



## 2. Dividends per share

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Year ended/ending	yen	yen	yen	yen	yen
March 31, 2023	-	0.00	-	210.00	210.00
March 31, 2024	-	115.00	-		
March 31, 2024(Forecast)				23.00	-

Note: Revision of the latest dividends forecast: No

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Dividends for fiscal year ended March 31, 2023 and fiscal year ending March 31, 2024 are presented in actual value terms on a pre-split basis. The year-end dividend per share forecast is presented considering the effect of the stock split, meanwhile annual dividend per share forecast is presented as “-”. The year-end dividend per share forecast for the fiscal year ending March 31, 2024 will be 115 yen assuming the stock split was not implemented.

## 3. Consolidated earnings forecast for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentage represents change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Year ending March 31, 2024	217,000	12.6	31,500	45.1	31,500	34.4	22,500	13.8	127.79

Notes: Revision of the latest consolidated earnings forecast: Yes

For further details, please refer to “Notice Regarding the Revision of Financial Forecasts” announced today (January 30, 2024).

Besides, the Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Basic earnings per share for the fiscal year ending March 31, 2024 (forecast) is presented considering the stock split. The amount of basic earnings per share for the fiscal year ending March 31, 2024 (forecast) is 638.93 yen assuming the stock split was not implemented.

### ※ Notes

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

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

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

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

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

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

① Number of shares issued at the end of the period (including treasury stock)

② Number of treasury stock held at the end of the period

③ Average number of shares during the period

3rd quarter ended December 31, 2023	178,238,280	Year ended March 31, 2023	168,333,330
3rd quarter ended December 31, 2023	615	Year ended March 31, 2023	-
9 months ended December 31, 2023	175,360,445	9 months ended December 31, 2022	168,333,330

Note: The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. “Number of shares issued at the end of the period”, “Number of treasury stock held at the end of the period”, and “Average number of shares during the period” are computed based on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2023.

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

### ※ Explanation of the proper use of earnings forecast and other special notes

These materials may contain forward-looking statements that are based on management’s current information, actual results may differ materially from these forward-looking statements for various reasons. For information regarding the assumptions used to

prepare the forecast and cautionary note of the forecast, please refer to “1. Qualitative information regarding the quarterly consolidated financial results (3) Consolidated earnings forecast and other forward-looking information” on page 4 for more details.

## Attachment contents

1. Qualitative information regarding the quarterly consolidated financial results .....	2
(1) Description of operating results .....	2
(2) Description of financial position.....	3
(3) Consolidated earnings forecast and other forward-looking information.....	4
2. Quarterly consolidated financial statements and principal notes.....	5
(1) Quarterly consolidated balance sheets .....	5
(2) Quarterly consolidated statements of income and comprehensive income .....	7
Quarterly consolidated statements of income.....	7
Quarterly consolidated statements of comprehensive income .....	8
(3) Quarterly consolidated statements of cash flows .....	9
(4) Notes to consolidated financial statements.....	10
Assumptions of a going concern.....	10
Significant changes in shareholders' equity .....	10
Segment information.....	10
Subsequent Events.....	10

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

### (1) Description of operating results

The global economy has continued to slow down during the 9 months ended December 31, 2023, due to increased global instability, exacerbated by factors such as the prolonged Russian invasion of Ukraine and escalation in Middle East tensions. Except for China, strong inflationary pressures stemming from supply and demand imbalances, and persistently high interest rates primarily in Europe and the U.S., have resulted in a drag on economic activity. Therefore, the global economic environment remains high uncertain, and growth rates have remained low compared to the past. Furthermore, differences in monetary policies among countries and regions resulted in depreciation of the Japanese yen.

The semiconductor market showed signs of gradual recovery in the second half of 2023, driven by a significant increase in demand for logic ICs bolstered by widespread adoption of generative AI, and a rebound in demand for memory chips and microprocessors. Geographically, the demand mainly in the U.S. and China, started to improve from the second half of 2023, indicating a gradual shift away from the negative growth that persisted for nearly a year since the latter half of 2022. While inventory adjustments have been continuing due to lingering weak demand for products such as smartphones, PCs, and consumer electronics, overall demand for end products has been improving, although it is still weak for office automation (OA) equipment and other products. Furthermore, there has been a resilient growth in demand for semiconductors using cutting-edge technologies, particularly in Advanced Driver Assistance Systems (ADAS)/ Autonomous Driving (AD) and data centers.

Under such circumstances, the Group (“the Group”, “the Company”, “we” and “our” refer to Socionext Inc., and its consolidated subsidiaries, or Socionext Inc. on a non-consolidated basis, as the context may require) has acquired design wins of custom SoC projects since 2019 in its focus areas including automotive, data center & networking which use advanced process technologies such as 7nm and 5nm. Some of those design win projects have entered the mass production stage and contributed to increased net sales especially from advanced technology products.

In October 2023, the Company issued press releases, “Socionext Announces Collaboration with Arm and TSMC on 2nm Multi-Core Leading CPU Chiplet Development” and “Socionext Begins Development of SoCs for Advanced ADAS and AD Using 3nm Automotive Process”. The Company has been engaged in advanced technologies including 2nm or finer process nodes and chiplets (Die-to-Die interconnects and 2.5D/3D packaging) as well as in the adoption of AI for design and development process.

As a result, the consolidated net sales for the 9 months ended December 31, 2023 were 169,638 million yen, an increase of 22.2% from the 9 months ended December 31, 2022. Product revenue was 141,954 million yen, increased by 28.8% compared to the 9 months ended December 31, 2022. The increase was due mainly to an increase in net sales from leading-edge technology projects which have entered mass production stage, in application markets such as automotive, data center & networking, and smart devices, as well as the depreciation of the Japanese yen, despite the special demand of 5G base stations from a Chinese customer concluded in the first half of 2023 and weak product revenue in the consumer market in China. NRE revenue was 27,110 million yen (a decrease of 1.8% from the 9 months ended December 31, 2022) and remained at the same level as the same period of the previous year, due to ongoing development projects of products using advanced process technologies.

[Net sales]	(millions of yen)	
	9 months ended December 31, 2022	9 months ended December 31, 2023
Semiconductor products (product revenue)	110,240	141,954
Non-recurring engineering (NRE revenue)	27,617	27,110
Others	984	574
Total	138,841	169,638

Cost of sales was 87,360 million yen, an increase of 18.5% from the 9 months ended December 31, 2022 due to increased product revenue and the depreciation of the Japanese yen. Selling, general and administrative expenses were 54,334 million yen, an increase of 12.4% from the 9 months ended December 31, 2022. Research and development costs of 38,255 million yen (an increase of 7.7% compared to the 9 months ended December 31, 2022) are included. The increase in selling, general and administrative expenses was due to increasing development projects of products using advanced process technologies and the depreciation of the Japanese yen. Operating income in the 9 months ended December 31, 2023 increased by 66.8% from the 9 months ended December 31, 2022 to 27,944 million yen. Ordinary income was 29,302 million yen, an increase of 60.4% from the 9 months ended December 31, 2022, due mainly to foreign exchange gain. Profit attributable to owners of parent increased by 33.1% from the 9 months ended December 31,

2022, to 20,300 million yen.

The Japanese yen/U.S. dollar average exchange rate for the 9 months ended December 31, 2023 was ¥143.3=U.S. \$1, a depreciation of ¥6.8 compared to the 9 months ended December 31, 2022.

The Group has a single segment primarily of SoC developed with the solution SoC business model.

## (2) Description of financial position

### ① Assets, liabilities and net assets

#### (Assets)

Current assets as of December 31, 2023 decreased by 24,357 million yen from the end of the previous fiscal year to 131,710 million yen. This is mainly due to the decrease in inventories and accounts receivables-other in accordance with increased product revenue and decreased customer-requested upfront procurement. Cash on hand and in banks increased due to the proceeds from the exercise of stock options and the accounts receivable collection despite the payment of income taxes and dividends. Non-current assets as of December 31, 2023 increased by 8,070 million yen from the end of the previous fiscal year to 45,948 million yen. The main capital expenditures in the period include the acquisition of reticles, IP, etc. in connection with product development of acquired design wins, and the expansion of data centers in accordance with increasing development scale.

As a result, total assets as of December 31, 2023 decreased by 16,287 million yen from the end of the previous fiscal year to 177,658 million yen.

#### (Liabilities)

Current liabilities as of December 31, 2023 decreased by 30,683 million yen from the end of the previous fiscal year to 51,655 million yen. This is due mainly to the decrease in accounts payables-trade and accounts payable-other related to customer-requested upfront procurement.

As a result, total liabilities as of December 31, 2023 decreased by 30,752 million yen from the end of the previous fiscal year to 53,329 million yen.

#### (Net assets)

Net assets as of December 31, 2023 increased by 14,465 million yen from the end of the previous fiscal year to 124,329 million yen. This is due mainly to 20,300 million yen in profit attributable to owners of parent for 9 months ended December 31, 2023 and the proceeds from the exercise of stock options, which offset the impact of distribution of surplus.

As a result, the shareholders' equity ratio has been 70.0%, increased by 13.4 percent points from the end of the previous fiscal year.

### ② Cash flows

Cash and cash equivalents as of December 31, 2023 increased by 10,792 million yen from the end of the previous fiscal year to 55,928 million yen.

Net cash provided by operating activities was 35,510 million yen for the 9 months ended December 31, 2023. This is due mainly to profit before income taxes of 29,302 million yen, depreciation and amortization of 9,532 million yen, a decrease in accounts receivable of 8,249 million yen in accordance with accounts receivable collection despite the payment of income taxes of 10,036 million yen.

Net cash used in investing activities was 18,634 million yen for the 9 months ended December 31, 2023. This is due mainly to the purchases of 8,975 million yen of property, plant and equipment including reticles and test boards for product development for the acquired design wins, and those for improving the environment of design and development, and the purchases of 9,664 million yen of intangible assets including IP.

Net cash used in financing activities was 6,749 million yen and this is due to payment of the dividends of 11,160 million yen despite the proceeds from exercise of stock options of 4,558 million yen.

The Company entered into an additional half-year commitment line agreement of 10 billion yen as of July 31, 2023, effective from the same date, in response to sales volatility risk related with global economic slowdown and geopolitical risks. In addition to the existing commitment line agreement of 20 billion yen, the maximum amount of borrowing capacity under our commitment lines totals 30 billion yen. As of December 31, there was no outstanding balance under our commitment lines. We will not renew the additional half-year commitment line agreement upon its expiration, as we have determined that our liquidity needs can be adequately met within

the existing commitment line agreement of 20 billion yen, based on the latest cash flow forecast.

(3) Consolidated earnings forecast and other forward-looking information

Despite the recent weakness in the Chinese and consumer markets, the Company has revised its net sales, operating income, and ordinary income upward from the previous forecast due to steady progress in the development and mass production of new products and the yen's depreciation (147.9 yen in Q3) against the expected exchange rate of 125 yen per U.S. dollar. As to profit attributable to owners of parent, the Company has revised the estimated amount of corporation tax by taking into consideration the possibility that the amount of tax credit will decrease, given that during the course of the tax audit the Company received guidance with respect to the calculation method for the amount of the special credit for corporation tax relating to general experiment and research expenses under the Act on Special Measures Concerning Taxation. The exchange rate for Q4 is assumed to be 125 yen to the U.S. dollar. For further details, please refer to “Notice Regarding the Revision of Financial Forecasts” announced today (January 30, 2024).

Revision of consolidated financial forecasts for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

		Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Dividends per share
		millions of yen	millions of yen	millions of yen	millions of yen	yen
Full Year	Previous forecast (A)	214,000	29,000	29,000	22,500	46.00
	Revised forecast (B)	217,000	31,500	31,500	22,500	46.00
	Difference (B-A)	+3,000	+2,500	+2,500	±0	0.00

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. The amount of dividends per share above is presented considering the effect of the stock split.

## 2. Quarterly consolidated financial statements and principal notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash on hand and in banks	45,136	55,928
Accounts receivable-trade, net	40,809	34,243
Finished goods	8,187	7,338
Work in process	39,528	24,196
Accounts receivable-other	16,209	2,054
Other current assets	6,198	7,951
<b>Total current assets</b>	<b>156,067</b>	<b>131,710</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,583	2,456
Machinery and equipment, net	8	6
Tools, furniture and fixtures, net	13,438	16,915
Land	800	800
Construction in progress	351	380
<b>Total property, plant and equipment, net</b>	<b>17,180</b>	<b>20,557</b>
Intangible assets		
Technology assets	11,494	16,381
Other intangible assets	1,468	1,995
<b>Total intangible assets</b>	<b>12,962</b>	<b>18,376</b>
Investments and other assets		
Investment securities	0	0
Deferred tax assets	6,897	6,106
Other assets	839	909
<b>Total investments and other assets</b>	<b>7,736</b>	<b>7,015</b>
<b>Total non-current assets</b>	<b>37,878</b>	<b>45,948</b>
<b>Total assets</b>	<b>193,945</b>	<b>177,658</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	23,421	16,550
Accounts payable-other	24,551	8,323
Accrued expenses	5,755	7,123
Income taxes payable	6,942	4,565
Liabilities related to chargeable subcontracting	18,869	11,926
Other current liabilities	2,800	3,168
<b>Total current liabilities</b>	<b>82,338</b>	<b>51,655</b>
Long-term liabilities		
Asset retirement obligations	343	348
Other long-term liabilities	1,400	1,326
<b>Total long-term liabilities</b>	<b>1,743</b>	<b>1,674</b>
<b>Total liabilities</b>	<b>84,081</b>	<b>53,329</b>



(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Common stock	30,200	32,552
Capital surplus	30,200	32,552
Retained earnings	48,630	57,770
Treasury stock	-	(2)
Total shareholders' equity	109,030	122,872
Accumulated other comprehensive income		
Foreign currency translation adjustments	822	1,457
Total accumulated other comprehensive income	822	1,457
Share subscription rights	12	-
Total net assets	109,864	124,329
Total liabilities and net assets	193,945	177,658

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

(For 9 months)

(Millions of yen)

	9 months ended December 31, 2022	9 months ended December 31, 2023
Net sales	138,841	169,638
Cost of sales	73,752	87,360
Gross profit	65,089	82,278
Selling, general and administrative expenses	48,341	54,334
Operating income	16,748	27,944
Non-operating income		
Interest income	76	247
Foreign exchange gain	1,448	1,101
Other income	17	58
Total non-operating income	1,541	1,406
Non-operating expenses		
Other expenses	23	48
Total non-operating expenses	23	48
Ordinary income	18,266	29,302
Profit before income taxes	18,266	29,302
Income taxes-current	5,445	8,115
Income taxes-deferred	(2,425)	887
Total income taxes	3,020	9,002
Profit	15,246	20,300
Profit attributable to owners of parent	15,246	20,300

Quarterly consolidated statements of comprehensive income  
(For 9 months)

(Millions of yen)

	9 months ended December 31, 2022	9 months ended December 31, 2023
Profit	15,246	20,300
Other comprehensive income		
Foreign currency translation adjustments	358	635
Total other comprehensive income	358	635
Comprehensive income	15,604	20,935
Comprehensive income attributable to:		
Owners of parent	15,604	20,935

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	9 months ended December 31, 2022	9 months ended December 31, 2023
<b>Operating activities</b>		
Profit before income taxes	18,266	29,302
Depreciation and amortization	8,745	9,532
Interest and dividend income	(76)	(247)
Loss on retirement of non-current assets	1,076	696
Loss (gain) on sale of non-current assets	(15)	-
Decrease (increase) in accounts receivable	(14,712)	8,249
Decrease (increase) in inventories	(29,324)	16,182
Increase (decrease) in accounts payable	12,925	(8,460)
Decrease (increase) in other assets	(27,476)	12,346
Increase (decrease) in other liabilities	41,227	(21,787)
Other	(204)	(514)
Subtotal	10,432	45,299
Interest and dividends received	76	247
Income taxes paid	(3,211)	(10,036)
Net cash provided by (used in) operating activities	7,297	35,510
<b>Investing activities</b>		
Purchases of property, plant and equipment	(10,604)	(8,975)
Purchases of intangible assets	(5,414)	(9,664)
Proceeds from sales of non-current assets	15	-
Other	16	5
Net cash used in investing activities	(15,987)	(18,634)
<b>Financing activities</b>		
Repayments of lease obligations	(239)	(291)
Proceeds from exercise of stock options	-	4,558
Proceeds from exercise of share award rights	-	146
Purchase of treasury stock	-	(2)
Dividends paid	-	(11,160)
Net cash used in financing activities	(239)	(6,749)
Effect of exchange rate changes on cash and cash equivalents	802	665
Increase (decrease) in cash and cash equivalents	(8,127)	10,792
Cash and cash equivalents at the beginning of the fiscal year	46,271	45,136
Cash and cash equivalents at the end of the period	38,144	55,928

(4) Notes to consolidated financial statements

Assumptions of a going concern

None.

Significant changes in shareholders' equity

None.

Segment information

1. 9 months ended December 31, 2022

(From April 1, 2022 to December 31, 2022)

The Group has a single segment primarily of SoC developed with the solution SoC business model.

2. 9 months ended December 31, 2023

(From April 1, 2023 to December 31, 2023)

The Group has a single segment primarily of SoC developed with the solution SoC business model.

Subsequent Events

(Stock Split and Partial Amendment of Articles of Incorporation)

The Company resolved to implement the stock split and partially amend the Articles of Incorporation at the Board of Directors' meeting held on October 31, 2023, with an effective date of January 1, 2024.

1. Purpose of stock split

The stock split was undertaken with the aim of expanding the investor base and increasing the liquidity of the Company's stock base through a reduction in the price of share-trading units.

2. Outline of stock split

(1) Method of stock split

The record date of the stock split was Sunday, December 31, 2023 and it consisted of a split at the ratio of 5 for 1 of all common shares held by shareholders whose names appear or are recorded in the Registry of Shareholders as of the end of the record date. Since this day falls on a non-business day of the shareholder registry administrator, the substantial record date was Friday, December 29, 2023.

(2) Increase in the number of shares resulting from stock split

Total issued shares before the stock split	35,647,656 shares
Increase in issued shares resulting from the stock split	142,590,624 shares
Total issued shares after the stock split	178,238,280 shares
Total authorized shares after the stock split	673,000,000 shares

(3) Schedule

Public notice date of the record date	Friday, December 15, 2023
Record date	Sunday, December 31, 2023
Effective date	Monday, January 1, 2024

3. Effect on per share information

The effect of the stock split is reflected in per share information of consolidated financial results summary.

4. Partial Amendment to the Articles of Incorporation

(1) Reason for amendment

In conjunction with the stock split described above, the Company amended the total number of shares authorized to be issued described in Article 6 of its Articles of Incorporation in accordance with the split ratio with an effective date of January 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act of Japan.

(2) Details of amendment

The details of the amendment are as follows.

(Amended portions are underlined.)

Current Articles of Incorporation	Articles of Incorporation After Amendment
Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>134,600,000</u> .	Article 6. (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>673,000,000</u> .

(3) Schedule

Date of Board of Directors' resolution	Tuesday, October 31, 2023
Effective date	Monday, January 1, 2024

5. Others

Change in the amount of common stock: No change.