

**Note:**

**This English translation is made for reference purposes only, and in the event of any discrepancies between the English version and the Japanese version, the Japanese version prevails.**

Securities Code: 6526

June 6, 2023

(Commencement date of electronic provision measures: May 31, 2023)

To Our Shareholders:

10-23, Shin-Yokohama 2-Chome, Kohoku-ku, Yokohama City, Kanagawa Prefecture

**Socionext Inc.**

Masahiro Koezuka, Representative Director, Chairman, President and CEO

## Notice of the Ninth Ordinary General Meeting of Shareholders

We would like to express our gratitude for your continued support.

We hereby inform you that the Ninth Ordinary General Meeting of Shareholders will be held as set forth below.

For the convening of this General Meeting of Shareholders, information contained in the Reference Documents for the General Meeting of Shareholders, etc. (matters to be electronically provided) has been electronically provided, and the matters to be electronically provided have been posted on our company website on the Internet in the form of “Notice of the Ninth Ordinary General Meeting of Shareholders,” so please visit and confirm our company website below.

The Company website

<https://www.socionext.com/jp/ir/meeting/>

In addition to the above website, the matters to be electronically provided are also posted on the website of Tokyo Stock Exchange (TSE). Please access the TSE website (TSE Listed Company Information Service) below, enter and search “Socionext” in “Issue Name (Company Name)” or the Company Stock code “6526” in “Code,” select “Basic Information,” and then “Documents for public inspection/PR information,” and then click “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” in “Filed information available for public inspection.”

TSE website (TSE-listed company information service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

If you do not attend the meeting, you may exercise your voting rights in writing (by mail) or via the Internet, etc. Please refer to the “Instructions for Exercising Voting Rights” section below and exercise your voting rights by 5:30 p.m. on Tuesday, June 27, 2023.

**1. Date and Time:**

Wednesday, June 28, 2023, at 10 a.m. (reception begins at 9 a.m.)

**2. Venue:**

“Fantasia” on the third floor of Shin Yokohama Prince Hotel,  
3-4 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture

**3. Purposes:****Matters to be reported:**

1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Ninth Business Period (April 1, 2022 to March 31, 2023)
2. Auditing Reports from the Accounting Auditor and Audit & Supervisory Committee on the Results of the Audit of the Consolidated Financial Statements for the Ninth Business Period

**Matters to be resolved:**

**Proposal 1:** Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

**Proposal 2:** Election of Three (3) Directors Who Are Audit & Supervisory Committee Members

**Proposal 3:** Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member



## Guide to Exercising Voting Rights

You may exercise your voting rights in the following three ways:

### Attending the General Meeting of Shareholders

**Please submit your Voting Rights Exercise Form to the receptionist at the meeting.**

**Date and Time: Wednesday, June 28, 2023, at 10 a.m. (reception begins at 9 a.m.)**

### Exercising voting rights in writing (by mail)

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form and post it without a stamp.

**Due date for exercise                      Receipt by the Company by 5:30 p.m. on Tuesday, June 27, 2023**

### Voting via the Internet, etc.

Please exercise your voting rights after reviewing the instructions on the next page for exercising your voting rights via the Internet, etc.

**Due date for exercise                      Completion of entry by 5:30 p.m. on Tuesday, June 27, 2023**

- \* If you exercise your voting rights more than once via the Internet, etc., the last vote cast will be treated as the valid vote.
- \* If you exercise your voting rights both in writing (by mail) and via the Internet, etc., only your vote via the Internet, etc. will be valid.
- \* If there is no indication of approval or disapproval of a proposal, we will treat it as an indication of approval.

## **Guide to Exercising Voting Rights via the Internet**

### **How to scan QR code “Smart Exercise”**

You can log in to the voting website without entering your voting code and password.

1. Please scan the QR code at the bottom right of the Voting Rights Exercise Form.  
\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then follow the on-screen instructions to enter your approval or disapproval.

### **Exercising your voting rights by “Smart Exercise” is valid only once.**

If you wish to change your vote after exercising your voting rights, please access the PC version of the website, log in by entering your “voting code” and “password” on the voting form and then exercise your voting rights again.

\*You can go to the PC site by scanning the QR code again.

### **How to enter your voting code and password**

Voting website <https://www.web54.net>

1. Please access the voting website.
2. Please enter the “Voting Rights Exercise Code” provided on the Voting Rights Exercise Form.
3. Please enter the password provided on the Voting Rights Exercise Form.
4. Then follow the on-screen instructions to enter your approval or disapproval.

### **Inquiries regarding the exercise of voting rights via the Internet**

Exclusive telephone number of Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited  
Toll-free: 0120-652-031 (Business hours: 9:00–21:00)

### **To Institutional Investors**

The electronic voting platform for institutional investors operated by ICJ, Inc. is available for the exercise of voting rights.

## Reference Document for the General Meeting of Shareholders

**Proposal 1:** Election of Seven (7) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The term of office of all seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal unless otherwise stated) will expire at the conclusion of this meeting. Accordingly, the election of seven (7) Directors, including two (2) Outside Directors, is proposed.

The decision on this proposal has been made through prior deliberation by the Nomination and Remuneration Committee, the majority of whose members are Independent Outside Directors. In addition, the Audit and Supervisory Committee put this proposal under consideration, which led to the opinion that this proposal is reasonable.

The candidates for Directors are as follows.

Candidate No.	Gender	Name		Current position at the Company	Attendance at Board of Directors meetings
1	Male	Masahiro Koezuka	Reappointment	Representative Director, Chairman, President and CEO	14 out of 14 (100%)
2	Male	Koichi Otsuki	Reappointment	Director and Deputy President	13 out of 14 (93%)
3	Male	Noriaki Kubo	Reappointment	Director and Deputy President	14 out of 14 (100%)
4	Male	Yutaka Yoneyama	Reappointment	Director and Corporate Executive Vice President	14 out of 14 (100%)
5	Male	Hisato Yoshida	New appointment	Corporate Executive Vice President	-
6	Male	Masatoshi Suzuki	Reappointment Outside Independent	Director	14 out of 14 (100%)
7	Female	Sachiko Kasano	New appointment Outside Independent	Director (Audit & Supervisory Committee Member)	14 out of 14 (100%)

**Reappointment** Candidate for reappointment as Director

**New appointment** Candidate for new appointment as Director

**Outside** Candidates for appointment as Outside Directors

**Independent** Candidates for Independent Officers as provided by the TSE

Candidate No. 1 **Masahiro Koezuka** (Date of birth: December 14, 1951)

**Reappointment**

Number of years in office 8 years 9 months

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1974	Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
June 2010	Director, Senior Managing Executive Officer of Fujitsu Limited
May 2013	Director, Senior Executive Vice Chairman
September 2014	Representative Director of Socionext Inc. (Preparation Company)
February 2015	Director
April 2016	Representative Director and Chairman of Fujitsu Research Institute
April 2018	Representative Director, Chairman and CEO of Socionext Inc.
March 2022	Representative Director, Chairman, President and CEO (current position)

**[Reasons for selection as candidate]**

He has served on the Board of Directors of the Company since its founding and is well-versed in the semiconductor business, currently serving as Representative Director, Chairman, President and CEO, and helping to expand the Company's business performance and increase its corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 2 **Koichi Otsuki** (July 22, 1963)

**Reappointment**

Number of years in office 4 years

Number of the Company's shares held -

Attendance at Board of Directors meetings 13 out of 14 (93%)

**- Career summary, position and responsibility in the Company**

April 1988 Joined Fujitsu Limited

July 2013 Manager of High Performance Solution Department of Advanced Product Business  
Headquarters of Fujitsu Semiconductor Limited (currently Fujitsu Limited)

March 2015 Vice President of Custom SoC Business Unit, Business Group II of Socionext Inc.

October 2016 Corporate Senior Vice President

October 2018 Corporate Senior Executive Vice President , Project leader to Custom Business Promotion  
Project

April 2019 Corporate Senior Executive Vice President , Head of Sales Group

June 2019 Director, Corporate Senior Executive Vice President ,Head of Sales Group

March 2022 Director, Corporate Senior Executive Vice President , Head of Sales Group

April 2022 Director and Deputy President in charge of Sales & Business Development as well as  
Strategic Sourcing & Production Management (current position)

(Areas in charge of)

In charge of sales and business development, strategic sourcing and production management

**[Reasons for selection as candidate]**

He has been responsible for the development and sales divisions in the semiconductor business for many years, and is currently responsible for sales and business development as well as strategic sourcing and production management, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 3 **Noriaki Kubo** (August 9, 1963)

**Reappointment**

Number of years in office 5 years

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1986 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)  
October 2012 Head of Hardware Technology Headquarters, System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation)  
March 2015 Vice President, IoT Systems Business Unit, Business Group I of Socionext Inc.  
October 2016 Corporate Senior Vice President  
June 2018 Corporate Senior Executive Vice President of Visual Solutions Business Unit  
April 2019 Director, Corporate Senior Executive Vice President, Head of Automotive & Industrial Business Group  
April 2021 Director, Corporate Senior Executive Vice President in charge of Business Group  
April 2022 Director and Deputy President in charge of Business and Development (current position)  
(Areas in charge of)  
Business and development

**[Reasons for selection as candidate]**

He has been responsible for the business and development divisions in the semiconductor business for many years, and is currently responsible for business and development, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.



Candidate No. 4 **Yutaka Yoneyama** (June 20, 1962)

**Reappointment**

Number of years in office 1 year 3 months

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1985 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)  
April 2013 Accounting Group Manager of System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation)  
March 2015 Deputy General Manager, Corporate Finance Division of Socionext Inc.  
July 2018 General Manager, Corporate Finance Division  
July 2020 General Manager, Corporate Finance Division and Corporate Affairs & HR  
March 2022 Director Senior Vice President of Corporate Finance Division and Corporate Affairs & HR, and Intellectual Property & Legal  
April 2022 Director and Corporate Executive Vice President (current position)  
(Areas in charge of)  
Finance and business administration

**[Reasons for selection as candidate]**

He has been in the semiconductor business for many years and has a wealth of experience and insight in finance and accounting. He continues to play a wide range of roles being in charge of Administration, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request his re-election.

Candidate No. 5 **Hisato Yoshida** (November 3, 1963)

**New appointment**

Number of years in office -  
Number of the Company's shares held -  
Attendance at Board of Directors meetings -

- **Career summary, position and responsibility in the Company**

April 1988 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)  
April 2010 Group Manager of Fourth Development Group of First Business Division of System LSI Division of Panasonic Corporation (currently Panasonic Holdings Corporation)  
March 2015 Director, Development Department IV of IoT System Business ~~Division~~ Unit, Business Group I of Socionext Inc.  
April 2019 General Manager, System Development Division, Automotive & Industrial Business Group  
January 2021 Vice Head of Global Development Group and Vice Head of S NDP Promotion Group  
April 2022 Corporate Executive Vice President and Head of Global Development Group (current position)

(Areas in charge of)

Head of Global Development Group

**[Reasons for selection as candidate]**

He has been responsible for development divisions in the semiconductor business for many years, and reviewing development systems as a head of global R&D divisions, helping to improve business performance and increase corporate value. Therefore, we believe that he will be able to appropriately perform his duties as Director and request that he be elected.

Candidate No. 6 **Masatoshi Suzuki** (October 30, 1951)

Reappointment

Outside

Independent

Number of years in office 2 years

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

April 1975 Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)

June 2008 Senior Executive Vice President, NTT DoCoMo, Inc. (currently NTT DOCOMO, INC.)

June 2012 Senior Executive Vice President, MIRAIT Holdings Corporation (currently MIRAIT ONE Corporation)

October 2012 Representative Director, President

June 2020 Director and Advisor

June 2021 Outside Director of Socionext Inc. (current position)

**Reasons for nomination as candidate for Outside Director and outline of expected roles**

Leveraging a wealth of management experience gained from having served as a representative director and other positions at listed companies, he supervises and advises management from an objective and neutral standpoint. Therefore, we believe that he will be able to appropriately perform his duties as Outside Director from independent position and request his re-election.

The Company expects him to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on his extensive management experience.

Candidate No. 7 **Sachiko Kasano** (April 14, 1977)

**New appointment**

**Outside**

**Independent**

Number of years in office 1 year 3 months

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

October 2001 Qualified as an attorney and joined Miyakezaka Sogo Law Office

January 2016 Attorney-at-law of Kasumimon Sogo Law Offices (currently SHIOMIZAKA), Attorney  
(current position)

June 2021 Outside Audit & Supervisory Board Member of Socionext Inc.

March 2022 Outside Director (Audit & Supervisory Committee Member) (current position)

**- Significant concurrent positions**

Attorney, SHIOMIZAKA

**Reasons for nomination as candidate for Outside Director and outline of expected roles**

Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint. While Ms. Kasano has no experience of being involved in corporate management other than having served in the past as Outside Officer, the Company concluded that she will be able to perform her duties appropriately from an independent standpoint and proposes electing her as Outside Director.

The Company expects her to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on her extensive experience and deep insight as an attorney.

Notes:

1. There are no special conflict of interests between any of the candidates and the Company.
2. Masatoshi Suzuki and Sachiko Kasano are candidates for Outside Directors.
3. Although Masatoshi Suzuki and Sachiko Kasano are currently Outside Directors, Masatoshi Suzuki and Sachiko Kasano will have served as Outside Directors for two years and one year and three months, respectively, at the conclusion of this General Meeting of Shareholders.
4. The Company has entered into limited liability agreements with Masatoshi Suzuki and Sachiko Kasano pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation to limit their liability for damages as defined under Article 423, Paragraph 1 of the Company Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act. If they are elected and appointed as Directors, the Company plans to continue the said agreement.
5. The Company has entered into indemnity agreements with Masahiro Koezuka, Koichi Otsuki, Noriaki Kubo, Yutaka Yoneyama, Masatoshi Suzuki and Sachiko Kasano to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph so that Directors (and, for Sachiko Kasano, Director who is Audit & Supervisory Committee Member) can fully perform their expected roles. If each candidate is elected and appointed as Director, the Company plans to continue the said agreement. If Hisato Yoshida is elected and appointed as Director, the Company plans to enter into the said agreement with him.
6. The Company has entered into officers' liability insurance contracts with insurance companies pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which the insured is liable in connection with the execution of his/her duties or shall be compensated for any damage that may arise from the receipt of a claim related to the pursuit of such liability. All premiums for the insured are fully paid by the Company. If each candidate is elected and appointed as Director, he or she will be an insured under the relevant insurance policy. The policy is also scheduled to be renewed at the next renewal.
7. On July 7, 2021, MIRAIT Corporation (currently, MIRAIT ONE Corporation), for which Mr. Masatoshi Suzuki was serving as a director, received a notice of administrative disposition from the Kanto Bureau of Telecommunications of the Ministry of Internal Affairs and Communications, concerning an order to suspend its registered inspection business and a business improvement order, alleging that the company had acted in violation of the Radio Act in connection with its past inspection of radio station equipment. We understand that he was not aware of the above facts until they were made known to the corporation, and believe that he appropriately carried out his duties while serving as a director of the Company, such as making recommendations on legal compliance on a regular basis, and after the fact came to light, asking the Board of Directors of the corporation to take measures to prevent the recurrence of the situation.
8. The Company appointed Masatoshi Suzuki and Sachiko Kasano as Independent Officers as provided by Tokyo Stock Exchange and has registered them with Tokyo Stock Exchange. The Company will continue to appoint them as Independent Officers if they are elected.
9. The number of the Company shares held by each candidate is as of March 31, 2023.
10. Sachiko Kasano's name on the family register is Sachiko Yanai.

**Proposal 2: Election of Three (3) Directors Who Are Audit & Supervisory Committee Members**

The term of office of all three (3) Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of three (3) Directors who are Audit & Supervisory Committee Members is proposed.

With regard to this agenda item, the consent of the Audit & Supervisory Committee has been obtained.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

Candidate No.	Gender	Name		Current position at the Company	Attendance at Board of Directors meetings
1	Male	Yasuyoshi Ichikawa	Reappointment Outside Independent	Director (Audit & Supervisory Committee Member)	14 out of 14 (100%)
2	Male	Morimasa Ikemoto	New appointment Outside	Advisor	3 out of 3 (100%)
3	Female	Noriko Yoneda	New appointment Outside Independent	-	-

(Note) Morimasa Ikemoto served as Outside Director for four years and one month from June 2018 to July 2022.

**Reappointment** Candidate for reappointment as Director

**New appointment** Candidate for new appointment as Director

**Outside** Candidates for appointment as Outside Directors

**Independent** Candidates for Independent Officers as provided by the TSE

Candidate No. 1 **Yasuyoshi Ichikawa** (July 16, 1961)

**Reappointment**

**Outside**

**Independent**

Number of years in office 1 year 3 months

Number of the Company's shares held -

Attendance at Board of Directors meetings 14 out of 14 (100%)

**- Career summary, position and responsibility in the Company**

October 1985 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)

August 2018 Executive officer of Deloitte Touche Tohmatsu LLC (in charge of Quality Control)

December 2020 Member of Yasuyoshi Ichikawa Certified Public Accountant Office, Certified Public Accountant (current position)

March 2022 Outside Director (Audit & Supervisory Committee Member) (current position)

**- Significant concurrent positions**

Member of Yasuyoshi Ichikawa Certified Public Accountant Office, Certified Public Accountant

**Reasons for nomination as a candidate for Outside Director who is Audit & Supervisory Committee Member and outline of expected roles**

Based on his extensive experience as a certified public accountant and his deep insight into financial accounting, he supervises and advises management from an objective and neutral standpoint. While Mr. Ichikawa has no experience of being involved in corporate management other than having served in the past as Outside Officer, the Company concluded that he will be able to perform his duties appropriately from an independent standpoint and proposes re-electing him as Outside Director who is Audit & Supervisory Committee Member.

The Company expects him to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on his extensive experience and deep insight as a certified public accountant.

Candidate No. 2 **Morimasa Ikemoto** (January 4, 1954)

**New appointment**  
**Outside**

Number of years in office -

Number of the Company's shares held -

Attendance at Board of Directors meetings 3 out of 3 (100%)\*

\* Served as Outside Director for four years and one month from June 2018 to July 2022.

- **Career summary, position and responsibility in the Company**

April 1979	Joined Fujitsu Limited
June 2012	General Manager, Corporate Internal Audit Division
June 2014	Full-time Corporate Auditor, FUJITSU COMPONENT LIMITED
June 2016	Director (Audit & Supervisory Committee Member)
June 2018	Outside Director of Socionext Inc.
July 2022	Advisor (current position)

**Reasons for nomination as a candidate for Outside Director who is Audit & Supervisory Committee Member and outline of expected roles**

He has served as a director who is an audit and supervisory committee member and a full-time auditor of a listed company, and has considerable knowledge of finance and accounting, internal control and auditing. In addition, from June 2018 to July 2022, he advised the management of the Company as Outside Director of the Company. Therefore, the Company concluded that he will be able to perform his duties appropriately and proposes electing him as Outside Director who is Audit & Supervisory Committee Member. If elected, he is expected to take on the responsibilities of a full-time Audit & Supervisory Committee Member.

The Company expects him to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on his extensive knowledge.



Candidate No. 3 **Noriko Yoneda** (June 30, 1975)

**New appointment**

**Outside**

**Independent**

Number of years in office -

Number of the Company's shares held -

Attendance at Board of Directors meetings -

- **Career summary, position and responsibility in the Company**

October 2001 Qualified as an attorney and joined Tatsuno, Ozaki & Fujii Law Office

October 2014 Joined TMI Associates

July 2020 Established Kobe Grace Law Office, Representative Attorney (current position)

March 2023 Outside Director of KEIWA Incorporated (current position)

- **Significant concurrent positions**

Kobe Grace Law Office, Representative Attorney

Outside Director of KEIWA Incorporated

**Reasons for nomination as a candidate for Outside Director who is Audit & Supervisory Committee Member and outline of expected roles**

She has extensive experience as an attorney and deep insight into corporate legal affairs and compliance.

While Ms. Yoneda has no experience of being involved in corporate management other than having served in the past as Outside Officer, the Company concluded that she will be able to perform her duties appropriately from an independent standpoint and proposes electing her as Outside Director who is Audit & Supervisory Committee Member.

The Company expects her to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on her extensive experience and insight as an attorney.

Notes:

1. There are no special conflict of interests between any of the candidates and the Company.
2. Yasuyoshi Ichikawa, Morimasa Ikemoto and Noriko Yoneda are candidates for Outside Directors.
3. Yasuyoshi Ichikawa is currently Outside Director of the Company, and his term in office as Outside Director will be one year and three months at the conclusion of this General Meeting of Shareholders. Morimasa Ikemoto was appointed as Advisor in July 2022, but was Outside Director for four years and one month from June 2018 to July 2022.
4. The Company has entered into limited liability agreements with Yasuyoshi Ichikawa pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation to limit his liability for damages as defined under Article 423, Paragraph 1 of the Company Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act. If Mr. Ichikawa is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to continue the said agreement. In addition, if Morimasa Ikemoto and Noriko Yoneda are elected and appointed as Directors who are Audit & Supervisory Committee Members, the Company plans to enter into similar liability limitation agreements with them.
5. The Company has entered into indemnity agreements with Yasuyoshi Ichikawa to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph so that Director who is Audit & Supervisory Committee Member can fully perform his expected roles. If Mr. Ichikawa is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to continue the said agreement. In addition, if Morimasa Ikemoto and Noriko Yoneda are elected and appointed as Directors who are Audit & Supervisory Committee Members, the Company plans to enter into similar indemnity agreements with them.
6. The Company has entered into officers' liability insurance contracts with insurance companies pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which the insured is liable in connection with the execution of his/her duties or shall be compensated for any damage that may arise from the receipt of a claim related to the pursuit of such liability. All premiums for the insured are fully paid by the Company. If each candidate is elected and appointed as Director who is Audit & Supervisory Committee Member, he or she will be an insured under the relevant insurance policy. The policy is also scheduled to be renewed at the next renewal.
7. The Company appointed Yasuyoshi Ichikawa as Independent Officer as provided by Tokyo Stock Exchange and has registered him with Tokyo Stock Exchange. If Mr. Ichikawa is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to reappoint him as Independent Officer. In addition, if Ms. Noriko Yoneda is elected and appointed as a Director who is an Audit & Supervisory Committee Member, she meets the requirements for Independent Officer as stipulated by Tokyo Stock Exchange, and we plan to register her as Independent Officer with such exchange. Although Morimasa Ikemoto meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the "Independence Standards for Outside Directors" set forth by the Company, the Company does not plan to register him as Independent Officer with such exchange.
8. The number of the Company shares held by each candidate is as of March 31, 2023.
9. Noriko Yoneda's name on the family register is Noriko Oshima.

**Reference: Skill matrix of Director candidates**

Name	Gender	Outside	Independent	Audit & Supervisory Committee Members	1)	2)	3)	4)	5)
					Management experience	Semiconduct or business	International (Overseas experience)	Finance and Accounting	Legal and Compliance
Masahiro Koezuka	Male				✓	✓	✓		
Koichi Otsuki	Male					✓			
Noriaki Kubo	Male					✓			
Yutaka Yoneyama	Male					✓	✓	✓	✓
Hisato Yoshida	Male					✓			
Masatoshi Suzuki	Male	✓	✓		✓		✓		✓
Sachiko Kasano	Female	✓	✓						✓
Yasuyoshi Ichikawa	Male	✓	✓	✓				✓	
Morimasa Ikemoto	Male	✓		✓				✓	
Noriko Yoneda	Female	✓	✓	✓					✓

## Reference: Independence Standards for Outside Directors

### Independence Standards for Outside Directors

The Company considers Outside Directors or candidates for such directors to be independent if it determines that none of the following 1 to 9 apply:

However, even if a person falls under any of the following 1 to 9, he or she may be appointed as Independent Outside Director of the Company if the Company believes that he or she has sufficient independence, provided that the reasons for such independence are publicly disclosed.

1. A person whose major client or supplier is Socionext Group Companies (Note 1) (Note 2) or a business executive person thereof (Note 3)
2. Major client of (Note 4) or major lender (Note 5) to Socionext Group Companies or a business executive person thereof
3. An outside expert who receives a substantial amount of compensation from Socionext Group Companies in addition to officer's compensation (Note 6), or a person who belongs to the organization if the outside expert is an organization such as a corporation
4. A member or employee of the accounting auditor of the Company
5. A person who receives a large donation from Socionext Group Companies (Note 7), or a person who belongs to the organization if the recipient of such a donation is an organization such as a corporation
6. A business executive person of a corporation or other organization that accepts directors or other officers from Socionext Group Companies
7. A person who has fallen under any of the above items 1 through 6 in the past three years
8. A major shareholder of the Company (Note 8) or a business executive person thereof
9. A close relative of one of the following (Note 9):
  - (1) Persons listed above 1 through 8
  - (2) A business executive person of Socionext Group Companies
  - (3) A business executive person who has been an executive person of Socionext Group Companies in the past three years

Note: 1 Socionext Group Companies means Socionext Inc. and its subsidiaries.

Note: 2 A person whose major client or supplier is Socionext Group Companies means a party whose sales to Socionext Group Companies account for 2% or more of its annual consolidated total sales in the most recent fiscal year.

Note: 3 A business executive person is defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act.

Note: 4 Major client or supplier for Socionext Group Companies means a party to which 2% or more of Socionext Group Companies annual consolidated total sales in the most recent fiscal year are recorded.

Note: 5 Major lender is a major lender stated in the Company's most recent Business Report.

Note: 6 A substantial amount of compensation means that an individual is paid at least 10 million yen per year in the most recent business year of Socionext Group Companies, and an organization such as a corporation is paid at least 2% of the total annual consolidated sales in the most recent business year of the organization.

Note: 7 A large donation means a donation of at least 10 million yen per year in the most recent fiscal year of Socionext Group Companies.

Note: 8 A major shareholder is a person who holds 10% or more of the voting rights.

Note: 9 A close relative is a spouse, a relative within the second degree of kinship or a relative living together.

**Item No. 3:** Election of One (1) Substitute Director Who Is an Audit & Supervisory Committee Member  
In order to prepare for the case where the number of Directors who are Audit & Supervisory Committee Members falls short of the number stipulated by laws and regulations, the Company requests election of one (1) Substitute Director who is an Audit & Supervisory Committee Member.

The election of the substitute Director who is Audit & Supervisory Committee Member is effective until the start of the ordinary general meeting of shareholders for the last fiscal year of the fiscal years ending within one year after the election; also, provided it is before the appointment of Director who is Audit & Supervisory Committee Member becoming effective, the election may be rescinded by a resolution of the Board of Directors with the consent of the Audit & Supervisory Committee.

With regard to this agenda item, the consent of the Audit & Supervisory Committee has been obtained. The candidate for Substitute Director who is Audit & Supervisory Committee Member is as follows.

**Go Anan** (March 20, 1977)

**Outside**  
**Independent**

Number of years in office -  
Number of the Company's shares held -  
Attendance at Board of Directors meetings -

**- Career summary**

October 2001 Qualified as an attorney and joined Mori Sogo (currently Mori Hamada & Matsumoto)  
April 2007 Joined Sueyoshi Sogo Law Office (currently SHIOMIZAKA) (current position)  
May 2021 Independent Audit & Supervisory Board Member, INFORICH INC. (current position)  
June 2022 Outside Director, AGP CORPORATION (current position)

**- Significant concurrent positions**

Attorney, SHIOMIZAKA  
Independent Audit & Supervisory Board Member, INFORICH INC.  
Outside Director, AGP CORPORATION

**Reasons for nomination as a candidate for Substitute Outside Director who is Audit & Supervisory Committee Member and outline of expected roles**

He has extensive experience as an attorney and deep insight into corporate legal affairs. While Mr. Anan has no experience of being involved in corporate management other than having served in the past as Outside Officer, the Company concluded that he will be able to perform his duties appropriately from an independent standpoint and proposes electing him as Substitute Outside Director who is Audit & Supervisory Committee Member.

The Company expects her to contribute to the enhancement of management oversight functions and the improvement of corporate value through proposals for general management based on her extensive experience and insight as an attorney.

Notes:

1. There is no special conflict of interests between the candidate and the Company.
2. Go Anan is a candidate for Substitute Outside Director.
3. If Mr. Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to enter into a limited liability agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation to limit his liability for damages as defined under Article 423, Paragraph 1 of the Company Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act.
4. If Mr. Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, the Company plans to enter into an indemnity agreement with him to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph so that Director who is Audit & Supervisory Committee Member can fully perform his expected roles.
5. The Company has entered into officers' liability insurance contracts with insurance companies pursuant to Article 430-3, Paragraph 1 of the Companies Act, under which the insured is liable in connection with the execution of his/her duties or shall be compensated for any damage that may arise from the receipt of a claim related to the pursuit of such liability. All premiums for the insured are fully paid by the Company. If each candidate is elected and appointed as Director who is Audit & Supervisory Committee Member, he or she will be an insured under the relevant insurance policy.
6. If Go Anan is elected and appointed as Director who is Audit & Supervisory Committee Member, he meets the requirements for Independent Officer as provided for by Tokyo Stock Exchange, and the Company plans to register him as Independent Officer.
7. The number of the Company shares held by each candidate is as of March 31, 2023.

## **Business Report**

(April 1, 2022 to March 31, 2023)

### **1. Current Status of Corporate Group**

#### **(1) Business progress and results**

[Status of the world economy]

During the fiscal period under review, the global economy has shown a recovery from COVID-19 in terms of both supply and demand, with a gentle upward trend. However, the economic recovery slowed down in the latter half of the fiscal year due to high inflation rates and monetary policy tightening. Regarding exchange rates, the Japanese yen has been appreciating from November 2022 onward; however, it depreciated compared with the previous fiscal year. Additionally, the prolonged conflict in Ukraine, U.S.-China trade friction, and new COVID-19 variants have further increased uncertainties regarding future economic developments.

[Conditions in global semiconductor market]

Under such circumstances, the growth of the semiconductor market slowed down significantly in 2022 compared with the previous year, due to weaker demand for final products such as smartphones, PCs, and consumer electronics. On the other hand, the manufacturing capacity constraints of manufacturers (foundries as well as OSAT) that led to limitations in semiconductor supply have been easing from the latter half of the fiscal year.

[Results of Structural Reform in Socionext Group since April 2018]

At the Group (“the Group,” “the Company,” “we” and “our” refer to Socionext Inc. and its consolidated subsidiaries), we have been progressing with transforming our business model, and shifting focus areas to high-growth and cutting-edge business areas where more global large-scale business is expected, and also carrying out structural reform including bold transformation in our business structure. This has all been implemented by the current CEO since his appointment in April 2018. As a result, we have been acquiring more design wins in our focus areas including automotive, data centers & networking, and smart devices. We have acquired design wins amounting to roughly 200 billion yen during each of the fiscal years ended March 31, 2020, 2021 and 2022, an increase from the design win amount of roughly 100 billion yen for the fiscal year ended March 31, 2019, through the transformation. Furthermore, for the current fiscal year ended March 31, 2023, we have achieved design wins amounting to 250 billion yen (1 U.S. dollar = 100 yen).

[Transformation of development system in the Group]

To improve design and development efficiency, we also made a transformation to rebuild an optimized R&D structure corresponding to our distinctive “Solution SoC” business model. We clarified the role of the team with engineers having a deep understanding of advanced technologies including SoC system architecture, IP and design methodologies, to develop strong relationships with partners in the global semiconductor industry ecosystem. In addition, we established a three-tiered organizational structure, including the project management division to manage R&D projects based on defined SoC specifications, and teams responsible for specific development tasks. Through the R&D structure, we are able to strengthen the relationship with customers at the early stage of the projects and meet customer needs for SoC development.

[Status of research and development in the Group]

Our research and development consists of both upfront development in advanced technologies for acquiring design wins in our focus areas and investments in product development linked to acquired design wins. For the current fiscal year under review, our research and development costs increased 14.2% from the previous period to 49,324 million yen. This was mainly due to the increase in acquired design wins. Because the ecosystem continues to grow in complexity and flexibly, and to utilize the latest advanced technologies, we regularly work with multiple partners and actively invest in advanced technologies including 3nm and finer process nodes, advanced packaging technologies such as chiplets, application of latest EDA tools as well as platformization. For investments in product development, we completed tape-out (the final stage of the design process) of 5nm-generation products in the ADAS area in the first quarter of the current fiscal year under review. We also started mass production for 7nm products in the data center & networking area in the current fiscal year under review. Furthermore, 7nm products in the automotive area will enter the mass production stage in the fiscal year ending March 31, 2024.

[Status of sales in the Group during the fiscal year under review]

Our net sales consist of NRE revenue received from customers based on costs incurred in scheduled milestones during the design and development process, and product revenue from the applicable products which entered the mass production stage. Under the circumstances of technological advancements in the semiconductor industry, NRE revenue was 34,867 million yen in the current year ended March 31, 2023, an increase of 24.0% from the year ended March 31, 2022. Besides, product revenue increased significantly by 85.3% from the previous fiscal year ended March 31, 2022, to 156,751 million yen. This was due to the completion of product development in the design wins acquired in or after the fiscal year ended March 2020 and such products have sequentially entered the mass production stage and production volume increased especially in cutting-edge processes. In addition, the easing of capacity constraints at manufacturing partners also contributed to the increase in product sales.

[Status of business performance in the Group during the fiscal year under review]

The consolidated net sales for the year ended March 31, 2023 were 192,767 million yen, an increase of 64.7% compared with the previous fiscal year. Operating income was 21,711 million yen (up 156.5% from the previous fiscal year), ordinary income came to 23,440 million yen (up 159.0%) and profit attributable to owners of parent posted 19,763 million yen (up 164.2%), all significantly up from the previous fiscal year. The depreciation of the Japanese yen has led to increases of 25,600 million yen in net sales, 9,800 million yen in operating income and 10,600 million yen in ordinary income, compared with the previous fiscal year.

**Results for the fiscal year under review**

Net sales	192,767 million yen	(up 64.7% year on year)
Operating income	21,711 million yen	(up 156.5% year on year)
Ordinary income	23,440 million yen	(up 159.0% year on year)
Profit attributable to owners of parent	19,763 million yen	(up 164.2% year on year)



## **(2) Issues to Deal With**

The Solution SoC business, the Group's business, is characterized by a long period of time between the acquisition of design wins and the start and end of mass production. For this reason, one of the Group's key management indicators is the balance of design wins acquired, which is the amount of design wins acquired less actual sales.

By adopting this management indicator, the Group is now able to forecast sales through the fiscal year ending March 2025 to some extent. Therefore, looking ahead to the fiscal year ending March 2026 and beyond, we recognize that it is necessary for the continuous sustainable growth of the Group to acquire the same level of design wins per year as in the current fiscal year, which is around 250 billion yen (1 U.S. dollar = 100 yen). In order to achieve this goal, we have positioned the transformation of corporate culture, improvement of development competitiveness, and strengthening of the SCM system as key management issues, and will move forward with these initiatives.

First, in transforming our corporate culture, we will change our mindset as a global company, understand the needs of our overseas customers that could lead to global large-scale business and build a structure that enables us to provide the products and services our customers demand.

Next, in improving our development competitiveness, we will aggressively pursue the establishment of standard development processes and up-front investment in design environments including methodologies and tools. We will also further strengthen our relationships with global partners in the semiconductor ecosystem, including IP and tool vendors, foundries, and OSAT, and continue to participate in the activities of international standards organizations.

Furthermore, in strengthening the SCM system, we will continue to improve business processes in the production, procurement, and supply functions, and to build an optimal SCM system for the entire Group, so that we can respond in a timely manner even when the production capacity of our manufacturing partners becomes tight.

In addition to these activities, we will actively work to resolve sustainability issues such as those related to the environment and human resources.

The Group, as a global company, will contribute to society by creating new value in the form of solution SoC, combining sales, development, production and procurement, and corporate functions.

## **(3) Status of Capital investment**

Capital investment (including intangible assets) made during the fiscal year under review totaled 20,429 million yen. The main investments among them are for reticles, intellectual property (IP), test boards and enhancement of the development environment.

## **(4) Status of Financing**

To respond to increasing needs for working capital related to increasing product revenue, as well as to address a global economic slowdown and geopolitical risks, the Company entered another commitment line agreement of 10 billion yen on December 27, 2022, besides an existing commitment line agreement of 10 billion yen. As a result, the maximum amount for the commitment lines has become 20 billion yen. As of March 31, 2023, the commitment lines with a total amount of 20 billion yen were unused.

**(5) Financial Position and Results of Operations**

Category	6th Business Period FYE March 2020	7th Business Period FYE March 2021	8th Business Period FYE March 2022	Ninth Business Period FYE March 2023 Fiscal year under review
Net sales (Million yen)	103,628	99,746	117,009	192,767
Operating income (Million yen)	2,316	1,552	8,463	21,711
Ordinary income (Million yen)	1,852	1,969	9,050	23,440
Profit attributable to owners of parent (Million yen)	1,428	1,469	7,480	19,763
Profit per share (Yen)	42.42	43.63	222.18	587.02
Total assets (Million yen)	98,681	104,235	118,428	193,945
Net assets (Million yen)	79,836	81,676	89,609	109,864

Notes: 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 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 cancelled all the Type A shares and Type B shares. Profit per share is computed based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2020.

**(6) Major Subsidiaries**

<b>Company name</b>	<b>Common stock</b>	<b>The Company's stake</b>	<b>Main Business</b>
Socionext America Inc.	Thousand USD 2,800	100.0%	Design, development and sales of solution SoCs
Socionext Europe GmbH	Thousand Euro 11,400	100.0%	Design, development and sales of solution SoCs
Socionext Technology Pacific Asia Ltd.	Thousand USD 6,000	100.0%	Design, development and sales of solution SoCs
Socionext Technology (Shanghai) Co., Ltd.	Chinese Yuan 12,249,600	100.0%	Design, development and sales of solution SoCs
Socionext Taiwan Inc.	Thousand NTD 29,000	100.0%	Design, development and sales of solution SoCs
Socionext Korea Ltd.	Million KRW 400	100.0%	Sales of solution SoCs

Notes: Shares of Socionext Technology (Shanghai) Co., Ltd. and Socionext Taiwan Inc. are held indirectly through Socionext Technology Pacific Asia Ltd.

**(7) Principal Business (as of March 31, 2023)**

The Company's business is a single segment of the Solution SoC business and consists primarily of the following five areas:

Area	Main Applications
Automotive	AD/ADAS, in-vehicle sensing, IVI (In-Vehicle Infotainment), cockpit HMI
Data center & networking	Data center, AI accelerators and 5G mobile phone base stations
Smart Devices	Smart glasses, AR/VR, action cameras, digital still cameras
Industrial automation	FA, measuring instruments, printers, projectors
IoT & Radar Sensing	Smart home appliance/smart home/IoT devices, broadcast receivers, satellite/in-vehicle communication devices

**(8) Principal Offices (as of March 31, 2023)****1) The Company**

Name	Location
Head Office	Yokohama City, Kanagawa Prefecture
Kyoto Office	Kyoto City, Kyoto Prefecture
Kozoji Office	Kasugai City, Aichi Prefecture
Sendai Office	Sendai City, Miyagi Prefecture

**2) Subsidiaries**

Company name	Location
Socionext America Inc.	USA, Milpitas
Socionext Europe GmbH	Germany, Langen
Socionext Technology Pacific Asia Ltd.	China, Hong Kong
Socionext Technology (Shanghai) Co., Ltd.	China, Shanghai
Socionext Taiwan Inc.	Taiwan, Taipei
Socionext Korea Ltd.	South Korea, Seoul

**(9) Employees (as of March 31, 2023)**

<b>Number of employees</b>	<b>Change from the previous fiscal year-end</b>
2,526	Decrease of 43

Notes: The number of employees includes temporary employees (fixed-term employees, contract employees, and incoming secondees). In addition to the above, we have 50 employees on secondment outside the Group.

## 2. Current condition of the Company

### (1) Shares (as of March 31, 2023)

- |                                       |             |
|---------------------------------------|-------------|
| 1) Total number of authorized shares  | 134,600,000 |
| 2) Total number of shares outstanding | 33,666,666  |
| 3) Number of shareholders             | 17,672      |
| 4) Major shareholders                 |             |

Name of shareholder	Number of shares held (shares)	Percentage of shareholding (%)
Development Bank of Japan Inc.	5,049,966	14.99
Fujitsu Limited	5,049,900	14.99
The Master Trust Bank of Japan, Ltd. (trust Account)	2,880,100	8.55
Panasonic Holdings Corporation	2,525,000	7.50
SSBTC CLIENT OMNIBUS ACCOUNT	1,037,500	3.08
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	614,465	1.82
Custody Bank of Japan, Ltd. (trust account)	586,900	1.74
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY	454,635	1.35
PERSHING SECURITIES LTD CLIENT SAFE CUSTODY ASSET ACCOUNT	410,600	1.21
Nomura Securities Co., Ltd. (self-transfer account)	399,700	1.18

Note: There is no treasury stock.

### (2) Status of Officers

#### 1) Directors (as of March 31, 2023)

Position in the Company	Name	Responsibilities and Significant Concurrent Positions
Representative Director, Chairman, President and CEO	Masahiro Koezuka	-
Director and Deputy President	Koichi Otsuki	In charge of sales and business development, strategic sourcing and production management
Director and Deputy President	Noriaki Kubo	Business and development
Director and Corporate Executive Vice President	Yutaka Yoneyama	Finance and business administration
Director	Shin-ichi Ando	Special assignment
Director	Masatoshi Suzuki	-
Director	Katsushi Kitajo	Director and Managing Executive Officer of Development Bank of Japan Inc.
Director (Full-time Audit & Supervisory Committee Member)	Tsuyoshi Sakuma	-
Director (Audit & Supervisory Committee Member)	Sachiko Kasano	Attorney, SHIOMIZAKA
Director (Audit & Supervisory Committee Member)	Yasuyoshi Ichikawa	Member of Yasuyoshi Ichikawa Certified Public Accountant Office, Certified Public Accountant

- Notes: 1. Directors Masatoshi Suzuki and Katsushi Kitajo and Directors who are Audit & Supervisory Committee Members Sachiko Kasano and Yasuyoshi Ichikawa are Outside Directors.
2. Development Bank of Japan Inc., in which a significant concurrent position is held by Director Katsushi Kitajo, is a shareholder with 14.99% of the total number of shares outstanding of the Company, but there are no other transactions and other matters to be described.
3. There is no special relationship between the Company and the organizations in which significant concurrent positions are held by Directors Sachiko Kasano and Yasuyoshi Ichikawa, who are Audit & Supervisory Committee Members.
4. Directors who are Audit & Supervisory Committee Members, Tsuyoshi Sakuma and Yasuyoshi Ichikawa, have considerable knowledge of finance and accounting as follows:
- \* Tsuyoshi Sakuma, Director who is Audit & Supervisory Committee Member, engaged in investment banking operations at Development Bank of Japan Inc. for many years.

- \* Yasuyoshi Ichikawa, Director who is an Audit & Supervisory Committee Member, is qualified as a certified public accountant.
- 5. When the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders held on July 27, 2022, Morimasa Ikemoto and Yoshiyuki Miyabe, both Directors, and Kenji Hanawa, Director who is Audit & Supervisory Committee Member, resigned from their positions. Regarding significant concurrent positions at the time of their retirement, Yoshiyuki Miyabe was Director and Executive Vice President of Panasonic Holdings Corporation and External Director, West Japan Railway Company, and Kenji Hanawa was Deputy Manager, Corporate Finance Department, Division 2 of Development Bank of Japan Inc. and Councilor, Corporate Coordination Department, Social Implementation Division of the National Institute of Advanced Industrial Science and Technology.
- 6. Panasonic Holdings Corporation, in which a significant concurrent position is held by Mr. Yoshiyuki Miyabe at the time of his retirement, is a shareholder with 7.50% of the total number of shares outstanding of the Company, and there are product sales and other transactions between the Company and Panasonic Holdings Corporation and its subsidiaries. In addition, there is no special relationship between the Company and West Japan Railway Company, in which a significant concurrent position was held at the time of his retirement.
- 7. Development Bank of Japan Inc., in which a significant concurrent position is held by Mr. Kenji Hanawa at the time of his retirement, is a shareholder with 14.99% of the total number of shares outstanding of the Company, but there are no other transactions and other matters to be described. In addition, there is no special relationship between the Company and the National Institute of Advanced Industrial Science and Technology, in which a significant concurrent position was held at the time of his retirement.
- 8. Kenji Hanawa engaged in investment banking operations at Development Bank of Japan Inc. for many years and had considerable knowledge of finance and accounting.
- 9. The Company selected Tsuyoshi Sakuma as a full-time Audit & Supervisory Committee Member in order to enhance information-gathering, improve the effectiveness of audits through adequate collaboration with the internal audit department, etc., and strengthen the audit and supervisory functions.
- 10. The Company has designated Outside Directors Masatoshi Suzuki, Katsushi Kitajo, Sachiko Kasano and Yasuyoshi Ichikawa as Independent Officers as provided for by the Tokyo Stock Exchange, and has registered them with the Tokyo Stock Exchange.

## **2) Outline of contracts for limitations of liability**

The Company has entered into agreements with Director who is Audit & Supervisory Committee Member Tsuyoshi Sakuma, and Outside Directors Masatoshi Suzuki, Katsushi Kitajo, Sachiko Kasano and Yasuyoshi Ichikawa pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, to limit their liability for damages as defined under Article 423, Paragraph 1 of the Companies Act.

The amount of liability under the said agreements shall be limited to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Company Act. Such limitation of liability is permitted only when the director concerned acts in good faith and without gross negligence in the performance of duties that caused the liability.

Outside Directors Morimasa Ikemoto, Yoshiyuki Miyabe and Kenji Hanawa, who retired when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, had also entered into similar liability limitation agreements.

## **3) Outline of contents for indemnity agreement**

The Company has entered into indemnity agreements provided in Article 430-2, Paragraph 1, with Directors Masahiro Koezuka, Koichi Otsuki, Noriaki Kubo, Yutaka Yoneyama, Shin-ichi Ando, Masatoshi Suzuki and Katsushi Kitajo, and Directors who are Audit & Supervisory Committee Members Tsuyoshi Sakuma, Sachiko Kasano and Yasuyoshi Ichikawa. The agreements are to the effect that the Company will compensate, to the extent provided by laws and regulations, for the expenses referred to in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses referred to in Item 2 of the same paragraph. In order to ensure that the appropriate execution of duties by corporate officers is not undermined by the indemnity agreement, the Company stipulates that in the event that an officer executes his or her duties for the purpose of pursuing his or her own or a third party's illicit gain or causing damage to the Company, the Company may claim reimbursement of the expenses under Item 1 of the same paragraph, and in the event that there is malicious

intent or gross negligence in the execution of his or her duties, the loss under Item 2 of the same paragraph shall not be covered by indemnity.

**4) Outline, etc. of contents of officers' liability insurance contract**

The Company has entered into officers' liability insurance contracts with insurance companies as provided in Article 430-3, Paragraph 1 of the Companies Act with Directors (including Directors who are Audit & Supervisory Committee Members), executive officers and managers etc. of the Company and officers and managers etc. of the Company's subsidiaries as insured persons. Under such insurance policies, the Company is responsible for all premiums, and the insurance company indemnifies the insured against any indemnities and litigation costs that the insured may incur if the insured receives a claim for damages in the performance of its duties.

**5) Compensation, etc. for Directors**

a. Total amount of compensation, etc. for directors

Category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (persons)
		Basic compensation	Performance-based compensation	Non-monetary compensation, etc.	
Director (excluding Audit & Supervisory Committee Members)	214	178	36	-	9
(of which, Outside Directors)	(23)	(23)	(-)	(-)	(4)
Director (Audit & Supervisory Committee Member)	48	40	8	-	4
(of which, Outside Directors)	(20)	(20)	(-)	(-)	(3)
Total	262	218	44	-	13
(of which, Outside Directors)	(43)	(43)	(-)	(-)	(7)

Notes: 1. The amounts for Directors (excluding Audit & Supervisory Committee Members) include payment to two Directors (excluding Audit & Supervisory Committee Members), of which two are Outside Directors, who retired when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022.

2. The amounts for Directors who are Audit & Supervisory Committee Members include payment to one Director who is Audit & Supervisory Committee Member, of which one is Outside Director, who retired when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022.

b. Performance-based compensation, etc.

Outline of the matters related to performance-based compensation is described in "d. Policies, etc. for decisions on the content of compensation for individual directors, etc.," in "B. Compensation structure," under "(1) Directors in charge of business execution" in "(ii) Incentive compensation (cash and stock)" below.

c. Matters relating to the resolution of the General Meeting of Shareholders on compensation, etc. of directors.

\* Directors (excluding Directors who are Audit & Supervisory Committee Members)

At the Extraordinary General Meeting of Shareholders on July 27, 2022, it was resolved by a deemed resolution that the total amount of monetary compensation for Directors (excluding Directors who are Audit &



Supervisory Committee Members) should be no more than 550 million yen per year (up to 45 million yen for outside directors; however, this does not include the employee salaries of directors who also serve as employees). And the specific amount of compensation for each individual has been decided by the Board of Directors on condition that the decision is made based on the report made by the Nomination and Remuneration Committee to the Board of Directors, and subject to approval of the Nomination and Remuneration Committee, and left to the discretion of Masahiro Koezuka, Representative Director, Chairman and President. The reason for delegating this authority was that the Representative Director was judged to be suitable for evaluating the division in which each director is in charge, taking into account the performance of the Company as a whole. The number of Directors at the time the proposal pertaining to the deemed resolution was made (excluding Directors who are Audit & Supervisory Committee Members) was nine, two of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, so the number of Directors at the time when the said resolution was deemed to have been made was seven. In addition, separately from the monetary compensation, the introduction of a performance-based restricted stock compensation plan was approved by a deemed resolution at the above-mentioned extraordinary general meeting of shareholders (an outline of the plan is described in "d. Policies, etc. for decisions on the content of compensation for individual directors, etc.," in "B. Compensation structure," under "1) Directors in charge of business execution," in "(ii) Incentive compensation (cash and stock)" in "c. Payment of incentive compensation (stock)."

Specifically, the resolution stipulates that the total amount of monetary compensation claims to be paid to eligible directors for the grant of performance-based restricted stock compensation shall not exceed 170 million yen per year (however, this does not include the employee salaries of directors who also serve as employees). And it states that eligible directors shall pay all such monetary compensation claims in the form of property contributed in kind and receive the issuance or disposition of the Company's common stock, whereby the total number of the Company's common stock to be issued or disposed of shall not exceed 200,000 shares per year (however, adjustments will be made in the event of a stock split or consolidation of the Company's common stock). The number of eligible directors at the time when the said resolution was deemed to have been made was five.

\* Directors who are Audit & Supervisory Committee Members

At the Extraordinary General Meeting of Shareholders held on July 27, 2022, it was resolved by a deemed resolution that the compensation of Directors who are Audit & Supervisory Committee Members shall be fixed basic compensation only and no more than 200 million yen per year (including no more than 80 million yen for Outside Directors), taking into account the nature of their roles and duties. The specific amount of basic compensation for each individual has been determined through discussion among Directors who are Audit & Supervisory Committee Members. The number of Directors who are Audit & Supervisory Committee Members at the time the proposal pertaining to the deemed resolution was made was four, one of whom resigned when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, so the number of Directors who are Audit & Supervisory Committee Members at the time when the said resolution was deemed to have been made was three.

d. Policies, etc. for decisions on the content of compensation for individual directors, etc.  
The Board of Directors resolved at its meeting held on July 27, 2022, policies for decisions on the content of compensation for individual Directors, etc. (excluding Directors who are Audit & Supervisory Committee Members), and a summary of the content is as follows.

A. Details of the Directors' Compensation System

1) Basic concept

The Company's approach to directors' compensation is as follows:

- \* Highly linked to the company's performance and highly transparent and objective
- \* Enhancement of corporate value and compensation should be linked in order to share a sense of interest with shareholders
- \* Contribute to securing and retaining a global management team that meets qualified capability requirements in realizing the corporate vision

Compensation for executive directors among Directors consists of a basic compensation based on the compensation standard for the position, and cash and stock incentive compensation reflecting the level of achievement of the company's performance in each fiscal year. In stock incentive compensation, the Company grants performance-based restricted stock.

Compensation for Independent Outside Directors (non-executive Directors) among Directors is fixed basic compensation only in light of their role in supervising business execution.

If the Company appoints a non-executive director who does not fall under any of the above categories, the compensation for such non-executive director will be considered separately based on a report by the Nomination and Remuneration Committee.

Eligible Directors	Contents	Basic compensation	Incentive compensation	
			Cash compensation	Stock-based compensation
Executive Director	To achieve performance targets and increase shareholder value, basic compensation and incentive compensation (cash and stock) will be provided.	✓	✓	✓
Independent Outside Directors	To ensure independence, only basic compensation that is not linked to performance will be paid.	✓	-	-

2) Compensation level

In light of the business environment surrounding the Company, we will objectively compare compensation levels with those of other companies in the same industry or other companies of the same size, based on the data from research firms, and establish appropriate levels relevant for the positions.

3) Process for determining compensation

The Company has established a voluntary Nomination and Remuneration Committee to ensure the appropriateness of compensation levels and amounts and the transparency of the decision-making process. The chairman and the majority of committee members are Independent Outside Directors.

The Board of Directors consults with the Nomination and Remuneration Committee on basic policies and decision procedures. The recommendations of the Nomination and Remuneration Committee are deliberated by the Board of Directors, and the Board of Directors decides the basic policy and decision procedures and makes a resolution on the agenda for the General Meeting of Shareholders in the event that the upper limit of total compensation is reviewed.

The specific amount of basic compensation and incentive compensation (cash and stock) for each individual is determined within the total amount of compensation approved by the General Meeting of Shareholders, based on the report made by the Nomination and Remuneration Committee to the Board of Directors, and subject to approval by the Nomination and Remuneration Committee, and is determined at the discretion of Masahiro Kozuka, Representative Director, Chairman and President, based on a resolution of the Board of Directors.

B. Compensation structure

The compensation structure of the Company's Directors is as follows:

1) Executive Director

Type of compensation		Outline	Fixed/Variable	Payment method	Percentage to total
Basic compensation		Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation	Fixed	Cash payment	60%
Incentive compensation	Cash	Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year	Variable		20%
	Stocks	Payment by stock as performance-			Payment by

		based compensation based on the evaluation of performance results in the target year		stock	
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- Notes: 1. Stocks are distributed to directors after the end of the relevant fiscal year by providing monetary compensation claims to grant performance-based restricted stock compensation and having the directors pay the full amount of the monetary compensation claims as property contributed in kind. In addition, compensation for granting performance-based restricted stock will be paid on or after the listing date.
2. Percentage figures are estimates and are the percentages when 100% of the performance targets are achieved.

(i) Basic compensation

Basic compensation is determined, referring to the amount of past compensation, by comparing with the performance of other companies in the same industry or similar size.

Basic compensation is paid as monthly compensation in a fixed amount.

(ii) Incentive compensation (cash, stock)

a. Structure

In the evaluation items and indicators for the performance-based portion, we consider “net sales,” “operating profit,” and “design win amount,” which are used as numerical targets in the management plan, as quantitative items, with a weighting of approximately 25% each, and also take into account business transformation, growth strategy, ESG measures, etc. as qualitative items as below with a weighting of approximately 25%. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Remuneration Committee. We selected the indicators because we believe that quantitative items are numerical targets in the Company’s management plan and qualitative items are essential for the sustainable development of the Company. The results of the evaluation are reported to and deliberated by the Board of Directors.

Items subject to evaluation	Items in evaluation	Evaluation timing	Evaluation indicator (target)		Weighting percentage	Variation range
Degree of target achievement in target fiscal year	Common Items	At the end of the target fiscal year	Quantitative items	Net sales	25%	The Nomination and Remuneration Committee makes a judgment within the range of 0–150% by comprehensively considering the degree of achievement of each item.
				Operating income	25%	
				Design win amount	25%	
	Individual items		Qualitative items	Business transformation, growth strategy, ESG measures, etc.	25%	
				100%		

- Notes: 1. We will consider adding ROE to the evaluation indicator (target) for judgement in the future.
2. We set minimum goals for each evaluation indicator (target). We also set a cap on incentives and determine the evaluation level so that the rate of achievement and the payment amount are consistent.
3. Net sales, which are set as an evaluation indicator (target) for the performance-based portion, reached 192.8 billion yen for fiscal year ended March 31, 2023, as opposed to the initial financial results forecast of 170 billion yen. Operating profit for the same period was 21.7 billion yen, compared with the initial forecast of 17 billion yen. The design win amount for the same period came to approximately 250 billion yen as we had aimed to acquire design win that could exceed the previous year’s amount of about 200 billion yen.

b. Payment of incentive compensation (cash)

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0–150% to the Board of Directors, which deliberates and determines the level of incentive

compensation (cash) payment.

Payment is made in cash in June of the fiscal year following the target fiscal year of performance evaluation.

<Conceptual image of evaluation>

Fiscal year before target fiscal year	Target fiscal year				Fiscal year following target fiscal year
4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter
Target setting	Evaluation period				Final evaluation and payment (June)
→	←				→

c. Payment of incentive compensation (stock)

I Outline

After the performance evaluation period ends, the Nomination and Remuneration Committee makes a comprehensive judgement of the level of achievement of evaluation indicators and submits a report within the range of 0–150% to the Board of Directors, which deliberates and determines the level of incentive compensation (stock) payment.

When the performance evaluation period ends and Eligible Directors meet the following requirements, the Company shall deliver performance-based restricted stock to each Eligible Director by providing monetary compensation claims to grant performance-based restricted stock to each Eligible Director and having each Eligible Director pay the full amount of such monetary compensation claims as property contributed in kind.

- \* During the performance evaluation period and up to and including immediately prior to the conclusion of the first ordinary general meeting of shareholders held after the end of the performance evaluation period, the Eligible Directors continued to hold the positions among positions of Socionext Personnel of the Company as predetermined by the Board of Directors of the Company.
- \* He or she does not fall under certain illegal acts or other reasons for non-payment as determined by the Board of Directors of the Company.

The performance-based restricted stock will be delivered by means of the issuance of new shares or the disposition of treasury stock by the Company, and the amount to be paid in per share will be determined by the Board of Directors on the basis of the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors of the Company regarding the allotment of performance-based restricted stock (if a trade is not made on the said day, the closing price on the immediately preceding trading day) to the extent that the amount is not particularly favorable to Eligible Directors who will subscribe for such common stock.

II Transfer restriction period

Eligible Directors shall not transfer, create a security interest on or dispose otherwise of the shares of common stock of the Company allotted to them (hereafter referred to as the “Allotted Shares”) under the allotment agreement (hereafter referred to as “Transfer Restrictions”). This shall apply during the period from the date of allotment of the performance-based restricted stock under the Restricted Stock Allotment Agreement to be separately concluded with the Company (hereafter referred to as the “Allotment Agreement”) until the date of retirement from the positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company (hereafter referred to as the “Transfer Restriction Period”).

III Treatment at the time of retirement

If an Eligible Director retires from one of the positions of officer or employee of the Company as predetermined by the Board of Directors of the Company, the Company will naturally acquire the Allotted Shares free of charge, unless his or her term of office expires, he or she dies, or the Board of Directors determines that there are other valid reasons for his or her retirement.

IV Lifting of Transfer Restrictions, Etc.

The Company will release Transfer Restrictions on all of the Allotted Shares upon the expiration of the Transfer Restriction Period, provided that the Eligible Directors have continued to hold positions among Socionext Personnel of the Company as predetermined by the Board of Directors of the Company during the

Transfer Restriction Period.

	Year X March	Year X+1 March	Year X+2 March	Year X+3 March	Year X+4 March	Year X+5 March	Year X+6 March
Year X+1 March	Target setting →	Evaluation period ↔	Evaluation and grant (June, July) ↔			Transferable after retirement	
Year X+2 March		Target setting →	Evaluation period ↔	Evaluation and grant (June, July) ↔		Transferable after retirement	
Year X+3 March			Target setting →	Evaluation period ↔	Evaluation and grant (June, July) ↔		Transferable after retirement

2) Independent Outside Directors

In view of the role of supervising the execution of business, only fixed basic compensation is paid.

d. Matters related to delegation of decisions on compensation for individual directors

Matters related to the delegation of decisions on compensation for individual directors are described in “c. Matters relating to the resolution of the general meeting of shareholders on compensation, etc. of directors,” “Directors (excluding Directors who are Audit & Supervisory Committee Members)” and “d. Policies, etc. for decisions on the content of compensation for individual directors, etc.” and “A. Details of the Directors’ Compensation System” above. Based on the fact that the amount of compensation for each individual director (excluding directors who are Audit & Supervisory Committee Members) has been determined through such procedures, the Board of Directors has determined that the content of such compensation is in line with its decision policy.

6) Matters related to Outside Officers

Status of major activities

Category	Name	Attendance	Outline of statements made and duties performed regarding expected roles of Outside Directors
Outside Director	Masatoshi Suzuki	Board of Directors meetings 14 out of 14  Nomination and Remuneration Committee meetings 14 out of 14	Leveraging a wealth of management experience gained from having served as a representative director and other positions at listed companies, he supervises and advises management from an objective and neutral standpoint.  In addition, as Chairman of the Nomination and Remuneration Committee, he provides various opinions and proposals from an independent standpoint, and contributes to enhancement of supervisory functions, transparency and fairness in the process of determining the content of proposals for election of directors and officers compensation, etc.
Outside Director	Katsushi Kitajo	Board of Directors meetings 14 out of 14  Nomination and Remuneration Committee meetings 13 out of 14	Leveraging a wealth of experience gained from having served in key positions at financial institutions, he supervises and advises management from objective and neutral standpoints.  In addition, as a member of the Nomination and Remuneration Committee, he provides various opinions and proposals from an

Category	Name	Attendance	Outline of statements made and duties performed regarding expected roles of Outside Directors
			independent standpoint, and contributes to enhancement of supervisory functions, transparency and fairness in the process of determining the content of proposals for election of directors and officers compensation, etc.
Outside Director	Morimasa Ikemoto	Board of Directors meetings 3 out of 3	He has served as Director who is an Audit & Supervisory Committee Member and a full-time Auditor of listed companies, and supervised and advised management taking advantage of extensive experience and from professional standpoints regarding finance and accounting, and internal control and auditing.
Outside Director	Yoshiyuki Miyabe	Board of Directors meetings 3 out of 3	Leveraging his extensive management experience in listed companies, he provided management supervision and advice.
Outside Director (Audit & Supervisory Committee Member)	Sachiko Kasano	Board of Directors meetings 14 out of 14  Audit & Supervisory Committee meetings 17 out of 17	Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint. In addition, as Chairman of the Audit & Supervisory Committee, she leads audits of execution of duties by Directors and promotes operation of the Committee.
Outside Director (Audit & Supervisory Committee Member)	Yasuyoshi Ichikawa	Board of Directors meetings 14 out of 14  Audit & Supervisory Committee meetings 17 out of 17	Based on his extensive experience as a certified public accountant and his deep insight into financial accounting, he supervises and advises management from an objective and neutral standpoint. In addition, as a member of the Audit & Supervisory Committee, he audits execution of duties by Directors based on his expert knowledge.
Outside Director (Audit & Supervisory Committee Member)	Kenji Hanawa	Board of Directors meetings 3 out of 3  Audit & Supervisory Committee meetings 6 out of 6	Leveraging his extensive experience in financial institutions, he provided management supervision and advice. In addition, as a member of the Audit & Supervisory Committee, he audited execution of duties by Directors based on his expert knowledge.

- Notes: 1. In addition to the above number of meetings of the Board of Directors, there were four (4) written resolutions that were deemed to have been made by the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Articles of Incorporation.
2. With respect to Outside Directors Morimasa Ikemoto and Yoshiyuki Miyabe, and Outside Director who is Audit & Supervisory Committee Member Kenji Hanawa, the situation up to their retirement when the resolution was deemed to have been made at the Extraordinary General Meeting of Shareholders and the general shareholders' General Meeting of Class Shareholders on July 27, 2022, is described.

**(3) 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:

<b>Category</b>	<b>Amount paid</b>
a. Fees for auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act	78 million yen
b. Total amount of cash and other property benefits payable by the Company	106 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 auditors for their non-audit work, which is writing comfort letters about initial public offerings.

### **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 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.

### **3. Policy on Decisions of Dividends of Surplus, Etc.**

One of the Company's key management priorities is to increase corporate value over the medium to long term while returning profits to shareholders. We aim to pay a stable dividend with a target consolidated dividend payout ratio of around 40%, taking into account the balance between advance investment in the development needed for future growth and maintaining a solid financial base as credit to customers. In addition, over the medium term, we will continue to invest in growth and maintain a strong financial base while promoting shareholder return with a target total return ratio of around 50% in order to further improve shareholder interests and capital efficiency.

In addition, the Articles of Incorporation stipulate that matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by a resolution of the Board of Directors without a resolution of a general meeting of shareholders, and that an interim dividend may be paid with September 30 of each year as the record date, unless otherwise provided by law. The Company's basic policy is to pay dividends twice a year, an interim dividend and a year-end dividend, from the fiscal year ending March 2024 onward.

As no interim dividend was paid in the fiscal year under review, the Company decided to pay an annual year-end dividend of 210 yen per share at the Board of Directors meeting held on May 19, 2023 (payment start date: June 7, 2023).



# Consolidated Financial Statements

## Consolidated balance sheets

(As of March 31, 2023)

(Million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>156,067</b>	<b>Current liabilities</b>	<b>82,338</b>
Cash on hand and in banks	45,136	Accounts payable-trade	23,421
Accounts receivable-trade, net	40,809	Accounts payable-other	24,551
Finished goods	8,187	Accrued expenses	5,755
Work in process	39,528	Income taxes payable	6,942
Accounts receivable-other	16,209	Liabilities related to chargeable subcontracting	18,869
Other current assets	6,198	Other current liabilities	2,800
		<b>Long-term liabilities</b>	<b>1,743</b>
<b>Non-current assets</b>	<b>37,878</b>	Asset retirement obligations	343
<b>Property, plant and equipment</b>	<b>17,180</b>	Other long-term liabilities	1,400
Buildings and structures, net	2,583		
Machinery and equipment, net	8	<b>Total liabilities</b>	<b>84,081</b>
Tools, furniture and fixtures, net	13,438	<b>Net assets</b>	
Land	800	<b>Shareholders' equity</b>	<b>109,030</b>
Construction in progress	351	<b>Common stock</b>	<b>30,200</b>
		<b>Capital surplus</b>	<b>30,200</b>
<b>Intangible assets</b>	<b>12,962</b>	<b>Retained earnings</b>	<b>48,630</b>
Technology assets	11,494	<b>Accumulated other comprehensive income</b>	<b>822</b>
Other	1,468	Foreign currency translation adjustments	822
		<b>Share subscription rights</b>	<b>12</b>
<b>Investments and other assets</b>	<b>7,736</b>	<b>Total net assets</b>	<b>109,864</b>
Investment securities	0	<b>Total liabilities and net assets</b>	<b>193,945</b>
Deferred tax assets	6,897		
Other assets	839		
<b>Total assets</b>	<b>193,945</b>		

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

## Consolidated Statement of Income

(April 1, 2022 to March 31, 2023)

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>192,767</b>
Cost of sales		103,922
<b>Gross profit</b>		<b>88,845</b>
Selling, general and administrative expenses		67,134
<b>Operating income</b>		<b>21,711</b>
Non-operating income		
Foreign exchange gain	1,601	
Other income	165	1,766
Non-operating expenses		
Other expenses	37	37
<b>Ordinary income</b>		<b>23,440</b>
<b>Profit before income taxes</b>		<b>23,440</b>
Income taxes - current	7,382	
Income taxes - deferred	(3,705)	3,677
<b>Profit</b>		<b>19,763</b>
Profit attributable to non-controlling interests		-
<b>Profit attributable to owners of parent</b>		<b>19,763</b>

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

## Non-consolidated Financial Statements

### Non-Consolidated balance sheets

(As of March 31, 2023)

(Million yen)

Item	Amount	Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>146,395</b>	<b>Current liabilities</b>	<b>81,013</b>
Cash on hand and in banks	34,554	Accounts payable-trade	24,389
Accounts receivable-trade, net	42,170	Accounts payable-other	24,472
Finished goods	8,178	Accrued expenses	4,781
Work in process	39,527	Income taxes payable	6,784
Advance payments to suppliers	4,629	Liabilities related to chargeable subcontracting	18,869
Prepaid expenses	1,070	Other current liabilities	1,714
Accounts receivable-other	16,047		
Other current assets	217		
		<b>Long-term liabilities</b>	<b>299</b>
<b>Non-current assets</b>	<b>38,268</b>	Asset retirement obligations	299
<b>Property, plant and equipment</b>	<b>15,195</b>		
Buildings and structures, net	1,056	<b>Total liabilities</b>	<b>81,313</b>
Machinery and equipment, net	0		
Tools, furniture and fixtures	12,986	<b>Net assets</b>	
Land	800	<b>Shareholders' equity</b>	<b>103,339</b>
Construction in progress	351	<b>Common stock</b>	<b>30,200</b>
		<b>Capital surplus</b>	<b>30,200</b>
<b>Intangible assets</b>	<b>12,912</b>	Legal capital surplus	30,200
Technology assets	11,494	<b>Retained earnings</b>	<b>42,939</b>
Other	1,417	Other retained earnings	42,939
		Retained earnings brought forward	42,939
<b>Investments and other assets</b>	<b>10,161</b>	<b>Share subscription rights</b>	<b>12</b>
Investment securities	0		
Shares of subsidiaries and affiliates	2,704	<b>Total net assets</b>	<b>103,351</b>
Deferred tax assets	6,751		
Other assets	704	<b>Total liabilities and net assets</b>	<b>184,664</b>
<b>Total assets</b>	<b>184,664</b>		

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

## Non-Consolidated Statement of Income

(April 1, 2022 to March 31, 2023)

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>191,830</b>
Cost of sales		103,894
<b>Gross profit</b>		<b>87,936</b>
Selling, general and administrative expenses		68,949
<b>Operating income</b>		<b>18,986</b>
Non-operating income		
Dividend income	785	
Foreign exchange gain	1,611	
Other income	28	2,425
Non-operating expenses		
Other expenses	18	18
<b>Ordinary income</b>		<b>21,393</b>
<b>Income before income taxes</b>		<b>21,393</b>
Income taxes - current	7,009	
Income taxes - deferred	(3,694)	3,314
<b>Profit</b>		<b>18,078</b>

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

## **Audit Report**

### **Accounting Audit Report regarding Consolidated Financial Statements**

(Translation) Independent Auditor's Report

May 17, 2023

The Board of Directors  
Socionext Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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/s/Noriyasu Hanafuji  
Designated Engagement Partner  
Certified Public Accountant

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/s/Shinichi Masuda  
Designated Engagement Partner  
Certified Public Accountant

#### **Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Socionext Inc. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility in auditing the consolidated financial statements is to read other statements totally and verify in the reading process whether there is any material discrepancy between the other statements and the consolidated financial statements or knowledge we obtain through the audit process and to pay attention to see whether other statements contain any sign of error other than such material discrepancy.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- \* Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- \* Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists in the assumption of a going concern, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we are required to express our opinion with exceptions on consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- \* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required under audit standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

# Accounting Audit Report regarding Non-consolidated Financial Statements

(Translation) Independent Auditor's Report

May 17, 2023

The Board of Directors  
Socionext Inc.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

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/s/Noriyasu Hanafuji  
Designated Engagement Partner  
Certified Public Accountant

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/s/Shinichi Masuda  
Designated Engagement Partner  
Certified Public Accountant

## Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the non-consolidated financial statements of Socionext Inc. (the Company) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The other information comprises the information included in Socionext Inc. and its consolidated subsidiaries' business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Company's reporting process of the other information.



Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility in auditing the financial statements, etc. is to read other statements totally and verify in the reading process whether there is any material discrepancy between the other statements and the financial statements, etc. or knowledge we obtain through the audit process and to pay attention to see whether other statements contain any sign of error other than such material discrepancy.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management, the Audit and Supervisory Committee for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- \* Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- \* Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- \* Conclude on the appropriateness of preparing the financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists in the assumption of a going concern, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, we are required to express our opinion with exception on financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- \* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required under audit standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the non-consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit & Supervisory Committee's Report

### Audit Report

The Audit & Supervisory Committee has audited the Directors' execution of duties for the ninth fiscal year from April 1, 2022 to March 31, 2023. The following are the reports of the methods and results of the audit.

#### 1. The methods and contents of the audit

With respect to the contents of the resolution of the Board of Directors regarding the matters set forth in Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act, and the systems (Internal Control Systems) developed based on such resolution, the Audit & Supervisory Committee received periodic reports from Directors, employees and other relevant functions concerning the status of formation and implementation of such systems, asked for explanations as necessary, expressed its opinions and conducted the audit in the following manner.

- 1) In accordance with the audit policy and the allocation of duties and other terms defined by the Audit & Supervisory Committee, the Audit & Supervisory Committee, in coordination with the internal control divisions of the Company, attended material meetings, received reports from the Directors, employees and other relevant functions on matters related to their execution of duties, asked for explanations as necessary, and investigated the status or condition of the business activities and assets by inspecting important approval document and reports in the head office and other major offices.  
In addition, with respect to subsidiaries, the Audit & Supervisory Committee communicated and exchanged information with directors and auditors of subsidiaries, and received reports on business from subsidiaries whenever necessary.
- 2) The Audit & Supervisory Committee monitored and verified that the Accounting Auditor maintained independence and conducted appropriate audits, received reports from the Accounting Auditor on the status of their audit work, and asked for explanations as necessary. The Audit & Supervisory Committee was also advised by the Accounting Auditor that they had the "system for ensuring that the performance of the accounting auditors is being carried out correctly" (matters set forth in each item of Article 131 of the Rules of Corporate Accounting)" in place in accordance with the "Quality Control Standards" (Business Accounting Council, October 28, 2005) and other relevant regulations and asked for explanations as necessary.

Based on the above stated steps, the Audit & Supervisory Committee examined the business report and the supplementary schedules, the non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets and the notes to the financial statements) and the supplementary schedules thereof, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements) for the fiscal year under review.

#### 2. Results of the audit

##### (1) Results of the audit of the business report and the supplementary schedules

- 1) The business report and the supplementary schedules present fairly the status of the Company's business conditions in conformity with the applicable laws and regulations and the Articles of Incorporation;
- 2) There is no indication of significant wrongdoing or violation of laws and regulations and the Articles of Incorporation in the Directors' execution of duties; and
- 3) The contents of the resolution by the Board of Directors regarding the internal control system were appropriate. Also there is no item to be noted on description in the business report and the Directors' execution of duties regarding the internal control systems.

##### (2) Audit Results on the Non-consolidated Financial Statements and the Supporting Schedules

##### (3) Results of the audit of the consolidated financial statements

The methods and results of audits conducted by Ernst & Young ShinNihon LLC, the Accounting Auditor of the Company, are appropriate.

May 18, 2023

Audit & Supervisory Committee of Socionext Inc.

Audit & Supervisory Committee Member

Audit & Supervisory Committee Member

Full-time Audit & Supervisory Committee Member

Sachiko Kasano (Seal)

Yasuyoshi Ichikawa (Seal)

Tsuyoshi Sakuma (Seal)

## Reference: Description of Key Terms Used in the Semiconductor Industry

(Listed in alphabetical order)

Terminology	Description
ADAS	Abbreviation for advanced driving assistant system for automobiles.
IP	Abbreviation for intellectual property. It is circuit information that is organized in partial functional units to make up a semiconductor, and is divided into procurement IP that is purchased from outside and in-house IP that is developed in-house.
NRE Sales	Abbreviation for non-recurring engineering sales. It refers to the sales received from customers during the development stage before mass production of a product. NRE sales correspond to design and development costs incurred during the development phase, such as labor costs, IP, design tools, reticles, and prototype manufacturing, and are usually recorded multiple times as development milestones progress.
OSAT	Contract manufacturing services in the later stages of semiconductor manufacturing (Out-sourced Semiconductor Assembly and Test).
SCM	Abbreviation for supply chain management. A method of business management to achieve overall efficiency and optimization by comprehensively reviewing the flow of manufactured products from material procurement through design, manufacturing, and distribution to the end user.
SoC	Abbreviation for system on chip. The implementation of multiple functions needed to run a device or system on a single semiconductor chip.
System architecture	One of the design principles that maintain and guarantee the compatibility inside computers. A design concept involving semiconductors and the entire system in which they are mounted.
Chiplet	A semiconductor packaging technology that combines multiple semiconductor chips like blocks and treats them like a single chip to realize more advanced functions and performance without relying solely on the refinement of process technology in the pre-process of semiconductor manufacturing.
Test board	Also called an evaluation board, it is a printed circuit board that contains peripheral chips, circuits and terminals necessary for operation and is created and provided for testing and evaluating products such as semiconductor chips.
Tapeout	The step of completing the semiconductor design process and moving to the reticle manufacturing process for transferring circuit information.
Design methodology	A set of semiconductor design methods, including tools for designing and developing semiconductors.
Semiconductor ecosystem	A structure of business relationships between multiple semiconductor companies that support the design, development and manufacture of semiconductors.
Packaging technology	A technology used in the manufacturing process of semiconductors, called the post-process, to protect semiconductor chips from the outside and to connect them electrically.
Foundry	A company that specializes in contract manufacturing of the pre-process of semiconductor manufacturing.
Reticle	A glass substrate used in the semiconductor manufacturing process to transfer designed circuit information to a silicon wafer through an exposure device

## Information on the venue of the Ninth Ordinary General Meeting of Shareholders

- Venue            **“Fantasia” on the third floor of Shin Yokohama Prince Hotel**  
3-4 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture  
TEL 045-471-1111
- Access    JR Shin-Yokohama Station    2 minutes’ walk from North Exit on the Yokohama Line  
2 minutes’ walk from East Exit or West Exit on the Tokaido  
Shinkansen Line  
\*    Leave the ticket gate and walk towards Yokohama Arena exit.  
Yokohama Municipal Subway Line, Shin-Yokohama Station            2 minutes’ walk from Exit 3  
Sotetsu, Tokyu Shin-Yokohama Line, Shin-Yokohama Station            2 minutes’ walk from Exit 6
- \*    We do not offer souvenirs at shareholders meetings. We would appreciate your understanding.