



May 19, 2025

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Notice Concerning Amendment of Performance-Based Restricted Stock Compensation Plan

Socionext Inc. (the “Company”) hereby provides notification that, at a meeting of the Board of Directors held today, it resolved to partially amend its current performance-based restricted stock compensation plan for the Company’s Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as “Eligible Directors”) and Executive Officers who do not concurrently serve as Board Directors (hereinafter referred to as “Executive Officers”), and in place of the current performance-based restricted stock compensation plan (hereinafter referred to as the “Current Plan”), introduce an “officer compensation BIP trust” (hereinafter referred to as the “Plan”), which is a stock compensation plan based on a stock delivery trust for Eligible Directors and Executive Officers who meet certain requirements (hereinafter, together with Eligible Directors, collectively referred to as “Eligible Directors, etc.”).

Based on this resolution, the Company will present a proposal concerning the partial amendment of the performance-based restricted stock compensation plan for Eligible Directors, etc. to the 11th Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2025 (hereinafter referred to as “the General Meeting of Shareholders”). Further, to coincide with this change in plan, the Company will also make partial amendments to its policy on determining compensation, etc. for individual Board Directors.

Subject to the approval by the General Meeting of Shareholders of the proposal for the amendment of the amounts and contents of compensation, etc. for Eligible Directors, etc. accompanying the introduction of the Plan, the compensation limit under the Current Plan that was approved as a deemed resolution of the extraordinary general meeting of shareholders held on July 27, 2022 will be abolished as of the fiscal year ended March 31, 2025, and subsequently, no new allotments of restricted stock will be made. However, restricted stock that has already been granted or that is scheduled for grant for the fiscal year ended March 31, 2025 will be preserved.

1. Purpose of the Plan and Intent of Amendments, etc.

- (1) In the expectation of further promotion of the business growth and business transformation of the Group, as well as initiatives for management activities focusing on corporate value, and also to draw closer to the market’s stock compensation levels to secure internal and external human resources, the Company considered the amendment of the stock compensation plan in the Nomination and Remuneration Committee, and made the decision to introduce the Plan in place of the Current Plan.
- (2) The introduction of the Plan is subject to the receipt of approval at the General Meeting of Shareholders.

- (3) For the Plan, a mechanism known as an officer compensation BIP (Board Incentive Plan) trust will be adopted.
The Plan is a scheme whereby the Company's shares and monetary amounts equivalent to the conversion value of the Company's shares (hereinafter, "Company Shares, etc.") are delivered and paid (hereinafter, "Delivery, etc.") to the Eligible Directors, etc. in accordance with the positions, the degree of achievement of performance targets, and other factors of the Eligible Directors, etc.
- (4) With the introduction of the Plan, the compensation of the Company's Eligible Directors, etc. will comprise "basic compensation," "incentive compensation (cash)," and "incentive compensation (stock)" under the Plan.
- (5) The Company has established a Nomination and Remuneration Committee, the majority of whose members are Outside Directors, as an advisory body to the Board of Directors with the objective of strengthening the independence and objectivity of matters including personnel affairs and compensation concerning Eligible Directors, etc. through advice and recommendations on such matters. The introduction of the Plan has been subjected to deliberation and report by this committee.
- (6) The basic approach to the performance-based stock compensation plan, while maintaining the approach of the Current Plan, will be partially amended, in addition to the amendments to the policy on determining compensation, etc. for individual Board Directors made to coincide with the introduction of the Plan, in the direction of expanding incentive compensation, particularly incentive compensation (stock), as shown below.

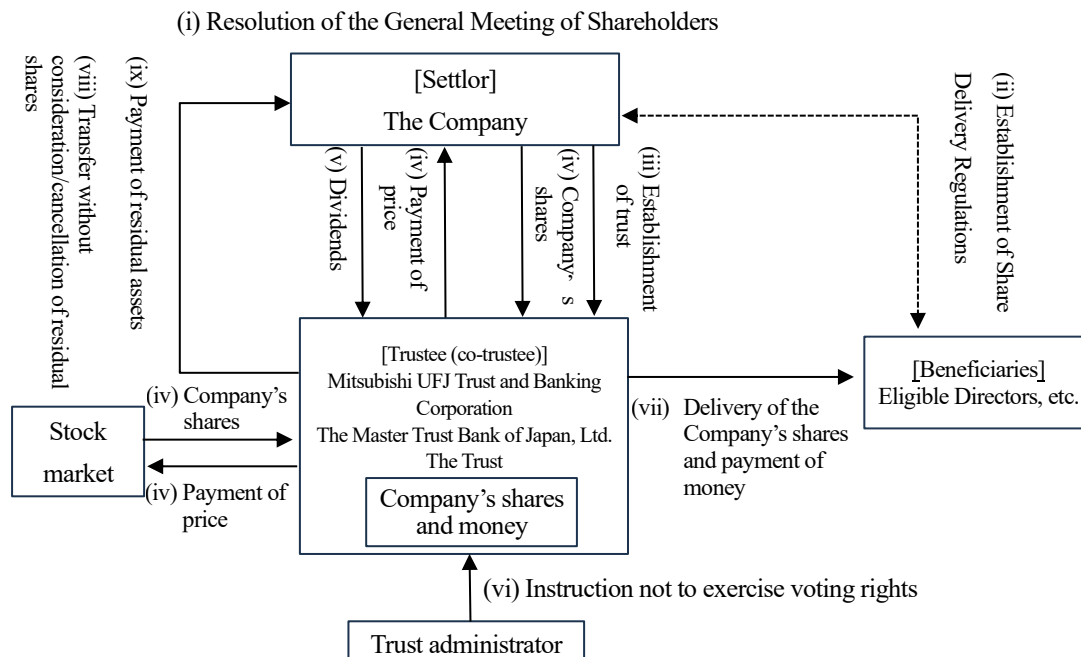
Item	Before amendment	After amendment
Composition and payment procedures of incentive compensation (cash and stock)	- If the level of achievement of evaluation indicators <u>exceeds 150%</u> , <u>all or part</u> of the incentive compensation (cash) <u>exceeding 150%</u> may be paid as incentive compensation (stock).	- At a level of achievement of evaluation indicators <u>within the range of 0 - 200%</u> , all or part of the incentive compensation (cash) may be paid as incentive compensation (stock) <u>in place of the payment of incentive compensation (cash).</u>

2. Details of the Plan

(1) Outline of the Plan

The Plan is a stock compensation scheme whereby the Company's shares are acquired through a trust (hereinafter, the "Trust") funded by the compensation amounts of the Eligible Directors, etc. contributed by the Company, and Delivery, etc. of Company Shares, etc. are made to the Eligible Directors, etc. in accordance with the Board Directors Share Delivery Regulations or Executive Officers Share Delivery Regulations established by the Company (details are provided in (2) below).

Scheme of the Plan



- (i) The Company will obtain a resolution of approval for compensation of the Eligible Directors, etc. related to the introduction of the Plan at the General Meeting of Shareholders.
- (ii) By resolution of the Board of Directors, the Company will establish share delivery regulations (Board Directors Share Delivery Regulations and Executive Officers Share Delivery Regulations) as rules concerning the Plan.
- (iii) The Company will set up a trust (the "Trust") and contribute the monies used to fund the compensation of the Eligible Directors, etc. within the range for which approval has been obtained by resolution of the General Meeting of Shareholders in (i), with the Eligible Directors, etc. as beneficiaries of the Trust.
- (iv) The Trust will comply with the instructions of the trust administrator and use the monies contributed by the Company in (iii) to acquire the Company's shares from the stock market or from the Company. The number of shares acquired by the Trust shall be within the range for which approval was obtained by resolution of the General Meeting of Shareholders in (i).
- (v) The Trust will receive distributed dividends as a shareholder of the Company.
- (vi) Voting rights pertaining to the Company's shares in the Trust shall not be exercised during the trust period.
- (vii) In accordance with the Share Delivery Regulations, during the trust period, a certain number of points will be granted to the Eligible Directors, etc. according to their position, the level of achievement of performance targets, and other factors, and such points will be accumulated. At the time of their resignation in principle, the Eligible Directors, etc. will receive delivery of the Company's shares in a number equivalent to a certain percentage of the points granted to them. For the Company's shares equivalent to the remainder of the points, in accordance with the trust agreement, they will receive a monetary amount equivalent to the conversion value of the shares after their conversion within the Trust.
- (viii) If there are any residual shares at the time of the expiration of the trust period, either the Trust will continue to be used by modifying the trust agreement and making additional contributions to the Trust, or the residual shares will be transferred without consideration to the Company and cancelled by resolution of the Board of Directors.

- (ix) Upon liquidation due to the termination of the Trust, any residual assets remaining after the delivery of the Company's shares to the beneficiaries will belong to the Company as the vested right holder, except for the portion that exceeds the trust reserve amount as described in (10) below. The portion that exceeds the trust reserve amount will be donated to organizations that have no interests with the Company or the Eligible Directors, etc.

* If, due to the Delivery, etc. of Company Shares, etc. to the Eligible Directors, etc., there are no longer any Company's shares remaining in the Trust, the Trust will be terminated before expiration of the trust period. However, the Company may contribute additional monies to the Trust within the range for which approval was obtained in the General Meeting of Shareholders as funds for the acquisition of the Company's shares for Delivery, etc. to the Eligible Directors, etc.

(2) Resolution of the General Meeting of Shareholders regarding the introduction of the Plan

At the General Meeting of Shareholders, the Company will resolve the maximum amount of trust funds (stipulated in (4) below) to be contributed to the Trust, the maximum total number of points to be granted to the Eligible Directors, etc. (stipulated in (5) below), and other necessary matters.

If the Trust is to be continued pursuant to (4) below, the modification of the trust agreement and additional contributions to the Trust at the time of expiration of the trust period will be decided within the range for which approval was obtained by resolution of the General Meeting of Shareholders.

(3) Trust period

The initial trust period will be a period of approximately three (3) years from August 2025 (to be confirmed) to August 2028 (to be confirmed). However, at the time of expiration of the trust period, the trust period may be extended pursuant to (4) below.

(4) Upper limit of trust fund amount and method of acquisition of the Company's shares by the Trust

The Company shall set an upper limit for the trust funds to be contributed as compensation, etc. for Eligible Directors, etc. for each applicable period for the purpose of acquiring the Company's shares for Delivery, etc. to the Eligible Directors, etc. This upper limit shall be the amount obtained by multiplying 1,150 million yen by the number of years of the applicable period (3,450 million yen for the three (3) fiscal years of the initial applicable period). The Company shall then contribute such trust funds as compensation, etc. for Eligible Directors, etc. and establish the Trust for the period corresponding to the applicable period, with the Eligible Directors, etc. as beneficiaries. The Trust will comply with the instructions of the trust administrator and use the trust funds to acquire the Company's shares from the stock market or from the Company (disposal of treasury shares). During the applicable period, the Company will grant points (described in (5) below) to the Eligible Directors, etc., and Delivery, etc. of Company Shares, etc. corresponding to the number of points will be made from the Trust at the time of resignation of such Eligible Directors, etc. in principle. If the residual shares in the Trust are insufficient for the number of shares to be delivered to the Eligible Directors, etc. during the applicable period, additional contributions may be made to the Trust within the upper limit described above and additional acquisitions of the Company's shares may be made.

At the time of expiration of the trust period, the Trust may be continued by modifying the trust agreement and entrusting additional funds, in lieu of establishing a new trust. In such an event, the trust period will be extended only for the same period as the previous trust period, and the new applicable period shall be three (3) fiscal years after the extension of the trust period. For each extended trust period, the Company shall make additional contributions within the range of the amount approved at the General Meeting of Shareholders and continue to grant points to the Eligible Directors, etc. during the extended trust period, and the Trust shall continue to make Delivery, etc. of Company Shares, etc. during the extended trust period. However, when making such additional contributions, if there are any Company shares (excluding

those Company shares corresponding to the points granted to the Eligible Directors, etc. but of which Delivery, etc. has not been completed) and monies (hereinafter, “Residual Shares, etc.”) remaining in the Trust on the last day of the trust period prior to its extension, the total amount of the Residual Shares, etc. and the trust funds to be additionally contributed shall be within the range of the amount approved at the General Meeting of Shareholders.

In addition, if modification of the trust agreement and additional entrustment of funds are not to be conducted at the time of expiration of the trust period (in the event of the extension of the trust period as described above, at the time of expiration of the trust period after its extension), no new points will be subsequently granted to the Eligible Directors, etc., but the trust period of the Trust may be extended for a certain period only until the Delivery, etc. of Company Shares, etc. to the Eligible Directors, etc. is completed.

- (5) Calculation and upper limit of the number of Company Shares, etc. for Delivery, etc. to the Eligible Directors, etc.

The number of Company Shares, etc. for Delivery, etc. to the Eligible Directors, etc. shall be determined by the number of points granted according to their position, the level of achievement of performance targets, and other factors during the trust period. In addition, Delivery, etc. of Company Shares, etc. shall be made according to the number of points accumulated at the time of resignation of the Eligible Directors, etc. in principle (hereinafter, “Accumulated Points”). One (1) point equates to one (1) Company’s share. However, if, during the trust period, an event occurs for which an adjustment of the points is deemed fair and appropriate, such as a stock split or consolidation of the Company’s shares, the number of the Company’s shares per point will be adjusted in accordance with the split ratio, consolidation ratio, or similar factors.

The maximum number of points that may be granted to the Eligible Directors, etc. during the trust period of the Trust shall be 1,000,000 points multiplied by 3, the number of years in the applicable period. The maximum number of the Company Shares, etc., of which the Eligible Directors, etc. may receive Delivery, etc., from the Trust during the applicable period (hereinafter, the “Maximum Number of Shares, etc. for Delivery”) shall be the number of shares corresponding to that maximum number of points. Therefore, the Maximum Number of Shares, etc. for Delivery for the initial applicable period of three (3) fiscal years shall be 3,000,000 shares.

Further, if the Trust is continued pursuant to (4) above, the Maximum Number of Shares, etc. for Delivery for the extended trust period shall be the same as described above. These Maximum Numbers of Shares, etc. for Delivery have been set with reference to share price used when considering the most recent acquisition of treasury stock, and other factors in light of the upper limit of the monetary amount that the Company will contribute pursuant to (4) above.

- Method of calculation of points

1. Composition of compensation for Eligible Directors, etc.

The composition of compensation for Eligible Directors, etc. shall be as shown in the table below. The compensation under the Plan shall be provided as compensation stated in the cells related to “Stock compensation” in the table.

Type of Compensation		Outline	Fixed/Variable	Payment method	Percentage to total (Note 2)
Basic compensation		Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid monthly as basic compensation	Fixed	Cash payment	60%
Incentive compensation	Cash	Payment of cash (bonus) made yearly as performance-based compensation based on the performance evaluation of the target fiscal year	Variable		20%
	Stock (Note 1)	Payment of shares as performance-based compensation based on the performance evaluation of one (1) applicable fiscal year, made at the time of resignation in principle			Payment by stock

Notes: 1. For the payment by stock, using an “officer compensation BIP trust” based on a stock delivery trust, points corresponding to evaluations are granted at the end of every fiscal year, and shares equivalent to the number of such points accumulated are delivered at the time of the resignation of the Eligible Directors, etc. in principle.

2. The percentage figures are estimates and represent the percentages in the event of 100% achievement of the performance targets. In addition, within a range of 0 to 200%, the ratio of cash and stock to the total incentive compensation may differ.

2. Method of calculation of points

The points granted to individual Eligible Directors, etc. every year are determined according to the basic compensation by position of the individual Eligible Directors, etc. (annual amount), the level of achievement of performance targets (evaluated within a range of 0 - 200%), consisting of quantitative items (net sales, operating profit, design win amount) and qualitative items (business transformation, growth strategy, ESG measures, etc.), duration of service during the performance evaluation period, and other factors.

(6) Method and timing of Delivery, etc. of Company Shares, etc. to Eligible Directors, etc.

If the Eligible Directors, etc. have fulfilled any of the Conditions for Delivery of Stock below at the time of their resignation, they will receive Delivery, etc. of the number of Company Shares, etc. corresponding to the number of points determined based on (5) above by undertaking the prescribed beneficiary finalization procedures. If the Plan is abolished prior to the resignation of the Eligible Directors, etc., those Eligible Directors, etc. who are in office will receive Delivery, etc. of the number of Company Shares, etc. corresponding to the number of points determined based on (5) above by undertaking the prescribed beneficiary finalization procedures.

At that time the Eligible Directors, etc. will receive Delivery, etc. of the Company’s shares in a number corresponding to a certain percentage of the points granted to them (rounded down to share units) by undertaking the prescribed beneficiary finalization procedures. For the number of the Company’s shares corresponding to the remaining points, they will receive a monetary amount equivalent to the conversion value of the shares after their conversion within the Trust.

However, in the event of the death of a serving Eligible Director, etc. during the trust period, in principle, all of the Company’s shares corresponding to the number of Accumulated Points granted at that point in time will be converted into cash within the Trust and a monetary amount equivalent to the conversion value of the shares will be paid to the heirs of such Eligible Director, etc.

Conditions for Delivery of Stock

- 1 Resignation or retirement from all positions of Board Director, Executive Officer not concurrently serving as Board Director, or employee of the Company due to expiration of term
- 2 Resignation or retirement from all positions of Board Director, Executive Officer not concurrently serving as Board Director, or employee of the Company for a justifiable reason other than expiration of term or death
- 3 Death during term of office

(7) Malus/Clawback Clause

In the event that a material revision of the Company’s financial statements or an incident that will have a grave impact on the Company’s reputation occurs due to the execution of business by an Eligible Director, or in the event that an Eligible Director (including heirs of an Eligible Director in the event of the death of a serving an Eligible Director during the trust period) fall under the grounds for disqualification specified by the Company, such as imprisonment without work or heavier penalties, the Company may seek forfeiture (malus) of the beneficiary rights of an Eligible Director (including heirs of an Eligible Director in the event of the death of a serving an Eligible Director during the trust period) in question to cash compensation and the Company’s shares, scheduled for payment or delivery, or request the return (clawback) of the money of the monetary equivalent of cash compensation and the Company shares, etc. already paid and delivered, etc.

(8) Voting rights pertaining to the Company’s shares in the Trust

Voting rights pertaining to the Company shares in the Trust shall not be exercised during the trust period to ensure neutrality toward the Company’s management.

(9) Handling of dividends pertaining to the Company’s shares in the Trust

The dividends pertaining to the Company's shares in the Trust are to be received by the Trust and allocated to its trust fees and trust expenses.

(10) Handling on termination of the Trust

If, due to the failure to achieve the performance targets or other reason during the applicable period, there are shares remaining at the time of the expiration of the trust period, the Trust may continue to be used by modifying the trust agreement and making additional contributions to the Trust. If the Trust is to be terminated due to the expiration of the trust period, as a shareholder return measure, the Company will receive those remaining shares from the Trust without consideration and cancel them by resolution of the Board of Directors.

In addition, the portion of any residual dividends pertaining to the Company's shares in the Trust that have arisen at the time of the expiration of the trust period and that exceed the trust reserve will be donated to organizations that have no interests with the Company or the Eligible Directors, etc. if the Trust is to be terminated.

(11) Other details of the Plan

Other details of the Plan will be decided by the Board of Directors at the time of setting up the Trust, modification of the trust agreement, and additional contributions to the Trust.

<Reference> Details of trust agreement

(1)	Type of Trust	Trust of money other than specified individually operated money trust (third-party beneficiary trust)
(2)	Purpose of trust	To grant incentives to Eligible Directors, etc.
(3)	Settlor	The Company
(4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (to be confirmed) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(5)	Beneficiaries	Eligible Directors, etc.
(6)	Trust administrator	Third party with no interests with the Company
(7)	Trust agreement date	August 20, 2025 (to be confirmed)
(8)	Trust period	From August 2025 (to be confirmed) to August 2028 (to be confirmed)
(9)	Date of the Plan commencement	August 31, 2025 (to be confirmed)
(10)	Exercise of voting rights	No exercise of voting rights
(11)	Class of stock to be acquired	Common stock of the Company
(12)	Upper limit of trust fund amount	3,450,000,000 yen (including trust fees and trust expenses)
(13)	Date of acquisition of shares	To be determined
(14)	Method of acquisition of shares	Acquisition from the Company (disposition of treasury shares) or from the stock market
(15)	Vested right holder	The Company
(16)	Residual assets	The residual assets that the Company, as vested right holder, may receive shall be within the amount of the trust reserve after deduction of the share acquisition funds from the trust amount.

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