

Note:

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Commencement date of electronic provision measures: May 27, 2026

Notice of the 12th Ordinary General Meeting of Shareholders (Items Omitted from the Paper Copy)

Business Report

Accounting Auditor

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Non-consolidated Financial Statements

Non-Consolidated Statement of Changes in Net Assets

Notes to the Non-consolidated Financial Statements

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

Socionext Inc.

Accounting Auditor

1) Name: Ernst & Young ShinNihon LLC

2) Amount of fees etc.

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

	Category	Amount paid
a.	Fees for auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act	71 million yen
b.	Total amount of cash and other property benefits payable by the Company	71 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**

No fees were paid for services other than audit services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

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

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

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

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

◆ Basic Policy on the Development of Internal Control Systems

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

◆ Overview of Operational Status

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

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

◇ Systems

- 1) The Company shall be committed to promoting compliance, including compliance with laws and regulations and the Articles of Incorporation, by establishing internal rules, such as the CSR Policy and Compliance Codes, and making officers and employees of the Group fully understand and comply with them.
- 2) The Company shall clarify laws and regulations pertaining to business activities of the Group, establish internal rules necessary for compliance with them, conduct education, and develop a monitoring system.
- 3) If an officer or employee of the Group becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities of the Group, he or she shall immediately notify the Board of Directors and the Audit & Supervisory Committee of the Company of such fact through the normal line of business.
- 4) In order to enable early detection of compliance issues, the Company shall set up internal and external contact points for whistleblowing from officers and employees of the Group, while ensuring the system protects whistleblowers.

◇ Outline of Operational Status

- We post internal rules and regulations, including the CSR Policy and Compliance Codes, on the internal portal site to make them fully understood and also conduct compliance training for officers, e-learning for officers and employees, and departmental education to promote compliance, including compliance with laws and regulations and the Articles of Incorporation.
- We are strengthening our compliance system by appointing a Risk Compliance Officer for each division under the Risk Compliance Committee.
- We use e-learning to provide all officers and employees with various types of compliance education, including matters related to information security, prevention of insider trading, prevention of harassment, the environment, procurement transactions and security export laws and regulations.
- The Group's officers and employees who become aware of potential non-compliance issues should report them to the line manager, and the details should be reported to the Board of Directors and the Audit & Supervisory Committee.
- We build and operate our global Whistleblowing System and make the rules for its usage known. In addition, we pursue the prohibition of adverse treatment or retaliation against the whistleblower, as well as the protection of the whistleblower.

5)	The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties in the Group and shall confirm that there is no non-compliance in the execution of duties.
6)	The Company shall conduct an internal audit in order to confirm the status of business execution in the Group, ensure compliance with laws and regulations and the Articles of Incorporation, etc., and make improvements in operational efficiency.
7)	The Group shall take a firm stand against anti-social forces, have no relationship with them and deal with them systematically in coordination with external professional organizations.

•	The Board of Directors of the Company receives regular reports on the execution of duties from the person performing the duties in the Group and confirms that there is no non-compliance in the execution of duties.
•	The Company conducts an internal audit by the Internal Audit Department in order to confirm the status of business execution in the Group, ensures compliance with laws and regulations and the Articles of Incorporation, etc., and makes improvements in operational efficiency.
•	In order to prevent transactions with anti-social forces, we check the appropriateness of transactions as an essential response in our business processes.

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

◇ Systems

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

◇ Outline of Operational Status

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

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

◇ Systems

1)	The Company shall establish a risk management system in accordance with the Risk Management Code. Risk management for overall management shall be conducted by the Management Committee, and risk management for disasters/accidents, compliance, information security, etc. shall be conducted by the Risk Compliance Committee.
2)	The Company shall systematically and continuously extract and evaluate risks that could cause losses to the Group, appoint an officer for each extracted risk item to clarify a system of responsibility, and formulate and

◇ Outline of Operational Status

•	In addition to the Board of Directors Regulations and the Management Committee Regulations, the Company has established the Risk Management Code and has developed a global risk management system.
•	We have established a risk management process and regularly have a company-wide risk review conducted by the Management Committee. Through this process, we ascertain information on the latest risk status, appoint an officer for each risk, develop measures and countermeasures against risks, and check on the progress thereof.

<p>implement measures. In addition, when risks materialize, the Company shall take necessary measures to minimize losses arising.</p>	<ul style="list-style-type: none"> The Risk Compliance Committee, based on a third party's work including vulnerability verification of information security systems, reports information security incidents and cybersecurity and confirms the progress of countermeasures, and checks whether any violations of laws or regulations have occurred.
<p>3) Based on the Business Continuity Plan (BCP)/Business Continuity Management (BCM) Code, the Company shall clarify a system of responsibility, prepare for a contingency such as disasters in the Group and its business partners, and conduct activities to ensure business continuity of the Group.</p>	<ul style="list-style-type: none"> As part of the BCP/BCM initiative, we continuously engage in activities such as developing manuals and conducting BCP drills based on our policies during normal times.
<p>4) In accordance with the Information Security Code, the Company shall clarify a system of responsibility and implement specific measures for the Group's information security.</p>	<ul style="list-style-type: none"> To further strengthen our information security system, we promoted the development of information security rules throughout the Group, led by the Information Security Promotion Office, and also implemented various information security measures, including the introduction of multi-factor authentication, information security training for officers and employees, and drills for targeted e-mail attacks.
<p>5) The Company shall regularly report to the Board of Directors on the status of the Group's risk management activities.</p>	<ul style="list-style-type: none"> The activities of the Management Committee and the Risk Compliance Committee are regularly and occasionally reported to the Board of Directors.

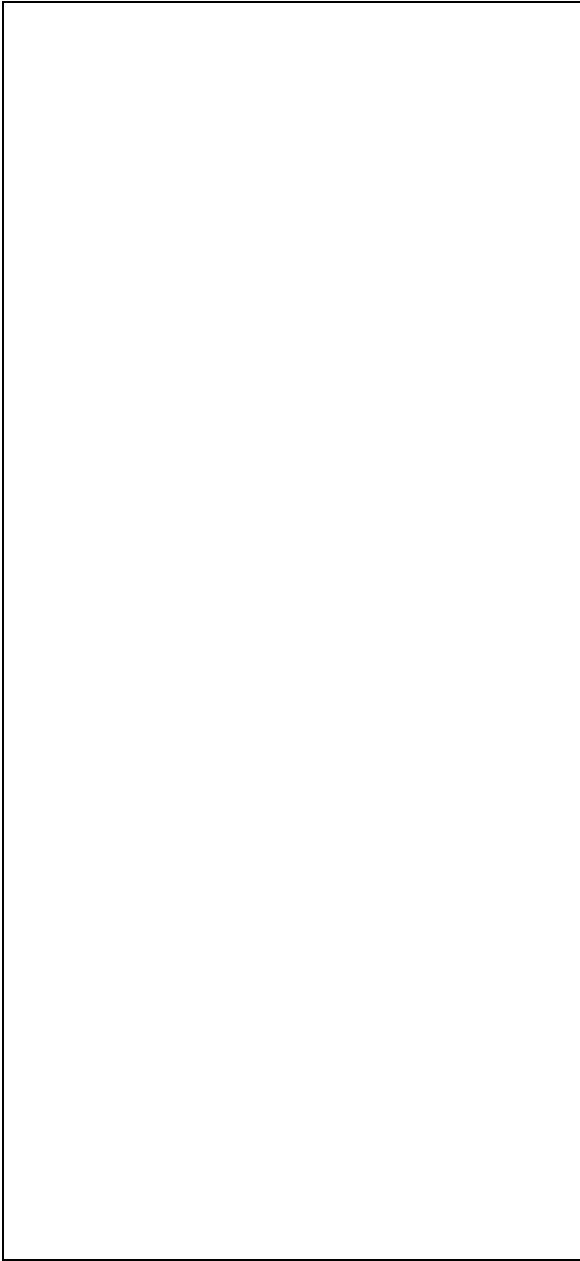
(4) Systems to ensure efficient execution of duties by Directors

◇ Systems

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

◇ Outline of Operational Status

<ul style="list-style-type: none"> Directors make important management decisions promptly at the Board of Directors meetings and supervise the execution of duties. In addition, among the agenda items presented to the Board of Directors meetings, important management issues are discussed and reviewed in advance by the Management Committee to enhance deliberations. Furthermore, through the introduction of the executive officer system, the Company endeavors to accelerate business execution. Specifically, we are improving efficiency in the execution of duties by Directors through the following management, etc.



- By clarifying the business model and the business areas of Solution SoC and promoting a business transformation and shift of resources to growth areas, we are focusing on large-scale global business opportunities and development for business expansion and growth.
We are also strengthening our development resources to support global business expansion by reviewing and improving our development processes, including the formulation and implementation of standard development processes, commencing full-scale operation of overseas development bases, and introducing AI tools into development operations.
- To enable efficient and quick development, we are promoting visualization of engineering skills and development resources, and building and implementing a system that enables timely resource assignment.
In order to strengthen development resources, the Group is developing and implementing training programs for different levels of engineers.
- We have been further strengthening a structure for the execution of duties as a listed company, including the update and improvement of public relations and investor relations functions, as well as shareholder relations functions.
In addition, we promote the construction, execution and disclosure of sustainability-related business processes, and are working to enhance evaluation from our stakeholders and the presence of the Company.

2) The Company shall clarify the duties of the Group's officers and employees and the reporting obligations of its subsidiary officers and employees to the Company in accordance with the Socionext Group Approval Authority and the Affiliates Management Regulations, and the Regulations on Organization and Separation of Duties.

- In accordance with the Management Committee Regulations and the Socionext Group Approval Authority and the Affiliate Management Regulations, important matters relating to the business activities of the Group are set forth and administered as matters to be approved by and reported to the Management Committee. In addition, the presidents of the Group Company make monthly business reports to the Management Committee members, etc.
- In the Group Company, the Company officers and employees are assigned to serve as officers of the Group Company to strengthen guidance, support and supervision on the development of operational systems. In addition, we establish the codes applicable to the entire Group Company to strengthen the management system of the Group Company.

3) The Company shall establish a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business.
4) The Company shall continuously promote the development of internal control systems and the reform of business processes in the Group.
5) The Company shall disseminate its management policy throughout the Group and formulate a business plan, covering the following fiscal year and the years beyond, in March every year. At monthly meetings of the Board of Directors, the Company shall monitor and supervise the achievement of management objectives by reporting on financial results and the status of business execution.

<ul style="list-style-type: none"> The Company establishes a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business. In addition, we conduct internal audits of business processes and take corrective actions as necessary, while continuously improving the processes.
<ul style="list-style-type: none"> The Internal Audit Department conducts internal audits of the Group as a whole to ensure that the Group is performing its duties in accordance with the Socionext Group Approval Authority and the Affiliate Management Regulations and the rules of business processes.
<ul style="list-style-type: none"> The Group formulates a business plan in March every year that includes the following fiscal year and years beyond. In addition to quarterly management, the Group strives to manage management indicators and targets over the course of multiple fiscal years. Under this structure, we strive to confirm the feasibility of design wins and sales plans, promote comprehensive cost and gross margin improvements, upgrade our market strategy and check the validity of advanced development investments when it comes to design wins and lead generation, globalize and improve the efficiency of SCM, and globalize and improve the efficiency of corporate operations, while at the same time building and strengthening the IT infrastructure that supports our business activities. The status of these initiatives is reported to the Board of Directors monthly.

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

◇ Systems

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

◇ Outline of Operational Status

<ul style="list-style-type: none"> The Company has established an Audit & Supervisory Committee Secretariat to support the duties of the Audit & Supervisory Committee and assigns appropriate personnel.
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<p>2) In order to ensure the independence of the Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by the Audit & Supervisory Committee of the Company, the Company shall obtain the consent of the Audit & Supervisory Committee of the Company with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.</p>	<ul style="list-style-type: none">• The Company obtains the consent of the Audit & Supervisory Committee with respect to the matters regarding personnel affairs, such as appointment, transfer and compensation of such personnel assisting with the Audit & Supervisory Committee.
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3) In principle, the Company shall not allow the Socionext Personnel described in 1) above to serve concurrently with any other organization. However, when it becomes necessary to have a Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.

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

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

◇ Systems

1) Officers and employees of the Group shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company and provide Audit & Supervisory Committee members with opportunities to attend important meetings.

2) Officers and employees of the Group shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that may constitute a material breach of compliance with respect to the conduct of their business activities.

3) The Group shall not treat any officers or employees unfavorably for the reason of making a report under the preceding two items.

◇ Outline of Operational Status

- The Audit & Supervisory Committee receives reports on the status of the execution of duties from the CEO, COO, CFO, and executive officers, etc. on a regular and occasional basis. In addition, Audit & Supervisory Committee Members attend important meetings such as the Board of Directors, the Management Committee, and meetings for performance reporting, and conduct investigations and interviews with each division and exchange opinions with Directors of the Company.
- Officers and employees of the Group immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that may constitute a material breach of compliance with respect to the conduct of their business activities.
- The Group does not treat its officers and employees who report to the Audit & Supervisory Committee unfavorably for the reason of having made a report under the preceding two items.

(7) Other Systems for Ensuring the Effectiveness of Audit by the Audit & Supervisory Committee

◇ Systems

1) Officers and employees of the Group shall exchange information with the Audit & Supervisory Committee upon request from the Audit & Supervisory Committee.

2) The Internal Audit Department shall regularly report the status and results of audits to the Audit & Supervisory Committee. The Audit & Supervisory Committee may give instructions to the Internal Audit Department as necessary.

◇ Outline of Operational Status

- Officers and employees of the Group exchange information with the Audit & Supervisory Committee upon request from the Audit & Supervisory Committee.
- The Audit & Supervisory Committee works closely with the Internal Audit Department, which is the internal audit division, to improve the effectiveness and efficiency of audits by exchanging information and opinions with each other on a regular basis and when necessary. The Audit & Supervisory Committee gives instructions to the Internal Audit Department as necessary.

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| 3) The Audit & Supervisory Committee shall receive reports from accounting auditors on plans and results of accounting audits from time to time, and periodically exchange information with accounting auditors. |
| 4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and the Company shall establish procedures for the requests in the same paragraph. |

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| <ul style="list-style-type: none">• The Audit & Supervisory Committee receives periodic and occasional reports from accounting auditors and exchanges information and opinions with them. |
| <ul style="list-style-type: none">• Expenses of the Audit & Supervisory Committee are properly settled in response to requests from Audit & Supervisory Committee Members. |

Consolidated Statement of Changes in Net Assets (April 1, 2025 to March 31, 2026)

(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, 2025	32,971	46	32,971	74,252	(5,003)	135,237
Changes during the fiscal year						
Issuance of new shares (exercise of stock options)	49	(43)	49			55
Dividends of surplus				(8,854)		(8,854)
Profit attributable to owners of parent				8,733		8,733
Acquisition of treasury stock					(5,000)	(5,000)
Disposition of treasury stock, etc.			910		(770)	140
Net changes in items other than those in shareholders' equity during the fiscal year						-
Total changes during the fiscal year	49	(43)	959	(121)	(5,770)	(4,926)
Balance as of March 31, 2026	33,020	3	33,930	74,131	(10,773)	130,311

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income	
Balance as of April 1, 2025	1,809	1,809	137,046
Changes during the fiscal year			
Issuance of new shares (exercise of stock options)			55
Dividends of surplus			(8,854)
Profit attributable to owners of parent			8,733
Acquisition of treasury stock			(5,000)
Disposition of treasury stock, etc.			140
Net changes in items other than those in Shareholders' Equity during the fiscal year	936	936	936
Total changes during the fiscal year	936	936	(3,990)
Balance as of March 31, 2026	2,745	2,745	133,056

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

Notes to the Consolidated Financial Statements

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

Consolidated financial statements are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006, as last amended by Ministry of Justice Order No. 5 of February 28, 2025).

(1) Scope of Consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries

The consolidated financial statements consolidate all six subsidiaries.

(Names of consolidated subsidiaries)

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

(2) Application of the equity method

Number and names of affiliates accounted for by the equity method

Not applicable.

Change in the scope of application of the equity method

Trinity Semiconductor Research LLC, which was an affiliate accounted for by the equity method, was excluded from the scope of application of the equity method from the fiscal year under review due to the completion of liquidation.

(3) Fiscal years and other matters of consolidated subsidiaries

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

(4) Accounting Policies

1) Basis and method for valuation of assets

a. Securities

Available-for-sale securities:

* Other than equity securities with no market prices	Market value
	Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets
	Method of determining the cost of sale at the time of sale... Cost method using the moving average method
* Equity securities etc. with no market prices	Cost method using the moving average method
b. Derivatives	Market value

c. Inventories

Inventories held for ordinary sale

* Finished goods	Cost method using the gross average method
* Work in process	Cost method using the gross average method

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

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

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

Depreciation is calculated by the straight-line method.

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

Buildings and structures	2 to 18 years
Machinery, equipment and vehicles	3 to 5 years
Tools, furniture and fixtures	3 to 10 years

b. Intangible assets

Depreciation is calculated by the straight-line method.

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

c. Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease period as the useful life and no residual value.

3) Basis of recording revenues and expenses

In the sale of semiconductor products, the Company recognizes product revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) and NRE revenue at the time of delivery of the deliverables of product development (when customers confirmed the reception and evaluation of the deliverables), because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product, etc.

4) Basis of recording provisions

* Provision for share awards

In order to prepare for the delivery of the Company's shares to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Director) and Executive Officers who meet the prescribed requirements (hereinafter collectively referred to as the "Eligible Directors, etc."), the amount is recorded based on the estimated amount of share benefit obligation at the end of the fiscal year under review in accordance with the Board of Directors Share Delivery Regulations or Executive Officers Share Delivery Regulations.

2. Notes on recognition of revenues

(1) Detailed information of revenues from contracts with customers

Product revenue	161,792 million yen
NRE revenue	38,325 million yen
Others	717 million yen
Revenues from contracts with customers	200,834 million yen
Sales to external customers	200,834 million yen

(2) Information that is the basis for understanding the revenues generated by contracts with customers

The Group Company is engaged in research, design and development, manufacturing, sales and service of semiconductor products, with revenues primarily from the sales of semiconductor products.

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

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

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

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

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

1) Balance of contract assets and contract liabilities

	Balance as of April 1, 2025	Balance as of March 31, 2026
Contract liabilities	2,265 million yen	4,214 million yen

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

2) Transaction price allocated to the outstanding performance obligation

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

3. Notes on accounting estimates

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

* Recoverability of deferred tax assets

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

Deferred tax assets 4,624 million yen

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

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

4. Notes to the Consolidated Balance Sheet

* Accumulated Depreciation of Property, Plant and Equipment

Buildings and structures	3,048 million yen
Machinery, equipment and vehicles	187 million yen
<u>Tools, furniture and fixtures</u>	<u>41,268 million yen</u>
Total	44,503 million yen

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Matters related to the type and the total number of issued shares and the type and the total number of treasury shares

	At the beginning of the fiscal year under review	Increase	Decrease	At the end of the fiscal year under review
Issued shares				
Common stock (shares)	179,756,405	212,225	-	179,968,630
Total (shares)	179,756,405	212,225	-	179,968,630
Treasury stock (shares)				
Common stock (shares)	2,017,427	3,934,425	1,262,983	4,688,869
Total (shares)	2,017,427	3,934,425	1,262,983	4,688,869

(Notes) The increase in the number of common stock of issued shares is due to the exercise of stock options.

From the fiscal year under review, the Company has introduced a stock-based compensation plan of the "Officer Compensation Board Incentive Plan (BIP) Trust" and the "Stock Grant Employee Stock Ownership Plan (ESOP) Trust," and the increase in the number of common stock held as treasury stock is due to the acquisition of treasury stock by the resolution of the Board of Directors, contribution to the

“Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account,” and the acquisition of treasury stock based on the requests for purchase of fractional shares. The decrease in the number of common stock held as treasury stock is due to the disposition of treasury stock as restricted stock compensation and contributions to the “Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account.” The number of common stock held as treasury stock at the end of the fiscal year under review includes the Company’s shares held by the “Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account” (506,300 shares and 705,700 shares, respectively).

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

Date of resolution	Type of shares	Source of dividend	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
May 19, 2025 Board of Directors	Common stock	Retained earnings	4,443	25	March 31, 2025	June 5, 2025
October 31, 2025 Board of Directors	Common stock	Retained earnings	4,411	25	September 30, 2025	November 26, 2025

(Notes) The total amount of dividends includes 30 million yen of dividends on the Company's shares held by the Master Trust Bank of Japan, Ltd., as trust assets under the "Officer Compensation BIP Trust" and the "Stock Grant ESOP Trust."

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

Scheduled resolution	Type of shares	Source of dividend	Total amount of dividends	Dividends per share (Yen)	Record date	Effective date
May 19, 2026 Board of Directors	Common stock	Retained earnings	4,412	25	March 31, 2026	June 4, 2026

(Notes) The total amount of dividends includes 30 million yen of dividends on the Company's shares held by the Master Trust Bank of Japan, Ltd., as trust assets under the "Officer Compensation BIP Trust" and the "Stock Grant ESOP Trust."

(4) Type and number of shares subject to share subscription rights (excluding those for which the first day of the exercise period has not yet arrived) at the end of the fiscal year under review

Common stock 1,310,175 shares

6. Notes on Financial Instruments

(1) Matters concerning financial instruments

1) Policy for financial instruments

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

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

2) Details of financial instruments and related risks

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

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

3) Risk management system relating to financial instruments

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

In accordance with the receivables management rules, the Company regularly monitors the business conditions of its business partners and manages the due dates and balances of each partner in order to identify if there are

concerns for collection at an early stage and mitigate risks.

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

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

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

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

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

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

(2) Fair value of financial instruments

"Cash on hand and in banks" is omitted because it is cash, and the market values of "Deposits," "Accounts receivable-trade," "Accounts receivable-other," "Accounts payable-trade," "Accounts payable-other," and "Accrued expenses" are omitted too, as they are close to their book values, being settled in a short period of time. In addition, the description of "Securities" is omitted because the market value approximates the book value, as those included are jointly managed designated money trusts with characteristics similar to cash, and all of them are short-term.

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

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

Not applicable.

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

Descriptions are omitted due to lack of significance.

7. Notes to per-share information

(1) Net assets per share 759.09 yen

(2) Profit per share for the fiscal year under review 49.74 yen

(Notes) From the fiscal year under review, the Company has introduced stock-based compensation plan of the "Officer Compensation BIP Trust" and the "Stock Grant ESOP Trust." The Company's shares held by the "Officer Compensation BIP Trust Account" and the "Stock Grant ESOP Trust Account" are included in the number of treasury stocks, which are deducted from the total number of issued shares at the end of the fiscal year under review, in the calculation of Net assets per share. The number of treasury stocks deducted at the end of the fiscal year under review consists of 506,300 shares held by the "Officer Compensation BIP Trust Account" and 705,700 shares held by the "Stock Grant ESOP Trust Account." The Company's shares held by the "Officer Compensation BIP Trust Account" and the "Stock Grant ESOP Trust Account" are included in the number of treasury stocks, which are deducted from the calculation of the average number of shares during the fiscal year under review, in the calculation of Profit per share. The average number of treasury stocks deducted during the fiscal year under review consists of 269,102 shares held by the "Officer Compensation BIP Trust Account" and 375,084 shares held by the "Stock Grant ESOP Trust Account."

8. Other notes

(Transactions involving delivery of the Company's own stock to employees, etc. through trusts)

From the fiscal year under review, the Company has introduced stock-based compensation systems of the "Officer Compensation BIP Trust", in the expectation of further progress of the business growth and business transformation of the Group, as well as promotion of initiatives for management activities focusing on corporate value, and also to secure domestic and global human resources by reaching closer to the market's stock compensation levels.

Besides, the Company introduced the "Stock Grant ESOP Trust," a stock-based compensation plan based on a stock-granting trust, initially for a limited number of employees of U.S. subsidiaries (hereinafter referred to as the "Eligible Employees"), with the aim of securing and retaining human resources.

The accounting treatment for these plans is in accordance with "Practical Solution on Transactions Involving Delivery of the Company's Own Stock to Employees, etc. through Trusts" (PITF No.30, March 26, 2015)

(1) Officer Compensation BIP Trust

1) Outline of the plan

The plan is a stock compensation scheme whereby the Company's shares are acquired through a trust funded by the compensation amounts of the Eligible Directors, etc. contributed by the Company, and the Company's shares are delivered to the Eligible Directors, etc. in accordance with the Board of Directors Share Delivery Regulations or Executive Officers Share Delivery Regulations established by the Company.

2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stocks in Net Assets at the book value in the trust, excluding the amount of incidental expenses. The book value and number of treasury stocks are 1,435 million yen and 506,300 shares at the end of the fiscal year under review.

(2) Stock Grant ESOP Trust

1) Outline of the plan

The Plan is a system under which, in accordance with predetermined Share Delivery Regulations, Company shares acquired by the ESOP Trust and cash equivalent to the proceeds from the sale of Company shares are delivered/provided to Eligible Employees who satisfy certain requirements.

2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury stocks in Net Assets at the book value in the trust, excluding the amount of incidental expenses. The book value and number of treasury stocks are 2,000 million yen and 705,700 shares at the end of the fiscal year under review.

Non-Consolidated Statement of Changes in Net Assets (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Common stock	Deposits for subscriptions of shares	Capital surplus		
			Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of April 1, 2025	32,970	45	32,970	-	32,970
Changes during the fiscal year					
Issuance of new shares (exercise of stock options)	49	(42)	49		49
Dividends of surplus					
Profit					
Acquisition of treasury stock					
Disposition of treasury stock, etc.				909	909
Total changes during the fiscal year	49	(42)	49	909	959
Balance as of March 31, 2026	33,020	3	33,020	909	33,930

	Shareholders' equity				Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	
	Other retained earnings	Total retained earnings			
Balance as of April 1, 2025	67,101	67,101	(5,003)	128,085	128,085
Changes during the fiscal year					
Issuance of new shares (exercise of stock options)				55	55
Dividends of surplus	(8,854)	(8,854)		(8,854)	(8,854)
Profit	8,329	8,329		8,329	8,329
Acquisition of treasury stock			(4,999)	(4,999)	(4,999)
Disposition of treasury stock, etc.			(769)	140	140
Total changes during the fiscal year	(525)	(525)	(5,769)	(5,329)	(5,329)
Balance as of March 31, 2026	66,575	66,575	(10,772)	122,756	122,756

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

Notes to the Non-consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Non-consolidated financial statements are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No.13 of February 7, 2006, as last amended by Ministry of Justice Order No.5 of February 28, 2025).

(2) Basis and method for valuation of assets

1) Securities

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

b. Available-for-sale securities:

* Other than equity securities with no market prices Market value
Method of processing the difference between acquisition cost and market value... All changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets
Method of determining the cost of sale at the time of sale... Cost method using the moving average method

* Equity securities etc. with no market prices Cost method using the moving average method

2) Derivatives Market value

3) Inventories

Inventories held for ordinary sale

* Finished goods Cost method using the gross average method

* Work in process Cost method using the gross average method

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

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

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

Depreciation is calculated by the straight-line method.

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

Buildings	3 to 18 years
Machinery and equipment, net	3 to 5 years
Tools, furniture and fixtures	3 to 10 years

2) Intangible assets

Depreciation is calculated by the straight-line method.

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

3) Leased assets

Leased assets under finance leases that do not transfer ownership of the leased assets are calculated using the straight-line method with the lease period as the useful life and no residual value.

(4) Basis of recording revenues and expenses

In the sale of semiconductor products, the Company recognizes product revenue at the time of delivery of the product (or at the time of deemed arrival of the product if the lead time of transportation can be measured) and NRE revenue at the time of delivery of the deliverables of product development (when customers confirmed the reception and revaluation of the deliverables), because the Company judges that the Company's performance obligation is fulfilled when the customer gains control over the product, etc.

(5) Basis of recording provisions

* Provision for share awards

In order to prepare for the delivery of the Company's shares to the Eligible Directors, etc., the amount is recorded based on the estimated amount of share benefit obligation at the end of the fiscal year under review in accordance with the Board of Directors Share Delivery Regulations or Executive Officers Share Delivery Regulations.

2. Notes on accounting estimates

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

Recoverability of deferred tax assets

- (1) Amount recorded in the non-consolidated financial statements for the fiscal year under review
Deferred tax assets 4,416 million yen

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

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

3. Notes to the Non-consolidated Balance Sheet

- (1) Accumulated Depreciation of Property, Plant and Equipment

Buildings	1,544 million yen
Machinery and equipment, net	68 million yen
Tools, furniture and fixtures	40,376 million yen
Total	41,989 million yen

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

Short-term monetary receivables	26,852 million yen
Short-term monetary payables	2,423 million yen

4. Notes to Non-consolidated Statement of Income

Transaction with the affiliates

Operating transactions

Net sales	120,647 million yen
Purchases	13,549 million yen

Non-operating transactions

Dividend income	1,996 million yen
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5. Notes to Non-Consolidated Statement of Changes in Net Assets

Matters related to the type and the number of treasury shares

	At the beginning of the fiscal year under review	Increase	Decrease	At the end of the fiscal year under review
Treasury stock (shares)				
Common stock (shares)	2,017,427	3,934,425	1,262,983	4,688,869
Total (shares)	2,017,427	3,934,425	1,262,983	4,688,869

(Notes) The increase in the number of shares of common stock held as treasury stock is due to the acquisition of treasury stock by the resolution of the Board of Directors, contribution to the “Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account,” and the acquisition of treasury stock based on the request for purchase of fractional shares. The decrease in the number of common stock held as treasury stock is due to the disposition of treasury stock as restricted stock compensation and contribution to the “Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account.” The number of common stock held as treasury stock at the end of the fiscal year under review includes the Company’s shares held by the “Officer Compensation BIP Trust Account” and the “Stock Grant ESOP Trust Account” (506,300 shares and 705,700 shares, respectively).

6. Notes to Tax-Effect Accounting

Breakdown of major factors for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Bonus accruals	859 million yen
Accrued social insurance expenses	112 million yen
Loss on valuation of inventories	1,576 million yen
Loss on valuation of non-current assets	1,258 million yen
Accrued enterprise taxes	158 million yen
Lump-sum depreciable assets	26 million yen
Asset retirement obligations	119 million yen
Valuation of supplies	173 million yen
Others	148 million yen
<u>Total deferred tax assets</u>	<u>4,433 million yen</u>
Deferred tax liabilities	
Asset retirement obligations	(17) million yen
<u>Total deferred tax liabilities</u>	<u>(17) million yen</u>
Deferred tax assets, net	4,416 million yen

7. Notes to Transaction with Related Parties

Type	Names of companies and others	Percentage of voting rights, etc. held (owned)	Relationship with related party	Details of transactions	Transaction amount (Million yen)	Item	Balance as of March 31, 2026 (Million yen)
Subsidiaries	Socionext Technology Pacific Asia Ltd.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	83,809	Accounts receivable-trade	17,308
				Outsourcing of operations, etc.	987	Accounts receivable-other	123
				Sales support, etc.	3,567	Accounts payable-trade	327
Subsidiaries	Socionext America Inc.	Ownership Direct 100.0%	Sales of the Company's products and outsourcing of operations, etc.	Sales of products, etc.	29,032	Accounts receivable-trade	7,638
				Outsourcing of operations, etc.	129	Accounts receivable-other	4
				Outsourcing of development, etc.	8,007	Accounts payable-trade	1,415
				Outsourcing of operations, etc.	159	Accounts payable-other	101
Officer	Masahiro Koezuka	Direct: 0.0%	Director of the Company	In-kind contribution of monetary compensation claims (Note 2)	26	-	-
Officer	Yutaka Yoneyama	Direct: 0.0%	Director of the Company	In-kind contribution of monetary compensation claims (Note 2)	14	-	-
Officer	Hisato Yoshida	Direct: 0.0%	Director of the Company	In-kind contribution of monetary compensation claims (Note 2)	14	-	-

- (Notes) 1. Prices, among the transaction terms with the aforementioned companies, are established through negotiations, following the same procedures as with other entities.
2. This is due to monetary compensation claims as property contributed in kind associated with the performance-based restricted stock compensation plan.

8. Notes to per-share information

- | | | |
|-----|---|------------|
| (1) | Net assets per share | 700.33 yen |
| (2) | Profit per share for the fiscal year under review | 47.44 yen |

(Notes) From the fiscal year under review, the Company has introduced stock-based compensation plan of the "Officer Compensation BIP Trust" and the "Stock Grant ESOP Trust." The Company's shares held by the "Officer Compensation BIP Trust Account" and the "Stock Grant ESOP Trust Account" are included in the number of treasury stocks, which are deducted from the total number of issued shares at the end of the fiscal year under review, in the calculation of Net assets per share. The number of treasury stocks deducted at the end of the fiscal year under review consists of 506,300 shares held by the "Officer Compensation BIP Trust Account" and 705,700 shares held by the "Stock Grant ESOP Trust Account." The Company's shares held by the "Officer Compensation BIP Trust Account" and the "Stock Grant ESOP Trust Account" are included in the number of treasury stocks, which are deducted from the calculation of the average number of shares during the fiscal year under review, in the calculation of Profit per share. The average number of treasury stocks deducted during the fiscal year under review consists of 269,102 shares held by the "Officer Compensation BIP Trust Account" and 375,084 shares held by the "Stock Grant ESOP Trust Account."

9. Other notes

(Transactions involving delivery of the Company's own stock to employees, etc. through trusts)
Notes on the said transaction are omitted because the same content is stated in "Notes to the Consolidated Financial Statements (Transactions involving delivery of the Company's own stock to employees, etc. through trusts)."