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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Based on Japanese GAAP)

April 28, 2025

Company name: Socionext Inc. Stock exchange listing: Tokyo
 Code number: 6526 URL: <https://www.socionext.com/en/>
 Representative: Masahiro Koezuka, Representative Director, Chairman, President and CEO
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 Scheduled date to commence dividend payments: June 05, 2025
 Scheduled date of ordinary general shareholders' meeting: June 26, 2025
 Scheduled filing date of Securities Report: June 24, 2025
 Supplementary material: Yes
 Financial results presentation: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Fiscal year ended March 31, 2025	188,535	(14.8)	25,000	(29.6)	25,118	(32.3)	19,600	(25.0)
March 31, 2024	221,246	14.8	35,510	63.6	37,122	58.4	26,134	32.2

Note:

Comprehensive income: For the fiscal year ended March 31, 2025: 19,387 million yen [(29.1) %]
 For the fiscal year ended March 31, 2024: 27,334 million yen [34.9 %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income on assets	Operating Margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	109.78	108.73	14.6	14.1	13.3
March 31, 2024	148.39	144.80	21.7	19.5	16.1

Note:

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Basic earnings per share and diluted earnings per share are computed based on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	millions of yen	millions of yen	%	Yen
March 31, 2025	170,312	137,046	80.5	770.79
March 31, 2024	186,840	131,020	70.1	732.76

Reference: Shareholder's equity: As of March 31, 2025: 137,046 million yen As of March 31, 2024: 131,020 million yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at the end of the fiscal year
	millions of yen	millions of yen	millions of yen	millions of yen
Fiscal year ended March 31, 2025	31,866	(14,552)	(13,825)	72,837
March 31, 2024	52,882	(23,155)	(6,624)	69,738

2. Dividends

	Annual dividends					Total dividends	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended/ending	yen	yen	yen	yen	yen	millions of yen	%	%
March 31, 2024	-	115.00	-	25.00	-	8,557	32.3	6.9
March 31, 2025	-	25.00	-	25.00	50.00	8,928	45.5	6.7
March 31, 2026(Forecast)	-	25.00	-	25.00	50.00		84.6	

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 2nd quarter of fiscal year ended March 31, 2024 are presented in actual value terms on a pre-split basis. The total annual dividend per share for fiscal year ended March 31, 2024 is presented as “-” considering the effect of the stock split. The total annual dividend per share for the fiscal year ended March 31, 2024 is 48.00 yen after the stock split.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2026 (From April 1, 2025 to March 31, 2026)

(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
Fiscal Year ending March 31, 2026	175,000	(7.2)	14,000	(44.0)	14,000	(44.3)	10,500	(46.4)	59.08

※ Notes

(1) Significant changes in the scope of consolidation during the current reporting period: No

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

① Changes in accounting policies due to revisions of the accounting standards and other regulations: Yes

② Changes arising from factors other than ①: No

③ Changes in accounting estimates: No

④ Retrospective restatements: No

Note: Please refer to “3. Consolidated financial statements and principal notes (5) Notes to consolidated financial statements: Changes in accounting policies” on page 13 for more details.

(3) Number of issued shares (Common stock)

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

As of March 31, 2025	179,756,405	As of March 31, 2024	178,687,405
As of March 31, 2025	2,017,427	As of March 31, 2024	788
Fiscal year ended March 31, 2025	178,543,635	Fiscal year ended March 31, 2024	176,119,044

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

③ Average number of shares during the period

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

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2025	187,714	(14.8)	21,958	(35.4)	23,213	(36.7)	17,963	(31.7)
March 31, 2024	220,245	14.8	33,980	79.0	36,649	71.3	26,311	45.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
March 31, 2025	100.61	99.65
March 31, 2024	149.40	145.79

Note:

The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Basic earnings per share and diluted earnings per share are computed based on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2024.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
March 31, 2025	157,599	128,085	81.3	720.38
March 31, 2024	173,962	123,485	71.0	690.60

Reference: Shareholder's equity: As of March 31, 2025: 128,085 million yen As of March 31, 2024: 123,485 million yen

※ These fiscal consolidated financial results are not subject to the review procedure of external auditors' 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. Overview of operating results (4) Outlook" on page 4 for more details.

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1. Overview of operating results

(1) Overview of operating results for the fiscal year ended March 31, 2025

During the fiscal year ended March 31, 2025, although inflationary pressures have started to ease, the global economy continues to exhibit regional differences. Europe and Japan have experienced severe conditions including reduced export demand, caused by stagnant domestic demand in China. The U.S. economy, however, has remained robust, with expanding demand bolstered by factors such as improved consumer spending and capital investment. Moreover, the gradual pace of interest rate cuts in the U.S. made it unlikely for the interest rate gap between Japan and the U.S. to narrow, which leading to the depreciation of the Japanese yen.

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 been acquiring more design wins in its focus areas including automotive, data center & networking and smart devices. This success is due to the transformation of the business model, shift of focus areas to high-growth and cutting-edge business areas where more global large-scale businesses are expected, as well as structural reform including bold transformation in business structure, all implemented by current CEO since his appointment in April 2018 (which we refer to as phase 1 transformation). Through the transformation, we have acquired design win amount (a foreign exchange assumption of 100 yen to the U.S. dollar has been used) of 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. We have reached design win amount of 250 billion yen from the fiscal year ended March 31, 2023, and further expanded to roughly 300 billion yen during the fiscal year ended March 31, 2025. Additionally, the acquired design wins have entered the mass production stage and are steadily contributing to net sales.

We are also proceeding with our next stage of transformation, which we call phase 2 transformation. This phase aims to establish a competitive R&D structure and create a dynamic business culture as a global company. We are intensifying our efforts to transform our corporate systems, organizational structures, and employee awareness through ongoing communication with global customers, players in the semiconductor ecosystem and investors.

We established the Global Leading Group, aiming to create a structure tasked with development and platforms establishment of advanced technology projects as model cases. With the Global Leading Group at the core, we have been continuously improving by integrating several key activities: establishing a computer-architecture-based design and development platform as well as standard design and development processes suitable for the Solution SoC business model, enhancing both the efficiency and visibility of these processes, alongside reforms in design and development management.

Additionally, we have been strengthening our global design and development capabilities, beginning with the establishment of branch office under Socionext America Inc., in Bangalore, India, which was opened in the previous fiscal year ended March 31, 2024.

Moreover, we have established a direct interface and strengthen our coordination with these suppliers, by allocating a production control team in Taiwan, where suppliers are highly concentrated. As a result, we have been developing a structure that allows us to respond swiftly to any changes in manufacturing capacities of our manufacturing partners.

As we acquired design wins of large-scale projects for advanced development over the past few years, we have strengthened our relationships with global companies that form the ecosystem across the semiconductor industry. We have particularly made progress in joint development projects in advanced technology areas by establishing and enhancing management-level relationships with global companies headquartered in North America and Taiwan and so on.

Our research and development costs consist of both upfront investments in advanced technologies for acquiring design wins in our focus areas and investments in product development linked to acquired design wins. For the fiscal year ended March 31, 2025, our research and development costs increased by 12.3% to 59,821 million yen, due mainly to product development related with increasing acquired design wins. To utilize the latest advanced technologies in the evolving ecosystem, we closely collaborate with partners including Arm and TSMC, and actively invest in advanced technologies including 2nm and finer process nodes, advanced packaging technologies such as chiplet, application of latest EDA tools as well as platformization. The development of SoCs for ADAS/AD using 3nm automotive process, SoCs for High-Performance-Computing (HPC) processor based on the Arm architecture and built on TSMC 3nm technology node, as well as Google Quantum AI in Quantum computing development are also progressing smoothly. We also started the collaboration with Centre for Development of Advance Computing (C-DAC) in India and MosChip Technologies. In the fiscal ended March 31, 2025, we acquired design wins from North America in data center area, which have entered the design and development stage.

Moving forward, we will continue to be engaged in advanced technologies including the adoption of AI for design and development processes.

The Group identifies materiality to be addressed with a sense of priority and promotes sustainability activities. As a result of our efforts to address each of our material issues, during the fiscal year ended March 31, 2025, we received external evaluation from “NIKKEI’s GX(Green Transformation)500 Decarbonization Management Ranking”, “NIKKEI Smart Work Management Survey”, “NIKKEI SDGs Management Survey”, and so on.

The consolidated net sales for the fiscal year ended March 31, 2025 were 188,535 million yen, a decrease of 14.8% from the fiscal year ended March 31, 2024. Our net sales consist of product revenue from the applicable products which entered the mass production stage and NRE revenue received from customers based on costs incurred in scheduled milestones during the design and development process. Product revenue was 146,578 million yen, decreased by 19.8% compared to the fiscal year ended March 31, 2024. The decrease was due mainly to the end of special demand of 5G base stations from a Chinese customer, and the decline in demand related to telecommunications equipment in Chinese market of data center & networking area. NRE revenue was 41,019 million yen, an increase of 9.1% from the fiscal year ended March 31, 2024, due to ongoing development projects of products requiring 7nm and finer process nodes in automotive and high-end cameras.

[Net sales]	(millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Semiconductor products (product revenue)	182,876	146,578
Non-recurring engineering (NRE revenue)	37,609	41,019
Others	761	938
Total	221,246	188,535

Cost of sales for the fiscal year ended March 31, 2025 was 84,616 million yen. Selling, general and administrative expenses were 78,919 million yen due to increasing development projects of products using advanced process technologies and the depreciation of the Japanese yen. Operating income decreased by 29.6% from the fiscal year ended March 31, 2025 to 25,000 million yen. With non-operating income and expenses, ordinary income was 25,118 million yen decreased by 32.3% from the fiscal year ended March 31, 2025. Extraordinary income was 1,790 million yen due to gain on sale of non-current assets in accordance with the sale of Kozoji office. Extraordinary losses were 1,531 million yen due to recognition of impairment losses. The impairment losses were recognized for technology assets held for a customer in the automotive area that classified as idle, due to its decision to withdraw from the related business. Profit attributable to owners of parent decreased by 25.0% from the fiscal year ended March 31, 2025, to 19,600 million yen. The Japanese yen/U.S. dollar average exchange rate for the fiscal year ended March 31, 2025 was 152.6 yen to the U.S. dollar, a depreciation of 8.0 yen compared to the fiscal year ended March 31, 2024.

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

(2) Overview of financial position for the fiscal year ended March 31, 2025

(Assets)

Current assets as of March 31, 2025 decreased by 12,611 million yen from the end of the previous fiscal year ended March 31, 2024 to 126,290 million yen. This is due mainly to the decrease in accounts receivable-trade and inventories in accordance with decreased net sales.

Non-current assets as of March 31, 2025 decreased by 3,917 million yen from the end of the previous fiscal year to 44,022 million yen. This is due mainly to increased depreciation expenses, the sale of Kozoji office and impairment of specific technology assets, despite the capital investment including the acquisition of reticles and test boards in connection with product development of acquired design wins, the improvement of design and development environment and the acquisition of IP, etc.

As a result, total assets as of March 31, 2025 decreased by 16,528 million yen from the end of the previous fiscal year to 170,312 million yen.

(Liabilities)

Current liabilities as of March 31, 2025 decreased by 21,823 million yen from the end of the previous fiscal year to 31,271 million yen. This is due mainly to the decrease in accounts payable-trade and liabilities related to chargeable subcontracting in accordance with decreased net sales.

As a result, total liabilities as of March 31, 2025 decreased by 22,554 million yen from the end of the previous fiscal year to 33,266 million yen.

million yen.

(Net assets)

Net assets as of March 31, 2025 increased by 6,026 million yen from the end of the previous fiscal year to 137,046 million yen. This is due mainly to 19,600 million yen in profit attributable to owners of parent for fiscal year ended March 31, 2025, the payment of dividends of 8,952 million yen and purchase of treasury stock of 5,000 million yen (sum of 2,016,500 shares).

As a result, the shareholders' equity ratio has been 80.5%, increased by 10.4 percent points from the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year ended March 31, 2025

Cash and cash equivalents as of March 31, 2025 increased by 3,099 million yen from the end of the previous fiscal year to 72,837 million yen.

Net cash provided by operating activities was 31,866 million yen for the fiscal year ended March 31, 2025, compared to 52,882 million yen provided for the fiscal year ended March 31, 2024. This is due mainly to profit before income taxes of 25,377 million yen, depreciation of 16,237 million yen and the payment of income taxes of 8,551 million yen.

Net cash used in investing activities was 14,552 million yen for the fiscal year ended March 31, 2025, compared to 23,155 million yen used for the fiscal year ended March 31, 2024. This is due mainly to the purchases of 12,758 million yen of property, plant and equipment including reticles and test boards for product development for the acquired design wins, as well as those for improving the design and development environment, and the purchases of 3,821 million yen of intangible assets including IP and the proceeds from sale of non-current assets of 2,363 million yen.

Net cash used in financing activities was 13,825 million yen, compared to 6,624 million yen used for the fiscal year ended March 31, 2024, and this is due to payment of the dividends of 8,952 million yen and purchase of treasury stock of 5,000 million yen.

Besides, in response to fluctuations in customer demand, as well as to address global economic slowdown and geopolitical risks, the Company entered commitment line agreements of 20,000 million yen. As of March 31, 2025, the commitment lines of total 20,000 million yen were unused.

(4) Outlook

The Company expects consolidated net sales for the next fiscal year ending March 31, 2026 to be 175,000 million yen, a decrease of 7.2% compared to the current fiscal year ended March 31, 2025, considering the factors such as the decline in demand related to telecommunications equipment in Chinese market, prolonged inventory adjustments requested by some customers in addition to foreign exchange rate fluctuations. From the second half of the next fiscal year, the Company expects to launch new mass production in automotive area. Consolidated operating income is expected to be 14,000 million yen, with a decrease of 44.0% from the current fiscal year considering changes in product mix, the decline in gross profit margin due to expansion of new mass production, as well as foreign exchange rate fluctuations. Profit attributable to owners of parent is expected to be 10,500 million yen, a decrease of 46.4% from the current fiscal year. Besides, our outlook is based on foreign exchange assumption of 130 yen to the U.S. dollar.

The forecast above may contain forward-looking statements that are based on management's current information, actual results may differ materially for various reasons including actual operating conditions and foreign exchange rate fluctuations.

2. Basic policy regarding selection of accounting standards

The Group will prepare consolidated financial documents in accordance with Japanese GAAP, with consideration for comparability across multiple reporting periods and multiple entities.

We will work on the adoption of International Financial Reporting Standards (IFRS), taking various domestic and international situation into consideration.

3. Consolidated financial statements and principal notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash on hand and in banks	69,738	72,837
Accounts receivable-trade, net	35,257	31,609
Finished goods	6,090	6,388
Work in process	19,414	10,650
Accounts receivable-other	2,935	866
Advance payments to suppliers	3,164	2,108
Prepaid expenses	2,153	1,800
Other current assets	150	32
Total current assets	138,901	126,290
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,441	2,462
Machinery, equipment and vehicles, net	6	65
Tools, furniture and fixtures, net	17,318	19,667
Land	800	-
Construction in progress	235	144
Total property, plant and equipment	21,800	22,338
Intangible assets		
Technology assets	16,166	12,373
Other intangible assets	2,298	2,035
Total intangible assets	18,464	14,408
Investments and other assets		
Investment securities	0	0
Deferred tax assets	6,740	6,124
Other assets	935	1,152
Total investments and other assets	7,675	7,276
Total non-current assets	47,939	44,022
Total assets	186,840	170,312

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable-trade	15,764	11,936
Accounts payable-other	9,334	4,597
Accrued expenses	8,859	7,412
Income taxes payable	6,817	3,361
Liabilities related to chargeable subcontracting	9,319	-
Other current liabilities	3,001	3,965
Total current liabilities	53,094	31,271
Long-term liabilities		
Asset retirement obligations	350	350
Lease liabilities	2,042	1,298
Other long-term liabilities	334	347
Total long-term liabilities	2,726	1,995
Total liabilities	55,820	33,266
Net assets		
Shareholders' equity		
Common stock	32,656	32,971
Deposits for subscriptions of shares	85	46
Capital surplus	32,656	32,971
Retained earnings	63,604	74,252
Treasury stock	(3)	(5,003)
Total shareholders' equity	128,998	135,237
Accumulated other comprehensive income		
Foreign currency translation adjustments	2,022	1,809
Total accumulated other comprehensive income	2,022	1,809
Total net assets	131,020	137,046
Total liabilities and net assets	186,840	170,312

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	221,246	188,535
Cost of sales	111,243	84,616
Gross profit	110,003	103,919
Selling, general and administrative expenses	74,493	78,919
Operating income	35,510	25,000
Non-operating income		
Interest income	384	405
Foreign exchange gain	1,224	-
Other income	67	41
Total non-operating income	1,675	446
Non-operating expenses		
Foreign exchange losses	-	250
Other expenses	63	78
Total non-operating expenses	63	328
Ordinary income	37,122	25,118
Extraordinary income		
Gain on sale of non-current assets	-	1,790
Total extraordinary income	-	1,790
Extraordinary losses		
Impairment losses	-	1,531
Total extraordinary losses	-	1,531
Profit before income taxes	37,122	25,377
Income taxes-current	10,694	5,175
Income taxes-deferred	294	602
Total income taxes	10,988	5,777
Profit	26,134	19,600
Profit attributable to owners of parent	26,134	19,600

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	26,134	19,600
Other comprehensive income		
Foreign currency translation adjustments	1,200	(213)
Total other comprehensive income	1,200	(213)
Comprehensive income	27,334	19,387
Comprehensive income attributable to		
Owners of parent	27,334	19,387

(3) Consolidated statements of changes in net assets

For the fiscal year ended March 31, 2024

(Millions of yen)

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

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

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					
	Common stock	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2024	32,656	85	32,656	63,604	(3)	128,998
Changes during the year						
Issuance of new shares (exercise of stock options)	235	(39)	236			432
Issuance of new shares (exercise of share award rights)	80		79			159
Dividends paid				(8,952)		(8,952)
Profit attributable to owners of parent				19,600		19,600
Purchase of treasury stock					(5,000)	(5,000)
Net changes in items other than shareholders' equity						—
Total changes during the year	315	(39)	315	10,648	(5,000)	6,239
Balance as of March 31, 2025	32,971	46	32,971	74,252	(5,003)	135,237

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance as of April 1, 2024	2,022	2,022	131,020
Changes during the year			
Issuance of new shares (exercise of stock options)			432
Issuance of new shares (exercise of share award rights)			159
Dividends paid			(8,952)
Profit attributable to owners of parent			19,600
Purchase of treasury stock			(5,000)
Net changes in items other than shareholders' equity	(213)	(213)	(213)
Total changes during the year	(213)	(213)	6,026
Balance as of March 31, 2025	1,809	1,809	137,046

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	37,122	25,377
Depreciation and amortization	13,396	16,237
Impairment losses	-	1,531
Interest and dividend income	(384)	(405)
Loss on retirement of non-current assets	1,383	1,059
Loss (gain) on sale of non-current assets	-	(1,790)
Decrease (increase) in accounts receivable	8,379	3,800
Decrease (increase) in inventories	22,212	8,466
Increase (decrease) in accounts payable	(10,535)	(3,764)
Decrease (increase) in other assets	13,999	3,547
Increase (decrease) in other liabilities	(22,223)	(14,240)
Other	(112)	194
Subtotal	63,237	40,012
Interest and dividends received	384	405
Income taxes paid	(10,739)	(8,551)
Net cash provided by (used in) operating activities	52,882	31,866
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,879)	(12,758)
Purchases of intangible assets	(11,187)	(3,821)
Proceeds from sale of non-current assets	-	2,363
Other	(89)	(336)
Net cash used in investing activities	(23,155)	(14,552)
Cash flow from financing activities		
Repayments of lease obligations	(458)	(464)
Proceeds from exercise of stock options	4,766	386
Deposits for subscriptions of shares	85	46
Proceeds from exercise of share award rights	146	159
Purchase of treasury stock	(3)	(5,000)
Dividends paid	(11,160)	(8,952)
Net cash used in financing activities	(6,624)	(13,825)
Effect of exchange rate changes on cash and cash equivalents	1,499	(390)
Increase (decrease) in cash and cash equivalents	24,602	3,099
Cash and cash equivalents at the beginning of the fiscal year	45,136	69,738
Cash and cash equivalents at the end of the fiscal year	69,738	72,837

(5) Notes to consolidated financial statements

Assumptions of a going concern

None.

Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes)

Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) (hereinafter referred to as “Revised Accounting Standard 2022”), have been adopted from the beginning of the fiscal year ended March 31, 2025 under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of the paragraph 65-2 of Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) (hereinafter referred to as “Revised Implementation Guidance 2022”). These changed in accounting policies have no impact on the consolidated financial statements.

For the amendment to changes in accounting treatment of the consolidated financial statements, when gains and losses on sales of shares in subsidiaries resulting from transactions between the consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 have been adopted from the beginning of the fiscal year ended March 31, 2025. The changes in accounting policies were applied retrospectively. Hence, the consolidated financial statements for the previous fiscal year ended March 31, 2024 were modified retrospectively. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year ended March 31, 2024.

Consolidated statements of income

(Impairment losses on fixed assets)

1. Fiscal year ended March 31, 2024

(From April 1, 2023 to March 31, 2024)

None.

2. Fiscal year ended March 31, 2025

(From April 1, 2024 to March 31, 2025)

Overview of assets or group of assets for impairment losses

Purpose	Type	Location
Idle assets	Technology assets	Yokohama, Kanagawa etc.

Background for the recognition of impairment losses

The Company holds the technology assets as SoC development assets for a specific customer in automotive area. During the fiscal year ended March 31, 2025, the recoverable amount significantly reduced due to change in circumstances that the customer decided to withdraw from the business. As a result, the assets were classified as idle and the net carrying value was reduced to their recoverable amount with the recognition of impairment losses.

The amount of impairment losses and the breakdown

Technology assets: 1,531 million yen

Method for the grouping of assets

The Company identifies the group of assets based on factors including organizational structure, functional integration, and management accounting classifications.

Method for determining recoverable amount

Considering the assets cannot be repurposed for other production and no plan for future use, the recoverable amount is considered to be zero, less any potential future cash inflows.

Segment information

1. Fiscal year ended March 31, 2024

(From April 1, 2023 to March 31, 2024)

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

2. Fiscal year ended March 31, 2025

(From April 1, 2024 to March 31, 2025)

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

Per share information

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	732.76	770.79
Basic earnings per share	148.39	109.78
Diluted earnings per share	144.80	108.73

Notes:

- The Company implemented a stock split on January 1, 2024 at a ratio of 1 common stock to 5 shares. Net assets per share, basic earnings per share and diluted earnings per share are computed based on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2024.
- The bases for calculation of net assets per share:

(Millions of yen, unless otherwise stated)

	As of March 31, 2024	As of March 31, 2025
Total net assets	131,020	137,046
Deductions from total net assets	85	46
(Of which, deposits for subscriptions of shares)	(85)	(46)
Net assets attributable to common stock at the end of the fiscal year	130,935	137,000
Number of shares issued at the end of the period	178,687,405	179,756,405
Number of treasury stock held at the end of the period	788	2,017,427
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share	178,686,617	177,738,978

- The bases for calculation of net income per share and diluted earnings per share:

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Basic profit attributable to owners of parent	26,134	19,600
Profit not attributable to common shareholders	-	-
Profit attributable to owners of the parent related to common stock	26,134	19,600
Average number of shares of common stock during the period	176,119,044	178,543,635
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Number of shares of common stock increased	4,360,706	1,722,578
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	-	-

Subsequent Events

(Acquisition of Treasury Stock)

At the meeting of its Board of Directors held on April 28, 2025, a resolution was passed to determine matters related to the acquisition of treasury stock pursuant to the provisions of Article 459, paragraph 1 of the Companies Act and Article 35 of the Company's Articles of Incorporation, as shown below.

1. Reasons for Acquisition of Treasury Stock:

The Company is considering the introduction of a new stock-based compensation system with the aim of acquiring and securing directors, personnel equivalent to directors, and global technical and management personnel. The Company acquires treasury stock in consideration of the possibility that the Company may (i) use them as the shares to be granted in connection with the aforementioned system, and/or (ii) utilize them for flexible business management in response to changes in the future business environment.

2. Matters Related to the Acquisition:

- | | |
|--|--|
| (1) Class of Shares to be Acquired: | Common Stock |
| (2) Total Number of Shares to be Acquired: | Up to 4,400,000 shares
(Represents 2.48% of the total number of the issued shares (excluding treasury stock)) |
| (3) Total of the Acquisition Price for the Shares: | Up to 5 billion yen |
| (4) Acquisition Period: | from April 30, 2025 to May 30, 2025 |
| (5) Method of Acquisition: | Market purchase at the Tokyo Stock Exchange |