socionext™
The Solution SoC Company

Fiscal Year Ended March 31, 2025

Consolidated Financial Results and Growth Strategy

April 28, 2025
Socionext Inc.

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

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

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

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Consolidated Financial Results
for the Fiscal Year Ended March 31, 2025

– ***Consolidated Financial Results FY2025/3***
– ***Consolidated Earnings Forecast FY2026/3***

FY2025/3 Consolidated Statements of Income

(Yen in billions)

	FY24/3	FY25/3	YoY	YoY %	(Reference) Disclosure as of January 2025	
Net Sales	**221.2**	**188.5**	**-32.7**	**-14.8%**	**190.0**	**-1.5**
Product Revenue	182.9	146.6	-36.3	-19.8%	—	
NRE Revenue	37.6	41.0	+3.4	+9.1%	—	
Others	0.8	0.9	+0.2	+23.3%	—	
Cost of Sales	**111.2**	**84.6**	**-26.6**	**-23.9%**	—	
Product Cost Ratio	60.8%	57.7%	-3.1pt			
Selling, General and Administrative Expenses	**74.5**	**78.9**	**+4.4**	**+5.9%**	—	
R&D	53.3	59.8	+6.5	+12.3%	—	
SG&A (excluding R&D)	21.2	19.1	-2.1	-10.0%	—	
Operating Income	**35.5**	**25.0**	**-10.5**	**-29.6%**	**24.0**	**+1.0**
Margin	16.1%	13.3%	-2.8 pt		12.6%	+0.7 pt
Profit	**26.1**	**19.6**	**-6.5**	**-25.0%**	**18.0**	**+1.6**
Margin	11.8%	10.4%	-1.4 pt		9.5%	+0.9 pt
FX Rate (USD/JPY)	**144.6**	**152.6**			**146.9**	

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Here are the financial results of the fiscal year ended on March 31, 2025 (FY25/3).

The result was almost in line with the forecast we announced in January 2025.

Net sales were 188.5 billion yen, a decrease of 32.7 billion yen, or 14.8%, from the previous fiscal year (FY24/3).

Operating income was 25.0 billion yen, a decrease of 10.5 billion yen, or 29.6%, from the previous fiscal year (FY24/3).

Foreign exchange impact for net sales was a plus of 8.5 billion yen. For operating income, it was a plus of 3.2 billion yen.

Profit was 19.6 billion yen, after recording extraordinary income of 1.8 billion yen from the sale of Kozoji office in 2Q, extraordinary loss of 1.5 billion yen from impairment loss due to the cancellation of North America automotive project in 4Q, tax payment of 5.8 billion yen, and so on. It was a decrease of 6.5 billion yen, or 25.0%, from the previous fiscal year (FY24/3).

The impact of the extraordinary loss recorded in 4Q has been factored into the forecast announced in January 2025.

Net sales were slightly lower than the January forecast, although there was positive impact from foreign exchange. Factors for the decrease include requests from some customers to push back deliveries to adjust inventory.

Operating income and Profit were slightly higher than the January forecast, due to foreign exchange and reduced expenses.

FY2025/3 Consolidated Statements of Income

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(Yen in billions)

	FY2024/3				FY2025/3					
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	YoY %
Net Sales	**61.4**	**55.5**	**52.7**	**51.6**	**52.8**	**46.4**	**46.1**	**43.3**	**-8.3**	**-16.2%**
Product Revenue	52.9	48.5	40.5	40.9	42.3	37.7	35.0	31.6	-9.3	-22.8%
NRE Revenue	8.4	6.8	11.9	10.5	10.3	8.4	10.8	11.4	+0.9	+8.8%
Others	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.3	+0.1	+42.8%
Cost of Sales	**34.5**	**28.2**	**24.6**	**23.9**	**22.9**	**22.2**	**20.6**	**18.8**	**-5.1**	**-21.2%**
Product Cost Ratio	65.2%	58.2%	60.8%	58.4%	54.3%	59.1%	58.8%	59.6%	+1.2 pt	
Selling, General and Administrative Expenses	**16.8**	**18.7**	**18.8**	**20.2**	**19.6**	**18.9**	**20.4**	**20.1**	**-0.0**	**-0.2%**
R&D	12.2	12.5	13.6	15.0	15.0	13.8	15.6	15.4	+0.4	+2.7%
SG&A (excluding R&D)	4.7	6.3	5.1	5.1	4.6	5.1	4.7	4.7	-0.4	-8.6%
Operating Income	**10.1**	**8.6**	**9.3**	**7.6**	**10.3**	**5.3**	**5.1**	**4.3**	**-3.2**	**-42.6%**
Margin	16.5%	15.4%	17.6%	14.7%	19.4%	11.4%	11.1%	10.0%	-4.7 pt	
Profit	**8.0**	**7.3**	**5.0**	**5.8**	**7.6**	**4.0**	**4.9**	**3.1**	**-2.7**	**-46.4%**
Margin	12.9%	13.2%	9.5%	11.3%	14.3%	8.6%	10.6%	7.2%	-4.1 pt	
FX Rate (USD/JPY)	**137.4**	**144.6**	**147.9**	**148.6**	**155.9**	**149.4**	**152.4**	**152.6**		

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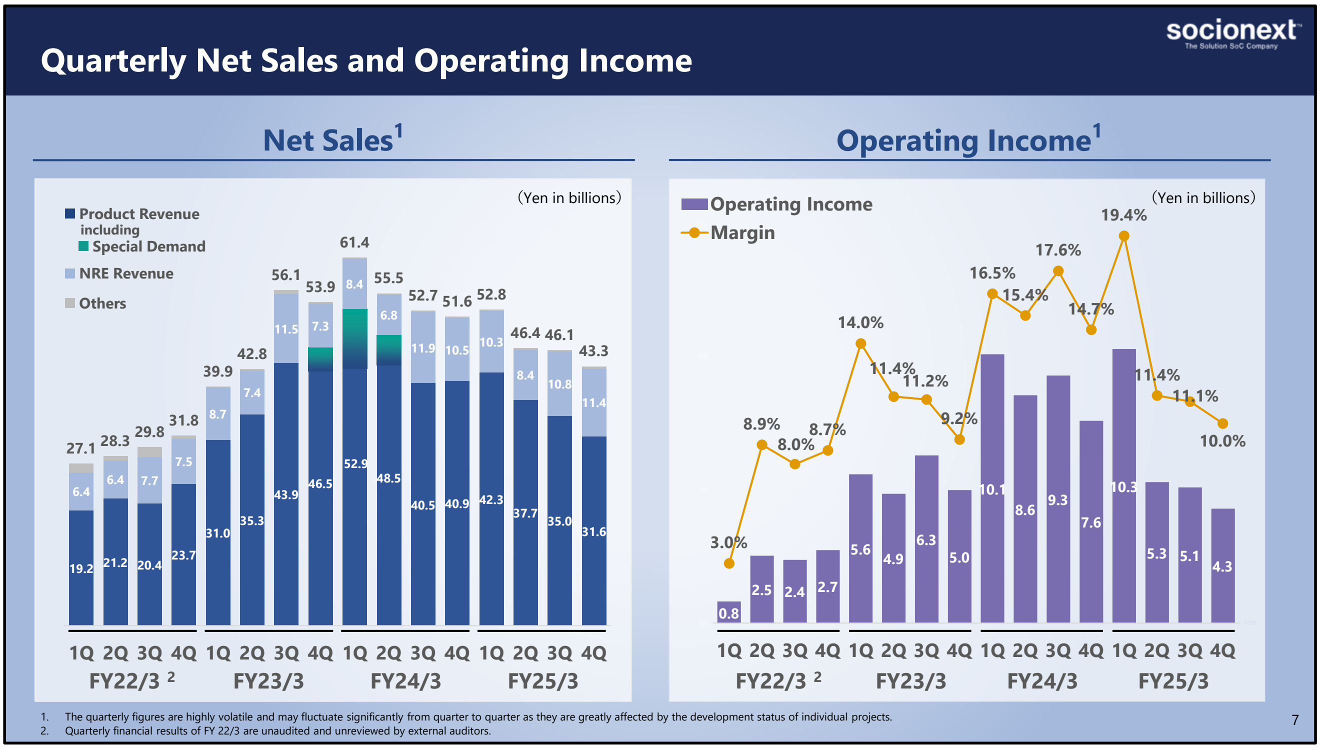
This slide shows the results of the fourth quarter (4Q) of the fiscal year ended on March 31, 2025.

Net sales were 43.3 billion yen, a decrease of 8.3 billion yen, or 16.2%, from the same quarter of the previous fiscal year (4Q FY24/3).

Operating income was 4.3 billion yen, a decrease of 3.2 billion yen, or 42.6%, from the same quarter of the previous fiscal year (4Q FY24/3).

Profit was 3.1 billion yen, after recording extraordinary loss of 1.5 billion yen from impairment loss due to the cancellation of North America automotive project in 4Q, tax return of 600 million yen, and so on. It was a decrease of 2.7 billion yen, or 46.4%, from the same quarter of the previous fiscal year (4Q FY24/3).

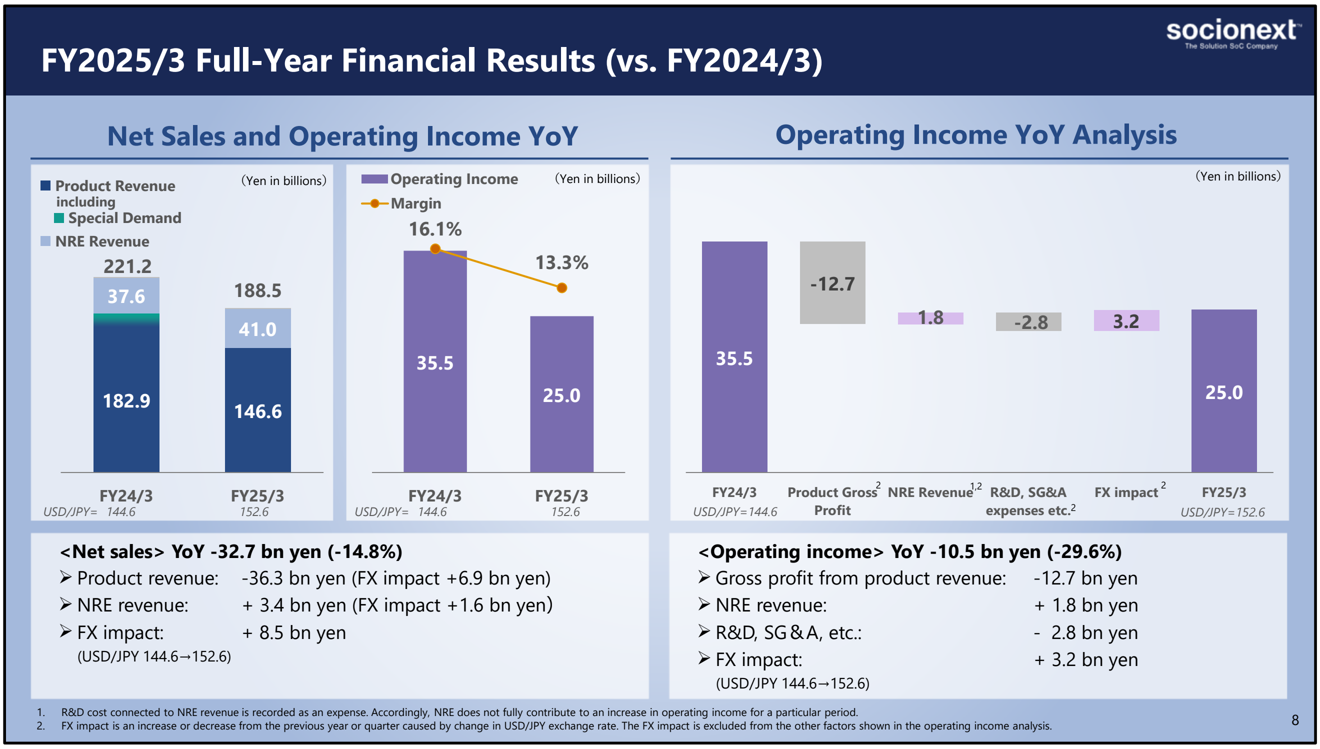


This slide shows the historical trends in net sales and operating income from 1Q FY22/3 to 4Q FY25/3.

Product revenue is on a decreasing trend, mainly due to a decrease in demand for Chinese telecommunication products.

NRE revenue is on a gradual expansion trend and has increased from the previous fiscal year (FY24/3).

Operating income decreased from the previous fiscal year due to a decrease in product revenue.



This slide shows the year-on-year analysis of full-year results for FY25/3, compared to FY24/3.

Net sales were 188.5 billion yen, a decrease of 32.7 billion yen, or 14.8%, from FY24/3.

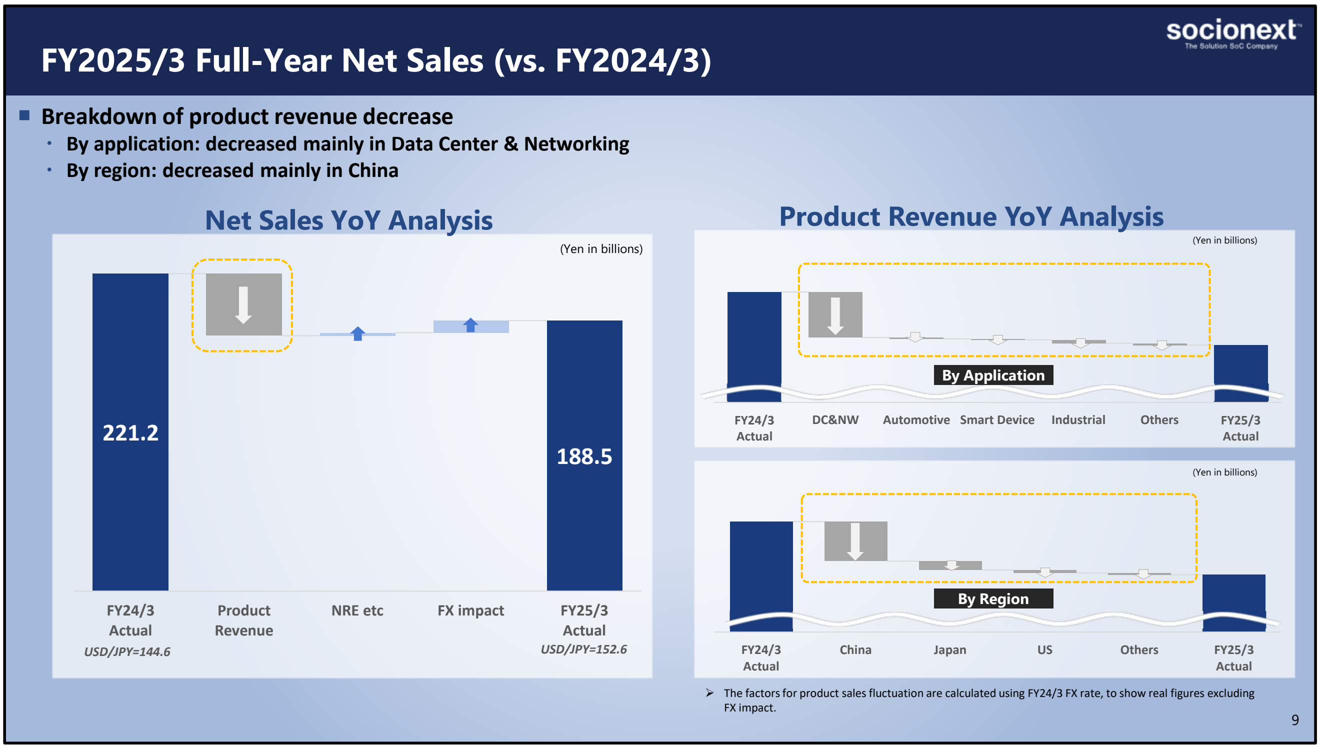
Product revenue decreased by 36.3 billion yen. NRE revenue increased by 3.4 billion yen. Foreign exchange impact was a plus of 8.5 billion yen.

Product revenue decreased, while the mass production of new products was progressing as expected. The decrease was mainly due to decrease in demand for Chinese telecommunication products as well as weak demand for FA and office equipment in industrial area.
By region, more than 80% of the decrease was in China. There were slight decreases in other regions.

NRE revenue increased, due to steady acquisition of new design wins in Data Center & Networking in North America, as well as completion of development of multiple projects.

Operating income was 25.0 billion yen, a decrease of 10.5 billion yen, or 29.6%.

Although there were positive factors such as increase in NRE revenue by 1.8 billion yen (excluding foreign exchange) and positive impact of foreign exchange of 3.2 billion yen, overall operating income decreased due to a decrease in product gross profit from lower product revenue (-12.7 billion yen), and an increase in R&D expense as the company engaged in leading-edge development projects and continued to make aggressive advance investment (-2.8 billion yen).

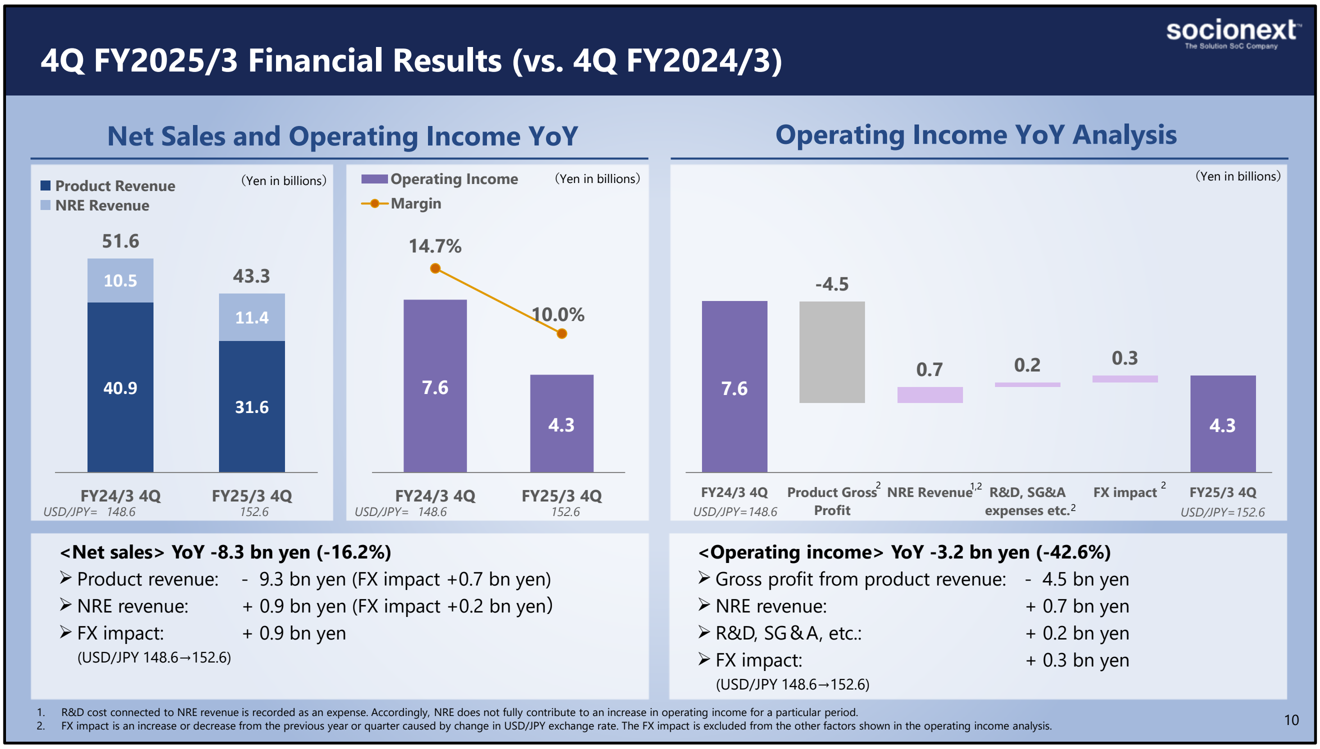


This slide shows the breakdown of year-on-year net sales.

The charts on the right side show the factors for increase and decrease in product revenue, by application and by region.

By application, more than 80% of the decrease was in Data Center & Networking, mainly for Chinese telecommunication products. There were slight decreases in other applications.

By region, more than 80% of the decrease was in China. There were slight decreases in other regions.



This slide shows the year-on-year analysis of 4Q FY25/3 results, compared to the same quarter of previous fiscal year (4Q FY24/3).

Net sales were 43.3 billion yen, a decrease of 8.3 billion yen, or 16.2%, from 4Q FY24/3.

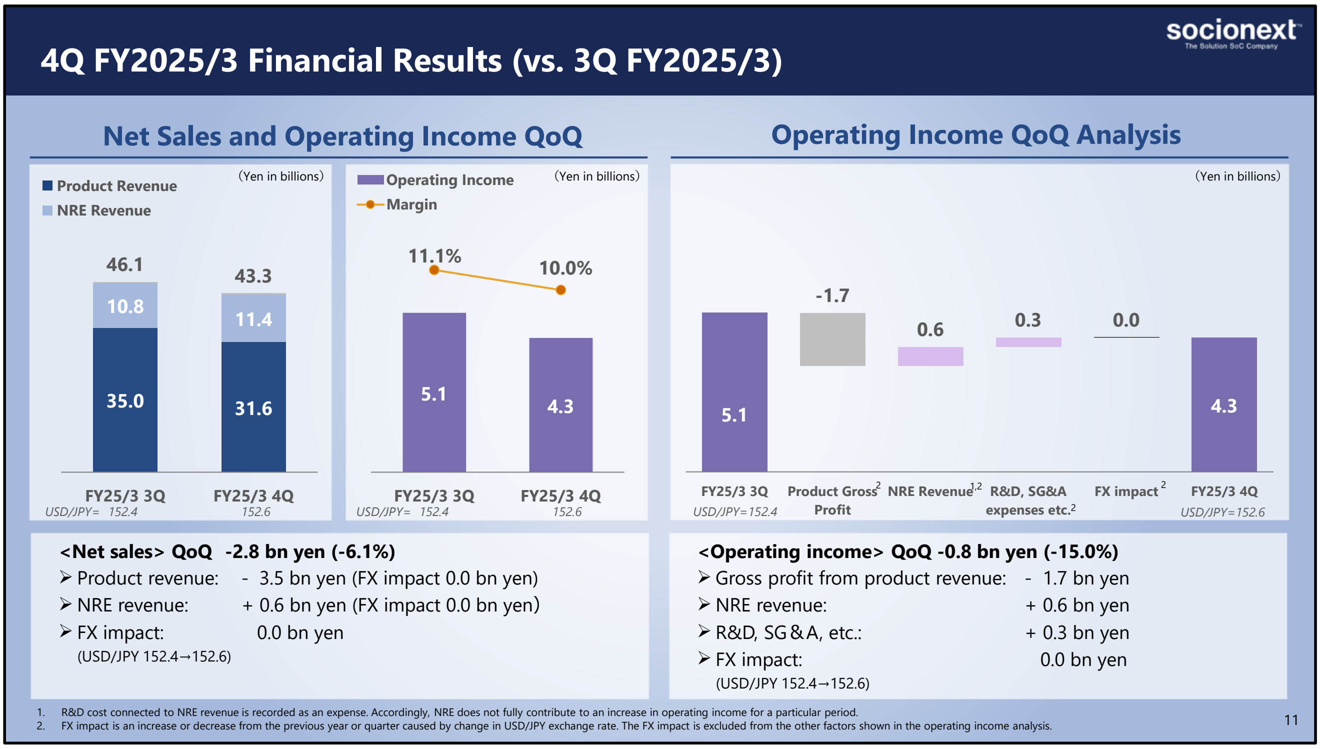
Product revenue decreased by 9.3 billion yen. NRE revenue increased by 900 million yen. Foreign exchange impact was a plus of 900 million yen.

Product revenue decreased, while the mass production of new products was progressing as expected. The decrease was mainly due to decrease of demand for Chinese telecommunication products.
By region, the decrease was mainly in China. There were slight decreases in other regions.

NRE revenue increased, due to steady acquisition of new design wins as well as completion of development of multiple projects.

Operating income was 4.3 billion yen, a decrease of 3.3 billion yen, or 42.6%, from 4Q FY24/3.

Although there were positive factors such as an increase in NRE revenue and a decrease in SG&A expense, overall operating income decreased due to a decrease in product gross profit from lower product revenue.



This slide shows the quarter-on-quarter analysis of 4Q FY25/3 results, compared to 3Q FY25/3.

Net sales were 43.3 billion yen, a decrease of 2.8 billion yen, or 6.1%, from 3Q FY25/3.

Product revenue decreased by 3.5 billion yen. NRE revenue increased by 600 million yen.

Foreign exchange impact was almost negligible.

Product revenue decreased mainly due to a decrease in Smart Devices (US and Japan) while there was a slight increase in Chinese telecommunication products.
By region, there were decreases in US and Japan and a slight increase in China.

NRE revenue increased, due to steady acquisition of new design wins as well as completion of development of multiple projects.

Operating income was 4.3 billion yen, a decrease of 800 million yen, or 15.0% from 3Q FY25/3.

Although there were positive factors such as an increase in NRE revenue and a decrease in SG&A expense, overall operating income decreased due to a decrease in product gross profit from lower product revenue.

Consolidated Balance Sheet（As of March 31, 2025）

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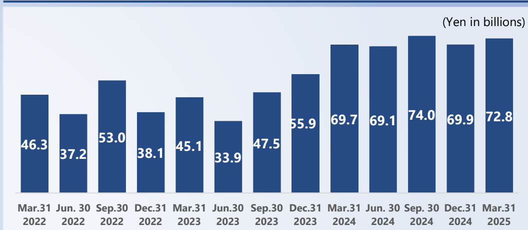
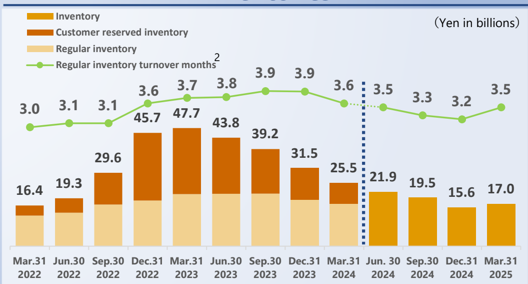
(Yen in billions)

	As of Mar.31,2024	As of Mar.31,2025	Change
Total Assets	186.8	**170.3**	-16.5
Total Current Assets	138.9	**126.3**	-12.6
Cash on-hand and in banks	69.7	**72.8**	+3.1
Accounts receivable-trade	35.3	**31.6**	-3.6
Inventories[1]	25.5	**17.0**	-8.5
Accounts receivable-other	2.9	**0.9**	-2.1
Total non-Current Assets	47.9	**44.0**	-3.9
Total Liabilities	55.8	**33.3**	-22.6
Total Current Liabilities	53.1	**31.3**	-21.8
Accounts payable-trade	15.8	**11.9**	-3.8
Accounts payable-other	9.3	**4.6**	-4.7
Liabilities related to changeable subcontracting	9.3	**0.0**	-9.3
Total Net Assets	131.0	**137.0**	+6.0
Shareholders' Equity Ratio	70.1%	**80.5%**	

Cash on Hand and in Banks



Inventories



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"

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This slide shows the balance sheet as of the end of FY25/3 (March 31, 2025).

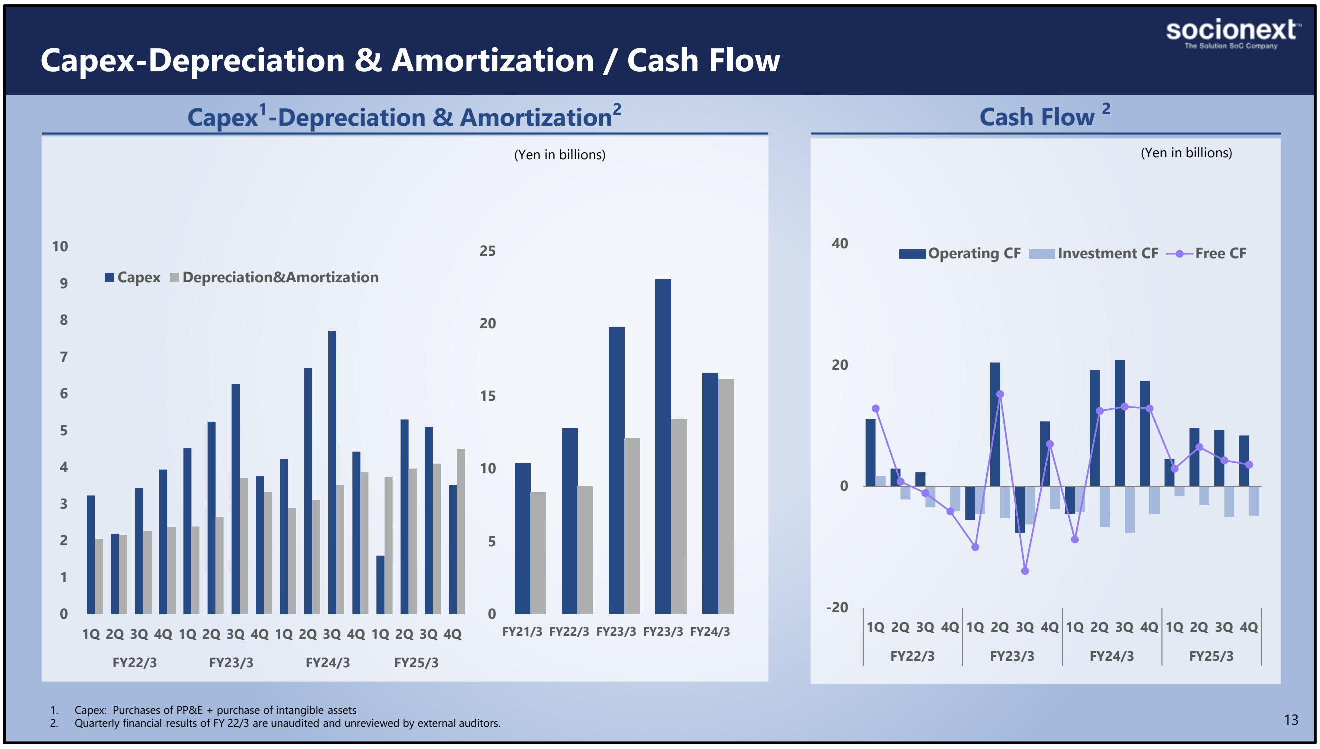
Total assets were 170.3 billion yen, a decrease of 16.5 billion yen from the end of FY24/3.

Total liabilities were 33.3 billion yen, a decrease of 22.6 billion yen, and total net assets were 137.0 billion yen, an increase of 6.0 billion yen, from the end of FY24/3.

Factors for the 16.5 billion yen decrease of total assets include decreases in account receivables and inventories, among others.

Cash on-hand and in banks increased by 3.1 billion yen, mainly due to a decrease in inventories, although there were payments of dividends (9 billion yen) and purchase of treasury stocks (5 billion yen).

Inventories decreased by 8.5 billion yen to 17.0 billion yen, but are expected to increase as product revenue will increase in FY26/3, especially in the second half.



This slide shows capital expenditures and cash flow.

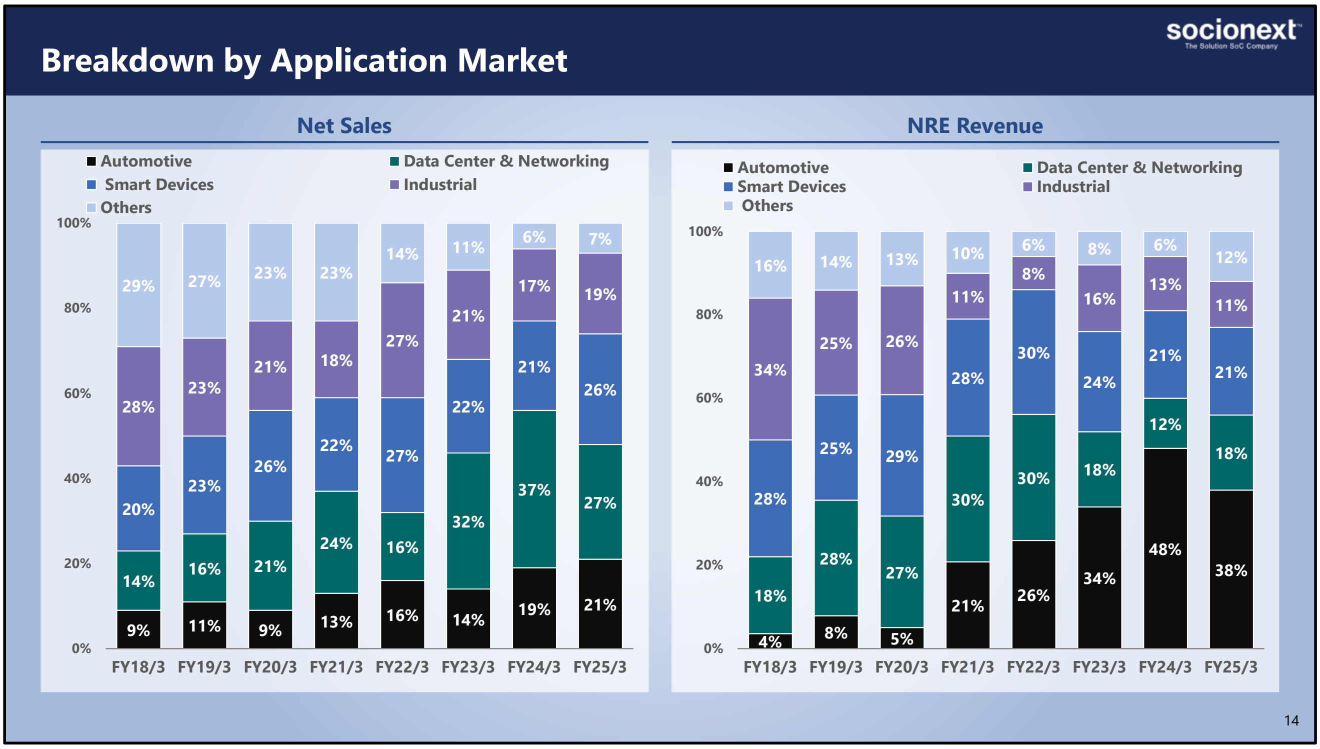
Capex in FY25/3 was 16.0 billion yen, decreased by 7.0 billion yen from FY24/3, mainly due to the decrease in IP investment.

Although our IP investment in general is on an increasing trend, it fluctuates from year to year depending on the requirements of individual projects.

The investment for IT also increased from FY24/3, to strengthen R&D environment to enable large-scale, leading-edge product development.

Depreciation & amortization have also increased reflecting such investments, and are expected to continue to expand.

Operating cash flow was positive, mainly due to decrease in inventories and collection of account receivables.
As for investment cash flow, we continue to invest in the development of leading-edge products and business growth.
Free cash flow was positive in each quarter of FY25/3. While we continue to invest in R&D, we gained more from operating cash flow.

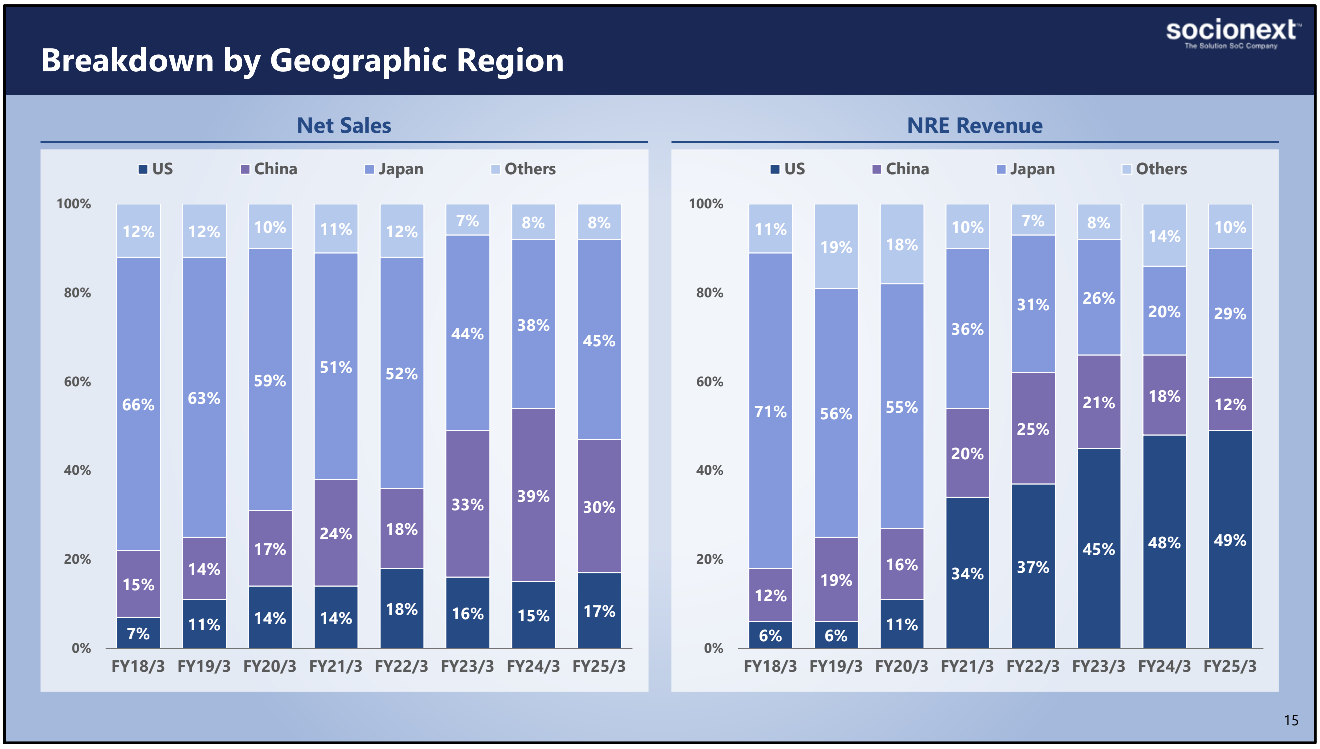


This slide shows the breakdown of net sales and NRE revenue by application market.

As for net sales, proportion of Data Center & Networking has decreased, due to the decrease in product revenue of Chinese telecommunication products (including “Special Demand”).

However, for NRE revenue, proportion of Data Center & Networking is increasing again, due to new design wins in the area.

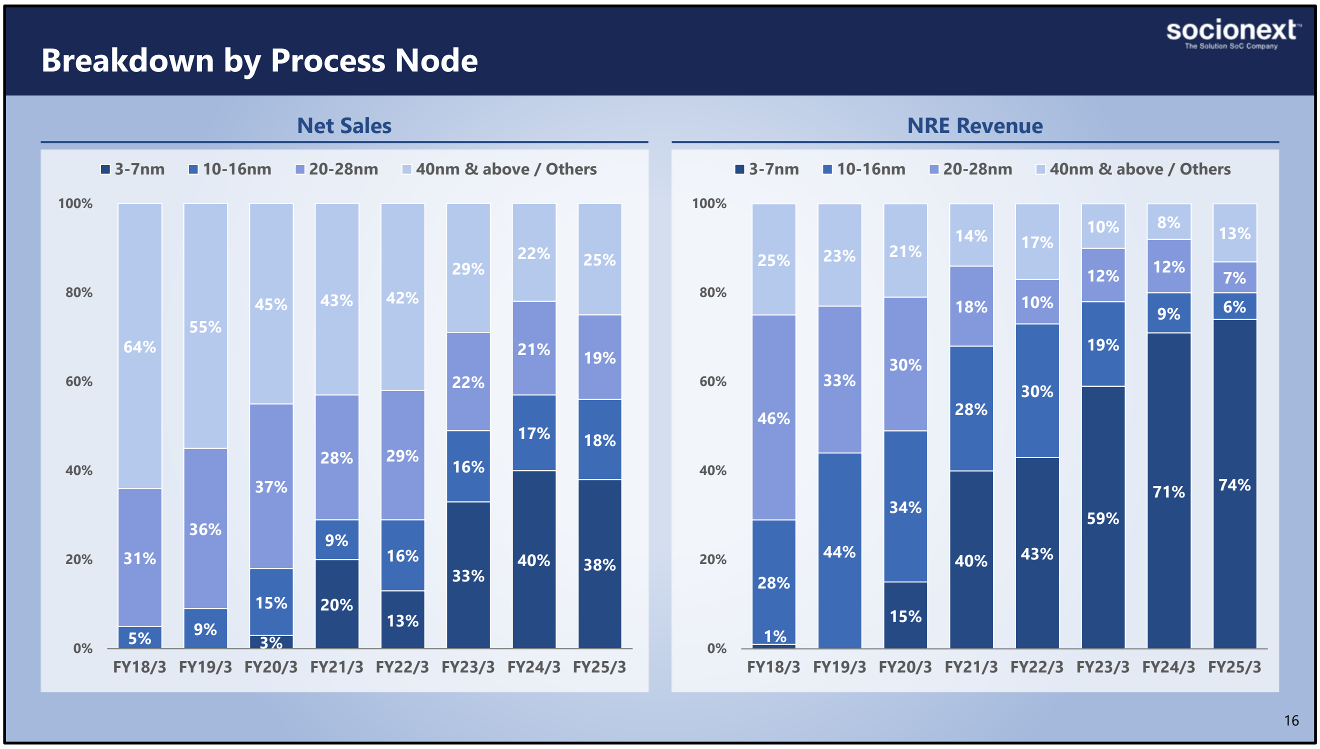
Proportion of “Others” increased in this fiscal year, due to the completion of development for Medical business in 3Q.



This slide shows the breakdown of net sales and NRE revenue by geographic region.

As for net sales, proportion of China has decreased, mainly due to the decrease in product revenue of telecommunication products (including “Special Demand”).

As for NRE revenue, proportion of US continues to be high, due in part to new design wins in Data Center & Networking. Proportion of Japan has increased in FY25/3, mainly due to revenue increase for high-end camera projects and the completion of development for Medical business in 3Q.



This slide shows the breakdown of net sales and NRE revenue by process node.

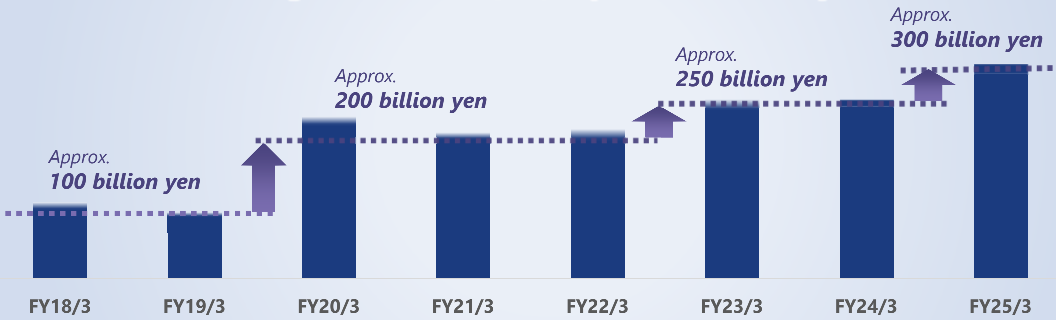
Proportion of advanced technologies, beyond 7nm, was again more than 70% of the total NRE revenue. Proportion of beyond 5nm is now more than 50%.

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

Strong Design Wins

- **Design Win Amount has more than doubled through transformation since 2018**
- **Achieved level of 250 billion yen in FY23/3 and FY24/3**
- **FY25/3 amount expanded to approx. 300 billion yen**

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



The figures of "Design Win Amount" will not be updated based on the subsequent changes in circumstances after the acquisition of such business opportunities. The subsequent changes include: (1) changes in factors such as actual sales, development plan, sales volume, unit price and production capacity, as well as (2) cancellation of project after the design win. The possibility of cancellations of projects that we have won cannot be ruled out. Impact of the subsequent changes after the design wins are acquired will be reflected in Design Win Balance.

"Design Win Balance" represents the company's estimates of accumulated remaining "Design Win Amount" associated with projects that are active as of a particular date. The impact of subsequent events, including the above mentioned (1) and (2), is reflected to "Design Win Balance". For example, projects correspond to approximately 15% of the total of Design Win Amount from FY20/3 to FY25/3 were cancelled after such projects started.

Up to recently, impact of project cancellation has been offset by increase in unit price and production volume of other active projects. However, as of the end of March 2025, **The sum of "Design Win Balance" and "revenues recorded from the projects that correspond to the current Design Win Balance" is becoming less than the total of "Design Win Amount" of the relevant projects,** by several percent, due in part of the cancellation of automotive project in the US.

A foreign exchange rate of **USD/JPY=100** is used in above graphs and drawing. Refer to page 3.

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This slide shows the status of our design wins.

Design Win Amount has expanded to approximately 300 billion yen in FY25/3.

In years prior to FY24/3, Automotive in North America accounted for large portion of Design Win Amount. In FY25/3, CPU and AI-related business opportunities for North America Data Center accounted for more than 50% of the total amount.

Foreign exchange rate of USD/JPY = 100 is used in this page.

Large-Scale Design Wins Increasing

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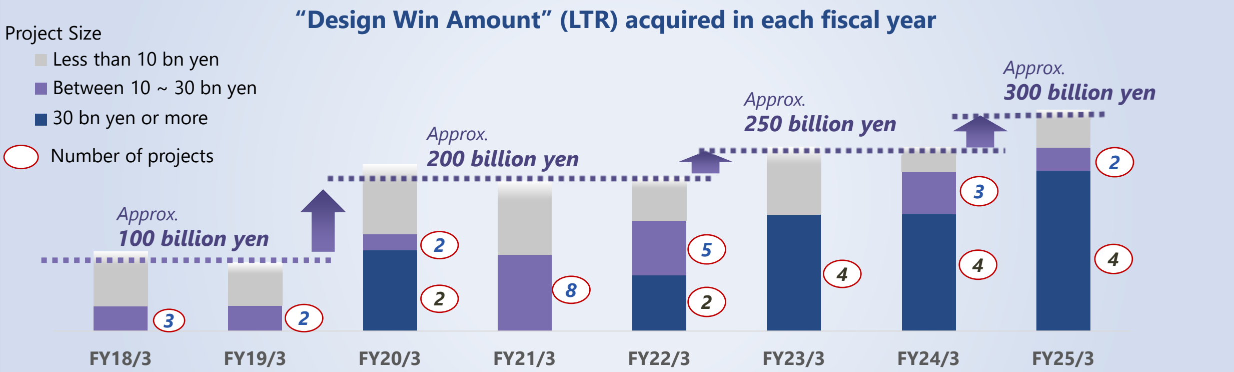
■ **Proportion of large-scale Design Wins increasing**



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A foreign exchange rate of **USD/JPY=100** is used in above graphs and drawing. Refer to page 3.

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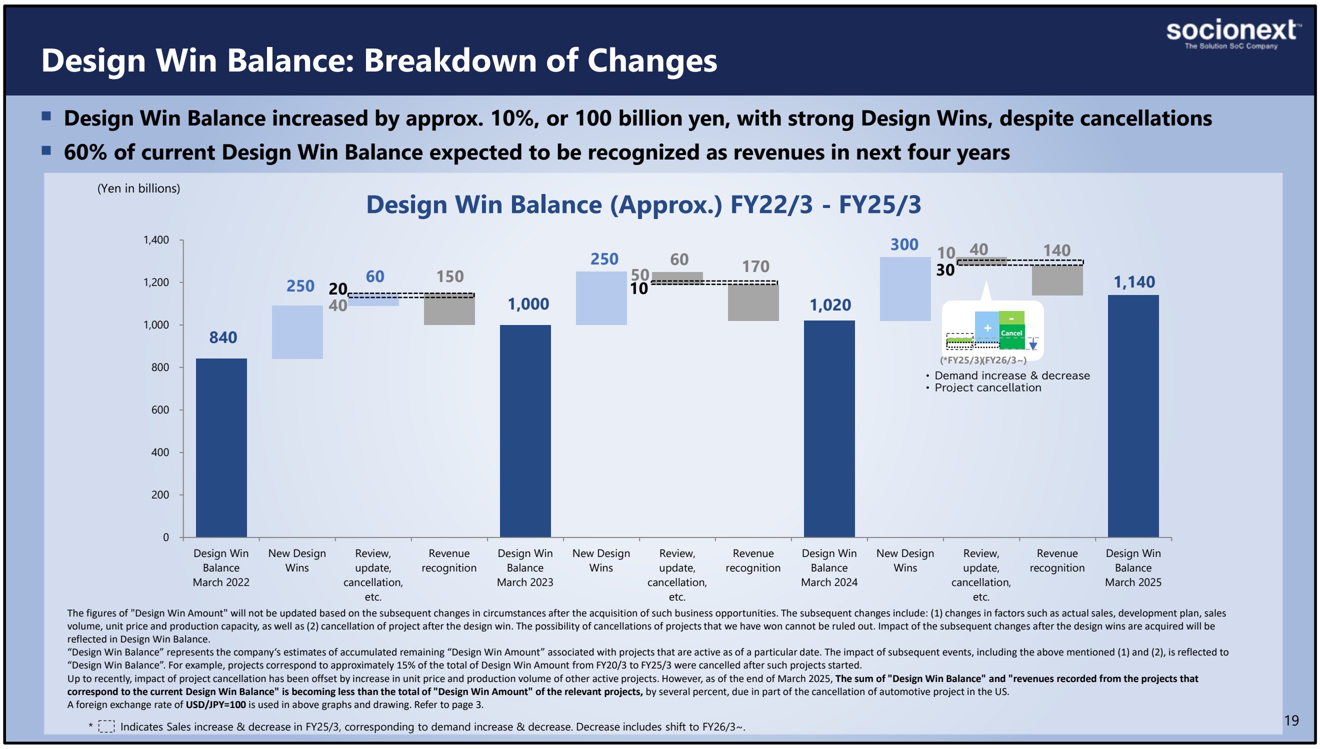
This slide shows breakdown of Design Win Amount by project size.

In FY25/3, there were 4 projects larger than 30 billion yen, and 2 projects between 10 billion yen and 30 billion yen.

Foreign exchange rate of USD/JPY = 100 is used in this page.



This slide shows the changes in Design Win Balance.

Design Win Balance is our important indicator for forecasting sales in mid to long term. We reflect increase and decrease in the forecasts of existing projects due to various factors, as well as acquisition of new design wins and revenue recognition, to Design Win Balance.

At the end of FY25/3, Design Win Balance was 1.14 trillion yen, an increase of 100 billion yen from the end of FY24/3.

Changes in Design Win Balance from FY24/3 to FY25/3 include a increase of 300 billion yen due to new design wins, a decrease of 140 billion yen due to revenue recognition, and a decrease of 40 billion yen due to changes in the existing projects. In total, it was an increase of 100 billion yen.

The changes in existing projects include the decrease due to cancellation of a large-scale project for Automotive in North America. However, there was also an increase in demand from projects scheduled to enter mass production. As a result, it was a decrease of 40 billion yen.

Foreign exchange rate of USD/JPY = 100 is used in this page.

Design Win Balance: by Application Market and Region

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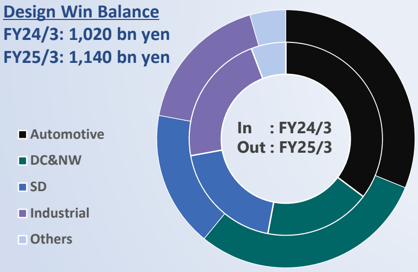
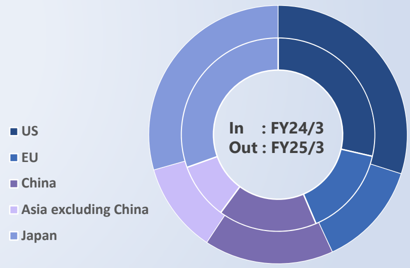
- **By application market:**
  - Proportion of Data Center & Networking increasing, reflecting recent strong design wins
    Current proportion of Design Win Balance by application market (approx.) : 1/3 Automotive, 1/3 Data Center & Networking, and 1/3 the rest
- **By geographic region:**
  - United States increased slightly. Proportion is well balanced, with "US", "Japan" and "other regions including China" each comprise approx. 1/3 of the total balance

By application

Design Win Balance
FY24/3: 1,020 bn yen
FY25/3: 1,140 bn yen



By region[1]



1. "Geographic region" in this page is based on the location of Socionext's regional company that is in charge of the business.

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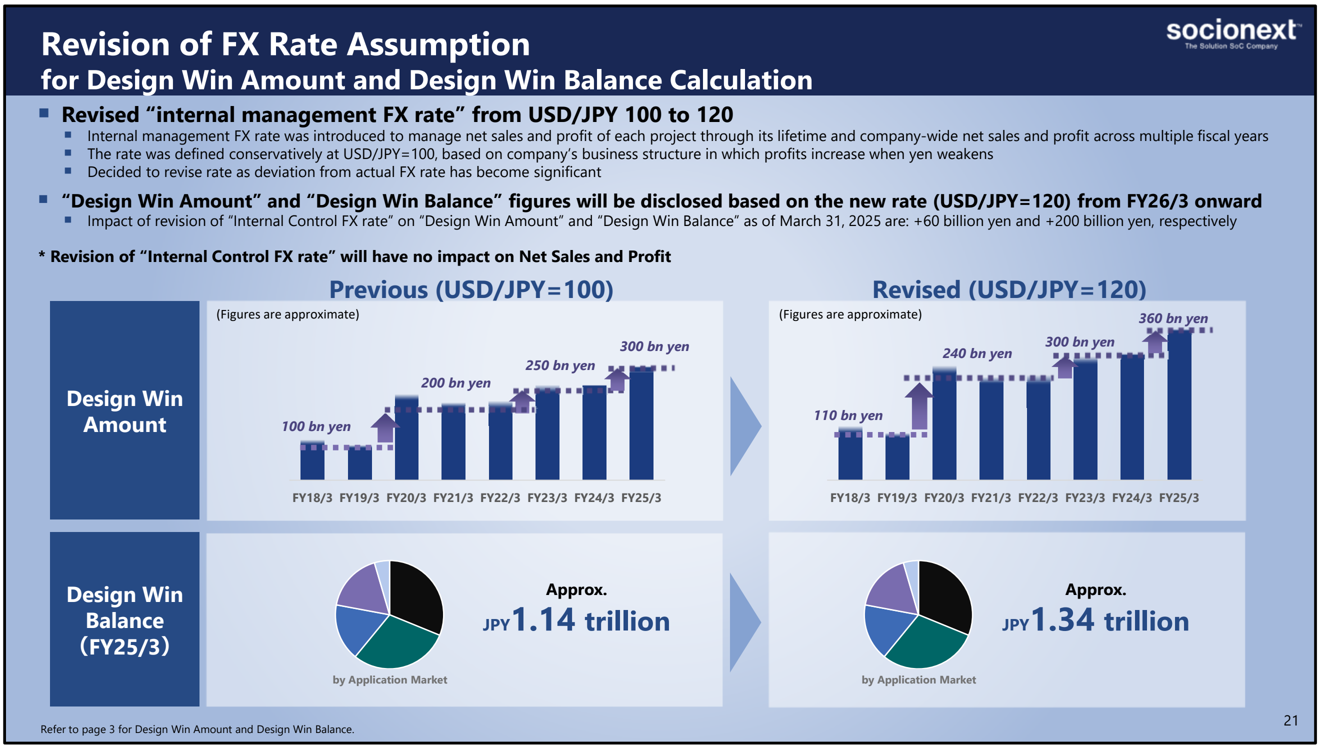
This slide shows Design Win Balance by application market and geographic region.

By application market, proportion of Data Center & Networking has increased reflecting the recent strong design wins, and proportions of the rest of the applications have decreased slightly. Current proportion is, approximately 1/3 for Automotive, 1/3 for Data Center & Networking, and 1/3 for the rest of the applications.

By geographic region, US has increased slightly. Proportion is well balanced, with "US", "Japan" and "other regions including China" each comprise approximately 1/3 of the total Design Win Balance.



We have revised "internal management foreign exchange rate" from USD/JPY=100 to 120.

Internal management foreign exchange rate was introduced to manage revenue and profit of each project throughout its lifetime, as well as those for the company as a whole across multiple fiscal years. The rate was defined conservatively at USD/JPY=100, based on company's business structure in which profits increase when yen weakens.

We have decided that starting this fiscal year (FY26/3), we use revised rate of USD/JPY=120, considering the trend of actual rate.

This change in the rate will have no impact on our financial results.

Design Win Balance is now calculated to be approximately 1.34 trillion yen at the new rate, a change from 1.14 trillion yen with the previous rate.

From now on, we will disclose the Design Win Amount and Design Win Balance figures based on the new rate (USD/JPY=120). For the time being, we will try to show both figures, based on new and previous rate.

As for the FY26/3 forecast, the figures are calculated at USD/JPY=130, considering the actual foreign exchange rate. There is no impact of this internal management rate change to the forecast.

Consolidated Earnings Forecast

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(Yen in billions)	FY2025/3 Full Year Results	FY2026/3 Full Year Forecast	YoY	YoY %	For Reference: Figures calculated using FX rate of previous year (FY25/3) and FX rate sensitivity in note below with FY26/3 forecast
Net Sales	**188.5**	**175.0**	-13.5	-7.2%	197.6
Operating Income	**25.0**	**14.0**	-11.0	-44.0%	20.8
Margin	**13.3%**	**8.0%**	-5.3pt		10.5%
Profit	**19.6**	**10.5**	-9.1	-46.4%	—
Margin	**10.4%**	**6.0%**	-4.4pt		—
Basic Earnings per Share[1]	**109.78 yen**	**59.08 yen**			—
Dividends per Share	**50.00 yen**	**50.00 yen**			—
FX Rate (USD/JPY)	**152.6 yen**	**130.0 yen**			152.6 yen (FY2025/3 average rate)

- FX rate sensitivity for FY26/3 forecast is assumed to be approx.1.0 billion yen for net sales, and approx. 0.3 billion yen for operating income, to 1 yen change against US dollar. The impact of other currencies is assumed to be negligible.

1. Actual basic earnings per share for FY2025/3 were calculated based on 178,543,635 shares and forecast of basic earnings per share for FY2026/3 were calculated based on 177,738,978 shares. The changes are due to exercise of stock options and purchase of treasury stock.
2. Refer to page 2 for handling of forecast.

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This slide shows the forecast for FY26/3.

The assumption for the foreign exchange rate is USD/JPY=130.

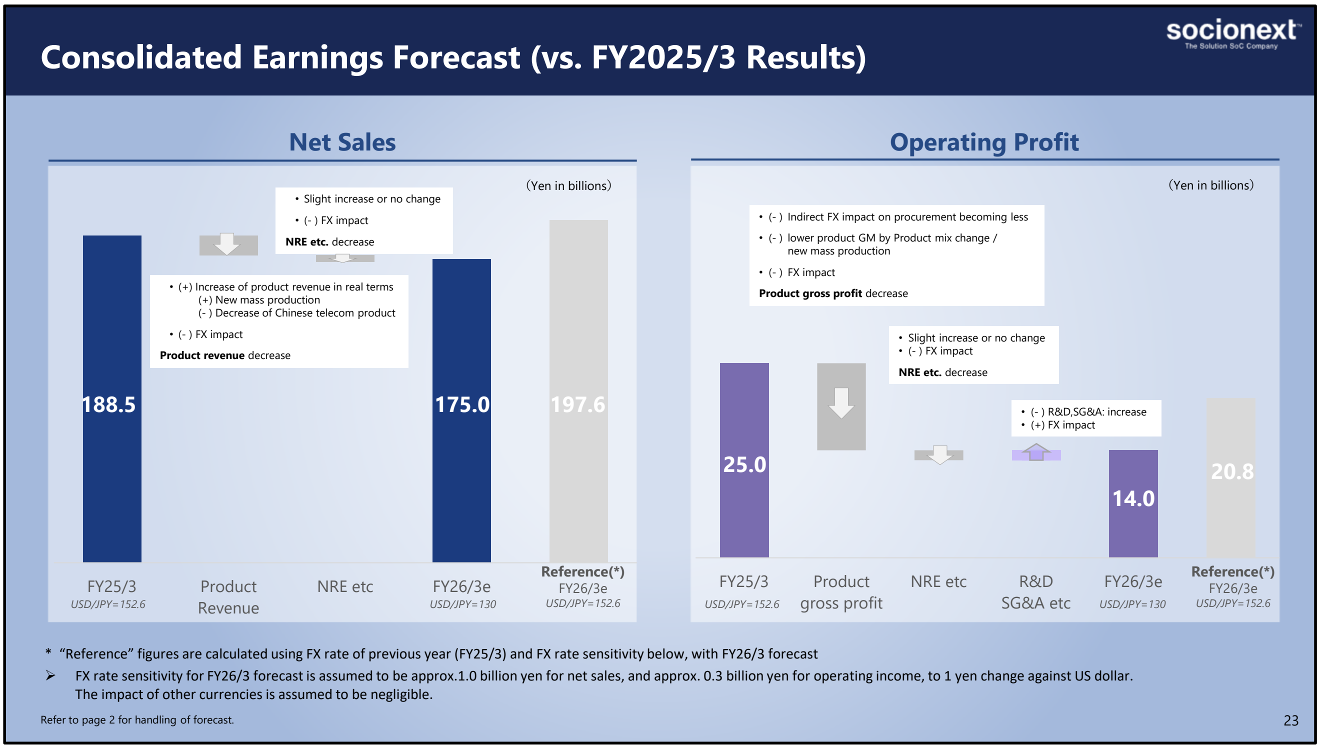
Net sales are 175.0 billion yen, a decrease of 13.5 billion yen, or 7.2%, from the FY25/3 result.
Operating income is 14.0 billion yen, a decrease of 11.0 billion yen, or 44.0%.
Profit is 10.5 billion yen, a decrease of 9.1 billion yen or 46.4%.

Assumption for foreign exchange rate sensitivity for the full year is approxiomately1.0 billion yen for net sales, and 300 million yen for operating income, to one yen change against the US dollar.

For reference, figures that were calculated using foreign exchange rate of previous year (FY25/3) and foreign exchange rate sensitivity in the note on this page, with FY26/3 forecast, are listed on the right side of the table.

The dividend in FY26/3 is expected to be 50 yen per share, same as in FY25/3.

There are various uncertainties and risks in each country's policies and macroeconomic trends, and we will be carefully monitoring future trends and their impact.

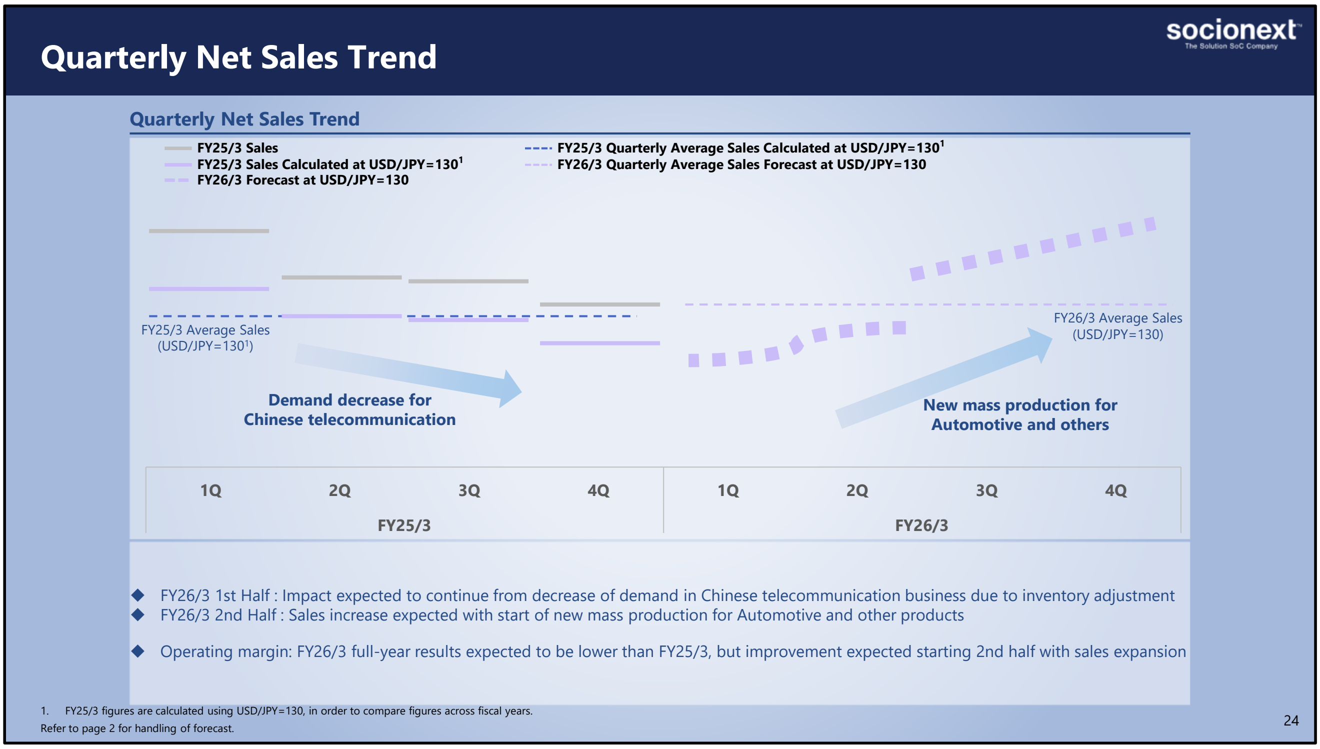


This slide shows the comparison between FY26/3 forecast and FY25/3 results for net sales and operating income.

The assumption for the foreign exchange rate is USD/JPY=130.

Our forecast for FY26/3 net sales is 175.0 billion yen, a decrease of 13.5 billion yen, or 7.2%, from FY25/3.
Product revenue is expected to decrease. But in real term, excluding foreign exchange impact, it is expected to increase.
NRE revenue is also expected to decrease. But in real term, excluding foreign exchange impact, it is expected to remain flat or increase sightly.

Our forecast for FY26/3 operating income is 14.0 billion yen, a decrease of 11.0 billion yen, or 44%, from FY25/3.
We expect that more than 50% of the decrease to be from foreign exchange rate.



This slide shows the quarterly trend of net sales from FY25/3 to FY26/3.

Net sales for FY26/3 in real terms, excluding foreign exchange impact, are expected to increase slightly.

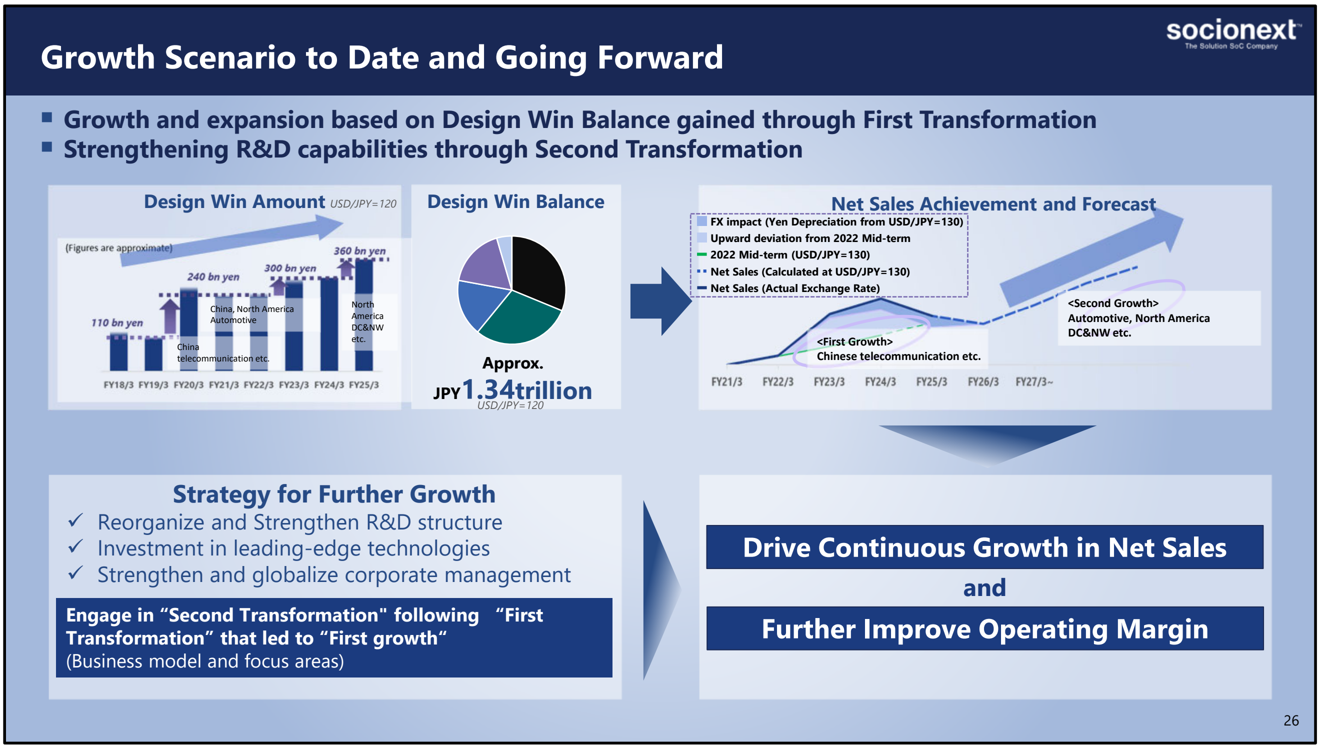
However, we expect the decline in the first half of FY26/3 due to factors including inventory adjustment at customers. Especially in 1Q FY26/3, the sales may fall below 4Q FY25/3. But we expect that would be the bottom.

We expect the net sales start growing from 2Q, especially in the second half, driven by the start of new mass production of Automotive products.

As for the operating income, it is also expected to be lower in FY26/3 than in FY25/3, due in part to the foreign exchange impact. It will remain low especially in the first half of FY26/3, but we expect it to recover in the second half, due to the increase in net sales.

Growth Strategy

- *Mid-Term Targets (for Future Growth)*
- *Growth Strategy*



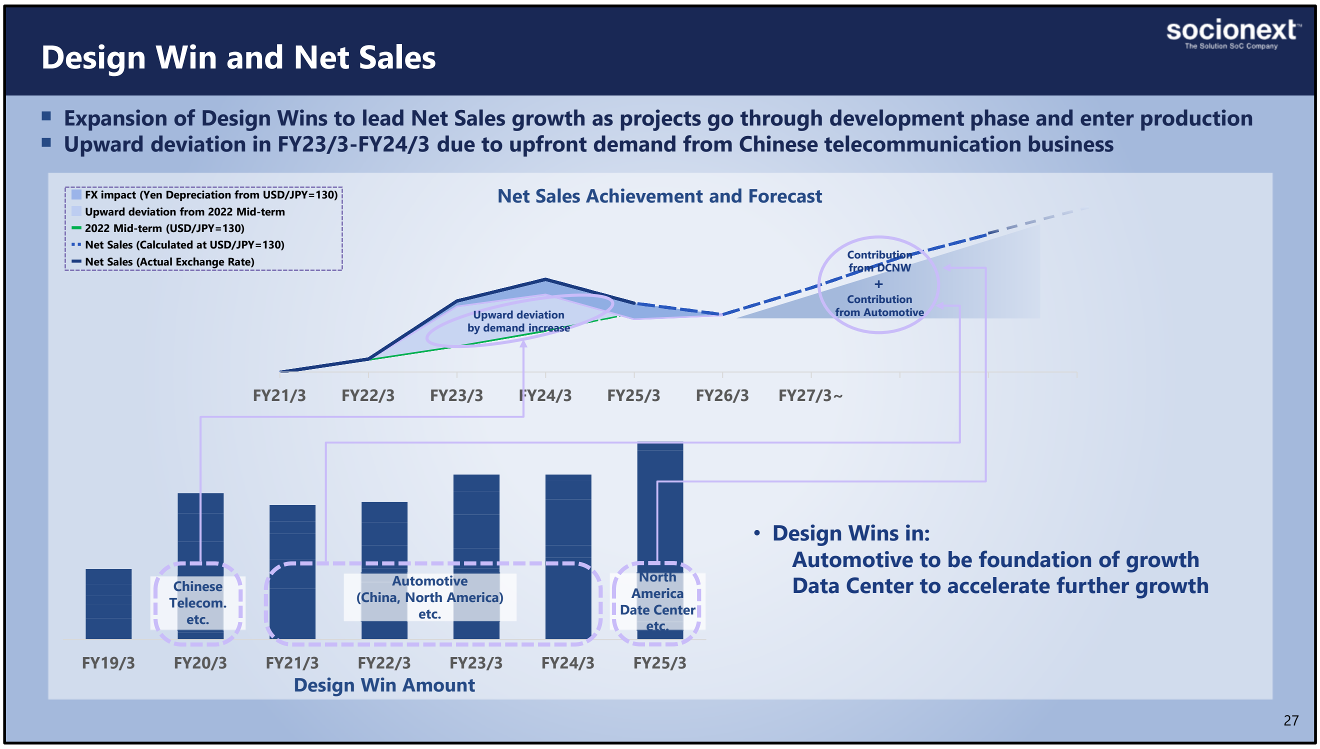
During our “first growth”, we have made the transition of business model (to custom SoC business that requires "Solution SoC" business model and leading-edge technologies), as well as the shift in business areas (to the growing areas including Data Center & Networking and Automotive).

In FY23/3 and FY24/3, we achieved revenue growth that exceeded our expectation at the time of IPO, mainly due to contribution, including the upfront demand, from the Chinese telecommunication product which we won in FY20/3.

In the “second growth”, we expect revenue growth in Automotive and North America Data Center businesses which we have already won, as they will enter mass production stage.

We are now carrying out the “second transformation", to achieve further growth, including strengthening R&D, investing in leading-edge technologies, as well as strengthening and globalizing the management and operations.

Through this “second transformation”, we intend to further expand our design wins and ensure “second growth”, which would also lead to an increase in operating income.



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In FY23/3 and FY24/3, we achieved revenue growth that exceeded our expectation at the time of IPO, mainly due to contribution, including the upfront demand, from the Chinese telecommunication product which we won in FY20/3.

In the “second growth”, we expect revenue growth in Automotive and North America Data Center businesses which we have already won, as they will enter mass production stage.

The decrease in sales in FY25/3 and FY26/3, which is the gap between the “first growth” and “second growth”, is mainly due to fluctuations in demand of Chinese telecommunication products (including “Special Demand”) and inventory adjustment (decrease due to a reaction to the front-loaded demand).

In FY27/3 and beyond, we expect that Automotive businesses in North America and China that we won in FY21/3-FY25/3 will start contributing to our revenue (Automotive projects in general take longer time for revenue than in other areas). We also expect that the design wins for Data Center business in North America will also lead to our growth. Furthermore, we expect that large-scale inventory adjustment for office equipment and consumer product businesses will conclude and they will remain stable at a certain level.

We expect the projects that we have won so far (Automotive in FY21/3-FY24/3 and Data Center & Networking in FY25/3) and the expanding Design Wins Balance of 1.34 trillion yen (1.14 trillion at USD/JPY=100) as of the end of March 2025, would lead to our “second growth”.

Mid-Term Targets : Aiming for Future Growth

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- Net Sales: Back onto growth track in FY27/3; Aiming for mid-teen% CAGR (excluding FX)
- Operating Margin: Aiming for mid-to-high-teen%, along with sales expansion and strengthening R&D competitiveness

Mid-Term Targets

(Yen in billions)

	FY25/3 Result	FY26/3 Forecast	Mid-Term Targets
Net Sales	188.5(170) USD/JPY=152.6 (130)	175.0 USD/JPY=130	CAGR Mid-teen %
OP Margin (Operating income)	13.3% (25.0 bn yen)	8.0% (14.0 bn yen)	Mid-to-High-teen %

Mid-Term targets by real basis, excluding FX impact. USD/JPY=130 is used as FX assumption

Reference

Mid-Term Financial Targets (Announced September 2022)

	FY21/3	FY22/3	Mid-Term Trarget[1]
Net Sales Growth	99.7 billion yen	117.0 billion yen	High-teen% CAGR
OP Margin	1.6%	7.2%	Low-to-Mid-teen %

Financial Results

	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3
Net Sales (billion yen)	99.7	117.0	192.8	221.2	188.5
FX Rate (USD/JPY)	106.1	112.4	135.5	144.6	152.6
OP Margin	1.6%	7.2%	11.3%	16.1%	13.3%

Refer to page 2 for handling of forecast.

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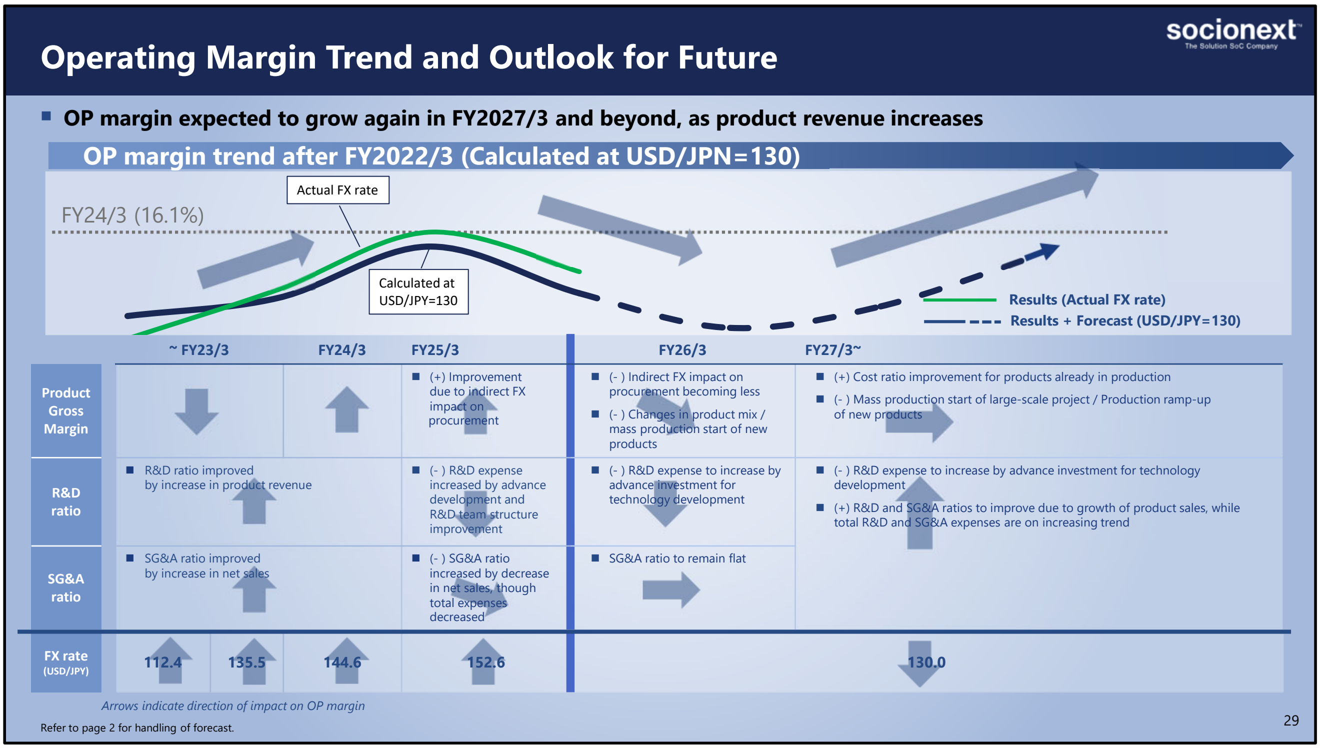
This slide shows the Mid-Term Target.

Net sales will be on a full-swing growth track again in the second half of FY26/3 and in FY27/3. We aim for CAGR of mid-teen % range in real term, excluding the foreign exchange impact.

For operating margin, we aim to achieve mid- to high-teen % range by expanding sales and strengthening R&D competitiveness.

The assumption for the foreign exchange rate is USD/JPY=130.

There are various uncertainties and risks in each country's policies and macroeconomic trends, and we will be carefully monitoring future trends and their impact.



This slide shows the trend and future outlook of the operating margin.

Operating margin up to FY25/3 in this page is shown both at the actual exchange rate and figures calculated using USD/JPY=130. For the forecast for FY26/3 and beyond, it is based on USD/JPY=130.

Operating margin for FY26/3 is expected to decline, due to a loss of positive effect from indirect foreign exchange impact in FY25/3, as well as an increase in cost rate from the expansion of new mass production and product mix change.
SG&A expense is expected to remain almost unchanged from FY25/3. But the R&D expense ratio is expected to increase, as we will continue making advance investment in R&D for our future growth.

In FY27/3 and beyond, we expect the overall cost ratio to remain flat or to improve or worsen slightly, as the mass production launch of our large-scale projects will continue, although the cost ratio of the products currently in mass production will improve.

Although we will continue to engage aggressively in advance technology development, the operating margin is expected to improve through leverage of sales growth.

Expanding Business in Each Application Market

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Smart Devices

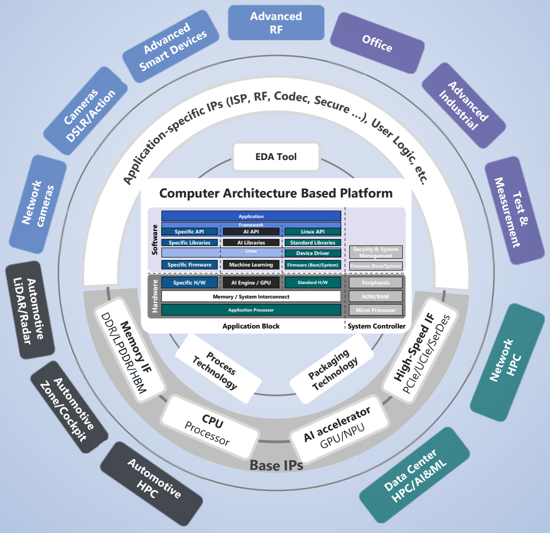
- Demand for new technologies in smart devices area continues to be strong due to expanding use of AI
- Business opportunities active with advanced customers, in applications including computer vision, AR etc.

➢ Leverage Solution SoC business model and deliver bespoke SoCs required in most advanced applications

Automotive

- Innovation continues for ADAS and AD
- Demand continue to be strong for HPC, as well as for zone computing and sensing
- Business opportunities remain active
- Involved in most advanced bespoke SoC projects in the world
- Mass production of 7nm and 5nm products will start in FY25/3 and FY26/3
- More opportunities for next-generation products expected in upcoming years from “Service-Oriented” and “New-School OEM” companies.
- New move by existing OEMs to seek bespoke SoCs

➢ Leverage Solution SoC business model and establish certain presence in the industry
➢ Pursue most advanced 3nm process nodes
➢ Continue investing in leading-edge technologies (Chiplet, 3D/5.5D packaging, 2nm...)



Industrial

- Demand expanding for Solution SoC business model with advanced technologies, 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
- There are moves to strengthen AI and CPU, integrating with application IPs and customers’ existing IPs to develop new SoCs.

➢ Leverage Solution SoC business model and deliver bespoke SoCs with advanced process nodes, RF-CMOS technology, etc.

Data Center & Networking

- Demand expanding for Data Center & Networking, cloud service SoCs due to increasing demand for generative AI
- Hyperscalers CPU project ongoing; looking to use the project as a leverage to expand business in CPU, AI fields
- Acquired several design wins for AI SoCs in US and started development
- New design wins expected to expand in US
- Acquired design wins for switches and SSD-related products and network,

➢ Aim for business expansion with unique and distinctive “Solution SoC” business model with CPU development experience and expertise
➢ Continue pursuing leading-edge technologies and process nodes; strengthen and utilize “Entire Design” capability
➢ Strengthen partnership with IP vendors in the advanced area
➢ Strengthen R&D structure and capability in US and globally
➢ Continue investing in leading-edge technologies (Chiplet, 3D/5.5D packaging, 2nm,...)

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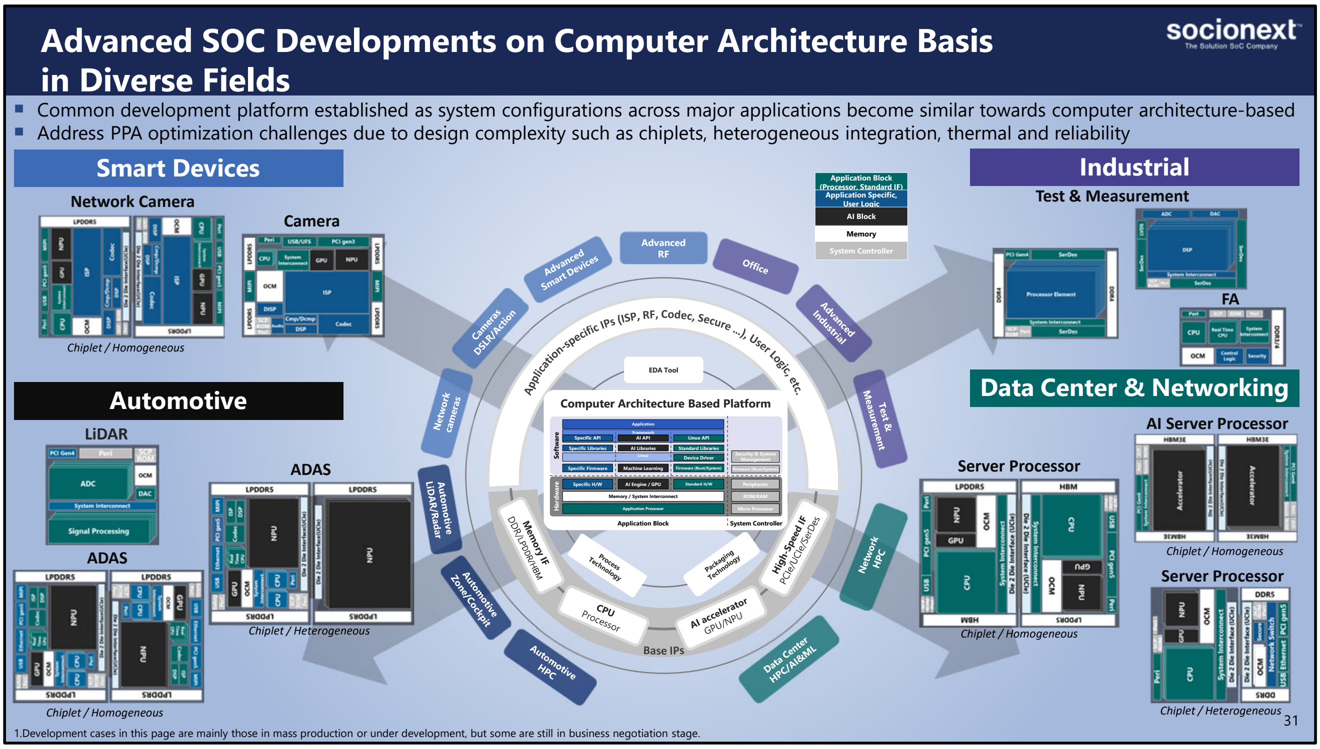
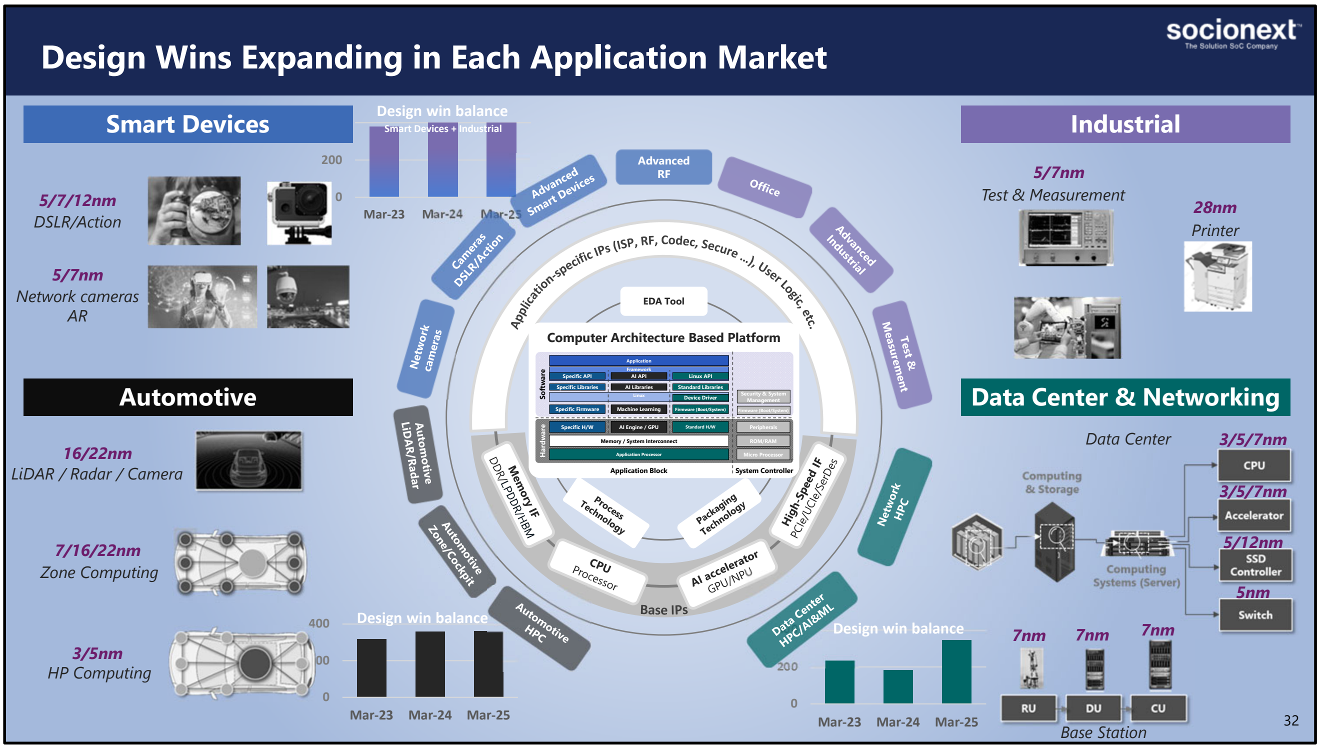
This slide shows expanding business in each of the application markets.



This slide shows our advanced SOC developments on computer architecture basis in diverse fields.



This slide shows our design wins expanding in each of the application markets.

Growing Demand for Custom (Bespoke) SoCs

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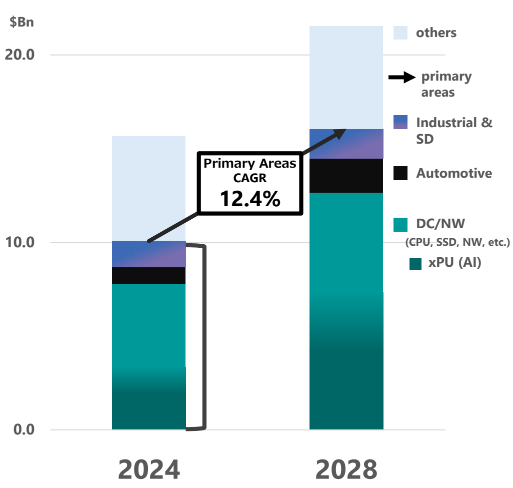
Socionext's SAM



Source: Omdia,and Socionext estimates

Background of increasing demand for custom SoCs and Solution SoC model

- **Emergence of new services and applications**
  New services and applications emerge through evolution of technologies; Demand expands for optimized SoCs for such services and applications
- **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
- **Evolution of SoC ecosystem**
  More competitive IPs and OSS are becoming market-available as SoC ecosystem evolves
- **Design becoming more complex = Entire Design**
  More and more design challenges require "Entire Design" to cover architecture, system functions, thermal, assembly, testing, etc.
  "Entire Design" is becoming even more important in areas such as data center and automotive, where most advanced technologies are required
- **Into era of 3D and chiplets**
  Chiplet (Homogeneous to Heterogeneous), packaging technology and process node (2nm / 1.x nm) continue to evolve
  Evolutions in various areas further intensify the complexity of design
- **New needs in various 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 and processors

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We expect that demand for our Solution SoC type of businesses will continue to expand.

Background for our expectation is described in the right side of this page.

Market Trend / Background of FY2026/3 Forecast / Outlook for FY2027/3 & Beyond

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Market Trend & Design Win Status

Automotive
- Innovation continues for AD/ADAS technologies and services
- AI is accelerating the innovation, expanding use of advanced SoCs in automotive market
- Competitions becoming more intense among service-oriented companies, new-school OEMs as well as traditional OEMs, Structural change in the automotive industry

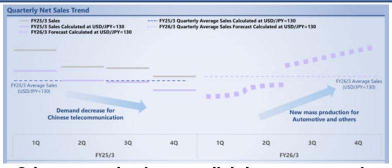
Data Center & Networking
- Significant expansion of data center processing capacity due to factors including the emergence of generative AI
- Business opportunities increasing for custom SoCs, as demand for differentiation grow further in CPU, xPU (AI) etc.
- Needs for larger-scale design, adoption of advanced technologies (such as 2.5D and 3D)

Smart Devices
- AI driving demand for new technologies
- Projects continuing with advanced customers in applications including computer vision
- Demand remaining high for value-added products for video analysis solutions etc.

Industrial
- Demand expanding for Solution SoC business with advanced technologies, in applications such as use of AI and networking
- Business opportunities increasing for large-scale SoCs for testers incorporating AI.
- Seeing steady demand for FA, RF-CMOS SoCs

Design Wins Trend:
Demand for Custom SoCs expanding as innovative products and services emerge, SoC design become more complex and SoC ecosystem evolves
- Aiming large-scale opportunities with main focus in DC&NW, Automotive, to achieve Design Win Amount at the same level as FY25/3.

FY2026/3 Forecast

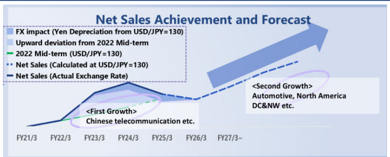


Net Sales expected to increase slightly year-on-year, in real terms excluding FX impact

- **Product Revenue**
  - Decrease will continue in 1st half due to inventory adjustment at customers. 1Q results may be lower Q on Q, but that is expected to be the bottom
  - Growth is expected in 2Q and after as new mass production will start for automotive and in other areas.
- **NRE Revenue**
  - NRE sales are expected to remain at the same level as FY25/3 or to slightly increase, although we see the upward trend due to new design wins in focus areas
- **Operating Income**
  - Operating income in FY26/3 full year will be lower than in FY25/3. Factors include increase in R&D expenses due to aggressive advance investment, worsening in cost rate due to expansion of new mass production, and FX impact.
    Improvement expected from 2nd half of FY26/3 as net sales increase.

<FX assumptions>
- FX rate : USD/JPY=130
- FX sensitivity:
  Net Sales = 1 bn yen / Operating Income = 0.3 bn yen

FY2027/3 & beyond Outlook



- **Product Revenue**
  - FY27/3 : Expansion expected to continue in AD/ADAS SoC projects. In addition to the project that will enter production in FY26/3, new mass production of multiple products expected to start
  - FY27/3 2nd half: Expansion expected due to start of mass production for the US Data Center project
  - FY28/3 and beyond: Expansion also expected due to start of mass production for projects acquired in FY23/3-FY25/3
- **NRE Revenue**
  - Sustained increase is expected
- **Operating Income**
  - Product cost ratio is expected to remain unchanged (or slightly improve or deuterate) overall. There will be mass production of new products (which will worsen cost ratio), but also improvement for products already in production.
  - Operating margin is expected to improve due to operating leverage from increase of sales, although aggressive advance investment will continue.

- **Aggressive investment in leading-edge technologies for further growth**
- **Accelerate "Growth-Oriented" management**

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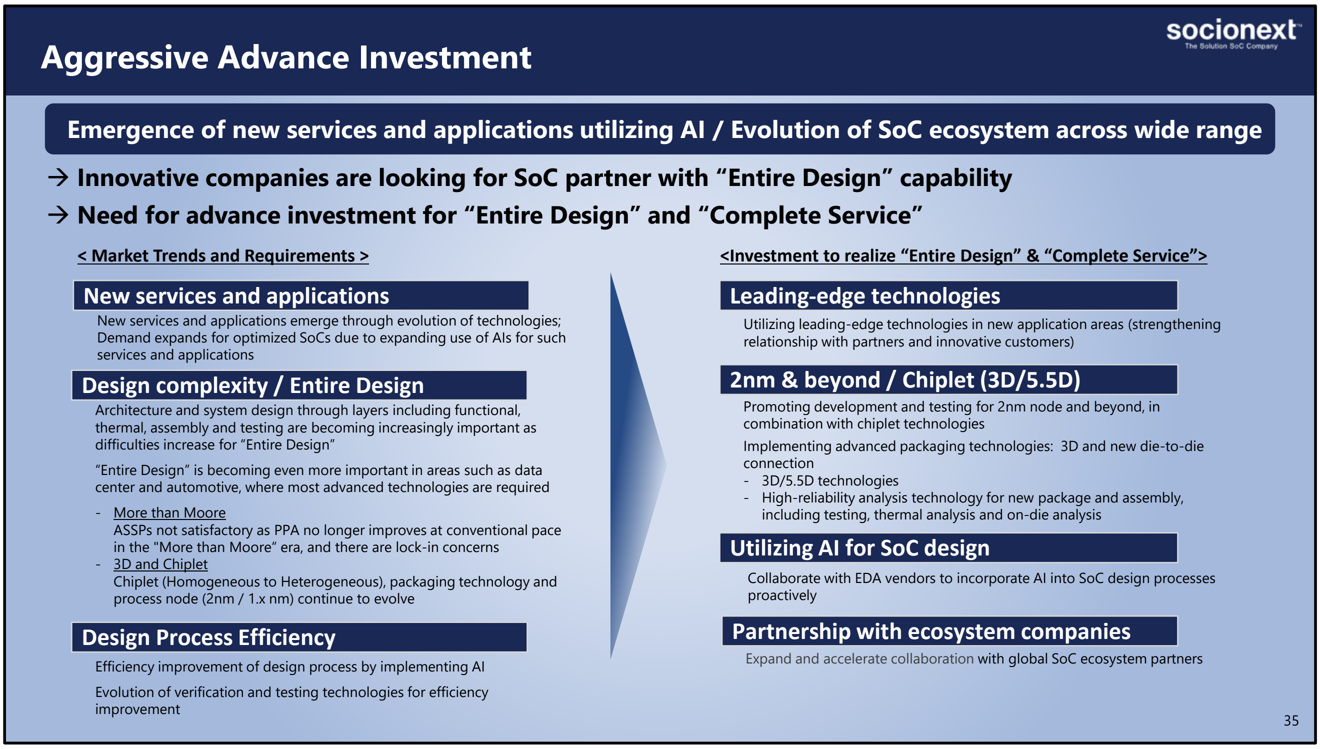
In this slide, trend of the market, background of our forecast for FY26/3, and the outlook of our business in FY27/3 and beyond are discussed.



This slide explains our approach for aggressive advance investment to strengthen our "Entire Design" capability.

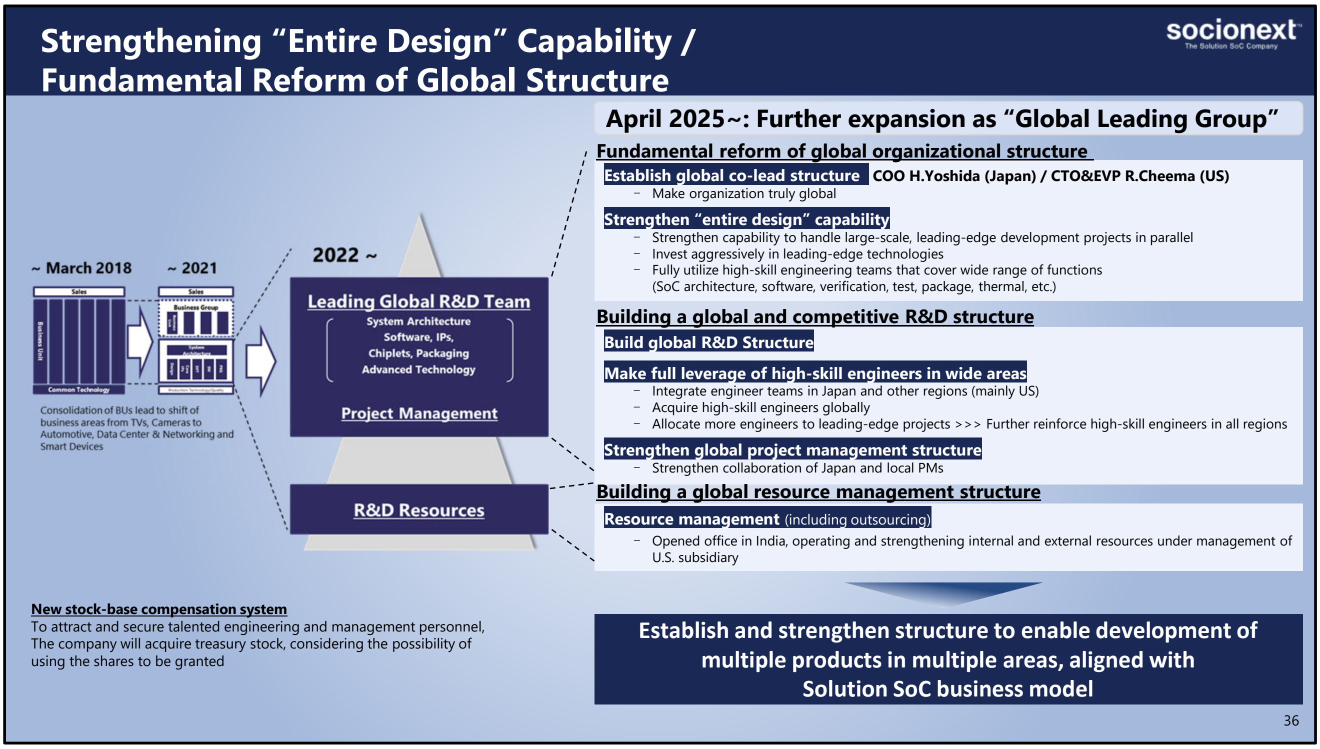
New services and applications using AI are emerging, and associated SoC technologies and ecosystem are also going through significant changes.

Innovative customers seek partners that are capable of "Entire Design".

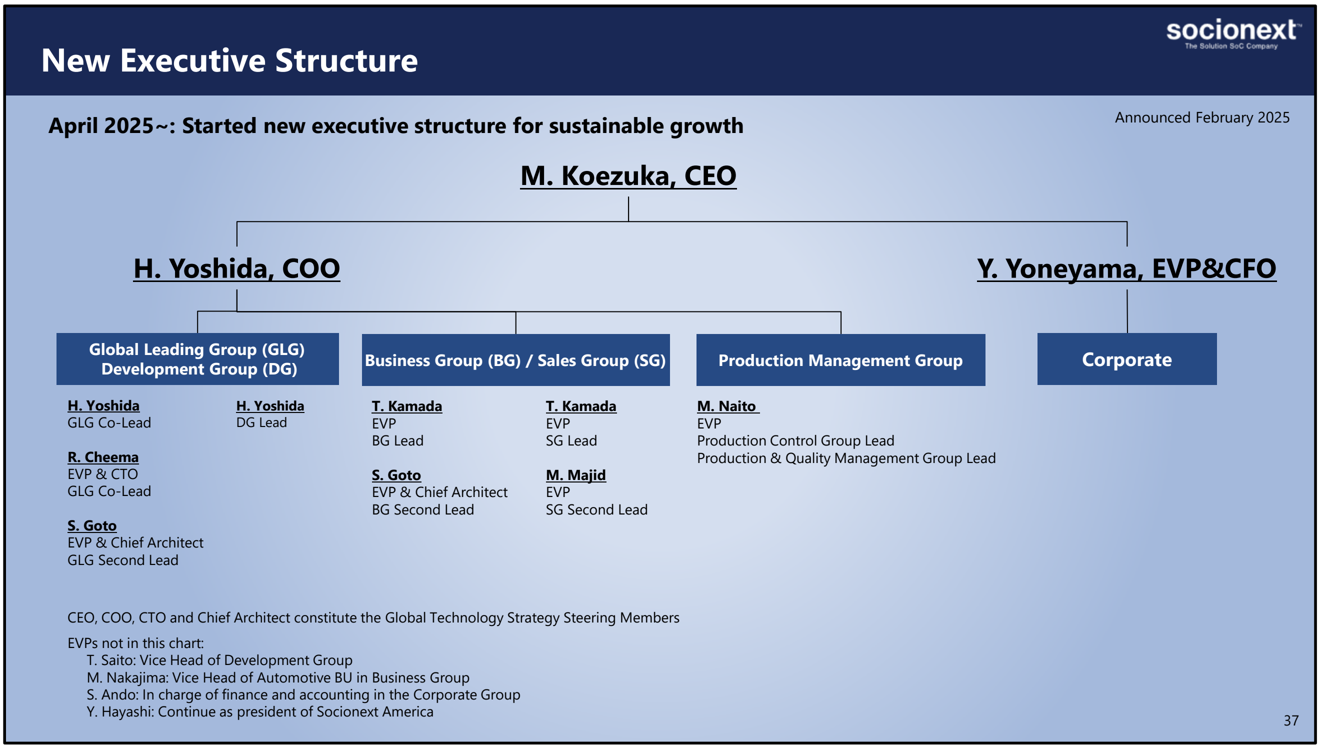
We will aggressively make advance investment to enable "Entire Design" and "Complete Service".

As new services and applications emerge, design of SoCs to enable them becomes increasingly complex, and the process needs to be more efficient through introduction of AI and other new means.

We will be more active in technology development for leading-edge process nodes of 2nm and beyond, 3D, chiplets and others. We will also aggressively engage in initiatives including introduction of AI into SoC design and strengthening partnership with leading ecosystem players.



This slide shows strengthening "Entire Design" capability and fundamental reform of global structure.



With the new executive structure shown in this slide, we aim to further expand our business globally.

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Appendix:

Overview

- ***Consolidated Financial Statements***
- ***Breakdown of Net Sales (Quarterly)***
- ***Detail of Design Win***

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FY25/3 Consolidated Statements of Income

(Yen in billions)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3E
Net Sales	99.7	117.0	192.8	221.2	188.5	175.0
% YoY	*-3.7%*	*+17.3%*	*+64.7%*	*+14.8%*	*-14.8%*	*-7.2%*
Product Revenue	*73.1*	84.6	156.8	182.9	146.6	-
NRE Revenue	*23.0*	28.1	34.9	37.6	41.0	-
Other Revenue	*3.6*	4.3	1.1	0.8	0.9	-
Cost of Goods Sold	(43.2)	(49.8)	(103.9)	(111.2)	(84.6)	-
Gross Profit	56.5	67.3	88.8	110.0	103.9	-
% Margin	*56.7%*	*57.5%*	*46.1%*	*49.7%*	*55.1%*	-
% Product Gross Margin	*40.1%*	*41.1%*	*33.7%*	*39.2%*	*42.3%*	
R&D	(39.2)	(43.2)	(49.3)	(53.3)	(59.8)	-
Selling, General and Administrative Expenses (excl. R&D)	(15.8)	(15.6)	(17.8)	(21.2)	(19.1)	-
Operating Income	1.6	8.5	21.7	35.5	25.0	14.0
% Margin	*1.6%*	*7.2%*	*11.3%*	*16.1%*	*13.3%*	*8.0%*
Non-Operating Income (Loss)	0.4	0.6	1.8	1.6	0.1	-
Ordinary Profit	2.0	9.1	23.4	37.1	25.1	-
Extraordinary Income	0.0	0.0	0.0	0.0	1.8	-
Extraordinary Losses	0.0	0.0	0.0	0.0	(1.5)	-
Profit before Income Taxes	2.0	9.1	23.4	37.1	25.4	-
Income Taxes	(0.5)	(1.6)	(3.7)	(11.0)	(5.8)	-
Profit	1.5	7.5	19.8	26.1	19.6	10.5
% Margin	*1.5%*	*6.4%*	*10.3%*	*11.8%*	*10.4%*	*6.0%*
FX Rate (USD/JPY)	106.1	112.4	135.5	144.6	152.6	130.0

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Consolidated Balance Sheets

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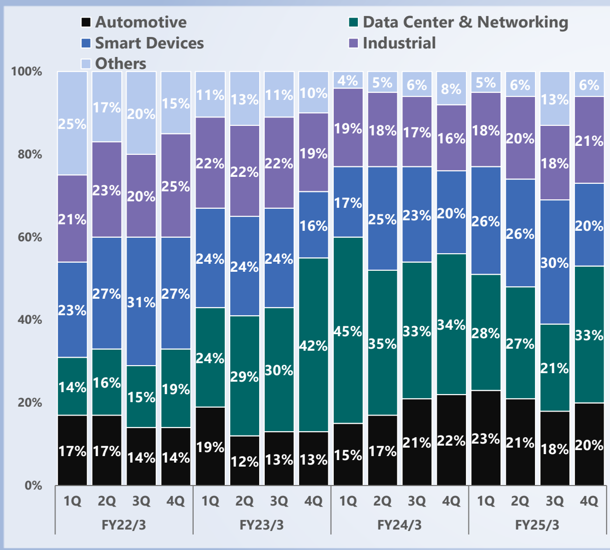
(Yen in billion)	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3
Assets					
Cash on-hand and in banks	42.7	46.3	45.1	69.7	72.8
Accounts receivable-trade, net	28.6	25.1	40.8	35.3	31.6
Inventories[1]	6.7	16.4	47.7	25.5	17.0
Others	2.6	2.9	22.4	8.4	4.8
Total Current Assets	80.6	90.6	156.1	138.9	126.3
Property, Plant and Equipment	8.9	11.6	17.2	21.8	22.3
Reticle	3.7	4.7	5.6	8.1	9.7
Others PP&E	5.2	6.9	11.6	13.7	12.6
Intangible Assets	11.6	12.2	13.0	18.5	14.4
Deferred Tax Assets	2.3	3.1	6.9	6.7	6.1
Others	0.9	0.8	0.8	0.9	1.2
Total Non-current Assets	23.7	27.8	37.9	47.9	44.0
Total Assets	104.2	118.4	193.9	186.8	170.3

	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3
Liabilities and Equity					
Accounts Payable-trade	12.0	16.6	23.4	15.8	11.9
Accrued Expenses	7.4	6.9	30.3	18.2	12.0
Others	1.9	3.9	28.6	19.1	7.3
Total Current Liabilities	21.3	27.4	82.3	53.1	31.3
Total Non-current Liabilities	1.3	1.4	1.7	2.7	2.0
Total Liabilities	22.6	28.8	84.1	55.8	33.3
Common Stock	30.2	30.2	30.2	32.7	33.0
Capital Surplus	30.2	30.2	30.2	32.7	33.0
Retained Earnings	21.4	28.9	48.6	63.6	74.3
Treasury Stock	0.0	0.0	0.0	0.0	-5.0
Others	(0.1)	0.3	0.8	2.0	1.8
Total Equity	81.7	89.6	109.9	131.0	137.0
Total Liabilities and Equity	104.2	118.4	193.9	186.8	170.3

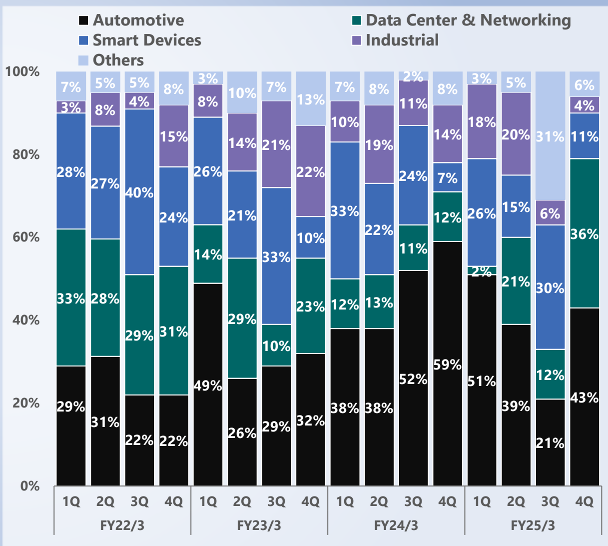
1. Inventories is calculated as the sum of "Finished goods" and "Work in progress"

Breakdown by Application Market (Quarterly)

Net Sales[1]



NRE Revenue[1]



1. Quarterly compositions 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)

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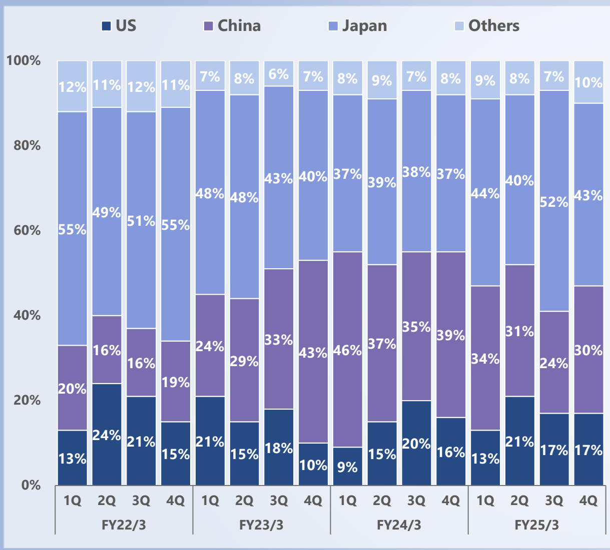
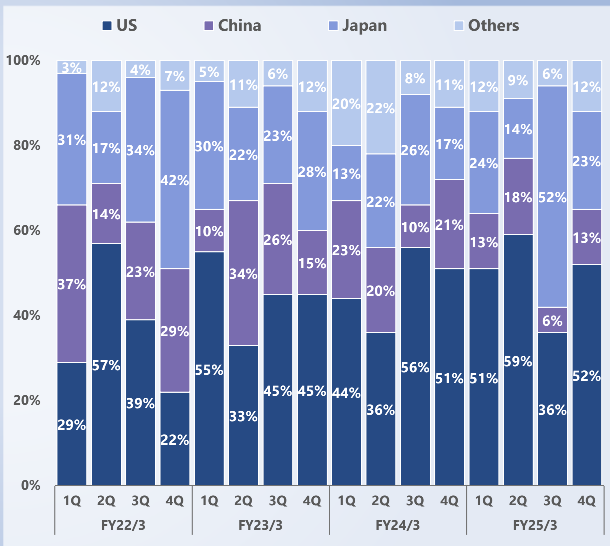
Net Sales[1]



NRE Revenue[1]



1. Quarterly compositions 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)

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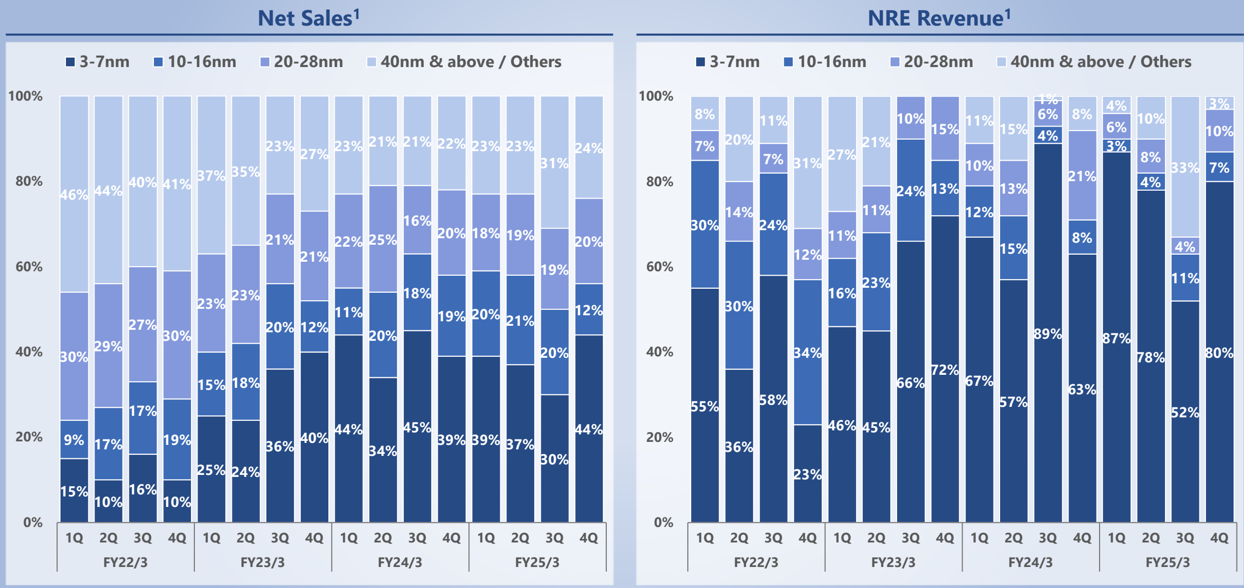

1. Quarterly compositions are highly volatile and may fluctuate significantly from quarter to quarter as they are greatly affected by the development status of individual projects.

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

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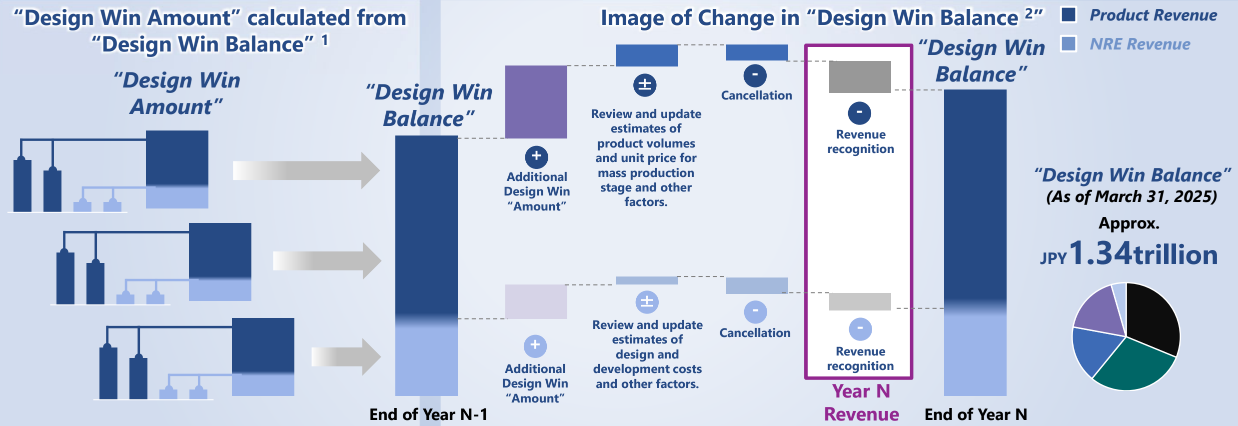
"Design Win Balance[1]" ・・・

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



1. The figures of "Design Win Amount" will not be updated based on the subsequent changes in circumstances after the acquisition of such business opportunities. The subsequent changes include: (1) changes in factors such as actual sales, development plan, sales volume, unit price and production capacity, as well as (2) cancellation of project after the design win. The possibility of cancellations of projects that we have won cannot be ruled out. Impact of the subsequent changes after the design wins are acquired will be reflected in Design Win Balance.

"Design Win Balance" represents the company's estimates of accumulated remaining "Design Win Amount" associated with projects that are active as of a particular date. The impact of subsequent events, including the above mentioned (1) and (2), is reflected to "Design Win Balance". For example, projects correspond to approximately 15% of the total of Design Win Amount from FY20/3 to FY25/3 were cancelled after such projects started.

Up to recently, impact of project cancellation has been offset by increase in unit price and production volume of other active projects. However, as of the end of March 2025, **The sum of "Design Win Balance" and "revenues recorded from the projects that correspond to the current Design Win Balance" is becoming less than the total of "Design Win Amount" of the relevant projects**, by several percent, due in part of the cancellation of automotive project in the US.

A foreign exchange rate of **USD/JPY=120** is used in above graphs and drawing. Refer to page 3. Drawings in this page are for illustrative purposes only.

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

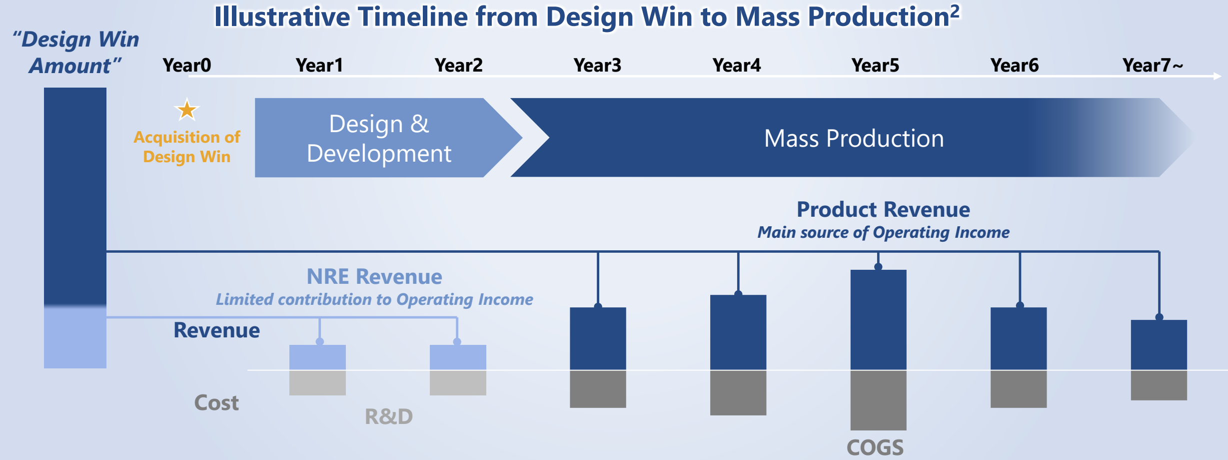
"Design Win Amount[1]" ・・・

"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=120JPY 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

Transformation into Global Custom SoC Company in Advanced Technology Areas

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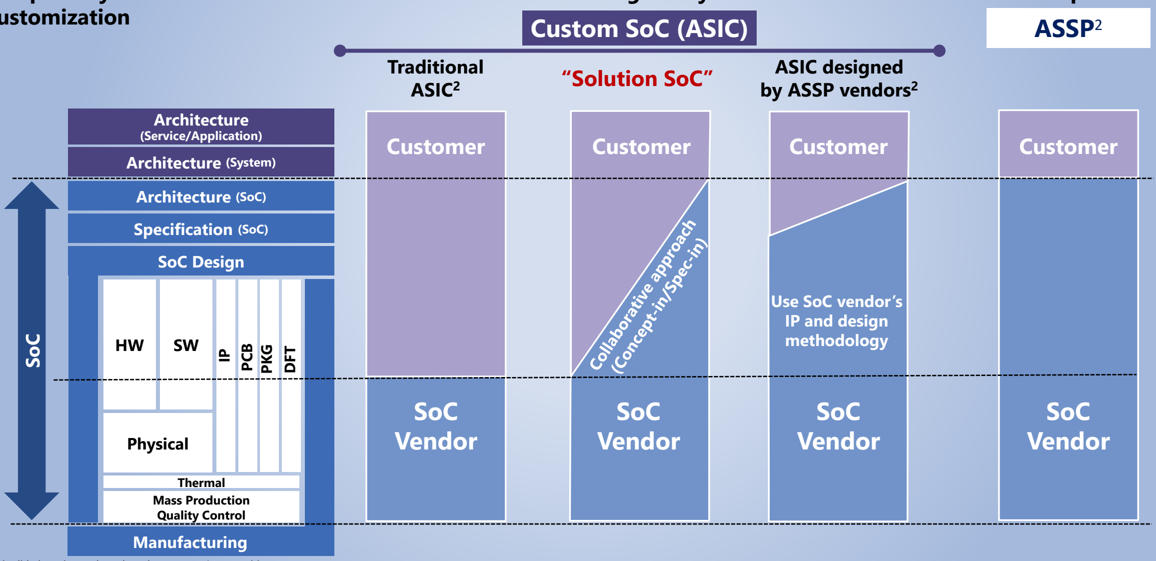
- **Through transformation of business and company culture, Socionext has turned into global leading custom SoC company with new and distinctive "Solution SoC" business model**

	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

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.

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