

Note:

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Commencement date of electronic provision measures: May 31, 2024

Notice of the Tenth Ordinary General Meeting of Shareholders (Items Omitted from the Paper Copy)

Business Report

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Pursuant to laws and regulations as well as the Articles of Incorporation of the Company, the above matters are not stated in the documents to be delivered to shareholders who have requested delivery of documents (Electronic Provision of Matters).

Socionext Inc.

Share Subscription Rights and Others

Share subscription rights held by the Company's officers as compensation for execution of duties as of the end of the fiscal year under review.

		Fourth issue of share subscription rights		Sixth issue of share subscription rights	
Date of resolution to issue		July 25, 2018		July 29, 2019	
Number of rights issued		38,560		13,600	
Type and number of shares to be issued		-		Common stock 17,000 shares (For each share subscription right 1.25 shares)	
Payment amount for share subscription rights		No payment is required in exchange for share subscription rights		No payment is required in exchange for share subscription rights	
Value of assets to be contributed upon exercise of share subscription rights		For each share subscription right 641 yen (Per share 513 yen)		For each share subscription right 641 yen (Per share 513 yen)	
Period of exercise		From July 26, 2020 to July 25, 2028		From July 30, 2021 to July 29, 2029	
Conditions of exercise		Notes:		Notes:	
Share acquisition rights held by officers	Director (excluding Audit & Supervisory Committee Members and Outside Directors)	Number of rights issued	38,560	Number of rights issued	13,600
		Number of shares to be issued	48,200	Number of shares to be issued	17,000
		Number of holders	1	Number of holders	2
	Outside Director (excluding Audit & Supervisory Committee Members)	Number of rights issued	0	Number of rights issued	0
		Number of shares to be issued	0	Number of shares to be issued	0
		Number of holders	0	Number of holders	0
Director (Audit & Supervisory Committee Member)		Number of rights issued	0	Number of rights issued	0
		Number of shares to be issued	0	Number of shares to be issued	0
		Number of holders	0	Number of holders	0

		Eighth issue of share subscription rights	
Date of resolution to issue		March 24, 2021	
Number of rights issued		18,300	
Type and number of shares to be issued		Common stock 22,875 shares (For each share subscription right 1.25 shares)	
Payment amount for share subscription rights		No payment is required in exchange for share subscription rights	
Value of assets to be contributed upon exercise of share subscription rights		For each share subscription right 641 yen (Per share 513 yen)	
Period of exercise		From March 25, 2023 to March 24, 2031	
Conditions of exercise		Notes:	
Share acquisition rights held by officers	Director (excluding Audit & Supervisory Committee Members and Outside Directors)	Number of rights issued	18,300
		Number of shares to be issued	22,875
		Number of holders	2
	Outside Director (excluding Audit & Supervisory Committee Members)	Number of rights issued	0
		Number of shares to be issued	0
		Number of holders	0
Director (Audit & Supervisory Committee Member)		Number of rights issued	0
		Number of shares to be issued	0
		Number of holders	0

(Notes) 1. The main conditions for exercising share acquisition rights are as follows:

- i. At the time of exercise of share acquisition rights, a position of either director, executive officer or employee (hereafter referred to as “Directors, etc.”) must be held in the Company or any subsidiaries or affiliates of the Company, which are stipulated in “Regulations on Terminology, Forms and Preparation Methods of Financial Statements, etc.” (hereafter, the Company’s subsidiaries and affiliates will be collectively referred to as the “Affiliates”). However, this shall not apply to the case of retirement or resignation from the position of Directors, etc. of the Company or the Affiliates for the reasons described below.
 - 1) Retirement or resignation due to reaching the age of retirement or completion of the term of office
 - 2) Retirement due to death
 - 3) A career change mediated by the Company
 - 4) In the event that the Company determined by its reasonable discretion that the resignation is voluntary due to illness or other unavoidable circumstances
 - ii. Share subscription rights may be exercised not more than twice a year, provided that the number of shares to be issued upon exercise is an integer multiple of the number of shares in one unit of the Company. However, notwithstanding this provision, a holder of share subscription rights for which the number of shares underlying all the share subscription rights he or she holds is less than an integer multiple of the number of shares in one unit of the Company may exercise his or her share subscription rights for less than an integer multiple of the number of shares in one unit only when he or she exercises all of his or her share subscription rights for less than an integer multiple of the number of shares in one unit.
 - iii. Upon the death of a holder of share subscription rights, the holder may exercise his or her share subscription rights only if one of his or her legal heirs inherits all of the share subscription rights. If the legal heir in question dies, the rights in question will be extinguished.
 - iv. If a holder of share subscription rights is subject to suspension from work or a pay cut at the Company or the Affiliates, he or she may not exercise his or her share subscription rights for one year from the issuance of such measure.
 - v. Share subscription rights may not be exercised if the holder of the share subscription rights is in dispute with the Company or the Affiliates.
 - vi. Even if the initial date of the period for exercise has arrived, share subscription rights may not be exercised until six months after the listing of the Company’s Common Stock on a financial instruments exchange.
 - vii. Even if the initial date of the period for exercise has arrived, share subscription rights may not be exercised when the holder of the subscription rights is stationed overseas.
2. “Number of shares to be issued upon exercise of share acquisition rights” and the “Value of assets to be contributed upon exercise of share subscription rights” have been adjusted in accordance with a stock split at a ratio of 1 common stock to 5 shares implemented on January 1, 2024.

Accounting Auditor

1) Name: Ernst & Young ShinNihon LLC

2) Amount of fees etc.

Fees for the Accounting Auditor for the Company's fiscal year under review are as follows:

	Category	Amount paid
a.	Fees for auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act	75 million yen
b.	Total amount of cash and other property benefits payable by the Company	98 million yen

(Notes) 1. Reasons for the consent of the Audit & Supervisory Committee to the fee amount for the accounting auditor

In addition to obtaining necessary materials and receiving reports from Directors, relevant departments within the Company, and the accounting auditor, the Audit & Supervisory Committee reviewed the execution of the audit plan and audit procedures, and the appropriateness of the estimated fees for the fiscal year under review. As a result, the Audit & Supervisory Committee determined and agreed that the fees for the accounting auditor were at a reasonable level in order to maintain and improve the quality of audits.

2. The following significant subsidiaries have been audited by audit firms other than the said accounting auditor.

- * Socionext America Inc.
- * Socionext Europe GmbH
- * Socionext Technology Pacific Asia Ltd.
- * Socionext Technology(Shanghai)Co., Ltd.
- * Socionext Taiwan Inc.
- * Socionext Korea Ltd.

3) Non-audit services

The Company pays its accounting auditor for their non-audit work, which is writing comfort letters about overseas offering of common stock.

4) Policy for determining dismissal or non-reappointment of accounting auditor

In the event any of the reasons stipulated in Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Audit & Supervisory Committee shall dismiss the accounting auditor based on the unanimous agreement of the Audit & Supervisory Committee Members as necessary. In addition, other than the above, in the event that it is deemed difficult to conduct a proper audit due to the occurrence of events that impair the qualifications and independence of the accounting auditor, the Audit & Supervisory Committee shall determine the content of proposals regarding the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

Systems to Ensure Appropriateness of Business and Operational Status of Such Systems

The Group's status of development and operation of internal control system is outlined below.

◆ Basic Policy on the Development of Internal Control Systems

Pursuant to the Companies Act and the Regulations for Enforcement of the Companies Act, the Company shall establish an internal control system for a business group consisting of the Company and its subsidiaries (hereinafter referred to as “the Group”) in order to ensure the appropriateness of business operations.

◆ Overview of Operational Status

An outline of the operational status of the system to ensure the appropriateness of business operations during the fiscal year under review is as follows.

(1) Systems to ensure that the execution of the duties by officers and employees complies with laws and regulations and the Articles of Incorporation

◇ Systems

- 1) The Company shall be committed to promoting compliance, including compliance with laws and regulations and the Articles of Incorporation, by establishing internal rules, such as the CSR Policy and compliance codes, and making officers and employees of the Group fully understand and comply with them.
- 2) The Company shall clarify laws and regulations pertaining to business activities of the Group, establish internal rules necessary for compliance with them, conduct education, and develop a monitoring system.
- 3) If an officer or employee of the Group becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities of the Group, he or she shall immediately notify the Board of Directors and Audit & Supervisory Committee of the Company of such fact through the normal line of business.
- 4) In order to enable early detection of compliance issues, the Company shall set up internal and external contact points for whistleblowing from officers and employees of the Group, while ensuring the system to protect whistleblowers.
- 5) The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties in the Group and shall confirm that there is no non-compliance in the execution of duties.

◇ Outline of Operational Status

- We strive to comply with laws and regulations by ensuring that all officers and employees are fully aware of our basic philosophy, value, Action Guidelines, the CSR Policy and compliance codes.
- Specifically, we are strengthening our compliance system by appointing a Risk Compliance Officer for each division under the Risk Compliance Committee.
- We use e-learning to provide all officers and employees with various types of compliance education, including matters related to the prevention of insider trading, information security, harassment and procurement transactions.
- The Group's officers and employees who become aware of potential non-compliance issues should report them to the line manager, and the details should be reported to the Board of Directors and the Audit and Supervisory Committee.
- We are developing and expanding our global Whistleblowing System and make the rules for the usage known. In addition, we pursue the prohibition of adverse treatment or retaliation against the whistleblower as well as the protection of the whistleblower.
- The Board of Directors of the Company receives regular reports on the execution of duties from the person performing the duties in the Group and confirms that there is no non-compliance in the execution of duties.

6)	The Company shall conduct an internal audit in order to confirm the status of business execution in the Group, ensure compliance with laws and regulations and the Articles of Incorporation, etc. and make improvements in operational efficiency.
7)	The Group shall take a firm stand against antisocial forces, have no relationship with them and deal with them systematically in coordination with external professional organizations.

•	The Company conducts an internal audit by the Audit Department in order to confirm the status of business execution in the Group, ensures compliance with laws and regulations and the Articles of Incorporation, etc. and makes improvements in operational efficiency.
•	In order to prevent transactions with anti-social forces, we check the appropriateness of transactions as an essential response in our business processes.

(2) Systems under which information regarding execution of duties by Directors shall be retained and managed

◇ Systems

1)	The Company shall properly store and manage documents related to the execution of duties by Directors and other important information in accordance with the Important Document Management Regulations, after appointing a person in charge of retention.
2)	The Company shall establish a system in which Directors have access at all times to documents to confirm the status of the execution of their duties.

◇ Outline of Operational Status

•	In accordance with the Important Document Management Regulations, minutes of general meetings of shareholders, minutes of meetings of the Board of Directors, minutes of meetings of Management Committee and the approval documents, etc., as the Company's important documents and information, are properly stored and managed with a person responsible for the storage and the method of storage specified.
•	The Company has established a system in which Directors can view documents to confirm the status of execution of duties at all times.

(3) Regulations and other systems for the risk management of loss

◇ Systems

1) The Company shall establish a risk management system in accordance with the Risk Management Code. Risk management for overall management shall be conducted by the Management Committee, and risk management for disasters/accidents, compliance, information security, etc. shall be conducted by the Risk Compliance Committee.
2) The Company shall systematically and continuously extract and evaluate risks that could cause losses to the Group, appoint an officer for each extracted risk item to clarify a system of responsibility, and formulate and implement measures. In addition, when risks materialize, the Company shall take necessary measures to minimize losses arising.
3) Based on the Business Continuity Plan (BCP)/Business Continuity Management (BCM) Code, the Company shall clarify a system of responsibility, prepare for a contingency such as disasters in the Group and its business partners, and conduct activities to ensure business continuity of the Group
4) In accordance with the Information Security Code, the Company shall clarify a system of responsibility and implement specific measures for the Group's information security.
5) The Company shall regularly report to the Board of Directors on the status of the Group's risk management activities.

◇ Outline of Operational Status

<ul style="list-style-type: none">• In addition to the Board of Directors Regulations and the Management Committee Regulations, the Company has established the Risk Management Code and has developed a global risk management system.• We have established a risk management process and regularly have a company-wide risk review conducted by the Management Committee. Through this process, we ascertain information on the latest risk status, appoint an officer for each risk, develop measures and countermeasures against risks, and check on the progress thereof.• The Risk Compliance Committee reports information security incidents and cyber security and confirms the progress of countermeasures, and checks whether any violations of laws or regulations have occurred.• As part of the BCM/BCP initiative, we continuously engage in activities such as developing manuals and conducting BCP drills based on our policies during normal times. During the fiscal year under review, we conducted a drill in anticipation of a large-scale disaster, and reviewed the manual based on the issues raised there.• The Information Security Promotion Office was established to further strengthen the information security system. In addition to promoting the development of information security rules throughout the Group, various information security measures were implemented, including the introduction of multi-factor authentication, information security training for officers, and drills for targeted e-mail attacks.• The activities of the Management Committee and the Risk Compliance Committee are regularly and occasionally reported to the Board of Directors.

(4) Systems to ensure efficient execution of duties by Directors

◇ Systems

- 1) The Company shall separate the supervisory function from the executive function of management, and the Board of Directors of the Company shall determine basic management policies and important business execution etc., and supervise executive function. The Company shall introduce an executive officer system, and CEO and executive officers are responsible for the executive functions of the business. In addition, the Management Committee shall be established to efficiently conduct multifaceted reviews in the executive function, and deliberates and decides on important matters related to management strategy and business execution.

◇ Outline of Operational Status

- Directors make important management decisions promptly at the Board of Directors meetings and supervise the execution of duties. In addition, among the agenda presented to the Board of Directors meetings, important management issues are discussed and reviewed in advance by the Management Committee to enhance deliberations. In addition, through the introduction of the executive officer system, the Company endeavors to accelerate business execution.
- Specifically, we are improving efficiency in the execution of duties by Directors through the following management, etc.
 - By clarifying the business model and the business areas of Solution SoC and promoting a business transformation and shift of resources to growth areas, we are focusing on large-scale global business opportunities and development for business expansion and growth.
 - To enable efficient and quick development, we are promoting visualization of development resources and building a system that enables timely resource assignment.
 - We have been building and strengthening a structure for execution of duties as a listed company, including enhancement of public relations and investor relations functions and stock-related legal functions. In addition, the ESG Promotion Office was established to promote the construction, execution and disclosure of ESG-related business processes required internally and externally.

<p>2) The Company shall clarify the duties of the Group's officers and employees and the reporting obligations of its subsidiary officers and employees to the Company in accordance with the Socionext Group Approval Authority and the Affiliates Management Regulations and the Regulations on Organization and Separation of Duties.</p>
<p>3) The Company shall establish a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business.</p>
<p>4) The Company shall continuously promote the development of internal control systems and the reform of business processes in the Group.</p>

- In accordance with the Management Committee Regulations and the Socionext Group Approval Authority and the Affiliate Management Regulations, important matters relating to the business activities of the Group are set forth and administered as matters to be approved by and reported to the Management Committee. In addition, presidents of the Group Company make monthly business reports to the Management Committee members, etc.
- In the Group Company, the Company officers and employees are assigned to serve as officers of the Group Company to strengthen guidance, support and supervision on the development of operational systems. In addition, we establish the codes applicable to the entire Group Company to strengthen the management system of the Group Company.
- The Company establishes a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business. In addition, we conduct internal audits of business processes and take corrective actions as necessary, while continuously improving the processes.
- The Internal Audit Department conducts internal audits of the Group as a whole to ensure that the Group is performing its duties in accordance with the Socionext Group Approval Authority and the Affiliate Management Regulations and the rules of business processes.

5) The Company shall disseminate its management policy throughout the Group and formulate a business plan in March of each year that includes the next fiscal year and beyond. At monthly meetings of the Board of Directors, the Company shall monitor and supervise the achievement of management objectives by reporting on financial results and the status of business execution.

- The Group formulates a business plan in March every year that includes the following fiscal year and years beyond. In addition to quarterly management, the Group strives to manage management indicators and targets over the course of multiple fiscal years. Under this structure, we strive to confirm the feasibility of design wins and sales plans, promote comprehensive cost and gross margin improvements, upgrade our market strategy and check the validity of up-front development investments when it comes to design wins and lead generation, globalize and improve the efficiency of SCM, and globalize and improve the efficiency of corporate operations, while at the same time building and strengthening the IT infrastructure that supports our business activities. The status of these initiatives is reported to the Board of Directors monthly.

(5) Matters relating to Socionext Personnel assisting with the duties of the Audit & Supervisory Committee, matters relating to the independence of such personnel from Directors, and matters relating to ensuring the effectiveness of directions given to such personnel

◇ Systems

1) The Company shall have Socionext Personnel to assist with the duties of the Audit & Supervisory Committee of the Company and shall assign appropriate personnel with the abilities and knowledge required by the Audit & Supervisory Committee of the Company.

2) In order to ensure the independence of the Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by the Audit & Supervisory Committee of the Company, the Company shall obtain the consent of the Audit & Supervisory Committee of the Company with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.

3) In principle, the Company shall not allow the Socionext Personnel described in 1) above to serve concurrently with any other organizations. However, when it becomes necessary to have the Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.

◇ Outline of Operational Status

- The Company has established an Audit & Supervisory Committee Secretariat to support the duties of the Audit & Supervisory Committee and assigns appropriate personnel.

- The Company obtains the consent of the Audit & Supervisory Committee with respect to appointment, transfer and compensation of such personnel assisting with the Audit & Supervisory Committee

- Audit & Supervisory Committee Secretariat is a full-time system and has no concurrent staff.

(6) System for reporting to the Audit & Supervisory Committee

◇ Systems

1) Officers and employees of the Group shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company and provide Audit and Supervisory Committee members with opportunities to attend important meetings.
2) Officers and employees of the Group shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.
3) The Group shall not treat any officers or employees unfavorably for the reason of making a report under the preceding two items.

◇ Outline of Operational Status

<ul style="list-style-type: none">• Audit & Supervisory Committee receives reports on the status of the execution of duties from the CEO and executive officers, etc. on a regular and occasional basis. In addition, Audit & Supervisory Committee Members attend important meetings such as the Board of Directors, the Management Committee, and meetings for performance reporting, and conduct investigations and interviews with each division and exchange opinions with Directors of the Company.• Officers and employees of the Group immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.• The Group does not treat its officers and employees who report to the Audit & Supervisory Committee unfavorably for the reason of having made a report under the preceding two items.
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(7) Other Systems for Ensuring Effectiveness of Audit by Audit & Supervisory Committee

◇ Systems

1) Officers and employees of the Group shall exchange information with the Audit and Supervisory Committee upon request from the Audit and Supervisory Committee.
2) The Audit Department shall regularly report the status and results of audits to the Audit and Supervisory Committee. The Audit and Supervisory Committee may give instructions to the Audit Department as necessary.
3) The Audit and Supervisory Committee shall receive reports from accounting auditors on plans and results of accounting audits from time to time, and periodically exchange information with accounting auditors.
4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and the Company shall establish procedures for the requests in the same paragraph.

◇ Outline of Operational Status

<ul style="list-style-type: none">• Officers and employees of the Group exchange information with the Audit & Supervisory Committee upon request from the Audit & Supervisory Committee.• The Audit & Supervisory Committee works closely with the Internal Audit Department, which is the internal audit division, to improve effectiveness and efficiency of audits by exchanging information and opinions with each other on a regular basis and when necessary.• The Audit & Supervisory Committee receives periodic and occasional reports from accounting auditors and exchanges information and opinions.• Expenses of the Audit & Supervisory Committee are properly settled in response to requests from Audit & Supervisory Committee Members.

Consolidated Statement of Changes in Net Assets (April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity					
	Common stock	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	30,200	-	30,200	48,630	-	109,030
Changes during the fiscal year						
Issuance of new shares	2,456	85	2,456			4,997
Dividends of surplus				(11,160)		(11,160)
Profit attributable to owners of parent				26,134		26,134
Acquisition of treasury stock					(3)	(3)
Net changes in items other than those in shareholders' equity during the fiscal year						-
Total changes during the fiscal year	2,456	85	2,456	14,974	(3)	19,968
Balance as of March 31, 2024	32,656	85	32,656	63,604	(3)	128,998

	Accumulated other comprehensive income		Share subscription rights	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2023	822	822	12	109,864
Changes during the fiscal year				
Issuance of new shares				4,997
Dividends of surplus				(11,160)
Profit attributable to owners of parent				26,134
Acquisition of treasury stock				(3)
Net changes in items other than those in shareholders' equity during the fiscal year	1,200	1,200	(12)	1,188
Total changes during the fiscal year	1,200	1,200	(12)	21,156
Balance as of March 31, 2024	2,022	2,022	-	131,020

(Note) Monetary amounts are rounded to the nearest million yen.

Notes to the Consolidated Financial Statements

1. Note to the Significant Matters as the Basis for the Preparation of the Consolidated Financial Statements

Consolidated Financial statements are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006, as last amended Ministry of Justice Order No. 12 of March 27, 2024).

(1) Scope of Consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

The consolidated financial statements consolidate all six subsidiaries.

(Names of consolidated subsidiaries)

Socionext America Inc.
Socionext Europe GmbH
Socionext Technology Pacific Asia Ltd.
Socionext Technology(Shanghai)Co., Ltd.
Socionext Taiwan Inc.
Socionext Korea Ltd.

(2) Application of equity method

Number and names of affiliates accounted for by the equity method

(Affiliate)

Trinity Semiconductor Research LLC

(3) Fiscal years and other matters of consolidated subsidiaries

Among the consolidated subsidiaries, Socionext Technology (Shanghai) Co., Ltd., whose account closing date is December 31, has been consolidated using the financial statements provisionally closed as of the closing date of the consolidated financial statements.

(4) Accounting Policies

1) Basis and method for valuation of assets

a. Securities

Other securities:

* Other than stocks with no market value	Market value method based on market prices as of the fiscal year-end Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets Method of determining cost of sale at time of sale... Cost method using moving average method
* Stocks etc. with no market value	Cost method using the moving average method
b. Derivatives	Market value
c. Inventories	
Inventories held for ordinary sale	
* Finished goods	Cost method using the gross average method
* Work in process	Cost method using the gross average method

Inventories with reduced profitability have been written down in book value.

2) Methods of depreciation and amortization for non-current assets

a. Property, plant and equipment (excluding leased assets)

Depreciation is calculated by the straight-line method.

The useful lives are estimated as follows, reflecting the collection period according to the actual situation.

Buildings and structures, net	2 to 20 years
Machinery and equipment, net	3 to 5 years
Tools, furniture and fixtures	3 to 10 years

b. Intangible assets

Depreciation is calculated by the straight-line method.

Among all, technology assets and internal-use software are amortized using the straight-line method over their

estimated useful lives (up to five years) for internal use.

c. Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease term as the useful life and a residual value of zero.

3) Basis of recording revenues and expenses

With respect to the sale of semiconductor products, the Company recognizes revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product at the time of delivery of the product.

2. Notes to Changes in Presentation Methods

Interest income, which was included in "Other income" of Non-operating income in the previous fiscal year (141 million yen in the previous fiscal year), is presented as "Interest income" in the current consolidated fiscal year due to its increased materiality.

3. Notes on recognition of revenues

(1) Detailed information of revenues from contracts with customers

Net sales of finished goods	182,876 million yen
NRE Sales	37,609 million yen
Other	761 million yen
Revenues from contracts with customers	221,246 million yen
Sales to external customers	221,246 million yen

(2) Information that is the basis for understanding the revenues generated by contracts with customers
The Group Company is engaged in research, design and development, manufacturing, sales and service of semiconductor products, with revenues primarily from the sales of semiconductor products.

With respect to product sales, we recognize revenues when control of the product is transferred to the customer, that is, when the product is delivered to the customer, the legal ownership, physical possession and significant risks and economic value associated with the ownership of the product are transferred to the customer, and we gain the right to receive payment from the customer.

With respect to NRE sales, we recognize revenue when the products developed are delivered to the customer and the customer confirms receipt and evaluation of the deliverables, as significant risk and economic value are transferred to the customer and we gain the right to receive payment from the customer.

Revenues from these product sales and NRE sales are measured at transaction prices associated with the contract with customers.

The consideration for the transaction is received within one year after the fulfillment of the performance obligation and does not include any material financial factor.

(3) Information on the relationship (between fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenues expected to be recognized in the following fiscal year and thereafter from contracts with customers existing at the end of the fiscal year under review

1) Balance of contract assets and contract liabilities

	Balance as of April 1, 2023	Balance as of March 31, 2024
Contract liabilities	824 million yen	504 million yen

Contract liabilities primarily relate to advances received under contracts with customers before fulfilling performance obligations. Contract liabilities are reversed as revenues are recognized. Contract liabilities are included in "Other" in the consolidated balance sheet.

2) Transaction price allocated to the outstanding performance obligation

Statement of the Group's transaction price allocated to the outstanding performance obligation is omitted due to practical expedients as there is no material contract with a duration of more than one year that is initially estimated.

4. Notes on Accounting Estimates

Items whose amounts are recorded in the consolidated financial statements for the fiscal year under review based on accounting estimates and which may have a material impact on the consolidated financial statements for the following fiscal year are as follows:

- * Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the fiscal year under review
Deferred tax assets 6,740 million yen

(2) Information on the content of significant accounting estimates for identified items
Deferred tax assets are recognized only for tax credits and deductible temporary differences that are more likely to be applicable to future taxable income. The timing and amount of taxable income may be affected by future changes in uncertain economic conditions, and if the timing and amount of taxable income differ from the estimates, it may have a material impact on the amount recognized in the consolidated financial statements for the following fiscal year and thereafter.

5. Notes to the Consolidated Balance Sheet

- * Accumulated Depreciation of Property, Plant and Equipment

Buildings and structures, net	2,910 million yen
Machinery and equipment, net	102 million yen
Tools, furniture and fixtures	33,879 million yen
Total	36,891 million yen

6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and total number of issued shares at the end of the fiscal year under review
Common stock 178,687,405 shares

(2) Number of shares in terms of treasury stock at the end of the fiscal year under review
Common stock 788 shares

(3) Matters related to dividends of surplus for the fiscal year under review

Date of resolution	Type of shares	Source of dividend	Total amount of dividend (million yen)	Amount of dividend per share (yen)	Record date	Date to come into effect
May 19, 2023 Board of Directors meetings	Common stock	Retained earnings	7,070	210	March 31, 2023	June 7, 2023
October 31, 2023 Board of Directors meetings	Common stock	Retained earnings	4,090	115	September 30, 2023	November 28, 2023

(Note) The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. The amount of dividend per share is the amount before the stock split.

(4) Matters related to dividends of surplus distributed after the end of the fiscal year under review

Resolution schedule	Type of shares	Source of dividend	Total amount of dividend (Million yen)	Per share Dividend (Yen)	Record date	Date to come into effect
May 17, 2024 Board of Directors meetings	Common stock	Retained earnings	4,467	25	March 31, 2024	June 5, 2024

(5) Type and number of shares subject to share subscription rights (excluding those for which the first day of the exercise period has not yet arrived) at the end of the fiscal year under review
Common stock 2,634,350 shares

7. Notes on Financial Instruments

(1) Matters concerning financial instruments

1) Policy for financial instruments

The Group Company invests in financial assets with a higher degree of safety after securing the liquidity necessary for its business activities.

Our policy is to use derivatives to avoid the risk of foreign exchange fluctuations in trade receivables and payables and not to engage in speculative transactions.

2) Details of financial instruments and related risks

Accounts receivable-trade, our trade receivables, are exposed to customer credit risk. In addition, some foreign currency-denominated trade receivables are exposed to foreign exchange risk, but except for those not exceeding the balance of the same foreign currency-denominated accounts payable-trade, we hedge them using forward foreign exchange contracts.

Accounts payable-trade, our trade payables, are mostly due within two months. Certain foreign currency-denominated balances are exposed to foreign exchange risk, but are continuously within the range of the same foreign currency-denominated accounts receivable balance.

3) Risk management system relating to financial instruments

a. Management of credit risk (default risk of customers)

In accordance with the receivables management rules, the Company regularly monitors the business conditions of its business partners and manages the due dates and balances of each partner in order to identify concerns for collection at an early stage and mitigate risks.

b. Management of market risks (fluctuation risks in foreign exchange rates, interest rates, etc.)

The Company uses forward foreign exchange contracts to hedge foreign currency-denominated trade receivables and payables against the fluctuation risks in foreign exchange that are managed by currency and by due dates.

c. Management of liquidity risk in financing activities (our payment default risk)

In the Company, a department in charge prepares and updates cash flow plans in a timely manner based on reports from each department, and manages risks by maintaining liquidity on hand.

4) Supplementary explanation of matters relating to fair value of financial instruments

As fair value measurement of financial instruments incorporates variable factors, adopting different assumptions could result in different values.

(2) Fair value of financial instruments

“Cash on hand and in banks” is omitted because it is cash, and the market values of “Deposits,” “Accounts receivable-trade,” “Accounts receivable-other,” “Accounts payable-trade,” “Accounts payable-other,” and “Accrued expenses” are omitted too, as they are close to their book values, being settled in a short period of time.

(3) Items related to breakdown by level of market value of financial instruments

1) Financial instruments which are reported at market value on the consolidated balance sheet

Not applicable

2) Financial instruments which are not reported at market value on the consolidated balance sheet

Descriptions are omitted due to lack of significance.

8. Notes to Per-share Information

(1) Net assets per share 732.76 yen

(2) Profit per share for the fiscal year under review 148.39 yen

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Profit per share is computed based on the assumption that the stock split was implemented at the beginning of the fiscal year under review.

Non-Consolidated Statement of Changes in Net Assets (April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity					
	Common stock	Deposits for subscriptions of shares	Capital surplus		Retained earnings	
			Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance as of April 1, 2023	30,200	-	30,200	30,200	42,939	42,939
Changes during the fiscal year						
Issuance of new shares	2,456	85	2,456	2,456		
Dividends of surplus					(11,160)	(11,160)
Profit					26,311	26,311
Acquisition of treasury stock						
Net changes in items other than those in shareholders' equity during the fiscal year						
Total changes during the fiscal year	2,456	85	2,456	2,456	15,151	15,151
Balance as of March 31, 2024	32,656	85	32,656	32,656	58,090	58,090

	Shareholders' equity		Share subscription rights	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of April 1, 2023	-	103,339	12	103,351
Changes during the fiscal year				
Issuance of new shares		4,997		4,997
Dividends of surplus		(11,160)		(11,160)
Profit		26,311		26,311
Acquisition of treasury stock	(2)	(2)		(2)
Net changes in items other than those in shareholders' equity during the fiscal year		-	(12)	(12)
Total changes during the fiscal year	(2)	20,146	(12)	20,134
Balance as of March 31, 2024	(2)	123,485	-	123,485

(Note) Monetary amounts are rounded down to the nearest million yen.

Notes to the Non-consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Non-consolidated financial statements are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006, as last amended Ministry of Justice Order No. 12 of March 27, 2024).

(2) Basis and method for valuation of assets

1) Securities

a. Shares of subsidiaries and affiliates: Cost method using the moving-average method

b. Other securities:

* Other than stocks with no market value

Market value method based on market prices as of the fiscal year-end

Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets

Method of determining cost of sale at time of sale... Cost method using moving average method

* Stocks etc. with no market value

Cost method using the moving average method

2) Derivatives, etc.

* Derivatives

Market value

3) Inventories

Inventories held for ordinary sale

* Finished goods

Cost method using the gross average method

* Work in process

Cost method using the gross average method

Inventories with reduced profitability have been written down in book value.

(3) Methods of depreciation and amortization for non-current assets

1) Property, plant and equipment (excluding leased assets)

Depreciation is calculated by the straight-line method.

The useful lives are estimated as follows, reflecting the collection period according to the actual situation.

Buildings and structures, net 3 to 20 years

Machinery and equipment, net 3 to 5 years

Tools, furniture and fixtures 3 to 10 years

2) Intangible assets

Depreciation is calculated by the straight-line method.

Among all, technology assets and internal-use software are amortized using the straight-line method over their estimated useful lives (up to five years) for internal use.

3) Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease term as the useful life and a residual value of zero.

(4) Basis of recording revenues and expenses

With respect to the sale of semiconductor products, the Company recognizes the revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product at the time of delivery of the product.

2. Notes on Accounting Estimates

Items whose amounts are recorded in the non-consolidated financial statements for the fiscal year under review based on accounting estimates and which may have a material impact on the non-consolidated financial statements for the following fiscal year are as follows:

* Recoverability of deferred tax assets

(1) Amount recorded in the non-consolidated financial statements for the fiscal year under review

Deferred tax assets 6,551 million yen

(2) Information on the content of significant accounting estimates for identified items

Deferred tax assets are recognized only for tax credits and deductible temporary differences that are more likely to be applicable to future taxable income. The timing and amount of taxable income may be affected by future changes in uncertain economic conditions, and if the timing and amount of taxable income differ from the estimates, it may have a material impact on the amount recognized in the non-consolidated financial statements for the following fiscal year and thereafter.

3. Notes to the Non-consolidated Statement of Financial Position

(1) Accumulated Depreciation of Property, Plant and Equipment

Buildings and structures, net	1,842 million yen
Machinery and equipment, net	68 million yen
Tools, furniture and fixtures	32,090 million yen
Total	34,001 million yen

(2) Monetary receivables from and monetary payables to the affiliates

Short-term monetary receivables	22,995 million yen
Short-term monetary payables	1,184 million yen

4. Notes to Non-consolidated Statement of Income

Transaction with the affiliates

Operating transactions

Net sales	131,314 million yen
Purchases	14,666 million yen

Non-operating transactions

Dividend income	1,345 million yen
Asset Purchases	16 million yen

5. Notes to Non-consolidated Statement of Changes in Net Assets

Number of treasury stock at the end of the fiscal year under review

Common stock	788 shares
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6. Notes to Tax-Effect Accounting

Breakdown of Major Factors for Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets	
Provision for bonus	1,355 million yen
Accrued social insurance expenses	202 million yen
Loss on valuation of inventories	2,785 million yen
Loss on valuation of non-current assets	1,104 million yen
Accrued enterprise taxes	686 million yen
Lump-sum depreciable assets	88 million yen
Asset retirement obligations	169 million yen
Loss on valuation of investment securities	68 million yen
Other	204 million yen
<hr/> Subtotal of deferred tax assets	<hr/> 6,666 million yen
Valuation allowance	(68) million yen
<hr/> Total deferred tax assets	<hr/> 6,597 million yen
Deferred tax liabilities	
<hr/> Asset retirement obligations	<hr/> (46) million yen
<hr/> Total deferred tax liabilities	<hr/> (46) million yen
Deferred tax assets, net	6,551 million yen

7. Notes to Transaction with Related Parties

Type	Name of companies and others	Percentage of voting rights held (owned)	Relationship with related parties	Details of transactions	Transaction amount (Million yen)	Item	Balance as of March 31, 2024 (Million yen)
Subsidiaries	Socionext Technology Pacific Asia Ltd.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	87,014	Accounts receivable-trade, net	15,252
				Outsourcing of operations, etc.	797	Accounts receivable-other	209
				Sales support, etc.	3,480	Accounts payable-trade	346
Subsidiaries	Socionext America Inc.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	33,038	Accounts receivable-trade, net	5,802
				Outsourcing of operations, etc.	-	Accounts receivable-other	5
				Outsourcing of development, etc.	6,694	Accounts payable-trade	383
Officer	Masahiro Koezuka	Direct 0.0%	Director	Exercise of share acquisition rights (Note 2)	23	-	-
				In-kind contribution of monetary compensation claims (Note 3)	23	-	-
Officer	Koichi Otsuki	Direct 0.0%	Director	Exercise of share acquisition rights (Note 2)	22	-	-
				In-kind contribution of monetary compensation claims (Note 3)	16	-	-
Officer	Noriaki Kubo	Direct 0.0%	Director	Exercise of share acquisition rights (Note 2)	22	-	-
				In-kind contribution of monetary compensation claims (Note 3)	16	-	-
Officer	Yutaka Yoneyama	Direct 0.0%	Director	In-kind contribution of monetary compensation claims (Note 3)	10	-	-
Officer	Hisato Yoshida	Direct 0.0%	Director	In-kind contribution of monetary compensation claims (Note 3)	10	-	-

Notes: 1. Prices, among the transaction terms with the aforementioned companies, are established through negotiations, following the same procedures with other entities.

2. Exercising of share acquisition rights, which are granted pursuant to a resolution of the Board of Directors, during the fiscal year under review is shown.

The transaction amount indicates the amount paid by means of the exercising of share acquisition rights during the fiscal year under review.

3. This is due to an in-kind contribution of monetary compensation claims associated with the performance-based restricted stock compensation system.

8. Notes to Per-share Information

(1)	Net assets per share	690.60 yen
(2)	Profit per share for the fiscal year under review	149.40 yen

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Profit per share is computed based on the assumption that the stock split was implemented at the beginning of the fiscal year under review.