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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 2023

Company name: Socionext Inc. Stock exchange listing: Tokyo
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 Scheduled date to commence dividend payments: June 07, 2023
 Scheduled date of ordinary general shareholders' meeting: June 28, 2023
 Scheduled filing date of Securities Report: June 29, 2023
 Supplementary materials: 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, 2023 (From April 1, 2022 to March 31, 2023)

(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	
Fiscal year ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2023	192,767	64.7	21,711	156.5	23,440	159.0	19,763	164.2
March 31, 2022	117,009	17.3	8,463	445.3	9,050	359.6	7,480	409.2

Note: Comprehensive income:

For the fiscal year ended March 31, 2023: 20,255 million yen (151.9%)

For the fiscal year ended March 31, 2022: 8,040 million yen (336.2%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income on assets	Operating Margin
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	587.02	557.46	19.8	15.0	11.3
March 31, 2022	222.18	-	8.7	8.1	7.2

Reference: Share of gain(losses) of associates accounted for using equity method:

For the fiscal year ended March 31, 2023: -million yen

For the fiscal year ended March 31, 2022: -million yen

Notes:

- The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Basic earnings per share and diluted earnings per share are computed based on the assumption that the share consolidation and other events above were conducted at the beginning of the fiscal year ended March 31, 2022.
- Diluted earnings per share for the fiscal year ended March 31, 2022 is not presented because the Company's shares were unlisted and therefore an average quoted stock price is not available although there are dilutive shares.
- As the Company was listed on the Tokyo Stock Exchange Prime Market on October 12, 2022, diluted earnings per share for the fiscal year ended March 31, 2023 is computed by deeming the average stock price during the period from the listing date to March 31, 2023 as the average stock price during the fiscal year.

(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, 2023	193,945	109,864	56.6	3,262.93
March 31, 2022	118,428	89,609	75.7	2,661.30

Reference: Shareholder's equity: As of March 31, 2023: 109,852 million yen As of March 31, 2022: 89,597million yen

Note: The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Net assets per share is computed based on the assumption that the share consolidation and other events above were conducted at the beginning of the fiscal year ended March 31, 2022.

(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
Fiscal year ended	millions of yen	millions of yen	millions of yen	millions of yen
March 31, 2023	18,019	(19,725)	(333)	45,136
March 31, 2022	16,355	(7,938)	(458)	46,271

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	millions of yen	%	%
March 31, 2022	-	-	-	-	-	-	-	-
March 31, 2023	-	0.00	-	210.00	210.00	7,070	35.8	7.1
Fiscal year ending March 31, 2024 (Forecast)	-	105.00	-	105.00	210.00		40.4	

Note: Revision of the latest dividends forecast: Yes

3. Consolidated earnings forecast for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024) (Percentage represents change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
March 31, 2024	200,000	3.8	22,500	3.6	22,500	(4.0)	17,500	(11.5)	519.80

※ Notes

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

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

(2) 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

(3) Number of issued shares (Common stock)

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

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

③ Average number of shares during the period

Fiscal year ended March 31, 2023	33,666,666	Fiscal year ended March 31, 2022	33,666,666
Fiscal year ended March 31, 2023	-	Fiscal year ended March 31, 2022	-
Fiscal year ended March 31, 2023	33,666,666	Fiscal year ended March 31, 2022	33,666,666

Note: The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type

A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. The “Number of shares issued at the end of the period” and “Average number of shares during the period” are computed based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2022.

(Reference) Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

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

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
March 31, 2023	191,830	65.2	18,986	181.5	21,393	175.2	18,078	178.6
March 31, 2022	116,096	17.1	6,744	876.0	7,775	304.7	6,489	306.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	yen	yen
March 31, 2023	536.99	509.95
March 31, 2022	192.77	-

Notes:

- The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Basic earnings per share and diluted earnings are computed based on the assumption that the share consolidation and other events above were conducted at the beginning of the fiscal year ended March 31, 2022.
- Diluted earnings per share for the fiscal year ended March 31, 2022 is not presented because the Company's shares were unlisted and therefore an average quoted stock price is not available although there are dilutive shares.
- As the Company was listed on the Tokyo Stock Exchange Prime Market on October 12, 2022, diluted earnings per share for the fiscal year ended March 31, 2023 is computed by deeming the average stock price during the period from the listing date to March 31, 2023 as the average stock price during the fiscal year.

(2) Non-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, 2023	184,664	103,351	56.0	3,069.48
March 31, 2022	112,223	85,272	76.0	2,532.49

Reference: Shareholder's equity: As of March 31, 2023: 103,339 million yen As of March 31, 2022: 85,260 million yen

Note: The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on

September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Net assets per share is computed based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2022.

※ These fiscal consolidated financial results are not subject to the audit procedure of external audit.

※ 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, 2023

During the fiscal year ended March 31, 2023, the global economy has shown a recovery from COVID-19 in terms of both supply and demand, with a gentle upward trend. However, the economic recovery slowed down in the latter half of the year due to high inflation rates and monetary policy tightening. Regarding exchange rates, Japanese yen has been appreciating from November 2022 onward, however depreciated comparing to the previous fiscal year. Additionally, the prolongation of the conflict in Ukraine, US-China trade frictions, and new COVID-19 variants have further increased uncertainties regarding future economic developments.

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

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

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

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 current fiscal year ended March 31, 2023, our research and development costs increased by 14.2% to 49,324 million yen, mainly due to increasing acquired design wins. Because the ecosystem continues to grow in complexity and flexibly, and to utilize the latest advanced technologies, we regularly work with multiple partners and actively invest in advanced technologies including 3nm and finer process nodes, advanced packaging technologies such as chiplet, application of latest EDA tools as well as platformization. For investments in product development, we completed tape out of 5nm generation products in ADAS area in the first quarter of current fiscal year ended March 31, 2023. We also started mass production for 7nm products in data center & networking area in the current fiscal year. Furthermore, 7nm products in automotive area will enter the mass production stage in next fiscal year ending March 31, 2024.

Our net sales consist of NRE revenue received from customers based on costs incurred in scheduled milestones during the design and development process, and product revenue from the applicable products which entered the mass production stage. Under the circumstances of technology advancements in semiconductor industry, NRE revenue was 34,867 million yen in the current year ended March 31, 2023, an increase of 24.0% from the year ended March 31, 2022. Besides, product revenue increased significantly by 85.3% from the previous fiscal year ended March 31, 2022., to 156,751million yen. This is due to the large-scale design wins acquired from 2019 has sequentially entered the mass production stage and production volume increased especially in cutting-edge processes, as well as manufacturing capacity constraints has been eased. In addition, considering an increase in revenue from overseas customers (approximately 55.6% are from outside of Japan), we have established a new branch in Taiwan for global supply chain management. This has contributed to cost reduction through timely product supply and shortened lead times.

As a result of the above-mentioned factors including increased product revenue as well as the depreciation of Japanese yen, the consolidated net sales for the year ended March 31, 2023 were 192,767 million yen, an increase of 64.7% compared to the previous fiscal year, cost of sales was 103,922 million yen, selling, general and administrative expenses were 67,134 million yen, leading to a 156.5% increase in operating income to 21,711 million yen compared to the previous fiscal year. Ordinary income was 23,440 million

yen included foreign exchange gain, increased by 159.0% from the previous fiscal year. Profit attributable to owners of parent was 19,763 million yen, increased by 164.2% from the previous fiscal year. The depreciation of Japanese yen has led to increases of 25.4 billion yen in net sales, 9.6 billion yen in operating income, and 10.6 billion yen in ordinary income, compared to the previous fiscal year.

The Group has a single segment of Solution SoC business.

(2) Overview of financial position for the fiscal year ended March 31, 2023

(Assets)

Current assets as of March 31, 2023 increased by 65,451 million yen from the end of the previous fiscal year ended March 31, 2022 to 156,067 million yen. This is due mainly to the increases in customer-requested wafer inventories against wafer shortage as well as accounts receivable-other related to those securing activities. In addition, there are increases in accounts receivable as well as inventories in accordance with the increased product revenue. Non-current assets as of March 31, 2023 increased by 10,066 million yen from the end of the previous fiscal year to 37,878 million yen. The increase is due mainly to the acquisition of reticles, IP, etc. in connection with products development of acquired design wins, and the expansion of data centers in accordance with increasing development scale. As a result, total assets as of March 31, 2023 increased by 75,517 million yen from the end of the previous fiscal year to 193,945 million yen.

(Liabilities)

Current liabilities as of March 31, 2023 increased by 54,897 million yen from the end of the previous fiscal year to 82,338 million yen. This is due mainly to the increases in accounts payable, liabilities related to chargeable subcontracting as well as accounts payable-other resulted from increased purchases from manufacturers in accordance with increasing product revenue, and upfront procurement on customer-requested wafer inventories.

As a result, total liabilities as of March 31, 2023 increased by 55,262 million yen from the end of the previous fiscal year to 84,081 million yen.

(Net assets)

Net assets as of March 31, 2023 increased by 20,255 million yen from the end of the previous fiscal year to 109,864 million yen. The primary increase was 19,763 million yen in profit attributable to owners of parent for the year ended March 31, 2023.

As a result, the shareholders' equity ratio has been 56.6%. The ratio dropped temporarily due to upfront procurement on customers-requested wafer inventories.

(3) Overview of cash flows for the fiscal year ended March 31, 2023

Cash and cash equivalents as of March 31, 2023 decreased by 1,135 million yen from the end of the previous fiscal year ended March 31, 2022 to 45,136 million yen.

Net cash provided by operating activities was 18,019 million yen for the fiscal year ended March 31, 2023. This is due mainly to an increase in accounts receivable of 15,162 million yen resulting from product sales increase, towards profit before income taxes of 23,440 million yen. The increase in inventories is due mainly to upfront procurement on customer-requested inventories, meanwhile customers afford such costs. As a result, the transactions above are included in both "Decrease (increase) in other assets" and "Increase (decrease) in other liabilities" of consolidated statements of cash flows, which had almost no impact on our overall cash flows.

Net cash used in investing activities was 19,725 million yen for the year ended March 31, 2023. This is due mainly to purchases of property, plant and equipment of 12,629 million yen including reticles and test boards for products development related to acquired design wins, as well as those for improving design and development environment, and the purchases of intangible assets of 7,144 million yen including IP.

Net cash used in financing activities was 333 million yen and this is due to repayments of lease obligations.

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

(4) Outlook

The Company have acquired more designs wins in focus areas including automotive, data centers & networking, as well as smart devices as a result of business model transformation and shift to growth areas since 2018. As design wins sequentially entering mass production stage from development, we expect consolidated net sales for the next fiscal year ending March 31, 2024 to be 200,000 million yen, an increase of 3.8% compared to the current fiscal year ended March 31, 2023. Consolidated operating income is expected to be 22,500 million yen, with an increase of 3.6% from the current fiscal year. Profit attributable to owners of parent is expected to be 17,500 million yen, a decrease of 11.5% resulting from foreign exchange gain decrease in non-operating income. Besides, our outlook is based on foreign exchange assumption of 115 yen per U.S. dollar and 125 yen per Euro.

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 exchange rates fluctuation.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash on hand and in banks	46,271	45,136
Accounts receivable-trade, net	25,053	40,809
Finished goods	1,488	8,187
Work in process	14,921	39,528
Accounts receivable-other	914	16,209
Other current assets	1,969	6,198
Total current assets	90,616	156,067
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,371	2,583
Machinery and equipment, net	11	8
Tools, furniture and fixtures, net	8,159	13,438
Land	800	800
Construction in progress	287	351
Total property, plant and equipment, net	11,628	17,180
Intangible assets		
Technology assets	11,172	11,494
Other	1,076	1,468
Total intangible assets	12,248	12,962
Investments and other assets		
Investment securities	0	0
Deferred tax assets	3,098	6,897
Other assets	838	839
Total investments and other assets	3,936	7,736
Total non-current assets	27,812	37,878
Total assets	118,428	193,945
Liabilities		
Current liabilities		
Accounts payable-trade	16,609	23,421
Accounts payable-other	2,054	24,551
Accrued expenses	4,865	5,755
Income taxes payable	2,609	6,942
Liabilities related to chargeable subcontracting	-	18,869
Other current liabilities	1,304	2,800
Total current liabilities	27,441	82,338
Long-term liabilities		
Asset retirement obligations	316	343
Other long-term liabilities	1,062	1,400
Total long-term liabilities	1,378	1,743
Total liabilities	28,819	84,081
Net assets		
Shareholders' equity		
Common stock	30,200	30,200
Capital surplus	30,200	30,200
Retained earnings	28,867	48,630
Total shareholders' equity	89,267	109,030
Accumulated other comprehensive income		
Foreign currency translation adjustments	330	822
Total accumulated other comprehensive income	330	822
Share subscription rights	12	12
Total net assets	89,609	109,864
Total liabilities and net assets	118,428	193,945

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31,2022	Fiscal year ended March 31,2023
Net sales	117,009	192,767
Cost of sales	49,751	103,922
Gross profit	67,258	88,845
Selling, general and administrative expenses	58,795	67,134
Operating income	8,463	21,711
Non-operating income		
Foreign exchange gain	589	1,601
Other income	14	165
Total non-operating income	603	1,766
Non-operating expenses		
Other expenses	16	37
Total non-operating expenses	16	37
Ordinary income	9,050	23,440
Profit before income taxes	9,050	23,440
Income taxes – current	2,347	7,382
Income taxes – deferred	(777)	(3,705)
Total income taxes	1,570	3,677
Profit	7,480	19,763
Profit attributable to non-controlling interests	0	-
Profit attributable to owners of parent	7,480	19,763

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31,2022	Fiscal year ended March 31,2023
Profit	7,480	19,763
Other comprehensive income		
Foreign currency translation adjustments	560	492
Total other comprehensive income	560	492
Comprehensive income	8,040	20,255
Total comprehensive income attributable to:		
Owners of parent	8,037	20,255
Non-controlling interests	3	-

(3) Consolidated statements of changes in net assets

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of April 1, 2021	30,200	30,200	21,387	81,787
Changes during the year				
Profit attributable to owners of parent			7,480	7,480
Net changes in items other than those in shareholders' equity				-
Total changes during the year	-	-	7,480	7,480
Balance as of March 31, 2022	30,200	30,200	28,867	89,267

	Accumulated other comprehensive income		Share subscription rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance as of April 1, 2021	(227)	(227)	12	104	81,676
Changes during the year					
Profit attributable to owners of parent					7,480
Net changes in items other than those in shareholders' equity	557	557		(104)	453
Total changes during the year	557	557	-	(104)	7,933
Balance as of March 31, 2022	330	330	12	-	89,609

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	30,200	30,200	28,867	-	89,267
Changes during the year					
Issuance of new shares					-
Profit attributable to owners of parent			19,763		19,763
Acquisition of treasury stock				(0)	(0)
Cancellation of treasury stock		(0)		0	-
Transfer from retained earnings to capital surplus		0	(0)		-
Net changes in items other than those in shareholders' equity					-
Total changes during the year	-	-	19,763	-	19,763
Balance as of March 31, 2023	30,200	30,200	48,630	-	109,030

	Accumulated other comprehensive income		Share subscription rights	Total net assets
	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2022	330	330	12	89,609
Changes during the year				
Issuance of new shares				-
Profit attributable to owners of parent				19,763
Acquisition of treasury stock				(0)
Cancellation of treasury stock				-
Transfer from retained earnings to capital surplus				-
Net changes in items other than those in shareholders' equity	492	492		492
Total changes during the year	492	492	-	20,255
Balance as of March 31, 2023	822	822	12	109,864

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31,2022	Fiscal year ended March 31,2023
Operating activities		
Profit before income taxes	9,050	23,440
Depreciation and amortization	8,819	12,075
Interest and dividend income	(6)	(141)
Foreign exchange (gain) loss	(5)	-
Loss on retirement of non-current assets	1,060	2,172
Loss (gain) on sale of non-current assets	0	(29)
Decrease (increase) in accounts receivable	4,301	(15,162)
Decrease (increase) in inventories	(9,720)	(31,301)
Increase (decrease) in accounts payable	3,599	5,880
Decrease (increase) in other assets	(171)	(19,309)
Increase (decrease) in other liabilities	(467)	43,077
Other	244	527
Subtotal	16,704	21,229
Interest and dividends received	6	141
Income taxes paid	(355)	(3,351)
Net cash provided by operating activities	16,355	18,019
Investing activities		
Purchases of property, plant and equipment	(7,544)	(12,629)
Purchases of intangible assets	(5,234)	(7,144)
Proceeds from sales of non-current assets	0	29
Net decrease in time deposits	5,000	-
Other	(160)	19
Net cash used in investing activities	(7,938)	(19,725)
Financing activities		
Repayments of lease obligations	(329)	(333)
Repayments to non-controlling shareholders	(129)	-
Net cash used in financing activities	(458)	(333)
Effect of exchange rate changes on cash and cash equivalents	647	904
Increase in cash and cash equivalents	8,606	(1,135)
Cash and cash equivalents at the beginning of the fiscal year	37,665	46,271
Cash and cash equivalents at the end of the fiscal year	46,271	45,136

(5) Notes to consolidated financial statements

Assumptions of a going concern

None.

Changes in accounting policies

Implementation Guidance on Accounting Standard for Fair Value Measurement

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 31, June 17, 2021; the “Fair Value Measurement Guidance”) has been applied from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment stipulated in the Paragraph 27-2 of the Fair Value Measurement Guidance, the Company has applied the new accounting policies stipulated in the Fair Value Measurement Guidance prospectively.

The application of the Fair Value Measurement Guidance has no impact on consolidated financial statements of the current fiscal year.

Additional information

Accounting estimates related to the impact of the novel coronavirus (COVID-19)

Accordingly, the Group determines that the impact of COVID-19 will not significantly affect accounting estimates in the fiscal year ended March 31, 2023.

Segment information

(From April 1, 2022 to March 31, 2023)

The Group has a single segment of Solution SoC business.

Per share information

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	2,661.30	3,262.93
Basic earnings per share	222.18	587.02
Diluted earnings per share	-	557.46

Notes:

1. The Company conducted a 4-for-1 share consolidation of its common stock, Type A shares and Type B shares each on September 5, 2022. In addition, due to exercise of put options by its shareholders, the Company acquired all the shares of Type A shares and Type B shares on September 6, 2022 and delivered as consideration 1.3466666 shares of common stock for Type A shares per share and 1 share of common stock for Type B shares per share. The Company conducted the cancellation of all the shares of Type A shares and Type B shares. Net assets per share, basic earnings per share and diluted earnings per share are computed based on the assumption that the share consolidation and other events above were conducted at the beginning of the fiscal year ended March 31, 2022.
2. Diluted earnings per share for the fiscal year ended March 31, 2022 is not presented because the Company's shares were unlisted and therefore an average quoted stock price is not available although there are dilutive shares.
3. As the Company was listed on the Tokyo Stock Exchange Prime Market on October 12, 2022, diluted earnings per share for the fiscal year ended March 31, 2023 is computed by deeming the average stock price during the period from the listing date to March 31, 2023 as the average stock price during the fiscal year.
4. The bases for calculation of net assets per share:

(Millions of yen, unless otherwise stated)

	As of March 31, 2022	As of March 31, 2023
Total net assets	89,609	109,864
Deductions from total net assets	12	12
(Of which, share subscription rights)	(12)	(12)
Net assets attributable to common stock at the end of the fiscal year	89,597	109,852
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share	33,666,666	33,666,666

5. The bases for calculation of net income per share:

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Basic profit attributable to owners of parent	7,480	19,763
Profit not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	7,480	19,763
Average number of shares of common stock during the period	33,666,666	33,666,666
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	-	-
Number of shares of common stock increased	-	1,785,320
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	8 series of share subscription rights (10,501,400 units)	-

Significant subsequent events

None.