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## Consolidated Financial Results for the 6 Months Ended September 30, 2022 (Based on Japanese GAAP)

October 28, 2022

Company name: Socionext Inc. Stock exchange listing: Tokyo  
 Code number: 6526 URL: <https://www.socionext.com/en/>  
 Representative: Masahiro Koezuka, Representative Director, Chairman, President and CEO  
 Contact person: Shin-ichi Ando, Director and Corporate Executive Vice President Tel: +81-45-568-1111  
 Scheduled filing date of statutory quarterly financial report: November 14, 2022  
 Scheduled dividend payment date: -  
 Supplementary material: Yes  
 Quarterly financial results presentation: Yes (for institutional investors and analysts)

(Monetary amounts are rounded to the nearest millions of yen)

1. Consolidated financial results for the 6 months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

(1) Consolidated financial results (Percentage represents change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
6 months ended September 30, 2022	82,767	-	10,456	-	12,295	-	10,013	-
September 30, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income: 6 months ended September 30, 2022 10,860 million yen (-%) 6 months ended September 30, 2021: - million yen (-%)

	Basic earnings per share	Diluted earnings per share
6 months ended	yen	yen
September 30, 2022	297.42	-
September 30, 2021	-	-

Notes:

- The Company did not prepare consolidated financial statements for the 6 months ended September 30, 2021, as a result, the amount of the 6 months ended September 30, 2021 and the change from the same period of the previous fiscal year is not presented.
- Diluted earnings per share is not presented because the Company's shares are unlisted as of September 30, 2022, and therefore an average quoted stock price is not available although there are dilutive shares.
- The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Basic earnings per share is computed based on the assumption that the share consolidation and other events above were conducted at the beginning of the year ending March 31, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	millions of yen	millions of yen	%
September 30, 2022	168,859	100,469	59.5
March 31, 2022	118,428	89,609	75.7

Reference: Shareholder's equity As of September 30, 2022: 100,457 million yen

As of March 31, 2022: 89,597 million yen

## 2. Dividends per share

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year end	yen	yen	yen	yen	yen
March 31, 2022	-	-	-	0.00	0.00
March 31, 2023	-	0.00			
March 31, 2023(Forecast)			-	160.00	160.00

Note: Revision of the latest dividends forecast: No

### ※ Notes

#### (1) Changes in significant subsidiaries during the current reporting period

(Changes in specified subsidiaries resulting from changes in the scope of consolidation): No

(2) Application of special accounting methods for quarterly consolidated financial statements: No

#### (3) Changes in accounting policies, accounting estimates and retrospective restatements for consolidated financial statements

- |  |     |
|--|-----|
| ① Changes in accounting policies due to revisions of the accounting standards and other regulations: | Yes |
| ② Changes arising from factors other than ①:   | No  |
| ③ Changes in accounting estimates:   | No  |
| ④ Retrospective restatements:  | No  |

#### (4) Number of issued shares (Common stock)

① Number of shares issued at the end of the period (including treasury stock)	2nd quarter ended September 30, 2022	33,666,666	Year ended March 31, 2022	33,666,666
② Number of treasury stock held at the end of the period	2nd quarter ended September 30, 2022	-	Year ended March 31, 2022	-
③ Average number of shares during the period	2nd quarter ended September 30, 2022	33,666,666	2nd quarter ended September 30, 2021	33,666,666

Note: The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Number of shares issued at the end of the period, treasury stock held at the end of the period, average number of shares during the period are computed based on the assumption that the share consolidation was conducted at the beginning of the year ending March 31, 2022.

※ These quarterly consolidated financial results are not subject to the review procedure of external auditors' quarterly review.

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## 1. Qualitative information regarding the quarterly consolidated financial results

### (1) Description of operating results

During the 6 months ended September 30, 2022, the economic slowdown continued due to uncertainties in the global economy caused by factors such as the Covid-19 pandemic, rising energy and food costs related to the conflict in Ukraine, rising interest rate mainly in the United States and Europe due to the countermeasures against soaring prices. In addition, Japanese yen depreciated rapidly and significantly due to differences in monetary policies in countries and areas.

Semiconductor manufacturing capacity constraints continued to constrain our product revenue, however, the available capacity has been gradually increased especially in the area of advanced technologies.

The semiconductor products (product revenue) in the 6-month period ended September 30, 2022 achieved 66,325 million yen. This is due mainly to the completion of the design and development stage of design wins acquired since 2019 based on 7nm and finer process nodes in our high-growth focus areas including Automotive, 5G, Smart devices and the applicable products enter into mass production, the acceleration of the mass production due to the release of manufacturing capacity described above, as well as the positive impact under the weakening of the Japanese yen. The non-recurring engineering (NRE revenue) was 16,087 million yen due mainly to increasing development projects of products and applications using advanced finer process technologies. As a result, the consolidated net sales for the 6 months ended September 30, 2022 were 82,767 million yen.

Operating income was 10,456 million yen, ordinary income was 12,295 million yen, and profit attributable to owners of parent was 10,013 million yen.

The Group (Socionext Inc., and its consolidated subsidiaries) has a single segment of Solution SoC business. The breakdown of net sales is as below:

[Net sales]	(millions of yen)
	Current 6 months ended September 30, 2022
Semiconductor products (product revenue)	66,325
Non-recurring engineering (NRE revenue)	16,087
Others	355
Total	82,767

### (2) Description of financial position

#### ① Assets, liabilities and net assets

##### (Assets)

Current assets as of September 30, 2022 increased by 44,818 million yen from the end of the previous fiscal year to 135,434 million yen. This is due mainly to the increases in inventories as well as accounts receivable-other under customers' request to secure wafers in advance against wafer shortage. In addition, current assets in working capital cycle including inventories, accounts receivable as well as cash on hand and in banks increased due mainly to the increase in profit recognized with the increase in product revenue.

Non-current assets as of September 30, 2022 increased by 5,613 million yen from the end of the previous fiscal year to 33,425 million yen. The increase is due mainly to the acquisition of reticles, IP, etc. in connection with products development of acquired design wins. As a result, total assets as of September 30, 2022 increased by 50,431 million yen from the end of the previous fiscal year to 168,859 million yen.

##### (Liabilities)

Current liabilities as of September 30, 2022 increased by 39,194 million yen from the end of the previous fiscal year to 66,635 million yen. This is due mainly to the increase in accounts payable related to increased purchases from manufacturers in accordance with increasing products revenue, and the increase in liabilities related to chargeable subcontracting as well as accounts payable-other under customers' request to secure wafers in advance against wafer shortage.

As a result, total liabilities as of September 30, 2022 increased by 39,571 million yen from the end of the previous fiscal year to 68,390 million yen.

##### (Net assets)

Net assets as of September 30, 2022 increased by 10,860 million yen from the end of the previous fiscal year to 100,469 million yen. The primary increase was 10,013 million yen in profit attributable to owners of parent for 6 months ended September 30, 2022.

② Cash flows

Cash on hand and in banks as of September 30, 2022 increased by 6,701 million yen from the end of the previous fiscal year to 52,972 million yen.

Net cash provided by operating activities was 14,953 million yen for the 6 months ended September 30, 2022. This is due mainly to profit before income taxes of 12,295 million yen, depreciation and amortization of 5,032 million yen, and income taxes paid of 2,195 million yen.

Net cash used in investing activities was 9,728 million yen for the 6 months ended September 30, 2022. This is due mainly to the purchase of 7,094 million yen of property, plant and equipment including reticles and test boards using for products development related to required design wins, and those for improving the environment of design and development. The purchases of 2,661 million yen of intangible assets including IP.

Net cash used in financing activities was 151 million yen and this is due to repayments of lease obligation.

## 2. Quarterly consolidated financial statements and principal notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash on hand and in banks	46,271	52,972
Accounts receivable-trade, net	25,053	31,641
Finished goods	1,488	2,074
Work in process	14,921	27,496
Accounts receivable-other	914	15,007
Other current assets	1,969	6,244
<b>Total current assets</b>	<b>90,616</b>	<b>135,434</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,371	2,736
Machinery and equipment, net	11	11
Tools, furniture and fixtures, net	8,159	12,550
Land	800	800
Construction in progress	287	278
<b>Total property, plant and equipment, net</b>	<b>11,628</b>	<b>16,375</b>
Intangible assets		
Technology assets	11,172	11,711
Other	1,076	1,011
<b>Total intangible assets</b>	<b>12,248</b>	<b>12,722</b>
Investments and other assets		
Investment securities	0	0
Deferred tax assets	3,098	3,504
Other assets	838	824
<b>Total investments and other assets</b>	<b>3,936</b>	<b>4,328</b>
<b>Total non-current assets</b>	<b>27,812</b>	<b>33,425</b>
<b>Total assets</b>	<b>118,428</b>	<b>168,859</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	16,609	30,226
Accounts payable-other	2,054	12,128
Accrued expenses	4,865	4,717
Income taxes payable	2,609	3,080
Liabilities related to chargeable subcontracting	-	13,294
Other current liabilities	1,304	3,190
<b>Total current liabilities</b>	<b>27,441</b>	<b>66,635</b>
Long-term liabilities		
Asset retirement obligations	316	345
Other long-term liabilities	1,062	1,410
<b>Total long-term liabilities</b>	<b>1,378</b>	<b>1,755</b>
<b>Total liabilities</b>	<b>28,819</b>	<b>68,390</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	30,200	30,200
Capital surplus	30,200	30,200
Retained earnings	28,867	38,880
<b>Total shareholders' equity</b>	<b>89,267</b>	<b>99,280</b>
Accumulated other comprehensive income		
Foreign currency translation adjustments	330	1,177
<b>Total accumulated other comprehensive income</b>	<b>330</b>	<b>1,177</b>
Share subscription rights	12	12
<b>Total net assets</b>	<b>89,609</b>	<b>100,469</b>
<b>Total liabilities and net assets</b>	<b>118,428</b>	<b>168,859</b>

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

(For 6 months)

(Millions of yen)

	6 months ended September 30, 2022
Net sales	82,767
Cost of sales	41,959
Gross profit	40,808
Selling, general and administrative expenses	30,352
Operating income	10,456
Non-operating income	
Foreign exchange gain	1,823
Other income	30
Total non-operating income	1,853
Non-operating expenses	
Other expenses	14
Total non-operating expenses	14
Ordinary income	12,295
Profit before income taxes	12,295
Income taxes – current	2,739
Income taxes – deferred	△457
Total income taxes	2,282
Profit	10,013
Profit attributable to owners of parent	10,013

Quarterly consolidated statements of comprehensive income  
(For 6 months)

(Millions of yen)

	6 months ended September 30, 2022
Profit	10,013
Other comprehensive income	
Foreign currency translation adjustments	847
Total other comprehensive income	847
Comprehensive income	10,860
Total comprehensive income attributable to:	
Owners of parent	10,860
Non-controlling interests	-



## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	6 months ended September 30, 2022
<b>Operating activities</b>	
Profit before income taxes	12,295
Depreciation and amortization	5,032
Interest and dividend income	△24
Foreign exchange (gain) loss	△1
Loss on retirement of non-current assets	125
Loss (gain) on sale of non-current assets	△15
Decrease (increase) in accounts receivable	△4,802
Decrease (increase) in inventories	△13,156
Increase (decrease) in accounts payable	11,214
Decrease (increase) in other assets	△18,351
Increase (decrease) in other liabilities	24,813
Other	△6
Subtotal	17,124
Interest and dividends received	24
Income taxes paid	△2,195
Net cash provided by operating activities	14,953
<b>Investing activities</b>	
Purchases of property, plant and equipment	△7,094
Purchases of intangible assets	△2,661
Proceeds from sales of non-current assets	15
Other	12
Net cash used in investing activities	△9,728
<b>Financing activities</b>	
Repayments of lease obligations	△151
Net cash used in financing activities	△151
Effect of exchange rate changes on cash and cash equivalents	1,627
Increase in cash and cash equivalents	6,701
Cash and cash equivalents at the beginning of the period	46,271
Cash and cash equivalents at the end of the period	52,972

(4) Notes to consolidated financial statements

Assumptions of a going concern

None.

Significant changes in shareholders' equity

None.

Changes in accounting policies

Implementation Guidance on Accounting Standard for Fair Value Measurement

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No. 31, June 17, 2021; the "Fair Value Measurement Guidance") has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment stipulated in the Paragraph 27-2 of the Fair Value Measurement Guidance, the Company has applied the new accounting policies stipulated in the Fair Value Measurement Guidance prospectively.

The application of the Fair Value Measurement Guidance has no impact on the quarterly consolidated financial statements of current fiscal year.

Additional information

Accounting estimates related to the impact of the novel coronavirus (COVID-19)

The impact of COVID-19 on the Group's sales are limited while details and degree of the impact differ depending on businesses and areas the Group operates. Accordingly, the Group determines that the impact of COVID-19 will not significantly affect accounting estimates, including impairment of non-current assets and recoverability of deferred tax assets, in the second quarter of the fiscal year ending March 31, 2023.

Segment information (From April 1, 2022 to September 30, 2022)

The Group has a single segment of Solution SoC business.