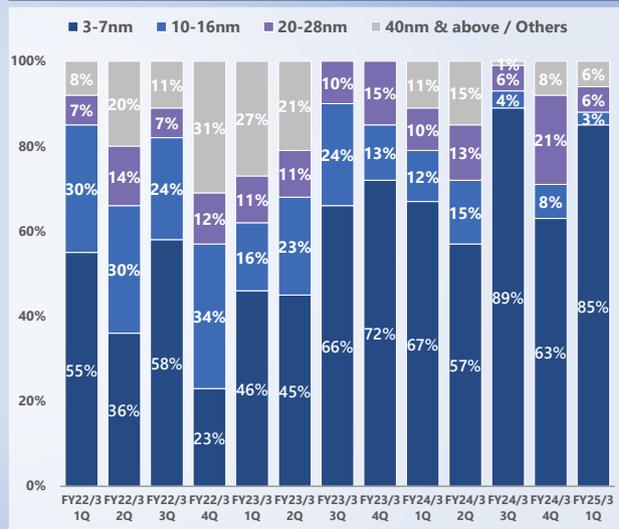


1. The quarterly ratios are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

Net Sales<sup>1</sup>



NRE Revenue<sup>1</sup>



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.

socionext™

Following slides are repeated materials  
from FY 24/3 financial results presentation



# Consolidated Earnings Forecast

socionext

Repeated material from FY24/3  
(Partially Updated<sup>1</sup>)

(Yen in billions)

	FY2024/3	FY2025/3		
	Full Year Results	Full Year Forecast as of April 2023	YoY	YoY %
<b>Net Sales</b>	221.2	<b>200.0</b>	-21.2	-9.6%
<b>Operating Income</b>	35.5	<b>27.0</b>	-8.5	-24.0%
Margin	16.1%	<b>13.5%</b>	-2.6%pt	
<b>Profit</b>	26.1	<b>19.5</b>	-6.6	-25.4%
Margin	11.8%	<b>9.8%</b>	-2.0%pt	
<b>Basic Earnings per Share<sup>1,3</sup></b>	148.39yen	<b>108.92yen</b>		
<b>Dividends per Share<sup>2,3</sup></b>	48.00yen	<b>50.00yen</b>		
<b>FX Rate (USD/JPY)</b>	144.6yen	<b>130.0yen</b>		

➤ 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. Figure of "Basic Earnings per Share" in FY2025/3 Full Year Forecast has been revised to reflect the change in the number of shares since April 2024. Calculations are based on 176,119,044 shares for FY2024/3 Full Year Results, and 178,924,151 shares for FY2025/3 Full Year Forecast as of July 2024. This change is due to an exercise of stock option.
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.

socionext™

## Overview

- *Breakdown of Design Win*
- *Outlook of Future Growth and Market Trend*



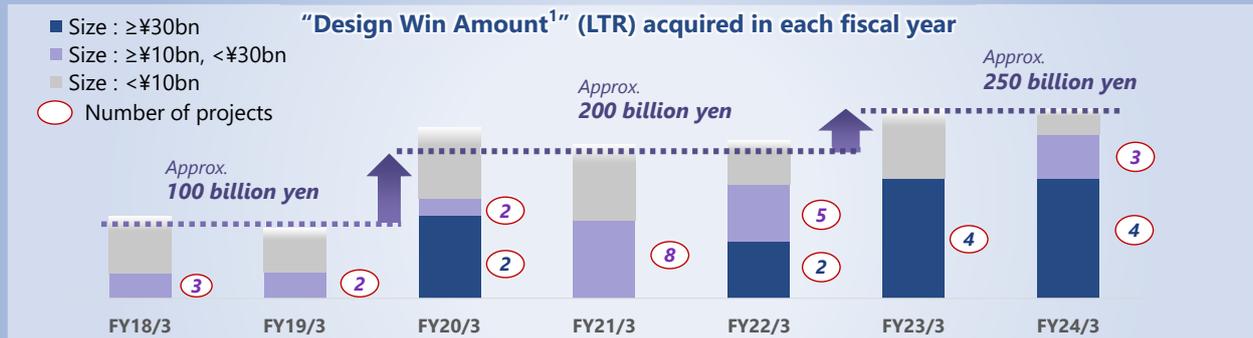
- “Design Win Amount<sup>1</sup>” has more than doubled through transformation since 2018  
The amount was at level of 250 billion yen in FY24/3 following FY23/3



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.

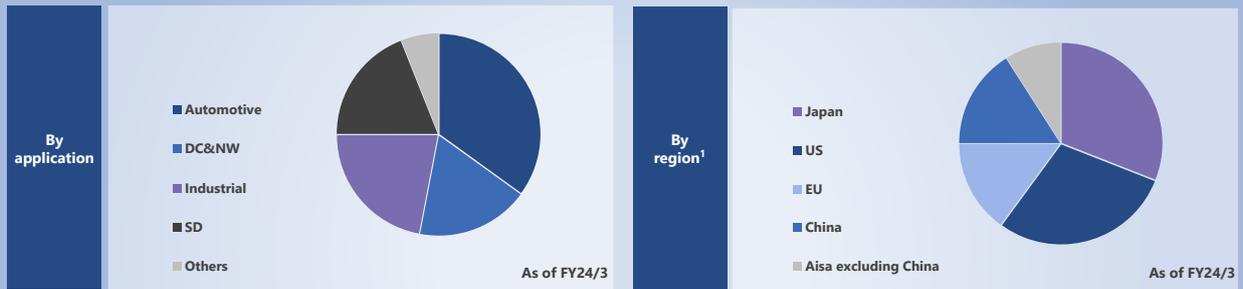
1. The life-time revenue (or LTR) of the “design win amount” for a particular period reflects our expectations as of the end of such period, based on various estimations and assumptions that we believe to be reasonable at such time, regarding the total future revenue from the design win projects that 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 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.

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.



- **“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

<sup>1</sup> “Geographic region” is calculated based on the regional companies of Socionext

- In FY2024/3, Design Win Balance<sup>1</sup> 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			Data Center & Networking			Industrial			Smart Devices		
Application	nm	Customers <sup>2</sup>	Application	nm	Customers <sup>2</sup>	Application	nm	Customers <sup>2</sup>	Application	nm	Customers <sup>2</sup>
HP Computing AD/ADAS	3-7nm	Global OEMs Tier-1 Suppliers / Emerging companies	Data Centers <sup>3</sup>	3-12nm	Global Major Telecom Equipment Players	FA Test & Measurement Printer	5-28nm	Major Players	DSLR/Action Camera		Major Players
LiDAR Camera Rader HMI	7-22nm		5G Base Station CU/DU/RU	7-12nm					Network camera	5-12nm	

"Design win balance"<sup>1</sup> (LTR) as of March 31, 2023 & March 31, 2024 (excl. special demand<sup>2</sup>)



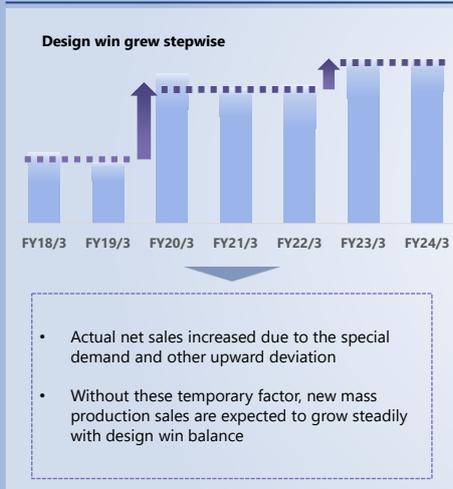
1. "Design win balance" represents our estimates of remaining accumulated "design win amount" that is associated with projects that are active as of a particular date. "Design win balance" thus reflects certain subsequent developments after the end of the period in which such design win was acquired 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.

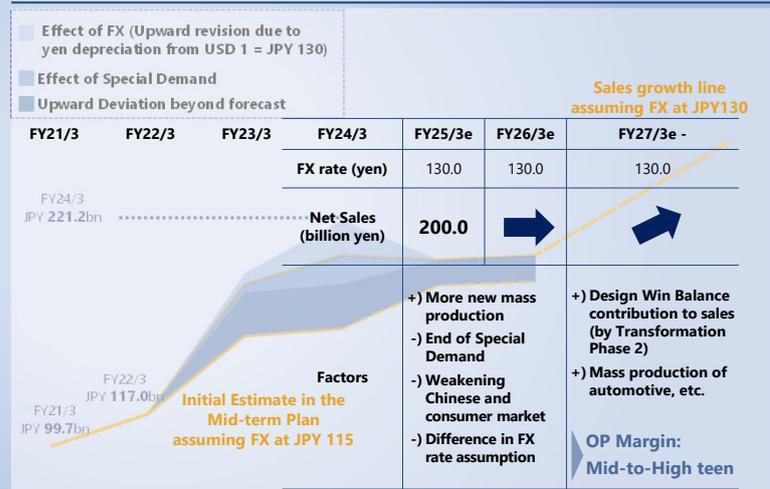
3. Projects include development of test chips commissioned by external parties.

- 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



## Net sales achievement and forecast<sup>2</sup>



1. Refer to page 3  
 2. Net sales for FY21/3 and FY22/3 was based on the actual FX rate at 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 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~
<b>Product Gross Margin</b>	■ ~FY23/3 ↓	■ FY24/3 ↑	→	↔
<b>R&amp;D ratio</b>	<ul style="list-style-type: none"> <li>■ R&amp;D ratio improved due to the increase in product revenue</li> <li>■ R&amp;D efficiency improved while total expense increased</li> </ul>		<ul style="list-style-type: none"> <li>■ Baseline trend is mostly flat</li> <li>■ Advanced R&amp;D and cost related to strengthening R&amp;D structure would be on the rise</li> </ul>	<ul style="list-style-type: none"> <li>■ R&amp;D and SG&amp;A ratio will slightly improve due to the increase in net sales while the total amount of R&amp;D and SG&amp;A would be on the rise</li> </ul>
<b>SG&amp;A ratio</b>	<ul style="list-style-type: none"> <li>■ SG&amp;A ratio improved due to the increase in net sales</li> </ul>		→	↑
<b>FX rate (USD/JPY)</b>	↑ 112.4	↑ 135.5	↓ 130.0	

\*Arrows indicate direction of impact on OP margin

## 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*



Repeated material from FY24/3

- 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

**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
<b>Net Sales (billion yen)</b>	<b>99.7</b>	<b>117.0</b>	<b>192.8</b>	<b>221.2</b>
<b>FX Rate (yen)</b>	106.1	112.4	135.5	144.6
<b>OP Margin</b>	<b>1.6%</b>	<b>7.2%</b>	<b>11.3%</b>	<b>16.1%</b>

	FY25/3e	FY26/3e	FY27/3e -
<b>Net Sales (billion yen)</b>	<b>200.0</b>	→	→
<b>FX Rate (yen)</b>	130.0	130.0	130.0

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

**Achieve high growth and OP margin improvement**

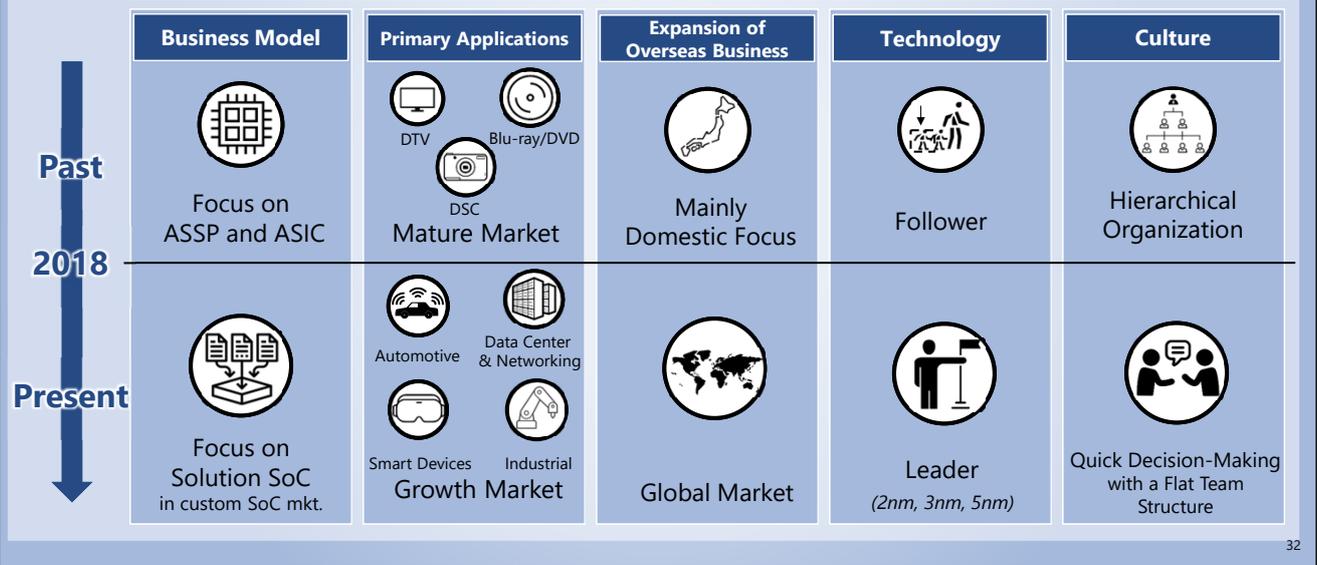
**"Together with our global partners, we bring innovation to everyone everywhere"**

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.



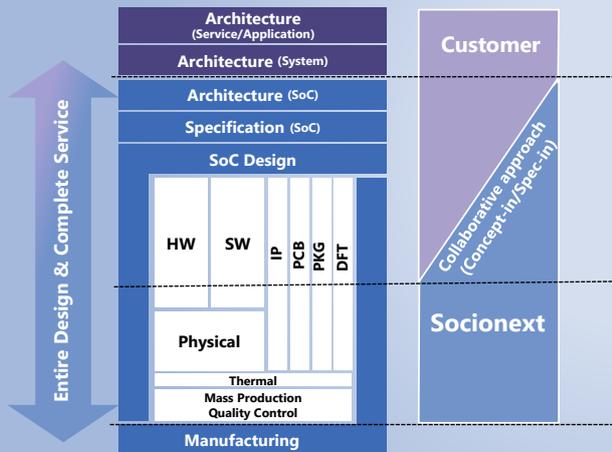
# Transformation into Global Custom SoC Vendor in Advanced Technology Areas

- 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"



- Socionext has established new and distinctive “Solution SoC<sup>1</sup>” business model to provide optimal custom SoCs to customers who require advanced and innovative chips

## “Solution SoC”



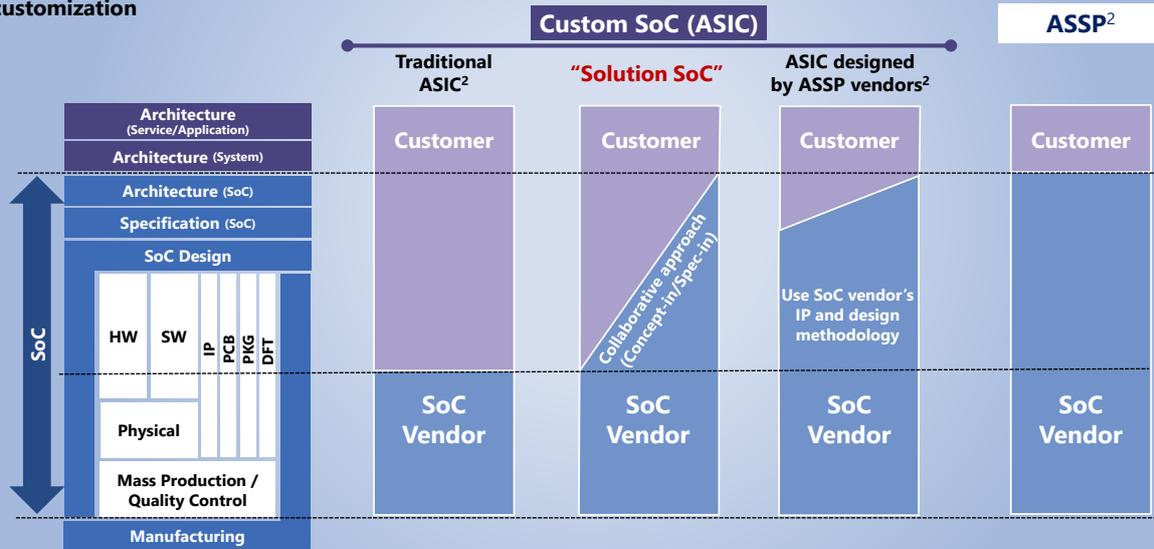
- Collaborating with customer to design optimal SoC architecture to meet customer requirements and for design efficiency / Identify best IPs and design methodologies from across the entire semiconductor ecosystem / Offer ideal custom SoCs to all types of customers

### Socionext

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

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

- The primary difference between “traditional ASIC<sup>2</sup>” and “Solution SoC<sup>1</sup>” is how to interface with customers
- The primary difference between “Solution SoC” and “ASIC designed by ASSP vendors<sup>2</sup>” 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.

- 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<sup>1</sup>

- 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

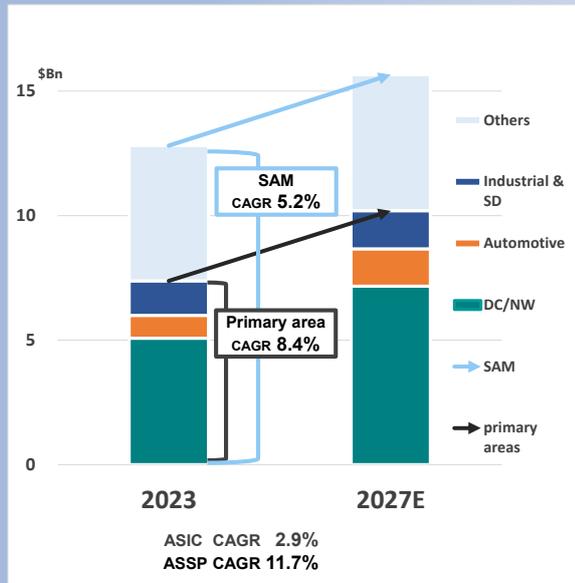
### Compared to ASIC designed by ASSP vendors<sup>1</sup>

- 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 turn-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



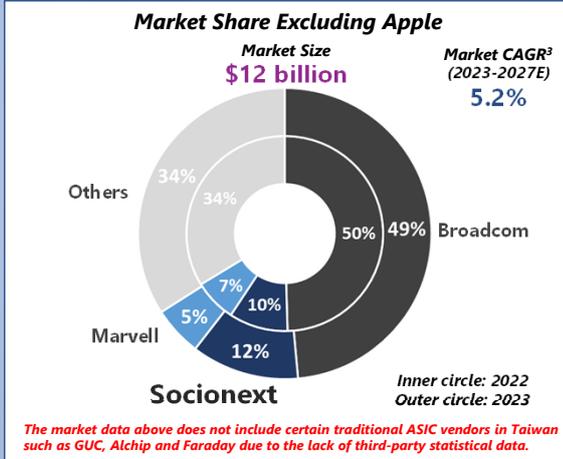
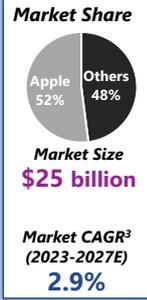
## Background of Growing Demand for Custom (Bespoke) SoCs and Solution SoC partner

- 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.

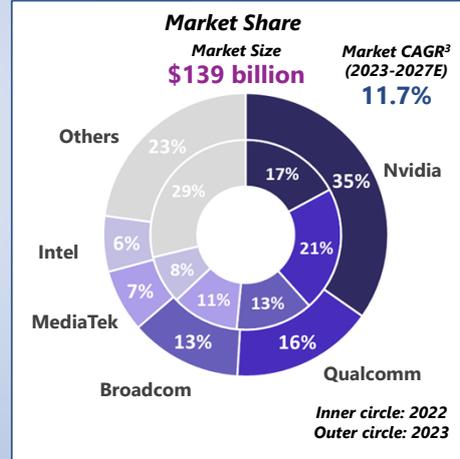
- With the exception of Apple, Socionext has the 2nd largest market share of 12% within the Custom SoC(ASIC)<sup>1</sup> market, where some players can design 5nm/3nm SoCs.

**Custom SoC(ASIC)<sup>1</sup> Market Share<sup>2</sup> (2022-2023)**



These Market Data are estimated by Socionext based on Omdia data

**ASSP<sup>1</sup> Market Share<sup>2</sup> (2022-2023)**



1. We define "ASSP" as the "Logic ASSP" segment based on Omdia "Application Market Forecast Tool-4Q 2023" classification and "Custom SoC(ASIC)" 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

## 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

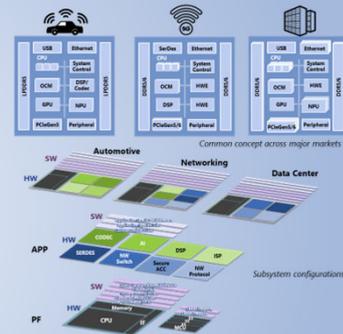
- Building and strengthening computer architecture-based design and development platform that covers not only hardware but also "Entire Design" for "Solution SoC", including system-level software, thermal design, etc.
- Leveraging experiences in multiple applications and products
- Keeping pace with 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 in leading-edge technologies

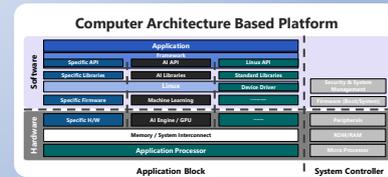
- Investing in most advanced process technologies
  - 2nm and 1.4nm
  - Chiplets (die-to-die interconnect, 2.5D/3D, etc.)
  - AI to support design and development, IPs
- Meet customer expectations for technology evolution by tight collaboration with SoC ecosystem players (EDA, IP and other vendors)

## ◆ Drive innovation with tighter collaboration with SoC ecosystem

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



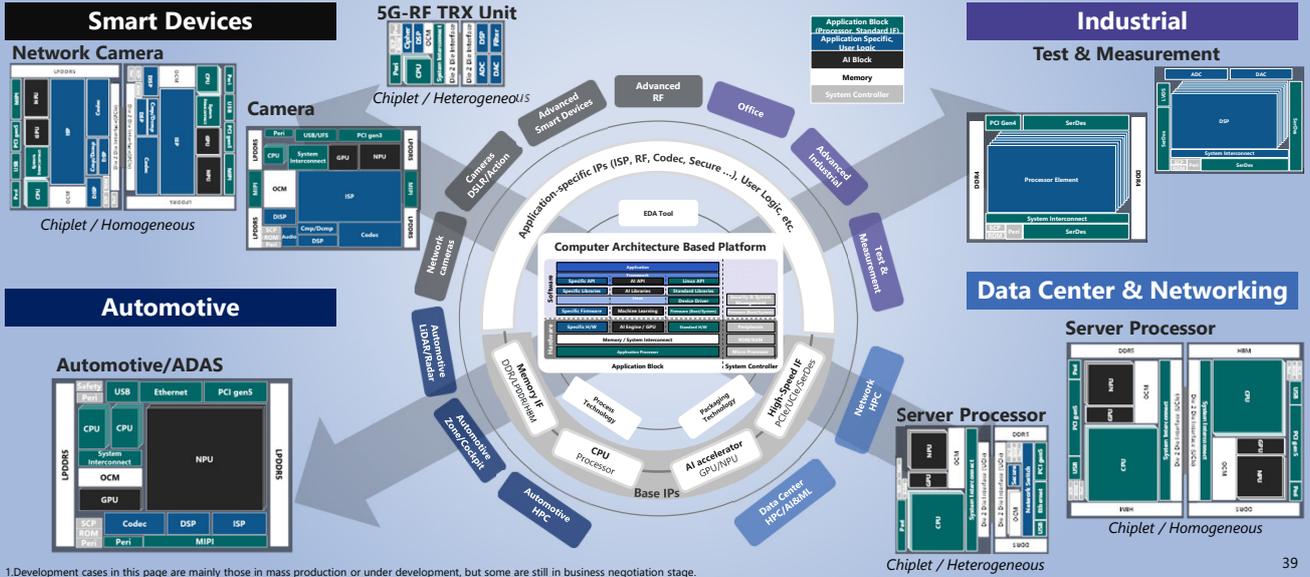
Socionext's "Solution SoC" design & development platform



# Advanced SOC Developments on Computer Architecture Basis in Diverse Fields

Repeated material from FY24/3

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



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

## Smart Devices

5/7/12nm  
DSLR/Action



5/7nm  
Network cameras  
AR



## Automotive

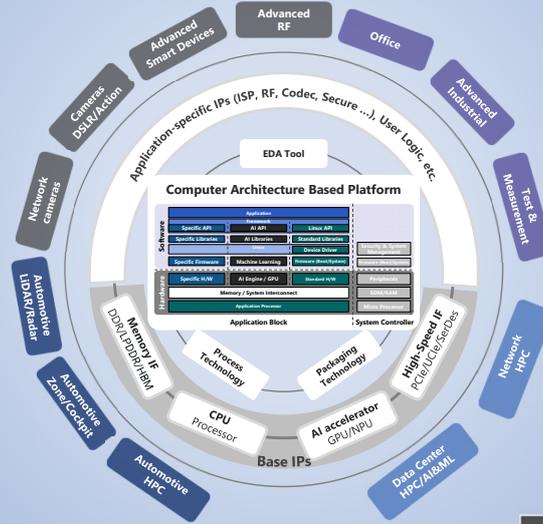
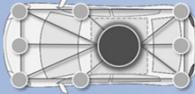
16/22nm  
LiDAR / Radar / Camera



7/16/22nm  
Zone Computing



3/5nm  
HP Computing



## Industrial

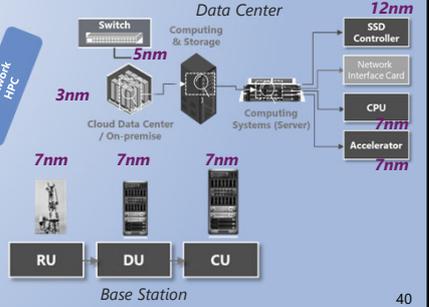
5/7nm  
Test & Measurement



28nm  
Printer



## Data Center & Networking



Repeated material from FY24/3

## Smart Devices

Application	nm	Customers <sup>1</sup>
Network cameras DSL/Action	5-12	Major Players 

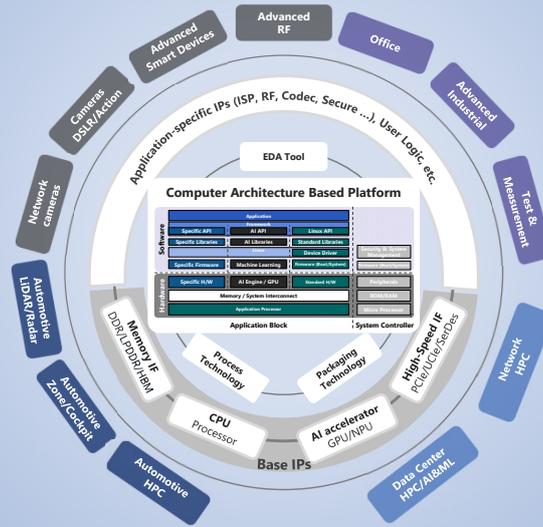
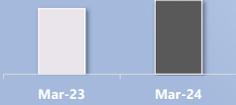
Design win balance



## Automotive

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

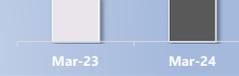
Design win balance



## Industrial

Application	nm	Customers <sup>1</sup>
FA Test & Measurement Printer	5-28	Major Players 

Design win balance



## Data Center & Networking

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

Design win balance



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

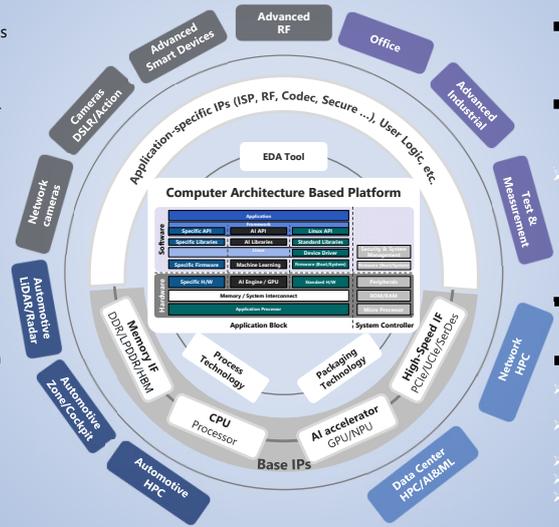
Repeated material from FY24/3

## 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)



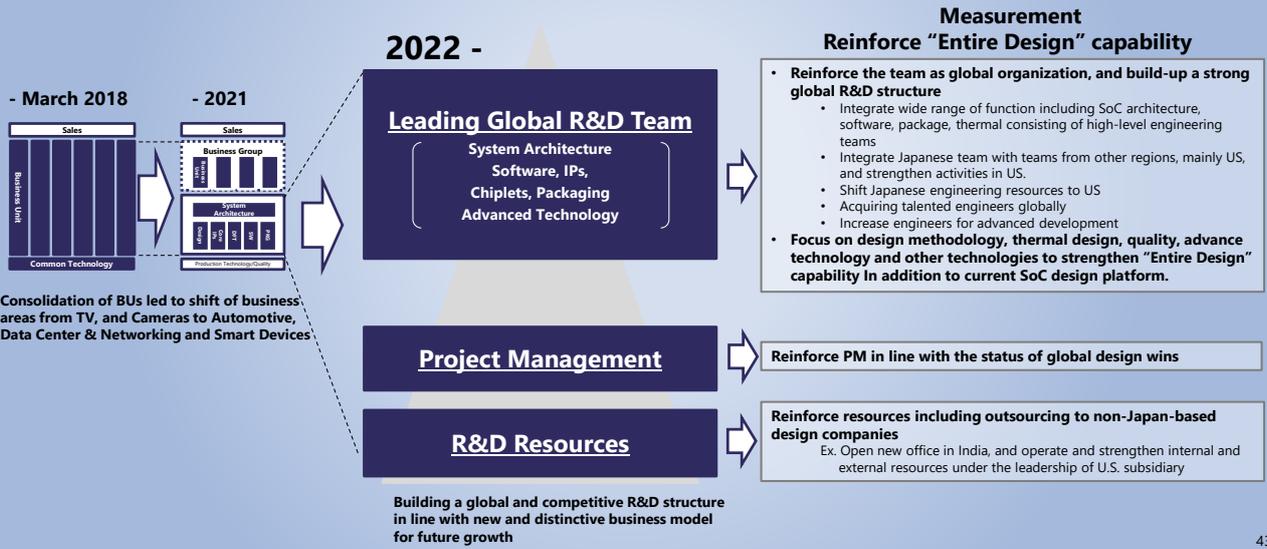
## Industrial

- 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

- 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



socionext™

Appendix:

Overview

- *Detail of Design Win*
- *Company Overview and others*



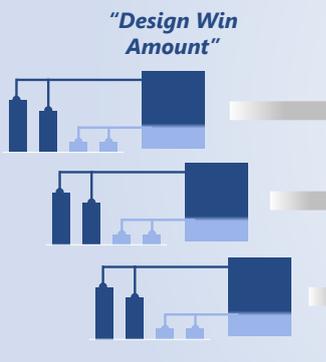
# Detail of "Design Win Amount" to Revenue Illustrative Description of "Design Win Balance"

Repeated material from FY24/3

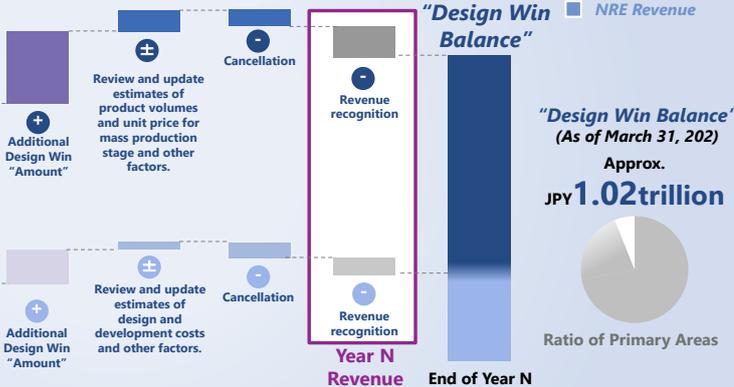
## "Design Win Balance"<sup>1</sup> . . .

"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"<sup>1</sup>



### Image of Change in "Design Win Balance"<sup>2</sup>



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

JPY 1.02trillion



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 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



<b>Business Description</b> Fabless Custom SoCs	<b>Capital</b> As of March 31, 2024 32.6 billion yen	<b>Employees<sup>1</sup></b> As of March 31, 2024 Global Employees: 2,534 Engineers <sup>2</sup> : 1,900 (Approx.)
--	--	---

Key Financials FY24/3

<b>Net Sales</b> 221.2 billion yen	<b>Net Sales Growth (YoY)</b> 14.8%	<b>OP Margin</b> 16.1%
---------------------------------------	--	---------------------------

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

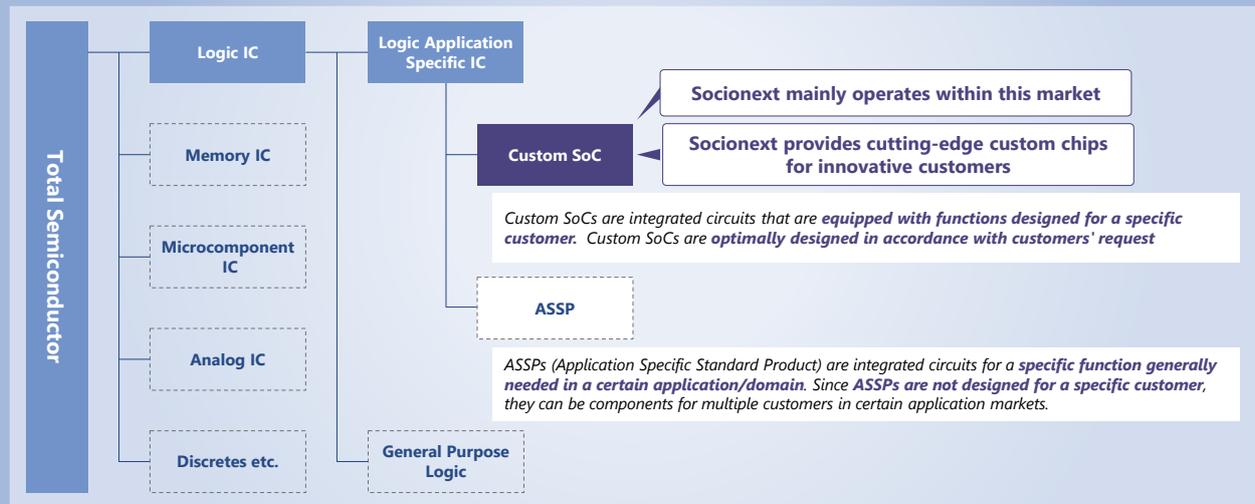


~Socionext's Positioning in Semiconductor Market~



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

- 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"

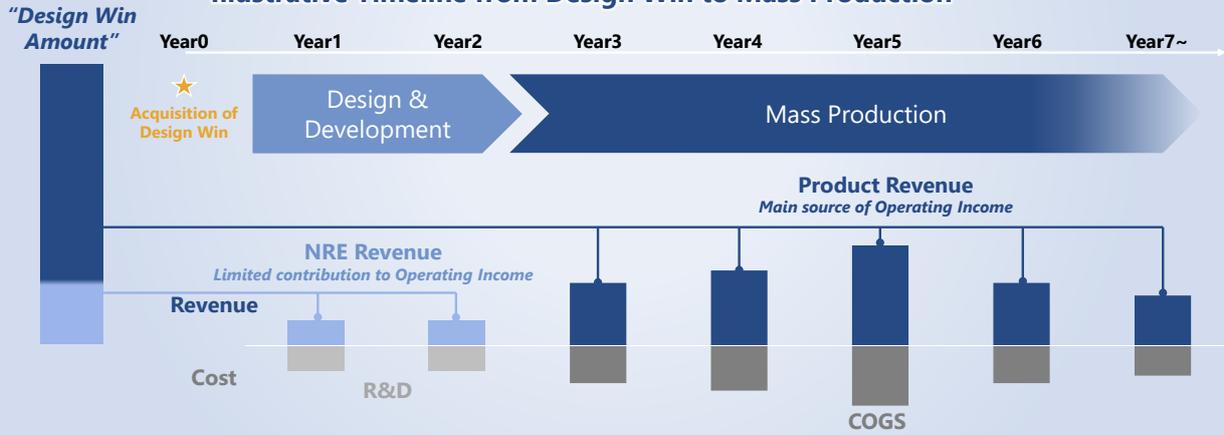
## "Design Win Amount"<sup>1</sup> . . .

"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<sup>1</sup>
- A foreign exchange assumption of 1USD=100JPY has been used

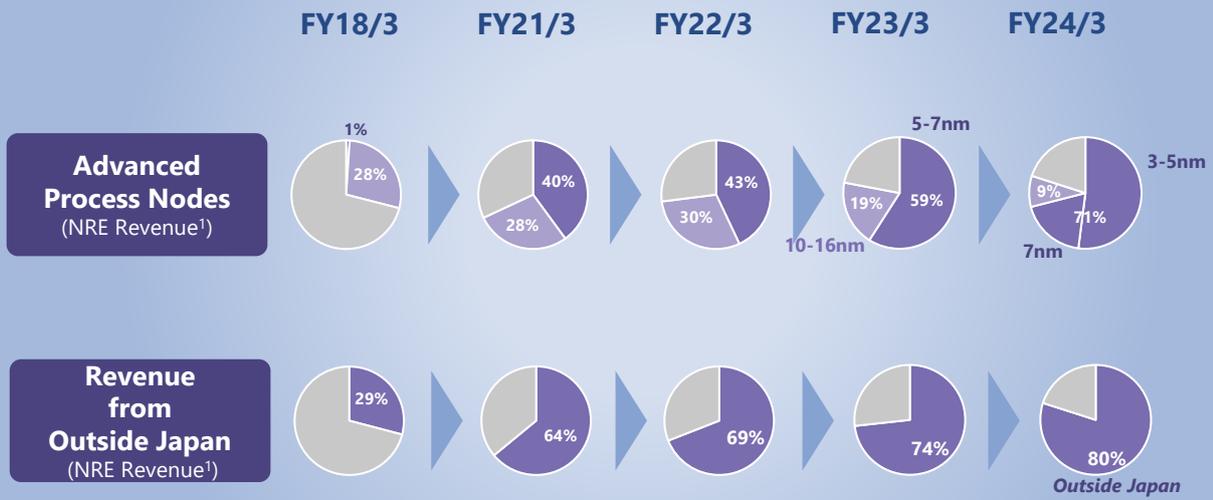
## Illustrative Timeline from Design Win to Mass Production<sup>2</sup>



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

- Shift in NRE revenue<sup>1</sup> composition illustrates the steady progress of our business transformation



socionext™