



June 26, 2024

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Notice Regarding Issuance of New Shares as Performance-Based Restricted Stock Compensation

Socionext Inc. (the “Company”) hereby provides notification that, at the meeting of the Board of Directors held today, the resolution to issue new shares of the Company (hereafter referred to as the “Allotted Shares”) as performance-based restricted stock compensation (hereafter referred to as the “Issuance of New Shares”) was passed.

1. Outline of the Issuance of New Shares

(1) Payment date	July 31, 2024
(2) Class and number of shares to be issued	41,050 shares of common stock of the Company
(3) Issue price	3,871 yen per share
(4) Total issue price	158,904,550 yen
(5) Persons eligible for the allotment of shares, the number thereof, and the number of shares to be allotted	Five (5) Board Directors of the Company (excluding Board Directors who are Audit & Supervisory Committee Members and Outside Directors): 21,481 shares Seven (7) Executive Officers who do not concurrently serve as Board Directors of the Company: 16,640 shares One (1) employee of the Company: 2,929 shares
(6) Others	The Company submitted an Extraordinary Report in accordance with the Financial Instruments and Exchange Act regarding the Issuance of New Shares.

2. Purpose and Reason for the Issuance of New Shares

The Company has introduced a performance-based restricted stock compensation plan (hereafter referred to as the “Plan”) as a compensation plan for its Board Directors (excluding Board Directors who are Audit & Supervisory Committee Members and Outside Directors; hereafter referred to as “Eligible Directors”) and Executive Officers who do not concurrently serve as Board Directors (hereafter, together with Eligible Directors, collectively referred to as “Eligible Directors, etc.”). The purposes of introducing the Plan are to further clarify the connection between compensation for Eligible Directors, etc. and corporate performance, as well as the stock value of the Company, to provide incentives for sustainable enhancement of corporate value through improved performance over the medium to long term, and to further foster shared value with shareholders. In addition, in the deemed resolution dated July 27, 2022 of the extraordinary general

meeting of shareholders, it was approved, among other things, that in accordance with the Plan, monetary compensation claims of up to 170 million yen per year would be provided to Eligible Directors as compensation to be utilized as property to be contributed in return for acquiring the Company's common stock (hereafter referred to as the "Performance-based Restricted Stock Compensation"), and a maximum of 200,000 shares of the Company's common stock would be issued or disposed per year (provided that adjustments will be made in the event a stock split or stock consolidation of the Company's common stock is effected; provided, further, that after adjustment due to a stock split at a ratio of one share of common stock to five shares, which was effected as of January 1, 2024, the maximum number of shares to be issued or disposed per year is 1,000,000 shares).

At the meeting of the Board of Directors held on June 26, 2024, it was resolved that the Company effect the Issuance of New Shares by having thirteen (13) Eligible Directors, etc. (including one (1) individual who retired as an Executive Officer who did not concurrently serve as a Board Director and assumed the position of employee as of March 31, 2024) contribute in kind the monetary compensation claims, which were granted to the said Eligible Directors, etc. as the Performance-based Restricted Stock Compensation for the tenth fiscal year as the performance evaluation period.

3. Details of the Plan

(1) Outline of the Plan

Under the Plan, (i) common stock of the Company which the Company issues or disposes are allotted to Eligible Directors, etc. by (a) providing to Eligible Directors, etc., after the end of the one-year period of the Company's annual management plan (hereafter referred to as the "Performance Evaluation Period") and based on the level of achievement of performance targets, etc. during the Performance Evaluation Period, monetary compensation claims to grant the Performance-based Restricted Stock Compensation; and (b) having such Eligible Directors, etc. pay in the full amount of such monetary compensation claims as property contributed in kind, and (ii) the allotted shares are subject to transfer restrictions for a certain period of time.

(2) Requirements for delivery of performance-based restricted stock

When a Performance Evaluation Period ends and Eligible Directors, etc. satisfy the following requirements, the Company shall deliver performance-based restricted stock to each Eligible Director, etc. by providing compensation under the Plan to each Eligible Director, etc. and then having each Eligible Director, etc. pay in the full amount of such monetary compensation claims as property contributed in kind.

- 1) During the Performance Evaluation Period and up to and including immediately prior to the conclusion of the ordinary general meeting of shareholders which is held for the first time after the end of the Performance Evaluation Period, the Eligible Director, etc. continued to hold the positions as officers or employees of the Company as designated in advance by the Board of Directors of the Company.
- 2) He or she does not fall under any of the grounds for non-payment (including but not limited to illegal acts) as designated by the Board of Directors of the Company.

If, during the Performance Evaluation Period or the period from the end of the Performance Evaluation Period to the date of issuance or disposition of the Company's common stock under the Plan, a merger agreement under which the Company becomes a dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other proposal regarding structural reorganization, etc. is approved at a general meeting of shareholders of the Company (or by the Company's Board of Directors if no approval is required at a general meeting of shareholders of the Company with respect to such structural reorganization, etc.), no compensation under the Plan for the said Performance Evaluation Period shall be provided.

In addition, the performance-based restricted stock will be delivered by means of the issuance of new shares or the disposition of treasury stock by the Company, and the amount to be paid in per share will be determined by the Board of Directors on the basis of the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors of the Company regarding the allotment of performance-based restricted stock (if a trade is not made on the said day, the closing price on the

immediately preceding trading day) and to the extent that such amount is not particularly favorable to Eligible Directors, etc. who will subscribe for such common stock.

The issuance or disposition of the Company's common stock, as stated above, and the provision of monetary compensation claims as property to be contributed in kind shall be subject to the execution of a performance-based restricted stock allotment agreement containing the prescribed details (hereafter referred to as the "Allotment Agreement") between the Company and Eligible Directors, etc.

The outline of the Allotment Agreement to be entered into between the Company and Eligible Directors, etc. in connection with the Issuance of New Shares, is as described in Section 4 below.

4. Outline of the Allotment Agreement

(1) Transfer restriction period

During the period from July 31, 2024 (hereafter referred to as the "Payment Date") until immediately following retirement or resignation as a result of which an Eligible Director, etc. no longer holds any position as a Board Director, an Executive Officer who do not concurrently serve as a Board Director, or an employee of the Company (hereafter referred to as the "Transfer Restriction Period"), an Eligible Director, etc. may not transfer, create a security interest on, or otherwise dispose of, the Allotted Shares allotted to the said Eligible Directors, etc. (hereafter referred to as the "Subscribed Shares"); provided, however, that, the Company will take necessary actions, such as extending the Transfer Restriction Period, if lifting transfer restrictions would result in a violation of laws and regulations.

(2) Conditions for lifting transfer restrictions upon retirement or resignation

If an Eligible Director, etc., as a result of retirement or resignation, no longer holds any position as a Board Director, an Executive Officer who does not concurrently serve as a Board Director, or an employee of the Company, the Company will lift transfer restrictions on the Subscribed Shares held by the said Eligible Director, etc., in accordance with the following conditions.

(a) Retirement or resignation due to expiration of the term of office

The Company will lift transfer restrictions for all of the Subscribed Shares upon the expiration of the Transfer Restriction Period.

(b) Resignation or retirement due to death or any other valid reasons determined by the Board of Directors (excluding the case presented in Sub-paragraph (a) above)

The Company will lift transfer restrictions for a specified number of Subscribed Shares, which will be reasonably adjusted as necessary, at a time to be reasonably adjusted as necessary after the Transfer Restriction Period expires.

(3) Acquisition by the Company without consideration

If an Eligible Director, etc., as a result of retirement or resignation, no longer holds any position as a Board Director, an Executive Officer who does not concurrently serve as a Board Director, or an employee of the Company, the Company will as a matter of course acquire without consideration all of the Subscribed Shares held by the said Eligible Director, etc., unless the retirement or resignation is due to the expiration of the term of office, death, or the Board of Directors determines that there are other valid reasons for his or her retirement or resignation. Additionally, if transfer restrictions are lifted for part of the Subscribed Shares held by the said Eligible Director, etc. as described in Paragraph (2) above, the Company will as a matter of course acquire without consideration, as of immediately after such restrictions are lifted, all remaining Subscribed Shares held by the said Eligible Director, etc. which are still subject to transfer restrictions.

(4) Treatment in structural reorganization, etc.

If, during the Transfer Restriction Period, a merger agreement under which the Company becomes a dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other matter regarding structural reorganization, etc. is approved at a general meeting of shareholders of the Company (or by the Company's Board of Directors if no approval is required at a general meeting of shareholders of the Company with respect to such structural reorganization, etc.) (provided, however, that this applies only if such

structural reorganization, etc. comes into effect before the expiration of the Transfer Restriction Period), the Company will, based on the resolution by the Board of Directors and prior to the date effective date, etc. of such structural reorganization, etc., lift transfer restrictions for such number of Subscribed Shares as reasonably determined by taking into account, to the extent permitted by applicable laws and regulation, the period from the commencement date of the Transfer Restriction Period to the date such structural reorganization, etc., is approved. Further, in case of the foregoing, the Company will as a matter of course acquire without consideration, as of immediately after such restrictions are lifted, the remaining Subscribed Shares which are still subject to transfer restrictions.

(5) Management of shares

To prevent transfer, creation of a security interest on, or any other disposition of the Allotted Shares during the Transfer Restriction Period, the Allotted Shares will be managed, separately from the Company's shares which are not subject to transfer restrictions, in dedicated accounts opened by Eligible Directors, etc. at Nomura Securities Co., Ltd. during the Transfer Restriction Period. The transfer and other transactions involving the Allotted Shares held in the dedicated accounts will be restricted, even upon request by Eligible Directors, etc. The Company has entered into a contract with Nomura Securities Co., Ltd. concerning the management of accounts for the Allotted Shares held by each Eligible Director, etc. to ensure the effectiveness of transfer restrictions associated with the Allotted Shares. Eligible Directors, etc. are required to consent to the details of the said account management.

5. Basis for Calculating Amounts to be Paid in and Its Details

The Issuance of New Shares to Eligible Directors, etc. shall be effected through contribution in kind of the monetary compensation claims which are granted to Eligible Directors, etc. as the Performance-based Restricted Stock Compensation for the Company's 10th fiscal year as the Performance Evaluation Period under the Plan. The amount to be paid in for the Allotted Shares is set at 3,871 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on June 25, 2024 (the business day immediately preceding the date of the Board of Directors' resolution), to eliminate any arbitrariness. The Company considers that such amount is reasonable and that it does not fall under a particularly favorable price, as it is the market price immediately preceding the date of the Board of Directors' resolution.

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