

**Annual Securities Report
(Excerpt)**
**(The English translation of the “Yukashoken-Houkokusho” (Excerpt)
for the year ended December 31, 2025)**

Renesas Electronics Corporation

This document is a translation of part of the Japanese original, except for the audit report. The Japanese original has been disclosed in Japan in accordance with the International Financial Reporting Standards/International Accounting Standards and the Financial Instruments and Exchange Act of Japan. In this document, the terms “we,” “us,” “our,” “the Group” and “Renesas” refer to Renesas Electronics Corporation and consolidated subsidiaries, and the “Company” and “Filing Company” refer to Renesas Electronics Corporation on a non-consolidated basis. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original shall prevail.

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【Fiscal Year】	24th Fiscal Year (from January 1, 2025 to December 31, 2025)
【Company Name】	Renesas Electronics Kabushiki Kaisha
【Company Name (English) 】	Renesas Electronics Corporation
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【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Information on Renesas

I. Overview of Renesas

1. Main Financial Data

(1) Consolidated Financial Summary

Fiscal Year	20th fiscal year	21st fiscal year	22nd fiscal year	23rd fiscal year	24th fiscal year
Year-end	2021 Dec.	2022 Dec.	2023 Dec.	2024 Dec.	2025 Dec.
Revenue (Million yen)	993,908	1,500,853	1,469,415	1,348,479	1,321,212
Income (loss) before income taxes (Million yen)	142,718	362,282	422,173	263,833	(30,275)
Income (loss) attributable to owners of parent (Million yen)	119,536	256,615	337,086	219,084	(51,763)
Comprehensive income attributable to owners of parent (Million yen)	284,721	565,558	494,513	528,320	(81,108)
Equity attributable to owners of parent (Million yen)	1,150,081	1,533,735	2,001,553	2,537,382	2,443,034
Total assets (Million yen)	2,426,301	2,812,491	3,167,003	4,490,436	4,177,163
Equity per share attributable to owners of parent (Yen)	591.67	853.51	1,126.31	1,413.77	1,347.26
Basic income (loss) per share (Yen)	64.77	137.66	189.77	122.51	(28.65)
Diluted income (loss) per share (Yen)	63.35	134.84	186.07	120.85	(28.65)
Ratio of equity attributable to owners of parent (%)	47.4	54.5	63.2	56.5	58.5
Return on equity attributable to owners of parent (%)	13.5	19.1	19.1	9.7	(2.1)
Price-earnings ratio (times)	22.0	8.6	13.4	16.7	—
Cash flow from operating activities (Million yen)	307,384	479,325	496,627	340,484	452,857
Cash flow from investing activities (Million yen)	(663,126)	(97,523)	(267,492)	(1,284,105)	(124,686)
Cash flow from financing activities (Million yen)	340,915	(294,770)	(181,247)	677,345	(269,673)
Balance at term end of Cash and cash equivalents (Million yen)	221,924	336,068	434,681	229,249	295,897
Number of employees (persons)	20,962	21,017	21,204	22,711	21,629

(Note) 1. Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

- The number of employees does not include the number of employees on leave and temporary employees. This information is omitted because the number of temporary employees is less than 10/100 of the number of employees.
- In the 21st fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the consolidated financial statements for the 20th fiscal year reflect a significant revision of the allocation of acquisition costs.
- In the 22nd fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the consolidated financial statements for the 21st fiscal year reflect a significant revision of the allocation of acquisition costs.
- In the 24th fiscal year, the stock acquisition rights and post-delivery stock units issued by the Company are not included in the calculation of diluted loss per share because they do not have a dilutive effect.
- The price-earnings ratio for the 24th fiscal year is not shown because the Company recorded a loss attributable to owners of parent.

(2) Non-consolidated Financial Summary

Fiscal Year	20th fiscal year	21st fiscal year	22nd fiscal year	23rd fiscal year	24th fiscal year
Year-end	2021 Dec.	2022 Dec.	2023 Dec.	2024 Dec.	2025 Dec.
Net sales (Million yen)	771,277	1,075,144	1,065,819	973,959	926,986
Ordinary income (Million yen)	129,862	279,485	297,041	212,892	209,492
Net income (Million yen)	113,928	212,647	251,871	189,972	158,654
Share capital (Million yen)	147,133	153,209	153,209	153,209	153,209
Number of issued shares (Thousand shares)	1,943,806	1,958,454	1,958,454	1,870,615	1,870,615
Net assets (Million yen)	913,301	940,437	1,155,868	1,347,822	1,482,949
Total assets (Million yen)	2,385,940	2,553,295	2,575,156	3,500,965	3,536,139
Net assets per share (Yen)	463.03	498.75	648.97	758.78	817.14
Dividends per share (Interim dividends per share) (Yen)	—	—	28.00	28.00	28.00
	(—)	(—)	(—)	(—)	(—)
Net income per share (Yen)	61.73	114.07	141.80	106.19	87.72
Diluted net income per share (Yen)	60.38	111.73	139.03	104.75	86.45
Equity ratio (%)	37.7	36.5	44.8	38.5	41.9
Return on equity (%)	15.7	23.2	24.2	15.2	11.2
Price-earnings ratio (times)	23.1	10.4	18.0	19.3	24.4
Dividend payout ratio (%)	—	—	19.7	26.4	31.9
Number of employees (persons)	6,116	6,133	6,296	6,482	6,025
Total shareholder return (%)	131.9	109.7	238.8	194.9	206.1
(Comparison index: TOPIX including dividends) (%)	(112.7)	(110.0)	(141.1)	(169.9)	(213.2)
Highest stock price (Yen)	1,577	1,561	2,900	3,397	2,750
Lowest stock price (Yen)	1,042	1,145	1,166	1,821	1,320

- (Note) 1. The dividend payout ratios for the 20th and 21st fiscal years are not stated because no dividend was paid.
2. The number of employees does not include the number of employees on leave and temporary employees. This information is omitted because the number of temporary employees is less than 10/100 of the number of employees.
3. The highest and lowest stock prices are those recorded on the Tokyo Stock Exchange (Prime Market) from April 4, 2022 and on the Tokyo Stock Exchange (First Section) before that date.
4. Of the dividends per share of 28.00 yen for the fiscal year ended December 31, 2025, the year-end dividend of 28.00 yen per share is scheduled to be resolved at the Company's 24th Annual General Meeting of Shareholders to be held on March 25, 2026.

2. History

On November 1, 2002, NEC Corporation spun off its semiconductor-related research, development, designing, manufacturing, sales, and servicing operations, excluding the general-purpose DRAM business, through a corporate split, and the Company was established as NEC Electronics Corporation, a wholly-owned subsidiary of NEC Corporation. Subsequently, on July 24, 2003, the Company listed its shares on the First Section of the Tokyo Stock Exchange, and on April 1, 2010, it merged with Renesas Technology Corp. and changed its name to Renesas Electronics Corporation.

Developments since the establishment are as follows.

Date	Matters
Nov. 2002	NEC Corporation's semiconductor business, excluding general-purpose DRAM, was spun off through a company split, and NEC Electronics Corporation was established in Kawasaki City, Kanagawa Prefecture, as a wholly-owned subsidiary of NEC Corporation.
Jul. 2003	Listed on First Section of the Tokyo Stock Exchange.
May 2004	Sold the back-end process division of NEC Yamagata Ltd.'s Takahata Plant to Taiwan-based ASE Group.
Jul. 2004	Spun off the prototype division from the Company and established NEC Fabserve Ltd., which mainly provided prototype services.
Oct. 2004	NEC Semiconductors Kyushu Ltd. succeeded the assembly and inspection processes (back-end processes) of NEC Yamaguchi Ltd. and changed its name to NEC Semiconductor Package & Test Solutions Co., Ltd.
Jan. 2005	Started mass production of 300mm wafer production line at NEC Yamagata Ltd.
Oct. 2005	NEC IC Design Beijing succeeded Shougang NEC Electronics' semiconductor development and sales divisions and changed its name to NEC Electronics (China).
Apr. 2006	Merged NEC Compound Semiconductor Devices Ltd. into the Company through a simple merger method.
Sep. 2006	Established NEC Electronics Korea as a sales base in South Korea.
Sep. 2006	The assembly and inspection (post-process) line of NEC Semiconductors Ireland was closed.
Nov. 2006	Merged NEC Deviceport Ltd. into the Company through a simple merger method.
Jun. 2007	Transferred the photomask business of NEC Fabserve Ltd. to Dai Nippon Printing Co., Ltd.
Oct. 2007	The assembly and inspection (post-process) line of P.T. NEC Semiconductors Indonesia was closed.
Apr. 2008	NEC Kyushu Ltd. merged with NEC Yamaguchi Ltd. and NEC Semiconductor Package & Test Solutions Co., Ltd., and changed its name to NEC Semiconductors Kyushu Yamaguchi Ltd. NEC Kansai Ltd. merged with NEC Fukui Ltd. and changed its name to NEC Semiconductors Kansai, Ltd. NEC Yamagata, Ltd. changed its name to NEC Semiconductors Yamagata, Ltd.
Apr. 2010	Merged Renesas Technology Corp. and changed the name to Renesas Electronics Corporation. (Note)
Nov. 2010	Acquired the wireless modem business from Nokia Corporation.
Dec. 2010	Transferred mobile multimedia business (including wireless modem business acquired from Nokia Corporation) to Renesas Mobile Corporation by an absorption-type company split.
May 2011	Transferred Renesas Electronics America's front-end production line (Roseville Factory) to Germany-based Telefunken GmbH.
Feb. 2012	Started operations of Renesas Electronics Brazil Service Ltda. as a sales support base in Brazil.
Mar. 2012	Transferred the power amplification business of the Company and the business of Renesas East Japan Semiconductor Inc.'s Nagano Device Division to Murata Manufacturing Co., Ltd.
Jul. 2012	Transferred the front-end process line (Tsugaru Factory) of Renesas Northern Japan Semiconductor Inc. to Fuji Electric Co., Ltd.
Jan. 2013	Transferred all shares of Renesas High Components Inc. to Aoi Electronics Co., Ltd.
Jun. 2013	Transferred the assembly and inspection processes (back-end processes) lines/businesses of Renesas Northern Japan Semiconductor Inc., Renesas Kansai Semiconductor Co., Ltd., and Renesas Kyushu Semiconductor Corp. (Hakodate Factory, Fukui Factory, and Kumamoto Factory) and manufacturing support business of Hokkai Electronics Co., Ltd. to J-Device Corporation.
Sep. 2013	Implemented third-party allotment of new shares to Innovation Network Corporation of Japan, TOYOTA MOTOR CORPORATION, NISSAN MOTOR CO., LTD., Keihin Corporation, DENSO CORPORATION, CANON INC., NIKON CORPORATION, Panasonic Corporation, and YASUKAWA Electric Corporation.

Date	Matters
Oct. 2013	<p>Merged Renesas Electronics Sales Co., Ltd. into the Company through a simple merger method.</p> <p>Renesas Micro System Co., Ltd. merged with Renesas Design Corp. and changed its name to Renesas System Design Co., Ltd.</p> <p>Renesas Musashi Engineering Service Co., Ltd. merged with Renesas Kitaitami Engineering Service Co., Ltd. and Renesas Takasaki Engineering Service Co., Ltd. and changed its name to Renesas Engineering Services Co., Ltd.</p> <p>Renesas Northern Japan Semiconductor, Inc. merged with Renesas Eastern Japan Semiconductor, Inc. Transferred all shares of Renesas Mobile Europe and Renesas Mobile India to Broadcom Corporation.</p>
Nov. 2013	<p>Transferred the Company's equities in Shougang NEC Electronics to Shougang Group Corp.</p>
Feb. 2014	<p>Established Renesas Electronics India Pvt. Ltd. as a sales base in India.</p>
Mar. 2014	<p>Transferred front-end production line (Tsuruoka Factory) of Renesas Yamagata Semiconductor Co., Ltd. to Sony Semiconductor Corporation.</p>
Apr. 2014	<p>Regarding the semiconductor front-end manufacturing business, Renesas Kansai Semiconductor Co., Ltd. as the surviving company/successor company, the Company's semiconductor front-end manufacturing business, Renesas Semiconductor Kyushu-Yamaguchi Co., Ltd.'s semiconductor front-end manufacturing business, Renesas Northern Japan Semiconductor Co., Ltd.'s crystal business, Renesas Kofu Semiconductor Co., Ltd., Renesas Naka Semiconductor Co., Ltd., Renesas Semiconductor Engineering Co., Ltd. and Renesas Yamagata Semiconductor Co., Ltd. were consolidated through absorption-type company split and absorption-type merger. The name of Renesas Kansai Semiconductor Co., Ltd. changed to Renesas Semiconductor Manufacturing Co., Ltd.</p> <p>Regarding the semiconductor back-end manufacturing business, Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. as the surviving company/successor company, the Company's semiconductor back-end manufacturing business, Renesas Semiconductor Northern Japan Semiconductor Co., Ltd., Renesas Yanai Semiconductor Co., Ltd., Haguro Electronics Co., Ltd., Hokkai Electronics Co., Ltd., and Renesas Kyushu Semiconductor Co., Ltd. were consolidated through absorption-type company split and absorption-type merger. The name of Renesas Semiconductor Kyushu Yamaguchi Co., Ltd. changed to Renesas Semiconductor Package & Test Solutions Co., Ltd.</p>
Oct. 2014	<p>Merged Renesas Mobile Corporation into the Company through a simple merger method.</p> <p>Transferred all shares of Renesas SP Drivers Inc. held by the Company to a European subsidiary of U.S.-based Synaptics Incorporated.</p>
Apr. 2015	<p>Transferred the Company's device solution development function to Renesas Solutions Corp. through a simple absorption-type company split method.</p> <p>Transferred the development support function of the Company to Renesas Engineering Service Co., Ltd. through a simple absorption-type company split method.</p> <p>Renesas Solutions Corp.'s kits, platforms, and field solutions, as well as sales expansion infrastructure and other development functions were transferred to the Company through a simple absorption-type company split method.</p> <p>Renesas Solutions Corp. merged with Renesas System Design Co., Ltd. and changed its name to Renesas System Design Co., Ltd.</p>
Feb. 2016	<p>Transferred part of the Shiga Factory of Renesas Semiconductor Manufacturing Co., Ltd. (8-inch wafer production line) to ROHM Shiga Co., Ltd.</p>
Jun. 2016	<p>Renesas Electronics Singapore as a surviving company merged with Renesas Semiconductor Singapore.</p>
Feb. 2017	<p>Acquired all shares of U.S.-based Intersil Corporation ("Intersil") and turned it into a subsidiary of the Company.</p>
May 2017	<p>Transferred Renesas Semiconductor Package & Test Solutions Co., Ltd.'s contract development and manufacturing and image recognition system development, manufacturing, and sales businesses to Hitachi Maxell, Ltd.</p>
Jul. 2017	<p>Merged Renesas System Design Co., Ltd. into the Company through a simple merger method.</p>
Jan. 2018	<p>Intersil as a surviving company merged with Renesas Electronics America and changed its name to Renesas Electronics America.</p>

Date	Matters
Aug. 2018	Sold part of its shares of Renesas Easton Co., Ltd. and excluded it from the Company's equity-method affiliates.
Oct. 2018	Transferred the Kochi Factory of Renesas Semiconductor Manufacturing Co., Ltd. to Marusan Sangyo Co., Ltd.
Jan. 2019	Merged Renesas Semiconductor Package & Test Solutions Co., Ltd. into the Company through a simple merger method.
Mar. 2019	Acquired all shares of Integrated Device Technology, Inc. ("IDT") in the U.S. and turned it into a subsidiary of the Company.
Jan. 2020	IDT merged with Renesas Electronics America and changed its name to Renesas Electronics America.
Aug. 2021	Acquired all shares of Dialog Semiconductor Plc ("Dialog") in the U.K. and turned it into a subsidiary of the Company.
Dec. 2021	Acquired all shares of Celeno Communications Inc. which is a holding company of Celeno Communications Ltd. ("Celeno") in Israel and turned it into a subsidiary of the Company.
Apr. 2022	Moved to the Tokyo Stock Exchange Prime Market following the reorganization of the Tokyo Stock Exchange's market segmentation.
Jul. 2022	Acquired all shares of Reality Analytics, Inc. in the U.S. and turned it into a subsidiary of the Company.
Oct. 2022	Acquired all shares of Steradian Semiconductors Private Limited ("Steradian") in India and turned it into a subsidiary of the Company.
Jun. 2023	Acquired all shares of Panthronics AG ("Panthronics") in Austria and turned it into a subsidiary of the Company.
Apr. 2024	Merged Renesas Engineering Services Co., Ltd. into the Company through a simple merger method.
Jun. 2024	Acquired all shares of Transphorm, Inc. ("Transphorm") in the U.S. and turned it into a subsidiary of the Company.
Aug. 2024	Acquired all shares of Altium Limited ("Altium") in the U.S. and turned it into a subsidiary of the Company.

(Note) As a result of this merger, Renesas Technology Corp.'s affiliated companies have been succeeded, and some of the Group's affiliated companies have been reorganized or changed their names.

3. Business Description

As of December 31, 2025, the Group consisted of the Company, 108 consolidated subsidiaries (6 entities in Japan and 102 entities overseas) and 1 equity-method affiliate (1 entity overseas). As a manufacturer specializing in semiconductors, the Group is engaged in research, design, development, manufacturing, sales, and services relating to a variety of semiconductors.

The Group's research, design, development, manufacturing, sales and service functions are primarily divided among the Company and its subsidiaries. The research, design and development functions are the responsibilities of the Company and other overseas subsidiaries, such as Renesas Electronics America, Renesas Semiconductor Design Beijing, Renesas Design Vietnam, and Renesas Electronics Europe. The manufacturing functions are handled mainly by domestic and overseas production subsidiaries, but we also utilize foundries and other external production subcontractors as needed. The sales and servicing functions are conducted primarily through affiliated distributors in Japan, and primarily through overseas sales subsidiaries, such as Renesas Electronics America, Renesas Electronics Europe and Renesas Electronics Hong Kong, or distributors in overseas.

The Group consists of the "Automotive Business" and the "Industrial/Infrastructure/IoT Business". Segment information is disclosed based on this classification.

The Automotive Business includes in-vehicle control, which provides semiconductors for controlling automobile engines and bodies, and in-vehicle information, which provides semiconductors for sensing systems, which detect the environment inside and outside of a vehicle; in-vehicle infotainment (IVI) and instrument panels, which transmit various information to the driver, and other in-vehicle information devices. In this segment, the Group mainly provides microcontrollers, SoCs (systems-on-a-chip), analog semiconductors, and power semiconductors.

The Industrial/Infrastructure/IoT Business includes the product categories "Industrial," "Infrastructure" and "IoT" which support the smart society. In this segment, the Group mainly provides microcontrollers, SoCs, analog semiconductors and power semiconductors.

In addition, the contract development and production of semiconductors carried out by design and manufacturing subsidiaries of the Company are classified as "Other".

Consolidated subsidiaries of the Group (108 companies) and equity-method affiliate (1 company) by major business are as follows.

As of December 31, 2025

Name of related reportable segments	Major businesses	Domestic subsidiaries	Foreign subsidiaries
Automotive and Industrial/ Infrastructure /IoT	Sales		(Consolidated subsidiaries) Renesas Electronics China Renesas Electronics Shanghai Renesas Electronics Hong Kong Renesas Electronics Taiwan Renesas Electronics Korea Renesas Electronics Singapore Renesas Electronics Malaysia Renesas Electronics India Renesas Electronics Canada Renesas Electronics Brazil Service Renesas Electronics Europe (Germany) 3 other companies
	Manufacturing and manufacturing support	(Consolidated subsidiary) Renesas Semiconductor Manufacturing	(Consolidated subsidiaries) Renesas Semiconductor Beijing Renesas Semiconductor (Suzhou) Renesas Semiconductor K.L. Renesas Semiconductor Malaysia Renesas Semiconductor (Keda) Renesas Semiconductor Technology (Malaysia)
	Design, development, and application technologies		(Consolidated subsidiaries) Renesas Semiconductor Design Beijing Renesas Design Vietnam Renesas Semiconductor Design (Malaysia) Renesas Design Bulgaria Renesas Design Zurich Renesas Integrated Circuit Shanghai Renesas Integrated Circuit Chengdu 16 other companies
	Operating Companies and Others	(Consolidated subsidiaries) 5 companies	(Consolidated subsidiaries) Renesas Electronics America Renesas Electronics Germany Renesas Electronics Penang Renesas International Operations (Malaysia) Intersil Luxembourg IDT Bermuda Gig Peak Dialog Renesas Electronics Australia Renesas Electronics NSW Altium Altium IP Hold Altium IP Altium LLC 45 other companies (Equity-method affiliate) 1 company

(Note) Part of our overseas sales subsidiaries are also engaged in the business of designing and developing products.

4. Affiliated Companies

As of December 31, 2025

Name	Address	Share capital or investments (Million yen, or currency noted)	Major business	Voting rights holding/held ratio (%) (Note 1)	Relationship
(Consolidated subsidiaries)					
Renesas Semiconductor Manufacturing (Note 2)	Hitachinaka-shi, Ibaraki Prefecture	100	Manufacture of semiconductor products (front-end process)	100.0	Manufacture of the Company products Loans - Yes Real estate/equipment leasing - Yes Interlocking directorates - None
Renesas Electronics China	China Beijing	Thousand US dollars 38,540	Sales of semiconductor products in China	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Shanghai	China Shanghai	Thousand US dollars 7,100	Sales of semiconductor products in China	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Hong Kong (Note 2) (Note 4)	China Hong Kong	Thousand Hong Kong dollars 15,000	Sales of semiconductor products in Hong Kong	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Taiwan	Taiwan Taipei	Thousand Taiwan dollars 170,800	Sales of semiconductor products in Taiwan	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Korea	South Korea Seoul	Thousand won 3,751,885	Sales of semiconductor products in South Korea	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Singapore	Singapore	Thousand US dollars 32,287	Sales of semiconductor products in ASEAN, India and Oceania	100.0	Sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Malaysia	Malaysia Kuala Lumpur	Thousand ringgits 700	Sales support for semiconductor products in Malaysia	100.0 (100.0) (Note 3)	Sales support of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics India	India Bangalore	Thousand Indian rupees 32,500	Sales of semiconductor products in India	100.0 (99.90) (Note 3)	Sales of the Company products Loans - Yes Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics America (Note 2) (Note 4)	United States California	Thousand US dollars 2,952,870	Design, development, manufacture and sale of semiconductor products in the United States	100.0	Design, development, manufacture, and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Canada	Canada Ontario	Thousand Canadian dollars 44,560	Development and sales of semiconductor products in Canada	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Brazil Service	Brazil Sao Paulo	—	Sales (technical) support of semiconductor products in Brazil and South America	100.0 (100.0) (Note 3)	Sales (technical) support of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Europe (Germany) (Note 2) (Note 4)	Germany Dusseldorf	Thousand euros 14,000	Design, development and sale of semiconductor products in Europe	100.0	Design, development, and sales of the Company products Loans - Yes Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor Beijing	China Beijing	Thousand US dollars 90,444	Manufacture of semiconductor products (back-end process)	100.0	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None

Name	Address	Share capital or investments (Million yen, or currency noted)	Major business	Voting rights holding/held ratio (%) (Note 1)	Relationship
Renesas Semiconductor (Suzhou)	China Suzhou	Thousand US dollars 43,226	Manufacture of semiconductor products (back-end process)	100.0 (6.33) (Note 3)	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor K. L.	Malaysia Selangor	Thousand ringgits 118,237	Manufacture of semiconductor products (back-end process)	100.0	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor Malaysia	Malaysia Penang	Thousand ringgits 84,000	Manufacture of semiconductor products (back-end process)	90.0	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor (Keda)	Malaysia Keda	Thousand ringgits 1,000	Manufacture of semiconductor products (back-end process)	100.0 (100.0) (Note 3)	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor Technology (Malaysia)	Malaysia Penang	Thousand ringgits 1,000	Manufacture of semiconductor products (back-end process)	100.0 (100.0) (Note 3)	Manufacture of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor Design Beijing	China Beijing	Thousand US dollars 7,000	Design and development of semiconductor products	100.0	Design and development of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Design Vietnam	Vietnam Ho Chi Minh City	Thousand US dollars 10,200	Design and development of semiconductor products	100.0	Design and development of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Semiconductor Design (Malaysia)	Malaysia Penang	Thousand ringgits 1,000	Design and development of semiconductor products	100.0 (100.0) (Note 3)	Design and development of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas International Operations (Malaysia) (Note 2)	Malaysia Selangor	Thousand ringgits 426,302	Managing certain contract operations of the Group companies	100.0 (100.0) (Note 3)	Shared services (Group company services) Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Intersil Luxembourg	Luxembourg	Thousand US dollars 91,585	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Design Bulgaria	Bulgaria Varna	Thousand Bulgarian Lev 5	Design and development of semiconductor products	100.0 (100.0) (Note 3)	Design and development of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Design Zurich	Switzerland Zurich	Thousand Swiss francs 100	Design and development of semiconductor products	100.0 (100.0) (Note 3)	Design and development of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Integrated Circuit Shanghai	China Shanghai	Thousand yuan 4,960	Development and sales of semiconductor products	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Integrated Circuit Chengdu	China Chengdu	Thousand yuan 3,000	Development and sales of semiconductor products	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Penang (Note 2)	Malaysia Penang	Thousand US dollars 551,785	Development, manufacture and sale of semiconductor products	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Germany (Note 2)	Germany Dresden	Thousand euros 15,750	Development, manufacture and sale of semiconductor products	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
IDT Bermuda (Note 2)	Bermuda	Thousand US dollars 462,119	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None

Name	Address	Share capital or investments (Million yen, or currency noted)	Major business	Voting rights holding/held ratio (%) (Note 1)	Relationship
Gig Peak (Note 2)	United States Delaware	Thousand US dollars 225,344	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Dialog	United Kingdom Buckinghamshire	Thousand US dollars 13,526	Development, manufacture and sale of semiconductor products	100.0	Development and sales of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics Australia (Note 2)	Australia New South Wales	Million Australian dollars 9,125	Holding company	100.0	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Renesas Electronics NSW (Note 2)	Australia New South Wales	Million Australian dollars 9,125	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Altium (Note 2)	Australia New South Wales	Thousand US dollars 143,543	Development and sales of software tools for PCB design, etc.	100.0 (100.0) (Note 3)	Development and sales of the Company products Loans - Yes Real estate/equipment leasing - None Interlocking directorates - None
Altium IP Hold (Note 2)	Australia New South Wales	Thousand US dollars 402,900	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Altium IP (Note 2)	United States California	Thousand US dollars 402,900	Holding company	100.0 (100.0) (Note 3)	Loans - None Real estate/equipment leasing - None Interlocking directorates - None
Altium LLC (Note 2)	United States California	Thousand US dollars 402,900	Development, sales and service of software	100.0 (100.0) (Note 3)	Development, sales and service of the Company products Loans - None Real estate/equipment leasing - None Interlocking directorates - None
69 other consolidated subsidiaries					
(Equity-method affiliate) 1 company					

- (Note) 1. Voting rights holding/held ratio is rounded down to the nearest second decimal place.
2. This is a specified subsidiary.
3. Figures in parentheses in the voting rights holding ratio column indicate shares attributable to indirect ownership.
4. Renesas Electronics Hong Kong, Renesas Electronics America and Renesas Electronics Europe (Germany) accounted for more than 10% of consolidated net sales (excluding intercompany sales).

Renesas Electronics Hong Kong Major Profit and Loss Information	(1) Net sales	170,362 million yen
	(2) Ordinary income	8,133 million yen
	(3) Net Income	6,926 million yen
	(4) Net assets	44,181 million yen
	(5) Total assets	86,661 million yen

Renesas Electronics America Major Profit and Loss Information	(1) Net sales	405,947 million yen
	(2) Ordinary income	30,303 million yen
	(3) Net loss	(216,512) million yen
	(4) Net assets	641,641 million yen
	(5) Total assets	804,660 million yen

Figures for Renesas Electronics America are consolidated financial results, including its subsidiaries (30 companies).

Renesas Electronics Europe (Germany) Major Profit and Loss Information	(1) Net sales	164,460 million yen
	(2) Ordinary income	2,958 million yen
	(3) Net Income	1,227 million yen
	(4) Net assets	33,294 million yen
	(5) Total assets	75,456 million yen

5. Employees

(1) Consolidated Basis

The Group had 21,629 employees as of December 31, 2025.

Segment-specific information is omitted because the majority of the Group's employees are related to both the Automotive Business and the Industrial/Infrastructure/IoT Business.

The number of employees is the number of persons engaged in work (excluding employees seconded from the Group to outside the Group, but including employees seconded from outside the Group to the Group). The number of temporary employees is omitted because it is less than 10/100 of the number of employees.

(2) Status of the Filing Company

As of December 31, 2025

Number of employees (persons)	Average age (years old)	Average length of service (years)	Average annual salary (Yen)
6,025	48.5	23.4	7,495,552

(Note) 1. The number of employees is the number of persons engaged in work (excluding employees seconded from the Company to external companies, but including employees seconded from external companies to the Company).

2. The calculation of the average length of service includes years of service at Hitachi, Ltd., Mitsubishi Electric Corporation, NEC Corporation, and their affiliated companies.

3. The average annual salary amount includes bonuses and non-standard wages.

4. The number of temporary employees is omitted because it is less than 10/100 of the number of employees.

(3) Union Information

As of December 31, 2025, the Company's labor union was Renesas Electronics Union, which belongs to the Japanese Electrical, Electronic & Information Union. The number of union members as of December 31, 2025 was 3,515.

There is nothing particular to report relating to matters with the labor union.

(4) Percentage of Female Employees in Managerial Positions, Percentage of Male Employees Taking Childcare Leave, and Wage Differences between Male and Female Employees

(i) Filing Company and its domestic consolidated subsidiaries

Company name	Female employees in managerial positions (%) (Note 1)	Male employees taking childcare leave (%) (Note 2)	Wage differences between male and female employees Ratio of female wages to male wages (%) (Note 1)		
			All employees	Full-time employees	Part-time or fixed-term employees
Filing Company	4.9	39.1	74.8	74.4	69.8
Renesas Semiconductor Manufacturing	2.1	40.0	83.5	81.3	86.4

(Note) 1. This figure is calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life.

2. This figure shows the percentage of childcare leave etc. taken under Article 71-6 (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, calculated in accordance with the provisions of the said Act.

3. The wage difference between male and female employees is the ratio of the average wage of female employees to the average wage of male employees for each category covered. Wages include base salary, overtime salary and incentives such as bonuses. At a basic level, the wage system is the same for males and females, and the differences that currently exist are due to differences in labor structure and other factors.

(ii) The Group

Current fiscal year		
Female employees in Management positions (%)	Female employees in Leadership (%)	Female employees in Executive roles (%)
16.0	13.0	25.0

(Note) The definitions and calculation methods of the relevant indicators differ from those of the Act on the Promotion of Women's Active Engagement in Professional Life.

II. Business Overview

1. Management Policy, Management Environment, and Issues to be Addressed

In the current fiscal year, the Company achieved various results under its “Pivot” and “Back to Basics” policies. However, while growth in the AI-related fields and a recovery in demand in certain segments is expected in the short term, the business environment surrounding the Group is expected to remain highly volatile, and uncertainty about the future is likely to persist. The Group will not be overly influenced by short-term changes in the business environment and will continue to steadily implement the initiatives described below, with measures based on the “Back to Basics” policy serving as the core of its efforts.

(1) Promotion of “Back to Basics”

To navigate an evolving business environment, achieve long-term growth, and ultimately realize our “2035 Aspiration,” the Group is continuing to actively drive our “Back to Basics” policy with a focus on three key priorities:

(a) Productivity Increase

The Group will maximize the scale advantages of our global workforce, comprising approximately 22,000 employees worldwide, while streamlining operations to improve efficiency. Each and every employee is expected to take ownership of their day-to-day work, striving to improve productivity and create added value, thereby strengthening accountability.

(b) Purposeful Investment

Under the policy of “Purposeful Investment,” the Group has returned to the fundamentals of our business strategy and is further strengthening the strategic allocation of management resources.

Specifically, we will focus on our embedded semiconductor solutions, which are the Group’s core domain, UX and digitalization, and vertical businesses. In particular, we position the secular growth areas – where SDV (Software-Defined Vehicle), AI infrastructure/compute, and Intelligence at the Edge are growth vectors – as priority domains where the Group’s competitiveness and profitability are expected to grow. By further concentrating our efforts in these areas, the Group aims to strengthen our competitiveness and achieve further improvements in profitability.

As part of these efforts, in February of 2026, we entered into an agreement with SiTime Corporation, a U.S.-based company providing precision timing solutions, to divest the Group’s timing business for USD 3,000 million (approximately 468.0 billion yen, calculated at an exchange rate of 156 yen per US dollar). This decision was made following a comprehensive assessment of the future growth opportunities of the Timing business, concluding that transferring the business to SiTime Corporation, which possesses cutting-edge technology as well as strong growth ambition and investment capacity, would be the most appropriate course of action. At the same time, the Company also entered into a memorandum of understanding to explore a partnership with SiTime Corporation aimed at developing new solutions through silicon-level integration of the Group’s embedded compute technologies and SiTime Corporation’s Micro-Electro-Mechanical Systems (MEMS) timing technologies. Through this initiative, the Company expects to achieve simplified designs and reduced space requirements, and the Group aims to provide integrated solutions delivering the high performance and efficiency required for next-generation intelligent devices. The use of the proceeds to be received from this divestiture is expected to be determined prior to the closing of the transaction, with a view to allocating them to growth investments, shareholder returns, or both.

The Group is now aiming at mid- to long-term growth by further refining our business priorities and directing maximum resources to strategic initiatives.

(c) UX & Digitalization Strategy

The Group positions UX & Digitalization as our top strategic priority and will continue to accelerate our efforts. Our vision is to establish a comprehensive digital platform that streamlines the end-to-end process of electronics system development – from discovery, system design, production, to lifecycle management – to make our customers’ lives easier.

(2) Promotion of Sustainability/ESG initiatives and information disclosure

In recent years, the Group has positioned Sustainability/ESG as key management issues that contribute to the enhancement of our medium- to long-term enterprise value. In addition to initiatives aimed at achieving carbon neutrality by 2040, we will continue to promote various measures to further strengthen these efforts.

With respect to information disclosure, the Group will also promote compliance with Sustainability- and ESG-related disclosure regulations and enhance the disclosure of non-financial information related to such activities, thereby improving information disclosure to the Group’s stakeholders.

(3) Response to geopolitical risks

In terms of geopolitical risk, heightened uncertainty in the international environment may result in trade and investment regulations, including tariff measures, as well as restrictions on imports and exports, which could affect our Group’s supply chain and cost structure.

The Group will closely monitor these developments and continue our Digitalization efforts to strengthen long-term competitiveness.

(4) Optimization of production structures

Our Group is working to establish a resilient and efficient production structure capable of responding to medium- to long-term fluctuations in demand. In particular, we are appropriately controlling utilization rates and capital expenditures at front-end manufacturing sites, taking into account market conditions and supply-demand dynamics, with a focus on maintaining and expanding production capacity and enhancing resilience.

During the current fiscal year, the Group made capital investments in our domestic production plants to increase the

supply capacity and resilience of some products that are in short supply. Going forward, the Group will continue work to strengthen our plants in order to ensure a stable supply of the Group's products. In addition, we will continue to promote the establishment of a die bank and work to secure and expand production volume at outsourced production sites in order to enhance our resilience and response to rapid demand fluctuations.

The Group aims to control capital expenditures at approximately 5% of revenue in the medium- to long- term while maintaining an appropriate level relative to revenue.

(5) Optimization of talent composition

As of the end of the current fiscal year, personnel composition of each of the business areas of the Group was as follows: 40% in Japan, 11% in North America, 14% in Europe, and 35% in Asia Pacific.

The Group will, from a medium- to long-term perspective, under a global talent acquisition team, continue to secure outstanding talent both in Japan and overseas by considering factors such as talent quality and cost, and by offering attractive compensation levels and career development opportunities. At the same time, we are implementing a range of personnel initiatives to increase the number of employees engaged in key areas such as software and other fields anticipated to experience growth in the future.

(6) Improving employee engagement and instilling Renesas Culture

The Group developed "Renesas Culture" as a set of action guidelines for the Group organization and employees worldwide to respond to changing conditions. The Group is actively working to establish and embed these principles within the Group.

During the current fiscal year, as part of such efforts, we continued to advance the transition of employee work styles to a hybrid model that combines remote work and office-based work (Back To Office). In parallel, we implemented initiatives such as improving the working environment and delivering human resource development programs.

Moving forward, the Group will further strengthen employee engagement by implementing a range of initiatives and embedding Renesas Culture throughout all aspects of the HR cycle, including recruitment, training, and performance evaluations, while also continuing to communicate Renesas Culture elements to employees.

2. Sustainability Policy and Initiatives

The Group will strive to further enhance its corporate value by continuing various efforts to achieve “2035 Aspiration” and realize our Purpose, “To Make Our Lives Easier”, while at the same time being environmentally conscious and contributing to a sustainable society through our corporate activities. We will strive to further enhance our corporate value by contributing to a sustainable society through our environmentally conscious corporate activities. In order to contribute to the Sustainable Development Goals (SDGs) adopted by the United Nations, we are taking action on 13 of the 17 goals set forth by the United Nations.

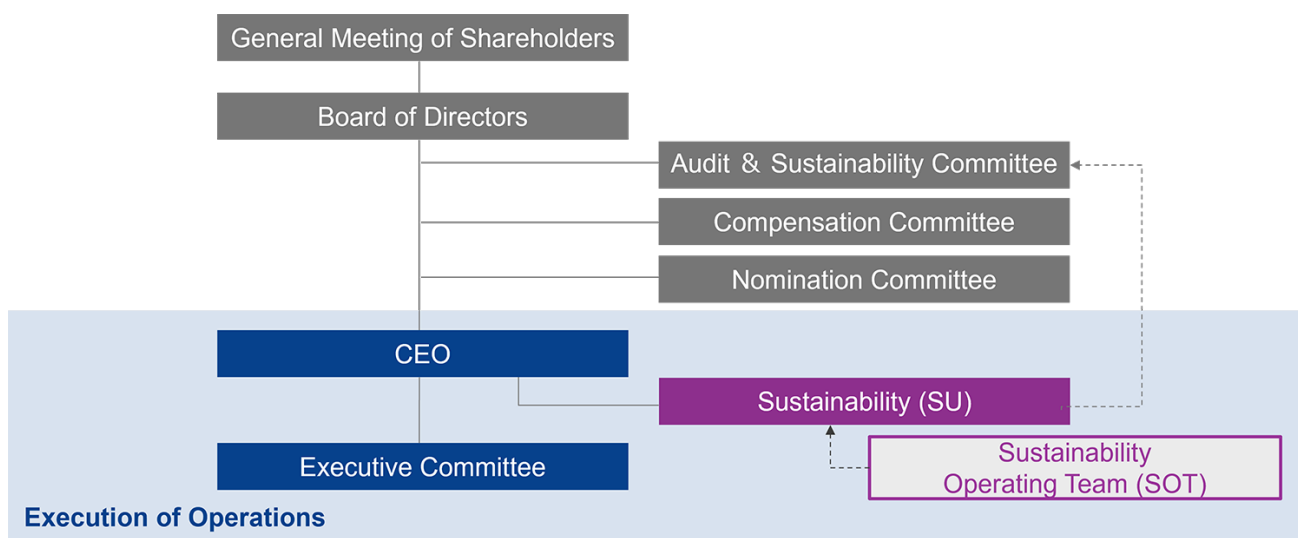
Forward-looking statements in the text are based on our judgment as of the end of the current fiscal year.

(1) Climate Change

(i) Governance

The Group recognizes the various risks and opportunities associated with climate change as an important element of its business strategy. In January 2025, the Group established Sustainability Department (SU) and centralized related sustainability operations. In addition, by establishing a cross-functional Sustainability Operating Team (SOT), the Group has promoted the integrated and efficient development and execution of its sustainability strategy, while clarifying accountability for achieving sustainability goals. The Audit Committee was also reorganized into the Audit and Sustainability Committee, and this committee was given the responsibility and authority to oversee sustainability activities, thereby strengthening oversight of ESG-related risks and opportunities. Policies, key issues, risks and opportunities, and related measures regarding climate change are regularly discussed and reviewed by the CEO, Executive Corporate Officers appointed by the CEO, and Sustainability Department (SU), and are continuously reported to the Board of Directors.

Sustainability Governance Structure



Role	Main Responsibilities
CEO	Strategic leadership and accountability on ESG matter.
Audit and Sustainability Committee	Responsible for oversight of sustainability matters, including oversight of ESG-related risks and opportunities. Also ensures that sustainability strategies are aligned with corporate objectives and regulatory requirements. In addition, provides advice on non-financial disclosures related to ESG and provides guidance on improving sustainability practices.
Sustainability Department (SU)	Responsible for ESG expertise, policy development, regulatory monitoring, reporting and analysis, internal consultation, employee training, and cross-functional sustainability oversight.
Sustainability Operating Team (SOT)	Responsible for implementing sustainability strategies, coordinating across departments, and tracking performance.

(ii) Risk Management

The Group has established a group-wide risk management system based on our “Global Rule for Risk and Crisis Management within the Renesas Group”. We regularly update our risk management system to address possible risks, including climate-related risks, and assign appropriate departments-in-charge based on the type of risk. This allows us to ensure effective day-to-day risk management. We also identify risks in advance by assessing their realistic

representation on our Risk Map. At the same time, we formulate contingency measures, systems, and response policies to prevent and address those identified risks. In the event of a company-wide emergency, we will form an Emergency Response Headquarters led by the CEO, to gather information and propose and implement measures to minimize losses. In addition to the development of these risk management systems, we are also actively working to reduce environmental impact and comply with environmental laws and regulations, aiming at realizing a sustainable society.

■ Compliance with Environmental Laws and Regulations

The semiconductor products of our Group are installed in many products and used in many countries around the world. For this reason, we obtain information on the laws and regulations of major countries in order to comply with environmental laws and regulations related to our products and reflect this information on our Group's products.

Substances listed in the Annex to the POPs Convention (*), to which compliance is required internationally, are reflected in the "Act on the Regulation of Manufacture and Evaluation of Chemical Substances" and other laws in Japan to ensure the application of the POPs Convention. Our Group designates substances designated as Annex A (abolition) in the POPs Convention as "prohibited" items in the Group's "Renesas Management Chemical Substances" classification whenever they are reflected as Class 1 Specified Chemical Substances under the Chemical Substances Control Law and shares this information globally and ensures compliance with it.

* POPs Convention : Stockholm Convention on Persistent Organic Pollutants

(iii) Strategy

Climate change is a critical issue for our Group. To understand how climate-related risks and opportunities impact our Group's business, strategy and financial planning, as well as to devise countermeasures, we conducted a scenario-based analysis.

Based on our scenario analysis, we identified major risks and opportunities, and their countermeasures for our Group as follows.

(a) Risks

- The introduction of carbon pricing in countries where we operate poses various risks such as increased costs to meet regulatory requirements, higher expenses for highly carbon-intensive raw materials, and production consignment fees.
- There is a risk of lost sales opportunities or decreased sales if there are delays in the development of energy efficient products, or if we cannot fully meet customers' demands for decarbonization in certain markets or products.
- An increase in abnormal weather may affect manufacturing bases and logistics networks, resulting in potential decreases in sales and the incurrence of recovery costs.

(b) Opportunities

- Opportunities to significantly increase demand for products and solutions for decarbonization and low-carbonization. Especially in the automotive business, demand for related products is expected to grow in line with the expansion of the EV (Electric Vehicle) market, and in the industrial, infrastructure, and IoT business, demand for low-carbon and decarbonization technology-related products (wind power, factory automation (FA), etc.) is expected to grow.
- Opportunity to capture new markets by responding to changes in customer preferences and interests associated with climate change.

(c) Countermeasures

- Respond to the risk of increasing carbon taxes by steadily implementing measures to achieve GHG emission reduction targets, establishing suppliers' GHG emissions, and promoting reduction measures.
- Enable timely market introduction by accelerating development through early identification of changes in energy-saving standards in each country and by introducing development methods that support flexible function changes.
- Proactively disclose environmental information that promotes and accelerates environmental activities and communication in response to decarbonization efforts demanded by customers and investors.
- Accelerate the development of highly energy-efficient products, such as expanding product offerings and solutions, and acquiring next-generation technologies that realize high speed, advanced functionality, and high efficiency.
- Continue to invest in research and development to respond to new market expansion opportunities due to business diversification, changes in consumer preferences, etc.

■ Details of Analysis and Countermeasures

Based on scenario-based analysis and other assumptions, we have classified the nine-year period from 2022 to 2030 into “short-term,” “medium-term,” and “long-term” categories, and disclosed the timing of the occurrence of each risk and opportunity. The “short term” is within 3 years, the “medium term” is from 3 to 6 years, and the “long term” is more than 6 years.

Financial Impact and Countermeasures for Risk Factors

Category		Expected financial impact	Period	Countermeasures
Transition risk	Strengthening of laws and regulations	Various laws and regulations will be strengthened toward decarbonization, and the cost to meet the needs will increase.	Short to mid-term	<ul style="list-style-type: none"> • Implement systematic measures to achieve mid to long-term GHG reduction targets • Understand emissions by suppliers and promote reduction measures • Continue 3R (Reduce, Reuse and Recycle) initiatives globally
	Changes in technology and markets	Sales opportunities will be lost due to delays in development in markets and products that require energy conservation, and our profits will decrease.	Short to mid-term	<ul style="list-style-type: none"> • Detect changes in energy conservation standards in advance, and accelerate the start of development of energy efficient products • Introduce technology that enables flexible function changes • Continue to invest in R&D to develop energy efficient products • Concentrate development resources from ICE applications to xEV, ADAS application ICs, Discrete, and develop cross-domain MCUs
		If the carbon tax imposed on our suppliers is reflected in the unit price of materials, we assume that production costs will increase.	Mid-term	<ul style="list-style-type: none"> • Understand and monitor CO2 emissions by suppliers • Share targets with suppliers and encourage them to promote reduction measures
	Changes in stakeholder evaluation	Sales will decrease if we are unable to meet customer demands for decarbonization in the supply chain. In addition, the expansion of ESG investment is expected to affect fund procurement.	Mid-term	<ul style="list-style-type: none"> • Promote and accelerate environmental activities that satisfy customers' environmental procurement regulations • Proactively disclose environmental information to stakeholders and promotion of communication for mutual understanding • Achieve progress toward environmental targets to meet executive evaluation
Physical risks	Increase in disasters due to extreme weather	Due to an increase in disasters caused by abnormal weather, our own sites and supplier sites will be affected. Sales will decrease during the period until restoration, and restoration costs will be required.	Mid to long-term	<ul style="list-style-type: none"> • Implement risk assessment and countermeasures for each site based on BCM • Continuously collect information including bases currently outside the hazard map • Continuously diversify procurement and consider/prepare alternatives

Financial Impact and Countermeasures for Opportunities

Category		Expected financial impact	Period	Countermeasures
Efficient use of resources		Efficient use of resources (energy, water) at business sites and production bases will be promoted and costs will be reduced.	Short-term	<ul style="list-style-type: none"> • Implement systematic energy-saving measures considering investment effect • Promote efficient use of water with a target water recycling rate of 35% • Expand PPA utilization bases
Low carbon emission products and services	Expansion of xEV solution market	As decarbonization progresses in the automotive sector, the xEV solution market expands.	Short to mid-term	<ul style="list-style-type: none"> • Accelerate the development and reduce power consumption of products for BMS • Expand product repertoire, such as monolithic/wireless • Provide development kits that shorten customer development time • Accelerate the development of products for xEV, enhance product portfolio with low power consumption, high efficiency, OTA support, etc. • Accelerate the development of products for AD/ADAS, improve functionality and performance
	Expansion of industrial solutions market	Decarbonization will progress in the industrial sector, and the related industrial solutions market will expand.	Short to mid-term	<ul style="list-style-type: none"> • Accelerate the development of products conforming to DDR5 and later DDR memory standards, and reduce power consumption and load • Accelerate the development of millimeter-wave beamformer solutions for 5G, achieve low power consumption and high efficiency • Accelerate the development of products for FA (mainly motor control ICs and MCUs/MPUs equipped with endpoint AI) and products for BA (mainly products for air conditioning systems and lighting), and increase functionality • Accelerate the adoption of next-generation power semiconductors
Respond to changes in customer preferences and interests		Increase sales by responding to changes in customer interest (energy efficiency, IoT, sensors, advanced weather forecasts, etc.) associated with climate change.	Short, mid to long-term	<ul style="list-style-type: none"> • Promote product development to provide low-power consumption products and solutions that improve energy efficiency, and focus on R&D to create innovation • Expand product repertoire, improve speed, functionality, and efficiency
New market expansion	New business	Diversion of technologies developed in existing businesses to new industries in a low-carbon society.	Short to mid-term	<ul style="list-style-type: none"> • Enhance security for products in the Automotive/IIOT field
	Emerging markets	Sales of power products and millimeter-wave beamformer solutions for 5G to emerging countries will increase as the decarbonization needs increase.	Short to mid-term	<ul style="list-style-type: none"> • Promote sales expansion in emerging markets, improve performance and efficiency of power products

For details on the assumptions and countermeasures to the scenario-based analysis, please refer to our sustainability site/Response to TCFD Proposals (<https://www.renesas.com/en/about/sustainability/tcfd>)

(iv) KPIs and Goals

The Group's Indicators and targets for reduction of GHG are listed below. In addition, these reduction targets have been certified as Science Based Targets (SBT).

• GHG emission (Scope1, Scope2) reduction target: 38% decrease by 2030 (vs. 2021)
• GHG emission (Scope1, Scope2) Carbon Neutral: by 2050
• Total water consumption per unit sales target: 33% improvement by 2030 (vs. 2021)
• Global production site water recycling rate: 35% by 2030
• Waste recycling ratio: 90% (ratio with the amount of recycled waste as the numerator and total waste generated as the denominator)

(*) The 2025 results will be disclosed in the Business and Sustainability Report to be issued in late June 2026.

The Group plans to achieve our goals by reducing the emission of PFC gas - a greenhouse gas that heavily impacts the environment - and meeting the domestic electrical and electronics industry targets in Japan and the energy intensity reduction target in accordance with the Energy Conservation Law. These initiatives also include expanding the use of renewable energy at our manufacturing sites which consume significant amounts of energy.

Regarding Scope 3, we have also set a target for reducing GHG emissions by 2026 by suppliers (including outsourced manufacturing companies) which account for 70% of GHG emissions in Category 1 of Scope 3. We are striving to meet those targets and reduce GHG emissions throughout the supply chain

For more details, please refer to our sustainability site/Environmental Activities/Environmental Protection Goals (<https://www.renesas.com/en/about/sustainability/protection-goals>) and Environmental Activities/Climate Change Initiatives (<https://www.renesas.com/en/about/sustainability/climate-change>)

(2) Human Capital and Inclusion Culture

(i) Strategy

The Group is enhancing its Culture of Inclusion initiatives to help employees recognize their unique strengths and maximize their skills. We are building a global framework that enhances collaboration across geographies and disciplines. Improving collaboration across different product groups and locations is crucial to breaking down silos and harnessing the collective expertise of our teams. Additionally, we are fostering a workplace culture that respects all forms of diversity and promotes inclusion through Human Resources & General Affairs Division supported employee affinity networks.

With employees from over 30 countries, our workforce represents a wide range of backgrounds, including different nationalities, cultures, languages, beliefs, genders, and ages. We believe that embracing inclusion drives innovation and sustainable growth. By creating an environment where every individual can thrive, we unlock the full potential of our global team

(a) Promotion of Renesas Culture

In 2020, the Group introduced the Renesas Culture guidelines to help all employees create value globally in a fast-changing business environment. To cultivate talent that embodies our five key values - Transparent, Agile, Global, Innovative, and Entrepreneurial – we have programs that support employees in developing their strengths and maximizing their potential. We are also implementing systems that allow employees to contribute beyond regional and organizational boundaries.

To reinforce Renesas Culture, we have conducted company-wide employee surveys at least once a year since 2020. These surveys enable us to monitor our advancement, identify key areas for improvement and implement action plans to drive higher employee engagement under our CEO's leadership,

(b) Cultivation of Global Leaders

The Group continuously develops future leaders to ensure the company's growth and stability. Our strategy focuses on succession planning for key roles and leadership development to strengthen career growth. Across our Group, we identify key positions, select successors, and create tailored training plans to enhance talent management.

(c) Mechanism for Employees to Learn Independently

In Japan, our Self-Development Support Program empowers employees to take charge of their careers by choosing from 100+ skill-building courses, specialized technical seminars, and project management classes. We have shifted many training programs online, ensuring accessibility for remote employees and making professional growth more flexible than ever.

(d) Remote Working Abroad

The Remote Working Abroad (RWA) program offers flexibility for employees to work from a country outside of their country of employment for up to 30 business days in a rolling 12-month period.

(e) Market-Aligned Compensation

The Group remains committed to ensuring our employees are remunerated competitively and receive compensation that is aligned with their contribution to the Group's success.

During the year, we reaffirmed our commitment to maintaining wages that are aligned with applicable market and

wage standards. We conducted a comprehensive review of wage standards across the countries in which we operate and developed a strategic plan to ensure our compensation practices remain aligned with relevant benchmarks. This plan establishes a clear framework for ongoing monitoring and alignment with applicable wage standards.

(f) Employee Resource Groups (ERGs) & Diversity Promotion Groups (DPGs)

The Group supports both Employee Resource Groups (ERGs) and Diversity Promotion Groups (DPGs) to foster inclusivity on a global scale. We emphasize that every employee shares responsibility for promoting an inclusive culture in the workplace.

In October 2025, the Group launched a series of initiatives under the theme “Building a Culture of Inclusion and Innovation.” These initiatives underscore our commitment to cultivating a diverse workforce and an inclusive environment where innovation can thrive. This commitment is further reinforced through strategic external partnerships that promote inclusive representation across all levels of our organization.

Among these partnerships, the Group supports the advancement of women in the semiconductor industry as a 2025 Advocate Sponsor of the GSA Women’s Leadership Initiative, and we help inspire future female talent by delivering STEM-focused workshops and mentoring programs through Inspiring Girls International.

Our strategic partnerships with universities and institutions of higher education are also a cornerstone of our sustainable talent acquisition strategy. These collaborations enable early engagement with future engineers and help strengthen our long-term talent pipeline. By providing students with practical exposure to the Group’s tools, technologies, and teams, we cultivate a consist pool of industry-ready candidates. Together, these initiatives enhance our impact, foster innovation, and inspire the next generation and technology talent.

(ii) KPIs and Goals

The Group sets and manages medium- and long-term targets from the perspectives of organizational and human resource vitality and DE&I, respectively. The Group’s indicators, targets and achievements are as follows.

KPIs and Goals	Result (Current Fiscal year)
• Percentage of females on the Board of Directors: 30% or more	33.3%
• Percentage of newly hired female graduates (Japan): 20% or more	22.0%

For more details, please refer to our sustainability website “Human Resources Management/Human Rights Growth and Engagement”(<https://www.renesas.com/us/en/about/company/sustainability/engagement>), and “Human Resources Management/Diversity, Equity & Inclusion”(<https://www.renesas.com/us/en/about/company/sustainability/diversity>).

(3) Human Rights

(i) Governance and Oversight of Human Rights

The Group have established “Renesas Group Human Rights Basic Policy” to drive global initiatives aligned with our commitment to respecting human rights. Under an initiative for promoting human rights led by our Senior Vice President and Chief Human Resources Officer, the Group has implemented effective management mechanisms while ensuring robust decision-making processes, thereby protecting human rights.

The Group maintains a clear procedure for reporting and escalating concerns related to human rights issues. Both the Board of Directors and the Audit and Sustainability Committee take human rights risks into account when reviewing these issues.

From 2025 onward, the Group has established a cross-functional Human Rights Working Group to strengthen the identification, assessment, and management of human rights risks across the Group.

The Group provides employees with access to a confidential hotline to encourage reports of any compliance-related concerns, including issues related to human rights, bullying and harassment. Hosted by an independent third party, the hotline serves as a mechanism for employees and stakeholders to report human rights concerns and ensures that reports are addressed promptly and effectively.

The Group strictly prohibits any retaliation against individuals for raising concerns or for cooperating in investigations related to those concerns.

(ii) Strategies, KPIs and Goals

The Group conducts a human rights due diligence process in accordance with the United Nations’ “Guiding Principles on Business and Human Rights” which enables us to identify the potential human rights risks in the Group, and our supply chain. This includes examining and implementing corrective measures as well as monitoring and disclosing information.

We have identified human rights risks in our business activities, and in our stakeholders, who might be vulnerable to potential risks based on international trend surveys, NGO reports, and advice from human rights experts. The Group has identified the following six key human rights issues to be addressed within the Group and our supply chain.

- (a) Safe and Healthy Working Environment
- (b) Prohibition of Child and Forced Labor (Policy on the Rights of the Child)
- (c) Working Hours
- (d) Responsible Mineral Procurement
- (e) Freedom of Association (Labor Management Relations)
- (f) Human Rights Education

To address these critical issues, we take additional steps to identify, prevent and mitigate risks in accordance with the United Nations' Guiding Principles on Business and Human Rights.
Please refer to the Renesas Sustainability website, Human Capital Management/Human Rights (<https://www.renesas.com/us/en/about/company/sustainability/human-rights>) for more detail.

3. Risk Factors

The Group's operations and financial results are subject to various risks and uncertainties, including those described below, that could significantly affect investors' judgment. In addition, the following statements include matters which might not necessarily fall within the scope of such significant risks but are deemed important for investors' judgment from a standpoint of affirmative disclosure. Statements regarding the future in the following paragraphs are based on the Group's understanding of the information available as of March 19, 2026.

(1) Market Fluctuations

Semiconductor market fluctuations, which are caused by factors such as economic cycles in each region and shifts in demand of end customers, affect the Group. Although the Group carefully monitors changes in market conditions, it is difficult to completely avoid the impact of market fluctuations due to economic cycles in countries around the world and changes in the demand for end products. Market downturns, therefore, could lead to decline in product demand and increase in production and inventory amounts, as well as lower sales prices. Consequently, market downturns could reduce the Group's sales, as well as lower fab utilization rates, which may in turn result in lower gross margins, ultimately leading to deterioration in profits.

(2) Fluctuations in Foreign Exchange and Interest Rates

The Group engages in business activities in all parts of the world and in a wide range of currencies. The Group continues to engage in hedging transactions and other arrangements to minimize exchange rate risks, but it is possible for our consolidated business results and financial condition, including our sales amount in foreign currencies, our materials costs in foreign currencies, our production costs at overseas manufacturing sites, and other items, to be influenced if exchange rates change significantly. Also, the Group's assets, liabilities, income, and costs can change greatly by presenting our assets and debts that are denominated in foreign currencies by converting the amounts in Japanese yen, and these can also change when financial statements in foreign currencies at our overseas subsidiaries are converted to and presented in Japanese yen.

Since expenses as well as asset and debt values associated with the Group's business operation are influenced by fluctuations in interest rates, it is also possible for the Group's businesses, performance, and financial condition to be adversely influenced by these fluctuations.

(3) Natural Disasters

Natural disasters such as earthquakes, tsunamis, typhoons, and floods, accidents such as fires, power outages, and system failures, acts of terror, war, infectious diseases and other unpredictable factors could adversely affect the Group's business operation. In particular, as the Group owns key facilities and equipment in areas where earthquakes occur at a frequency higher than the global average, the effects of earthquakes and other events could damage the Group's facilities and equipment and force a halt to manufacturing and other operations, and such events could consequently cause severe damage to the Group's business. Similar situations may also occur due to other types of natural disasters, accidents such as fires, power outages, and system failures, acts of terror, war, infectious diseases, and other similar events. In preparation for these risks, the Group sets and manages the BCP (Business Continuity Plan), which defines preventive plans and contingency plans and others, and also purchases various insurances; however, such plans and insurances may not fully hedge the risks or cover the losses and damages from events that we could not anticipate.

(4) Competition

The semiconductor industry is extremely competitive, and the Group is exposed to fierce competition from competitors around the world in areas such as product performance, structure, pricing and quality. In particular, certain competitors have pursued acquisitions, consolidations, and business alliances, and others in recent years, and there is a possibility that such actions will be taken in the future as well. As a result, the competitive environment surrounding the Group may further intensify. To maintain and improve competitiveness, the Group takes various measures including development of leading-edge technologies, standardizing design, cost reduction, and consideration of strategic alliances with third parties or possibility of further acquisitions. In the event that the Group cannot maintain its competitiveness, the Group's market share may decline, which may negatively impact the Group's financial results.

In addition, fierce market competition has subjected the products of the Group to sharp downward pressure on prices, for which measures to improve profitability, such as price negotiations and efforts at cost price reduction, have been unable to fully compensate. This raises the possibility of a worsening of the Group's gross margin. Furthermore, in cases where customers for the Group's products, for which the gross margin is low, have difficulty switching to other products or require a certain amount of time to secure replacements, it may be difficult for the Group to halt or reduce production in a timely manner. This may result in a reduction in the profitability of the Group.

(5) Implementation of Management Strategies

The Group is implementing a variety of business strategies and structural measures, including the development of a "Mid-Term Growth Strategy" and reforming the organizational structure of the Group, to strengthen the foundations of its profitability. Implementing these business strategies and structural measures requires a certain level of cost. Due to changes in economic conditions and the business environment, factors for which the future is uncertain, as well as additional unforeseeable factors, it is possible that some of those reforms may become difficult to carry out and others may not achieve the originally planned results. Furthermore, additional costs, which are higher than originally expected, may arise. Thus, these issues may adversely influence the Group's performance and financial condition.

(6) Business Activities Worldwide

The Group conducts business worldwide, which can be adversely affected by factors such as barriers to long-term relationships with potential customers and local enterprises, restrictions on investment and imports/exports tariffs, fair trade regulations, political, social and economic risk including changes in trade policies, trade barriers and heightened trade conflicts among countries, outbreaks of illness or disease, exchange rate fluctuations, rising wage levels, and transportation delays. As a result, the Group may fail to achieve its initial targets regarding business in overseas markets, which could have a negative impact on the business growth and performance of the Group.

(7) Strategic Alliance and Corporate Acquisition

For business expansion and strengthening of competitiveness, the Group may engage in strategic alliances, including joint investments, and corporate acquisitions. However, it is not certain that the Group will be able to find any suitable potential partner or acquisition target in the future, and even if such a suitable partner or acquisition target is found, it may not be possible to reach an agreement on terms acceptable to the Company. Also, even if the Group reaches an agreement with an alliance partner or acquisition target, there is no guarantee that the Group will be able to execute the acquisition because the Group may not be able to raise funds for the acquisition, or it may not be able to obtain shareholder approval of the alliance partner or acquisition target, it may not be able to obtain necessary permits and approvals, or there may be restrictions due to laws and regulations or other reasons.

With regard to such alliances and acquisitions, the Group examines the likely return on investment and profitability from a variety of perspectives. However, in cases where there is a mismatch with the prospective alliance partner or acquisition target in areas of management strategy such as capital procurement, technology management, and product development, or there are financial or other problems affecting the business of the prospective collaboration partner or acquisition target, in addition to the time and expense required for integration of aspects such as business execution, technology, products, personnel, systems and response to antitrust laws and other regulations of the relevant authorities, there is a possibility that the alliance relationship or capital ties will not be sustainable, or in the case of acquisitions, that the anticipated return on investment or profitability cannot be realized. Furthermore, there is a possibility that the anticipated synergies or other advantages cannot be realized due to an inability to retain or secure the main customers or key personnel of the prospective alliance partner or acquisition target. Thus, there is no certainty that an alliance or acquisition will achieve the goals initially anticipated.

(8) Financing

While the Group has been procuring business funds by methods such as borrowing from financial institutions and other sources, and issuance of bonds, in the future it may become necessary to procure additional financing to implement business and investment plans, expand manufacturing capabilities, acquire technologies and services, and repay debts. It is possible that the Group may face limitations on its ability to raise funds due to a variety of reasons, including the fact that the Group may not be able to acquire required financing in a timely manner or may face increasing financing costs due to the worsening business environment in the semiconductor industry, worsening conditions in the financial and stock markets, and changes in the financing policies of lenders. In addition, the Company may also finance acquisitions from financial institutions and other sources when conducting acquisitions. As a result of borrowing from financial institutions and other sources, the Company will incur interest-bearing debt, and if the Company is unable to generate the cash flow it initially anticipated, its financial condition may deteriorate and its credit rating may be lowered, which could also result in increased financing costs and restrictions on the Group's ability to raise capital. In addition, some of the borrowing contracts executed between the Group and some financial institutions stipulate articles of financial covenants. If the Group breaches these articles due to reasons such as a deterioration of the Group's financial condition, the Group may lose the benefit of term on the contract, and it may adversely influence the Group's business performance and financial conditions.

(9) Rapid Technological Evolutions and Other Issues

The semiconductor market in which the Group does business is characterized by rapid technological changes and rapid evolution of technological standards. Therefore, if the Group is not able to carry out appropriate research and development, the Group's businesses, performance, and financial condition may all be adversely affected by product obsolescence and the existence of competing products in the marketplace.

(10) Product Production

(i) Production Process Risk

Semiconductor products require extremely complex production processes. In an effort to increase yields (defined as the ratio of non-defective products from the materials used), the Group takes steps to properly control production processes and seeks ongoing improvements. However, the emergence of defects in these production processes could lead to lower yields. These defects, in turn, could trigger shipment delays, reductions in shipment volume, or, at worst, the halting of shipments.

(ii) Procurement of Raw Materials, Components, and Production Facilities

The timely procurement of necessary raw materials, components and production facilities is critical to semiconductor production. To avoid supply problems related to these essential raw materials, components and production facilities, the Group works diligently to develop close relationships with multiple suppliers. Some necessary materials, however, are available only from specific suppliers. Consequently, insufficient supply capacity amid tight demand for these materials as well as events including natural disasters, accidents, acts of terror, war, worsening of business conditions, and withdrawal from the business by suppliers could preclude their timely procurement, or may result in sharply higher prices for these essential materials upon procurement. Furthermore, defects in procured raw materials or components could adversely influence the Group's manufacturing operations and additional costs may be incurred by the Group.

(iii) Risks Associated with Outsourced Production

The Group outsources the manufacturing of certain semiconductor products to external foundries (contract manufacturers) and other entities. In doing so, the Group selects its trusted outsourcers, rigorously screened in advance based on their technological capabilities, supply capacity, and other relevant traits; however, there is some possibility of delivery delays, product defects and other production-side risks stemming from outsourcers. In particular, inadequate production capacity among outsourcers or operation shutdown of the outsourcers as a result of a natural disaster, could result in the Group being unable to supply enough products.

(iv) Maintenance of Production Capacity at an Appropriate Level

The semiconductor market is sensitive to fluctuations in the business climate, and it is difficult to predict future product demand accurately. Thus, it is not always possible for the Group to maintain production capacity at an appropriate level that matches product demand. Unanticipated events such as fires, power outages or system failures at manufacturing plants could also significantly reduce the Group's production capacity for a given period of time. In addition, even if the Group engages in capital investment to boost production capacity, there is generally a certain amount of time required before the actual increase in production capacity takes place.

Therefore, if demand for specific products substantially exceeds the Group's production capacity at a certain point and the state of excess demand continues over time, there is a possibility that the Group will be unable to supply customers with the products they desire, that opportunities to sell the products in question will be lost, that the Group will lose market share as customers switch to competing products, and that the relationship between the Group and its customers will suffer.

On the other hand, if in response to a rise in demand for specific products the Group undertakes capital investment with the aim of increasing production capacity, there is no guarantee that demand for the products in question will remain strong once production capacity actually increases and afterward. There is a possibility that actual product demand may turn out to be less than anticipated, in which case it may not be possible to recover the capital investment with the anticipated earnings.

(11) Product Quality

Although the Group makes an effort to improve the quality of semiconductor products, they may contain defects, anomalies or malfunctions that are undetectable at the time of shipment due to increased sophistication of technologies, the diversity of ways in which the Group's products are used by customers and defects in procured raw materials or components. These defects, anomalies or malfunctions could be discovered after the Group products were shipped to customers, resulting in the return or exchange of the Group's products, claims for compensatory damages, or discontinuation of the use of the Group's products, which could negatively impact on the profits and operating results of the Group. To prepare for such events, the Group has insurance such as product liability insurance and recall insurance, but it is not guaranteed that the full costs of reimbursements would be covered by these.

(12) Product Sales

(i) Reliance on Key Customers

The Group relies on certain key customers for a significant portion of its product sales to customers. The decision by these key customers to cease usage of the Group's products, or to dramatically reduce order volumes, could negatively impact the Group's operating results.

(ii) Changes in Production Plans by Customers of Custom Products

The Group receives orders from customers for the development of specific semiconductor products in some cases. There is the possibility that, after the Group received the orders, the customers decide to postpone or cancel the launch of the end products in which the ordered product is scheduled to be embedded. There is also the possibility that the customers cancel their order if the functions and quality of the product do not meet the customer requirements. Further, the weak sales of end products on which products developed by the Group are embedded may cause customers to reduce their orders, or to postpone delivery dates. Such changes in production plans, order reductions, postponements and other actions from the customers concerning custom products may cause declines in the Group's sales and profitability.

(iii) Reliance on Authorized Sales Agents

In Japan and Asia, the Group sells the majority of its products via independent authorized sales agents and relies on certain major authorized sales agents for a significant portion of these sales. The inability of the Group to provide these authorized sales agents with competitive sales incentives or margins, or to secure sales volumes that the authorized sales agents consider appropriate, could result in a decision by such agents to review their sales network for the Group's products, including the reduction of the network, and others, which could cause a downturn in the Group's sales.

(13) Securing Human Resources

The Group works hard to secure superior human resources for management, technology development, sales, and other areas when deploying business operations. However, since such exceptionally talented people are of limited number, there is fierce competition in the hiring of human resources. Under the current conditions, it may not be possible for the Group to secure the talented human resources it requires.

(14) Defined Benefit Obligations

Net defined benefit liability and net defined benefit assets are calculated based on actuarial assumptions, such as discount rates or returns on assets. However, the Group's performance and financial condition may be adversely affected either if discrepancies between actuarial assumptions and business performance arise due to changing interest rates or a fall in the stock market and defined benefit obligations increase or our plan assets decrease and there is an increase in the pension funding deficit in the retirement benefit obligations system.

(15) Capital Expenditures and Fixed Cost Ratio

The semiconductor business in which the Group is engaged requires substantial capital investment. The Group undertakes capital investment in an ongoing manner, and this requires it to bear the associated amortization costs. In addition, if there is a decrease in demand due to changes in the market climate and the anticipated scale of sales cannot be achieved, or if excess supply causes product prices to fall, there is a possibility that a portion or the entirety of the capital investment will not be recoverable or will take longer than anticipated to be recovered, and as a result it may have an adverse effect on the business performance and the financial condition of the Group.

Furthermore, the majority of the expenses of the Group are accounted for by fixed costs such as production costs associated with factory maintenance and R&D expenses, in addition to the abovementioned amortization costs accompanying capital investment. Even if there is a decline in sales due to a reduction in orders from the Group's main customers or a drop in product demand, or if the factory operating rate decreases, it may be difficult to reduce fixed costs to compensate. As a result, a relatively small-scale drop in sales can have an adverse effect on the profitability of the Group.

(16) Impairment Loss on Long-term Assets

The Group owns substantial long-term assets, consisting of both property, plant and equipment such as plant facilities and intangible assets such as goodwill obtained through the past acquisition. When there are indications of impairment, the Group examines the possibility of recovering the book value of assets based on the future cash flow to be generated from the assets. It may be necessary to recognize the impairment of such assets if insufficient cash flow is generated.

(17) Information Systems, etc.

Information systems are of growing importance in the Group's business activities. Although the Group makes an effort to manage stable operation of information systems, there is a likelihood that the Group's businesses, performance, and financial condition may be adversely affected if there is a significant problem with the Group's information systems caused by factors such as natural disasters, accidents, computer viruses, unauthorized accesses, and cyberattacks.

In recent years, the use of generative AI tools has expanded rapidly. The Group is actively promoting the use of such tools to enhance operational efficiency and productivity, as well as to foster innovation. While generative AI offers significant benefits, it remains a developing technology, and its use involves potential risks, including information leakage resulting from the input of confidential or personal information, the generation of inaccurate information, and infringement of intellectual property rights. To mitigate these risks, the Group has established a working group comprising relevant departments and, by establishing internal rules and guidelines governing the use of generative AI, as well as to providing internal training, is strengthening its internal management framework. However, notwithstanding these efforts, if unforeseen incidents were to occur as a result of the use of generative AI, the Group could incur substantial costs in responding to such incidents, which may adversely affect the Group's operating results and financial condition and could also lead to a deterioration of the Group's social credibility.

(18) Information Management

The Group has in its possession a great deal of confidential information and personal information relating to its business activities. While such confidential information is managed according to law and internal regulations specifically designed for that purpose, there is always the risk that information may leak due to unforeseen circumstances. Should such an event occur, there is a likelihood that leaks of confidential information may result in damages to our competitive position and customer confidence and social trust would deteriorate, resulting in a negative effect on the Group's performance.

(19) Legal Restrictions

The Group is subject to a variety of legal restrictions in the various countries and regions. These include requirements for approval of businesses and investments, antitrust laws and regulations, export restrictions, customs duties and tariffs, accounting standards and taxation, and environment laws. In the future, it is possible that the Group's businesses, performance, and financial condition may be adversely affected by increased costs and restrictions on business activities associated with the strengthening of local laws.

The Group makes use of an internal regulation system to ensure legal compliance and appropriate financial reporting. However, since by its nature an internal regulation system is inherently limited, there is no guarantee that it will accomplish its goals completely. Consequently, the possibility is not nonexistent that legal violations, and others, may occur in the future. Should a violation of the law or other regulations occur, the Group could be subject to administrative penalties such as fines, legal penalties, or claims for compensatory damages, or there could be a negative impact on the social standing of the Group. This could have an adverse effect on the businesses, business performance, and financial condition of the Group.

(20) Environmental Factors

The Group strives to decrease its environmental impact with respect to diversified and complex environmental issues such as global warming, air pollution, industrial waste, tightening of hazardous substance regulation, and soil pollution. There is the possibility that, regardless of whether there is negligence in its pursuit of business activities, the Group could bear legal or social responsibility for environmental problems. Should such an event occur, the burden of expenses for resolution could potentially be high, and the Group could suffer erosion of social trust.

(21) Intellectual Property

While the Group seeks to protect its intellectual property, it may not be adequately protected in certain countries and areas. In addition, there are cases where the Group's products are developed, manufactured and sold by using licenses received from third parties. In such cases, there is the possibility that the Group could not receive necessary licenses from third parties, or the Group could only receive licenses under terms and conditions that are less favorable than before.

With regard to the intellectual property rights related to the Group's products, it is possible that a third party might file a lawsuit against the Group or its customers claiming patent infringement, or the like, and that as a result the manufacture and sale of the affected products might not be possible in certain countries or regions. It is also possible that the Group could be liable for damages to a third party or to a customer of the Group.

(22) Legal Issues

Details are listed under "Note 38. Commitments and Contingent Liabilities, (5) Others" in "V. Finance Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements".

4. Management's Discussion and Analysis of Financial Positions, Operating Results and Cash Flows

The following is an overview of the financial positions, operating results and cash flows ("Operating Result") as on a consolidated basis of the Group for the current fiscal year (the fiscal year ended December 31, 2025).

Forward-looking statements concerning financial position, operating results and cash flow are prepared based on the Group's judgement as of the end of the current fiscal year.

(1) Material Accounting Policies and Estimates

The Group's consolidated financial statements are prepared in accordance with IFRS and in accordance with Article 312 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements". In preparing these consolidated financial statements, estimates and assumptions deemed necessary are made based on reasonable standards.

Material accounting policies, assumptions for the future and uncertainties involved in the estimates used in the consolidated financial statements are listed under "Note 3. Material Accounting Policies, Note 4. Significant Accounting Estimates and Judgments" in the "V. Finance Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements".

(2) Financial Position

	(Billion yen)		
	Previous fiscal year end (December 31, 2024)	Current fiscal year end (December 31, 2025)	Increase (Decrease)
Total assets	4,490.4	4,177.2	(313.2)
Total equity	2,542.3	2,448.5	(93.8)
Equity attributable to owners of parent	2,537.4	2,443.0	(94.4)
Equity ratio attributable to owners of parent (%)	56.5	58.5	2.0
Interest-bearing liabilities	1,422.8	1,226.8	(196.0)
Debt to equity ratio	0.56	0.50	(0.06)

Total assets at the end of the current fiscal year were 4,177.2 billion yen, a 313.2 billion yen decrease from the end of the previous fiscal year. This was mainly due to the progress of amortization of intangible assets arising from past acquisitions, as well as a decline resulting from the recognition of valuation losses on other financial assets related to Wolfspeed, Inc. ("Wolfspeed") following its filing for protection under U.S. federal bankruptcy law and its restructuring plan.

Total equity was 2,448.5 billion yen, a 93.8 billion yen decrease year on year. This was mainly due to a decrease in other components of equity, such as a decrease in exchange differences on translation of foreign operations following fluctuations in the exchange rate as well as a decrease in retained earnings resulting from the recognition of a loss for this fiscal period.

Equity attributable to owners of the parent were 2,443.0 billion yen, a 94.4 billion yen decrease year on year, and the equity ratio attributable to owners of the parent was 58.5%. Interest-bearing liabilities were 1,226.8 billion yen, a decrease by 196.0 billion yen year on year, mainly due to the decrease in borrowings. Consequently, the Debt to equity ratio was 0.50.

(3) Overview of Financial Results

The Group discloses consolidated business results in terms of both its internal measures which management relies upon in making decisions ("Non-GAAP") and those under IFRS.

Non-GAAP revenue, Non-GAAP gross profit and Non-GAAP operating profit are revenue, gross profit and operating profit under IFRS ("IFRS revenue," "IFRS gross profit" and "IFRS operating profit") after excluding or adjusting non-recurring items and other adjustments following a certain set of rules. The Group believes providing Non-GAAP forecasts will help to better understand the Group's constant business results. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other purchase price allocation ("PPA") adjustments and stock-based compensation as well as other non-recurring expenses and income the Group believes to be applicable.

The Group consists of "Automotive Business" and "Industrial/Infrastructure/IoT Business" and those are the Group's reportable segments. For details, please refer to "Note 7. Business Segments" in the "V. Finance Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements Notes to Consolidated Financial Statements".

(Note) For Non-GAAP disclosure, the Group refers to the rules specified by the U.S. Securities and Exchange Commission but does not fully comply with such rules.

(i) Overview of the financial operation for the current fiscal year (Jan 1 – Dec 31, 2025) (Non-GAAP basis)

(Billion yen)

	Previous fiscal year (Jan 1 – Dec 31 2024)	Current fiscal Year (Jan 1 – Dec 31 2025)	Increase (Decrease)	
Non-GAAP Revenue	1,348.5	1,318.5	(30.0)	(2.2%)
Automotive	702.8	639.7	(63.1)	(9.0%)
Industrial/Infrastructure/IoT	636.8	671.8	35.0	5.5%
Non-GAAP Gross Profit (%)	756.3 56.1%	759.9 57.6%	3.7 1.6pts	0.5% –
Automotive	367.8 52.3%	346.3 54.1%	(21.4) 1.8pts	(5.8%) –
Industrial/Infrastructure/IoT	385.8 60.6%	410.9 61.2%	25.1 0.6pt	6.5% –
Non-GAAP Operating Margin (%)	397.9 29.5%	386.9 29.3%	(11.0) (0.2pt)	(2.8%) –
Automotive	222.5 31.7%	196.6 30.7%	(25.9) (0.9pt)	(11.6%) –
Industrial/Infrastructure/IoT	173.4 27.2%	169.4 25.2%	(4.0) (2.0pts)	(2.3%) –
USD Exchange rate (Yen)	151	150	(1)	–
EUR Exchange rate (Yen)	164	167	4	–

(Note) 1. For details on the above, please refer to “Note 7. Business Segments” in the “V. Finance Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements”.

2. Exchange rates are the average of each month’s rates used for the conversion of revenues and expenses.

The financial results for the current fiscal year are as follows:

< Non-GAAP Revenue >

Consolidated Non-GAAP revenue for the current fiscal year was 1,318.5 billion yen, a 30.0 billion yen (2.2%) decrease year on year. This was mainly attributable to a decrease in revenue from the Automotive Business due to market softening, although revenue from the industrial, infrastructure, and IoT business increased driven by stronger demand in the infrastructure business.

<Non-GAAP Gross Profit (Margin)>

Non-GAAP gross profits for the current fiscal year were 759.9 billion yen, a 3.7 billion yen (0.5%) increase year on year. This was due to lower manufacturing costs, despite the abovementioned decrease in revenue from the Automotive Business and the resulting decrease in factory utilization rate. As a result, Non-GAAP gross margin for the current fiscal year was 57.6%, an increase by 1.6 points year on year.

<Non-GAAP Operating Profit (Margin)>

Non-GAAP operating profit for the current fiscal year was 386.9 billion yen, a 11.0 billion yen (2.8%) decrease year on year. This was mainly due to an increase in SG&A expenses, despite the abovementioned increase in gross profit. As a result, Non-GAAP operating margin for the current fiscal year was 29.3%, a decrease by 0.2 points year on year.

The revenue breakdowns of the business segments for the current fiscal year are as follows:

Automotive Business

The Automotive Business includes the product categories “Automotive Control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive Information,” comprising of semiconductor devices used in sensing systems for detecting environments inside and outside the vehicle as well as Automotive Information devices such as in-vehicle infotainment (IVI) and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Automotive Business for the current fiscal year was 639.7 billion yen, a 63.1 billion yen (9.0%) decrease year on year. This was mainly due to market softening.

Non-GAAP gross profit of the Automotive Business for the current fiscal year was 346.3 billion yen, a 21.4 billion yen (5.8%) decrease year on year. This was due to the decrease in revenue.

Non-GAAP operating profit of the Automotive Business for the current fiscal year was 196.6 billion yen, a 25.9 billion yen (11.6%) decrease year on year. This was due to the decrease in gross profit.

Industrial/Infrastructure/IoT Business

The Industrial/Infrastructure/IoT Business includes the categories “Industrial,” “Infrastructure” and “IoT” which support a smart society. The Group mainly supplies MCUs, SoCs, analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Industrial/Infrastructure/IoT Business for the current fiscal year was 671.8 billion yen, a 35.0 billion yen (5.5%) increase year on year. This was due to the increase in revenue driven by stronger demand in the Infrastructure business.

Non-GAAP gross profit of the Industrial/Infrastructure/IoT Business for the current fiscal year was 410.9 billion yen, a 25.1 billion yen (6.5%) increase year on year. This was mainly due to the increase in revenue.

Non-GAAP operating profit of the Industrial/Infrastructure/IoT Business for the current fiscal year was 169.4 billion yen, a 4.0 billion yen (2.3%) decrease year on year. This was mainly due to an increase in SG&A expenses, despite higher gross profit.

The Group announced the “Mid-Term Growth Strategy” and “Financial Model” on February 17, 2020. The Group set a long-term target of achieving sales growth exceeding that of the market through concentrated investment of management resources in markets on which the Group is focusing its attention. The Group also targets optimization of production efficiency, improvements to the product mix and realization of synergies with acquired companies.

The Group targets a gross margin of 55% and an operating margin of 25% to 30% on a Non-GAAP basis and under fixed exchange rates of 100 yen per US dollar and 120 yen per euro.

At the Capital Markets Day held on June 25, 2025, the Group revised its operating margin target from the previous single target of 30% to a range of “25% to 30%.” This revision was intended to proactively create flexibility for strengthening the Group’s organizational and financial foundations, while steadily advancing initiatives aimed at long-term growth.

Under fixed exchange rates of 100 yen per US dollar and 120 yen per euro, the Group’s Non-GAAP gross margin for the current consolidated fiscal year was approximately 55%, and its Non-GAAP operating margin was approximately 24%.

The targets in the “Mid-Term Growth Strategy” and “Financial Model” are the Group’s long-term management objectives as of the date of filing and we cannot guarantee that they will be achieved. The results may be affected by a number of risk factors and other changes in the external environment, including the matters described under “3. Risk Factors” and other changes in the external environment.

(ii) Reconciliation of Non-GAAP gross profit to IFRS gross profit and Non-GAAP operating profit to IFRS operating profit

(Billion yen)

	Previous fiscal year (Jan 1 – Dec 31, 2024)	Current fiscal year (Jan 1 – Dec 31, 2025)
Non-GAAP gross profit (%)	756.3 56.1%	759.9 57.6%
Reconciliations in Revenue Level (Note 1)	—	2.7
Amortization of purchased intangible assets and depreciation of fair value adjustment to property, plant and equipment	(1.0)	(0.8)
Stock-based compensation	(2.8)	(2.7)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(2.6)	(5.4)
IFRS gross profit (%)	749.8 55.6%	753.8 57.1%
Non-GAAP operating profit (%)	397.9 29.5%	386.9 29.3%
Reconciliations in Revenue Level (Note 1)	—	2.7
Amortization of purchased intangible assets and depreciation of fair value adjustment to property, plant and equipment	(122.4)	(111.4)
Stock-based compensation	(36.3)	(37.1)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(16.2)	(39.9)
IFRS operating profit (%)	223.0 16.5%	201.2 15.2%

(Note) 1. “Reconciliations in Revenue Level” includes non-recurring revenue that the Group has determined should be excluded.

2. “Other reconciliation items in non-recurring expenses and adjustments” includes the non-recurring items related to acquisitions and other adjustments as well as non-recurring profits or losses the Group believes to be applicable.

(iii) Overview of the financial operation for the current fiscal year (Jan 1 – Dec 31, 2025) (IFRS)

(Billion yen)

	Previous fiscal year (Jan 1 – Dec 31, 2024)	Current fiscal year (Jan 1 – Dec 31, 2025)	Increase (Decrease)	
Revenue	1,348.5	1,321.2	(27.3)	(2.0%)
Gross profit (%)	749.8 55.6%	753.8 57.1%	4.0 1.4pts	0.5% —
Operating profit (%)	223.0 16.5%	201.2 15.2%	(21.8) (1.3pts)	(9.8%) —

(iv) Overview of production, orders and sales

The Group manufactures and sells a wide variety of products and even if the products are of the same type, their performance, structure, and format are not necessarily uniform. In addition, there are many products that do not take the form of built-to-order production. Accordingly, the Group does not disclose the scale of production or the scale of orders received for each product category in terms of value or quantity.

Therefore, the status of production, orders received, and sales are shown in relation to the revenue segment in “4. Management’s Discussion and Analysis of Financial Position, Operations Results and Cash Flows”. Sales to major customers and the ratio to total sales are as follows.

	Business Segments	Previous fiscal year		Current fiscal year	
		Amount (Millions of yen)	Rate (%)	Amount (Millions of yen)	Rate (%)
WT Microelectronics Co., Ltd.	Automotive and Industrial/Infrastructure/IoT Business	170,954	12.7	225,419	17.1
HAGIWARA ELECTRONICS CO., LTD.	Automotive and Industrial/Infrastructure/IoT Business	171,375	12.7	—	—

(Note) In the current consolidated fiscal year, revenue from sales to Hagiwara Electronics Co., Ltd. accounted for less than 10% of total revenue; therefore, the amount and the ratio are omitted.

(4) Cash Flows

(Billion yen)

	Previous fiscal year (Jan 1 – Dec 31, 2024)	Current fiscal year (Jan 1 – Dec 31, 2025)
Net cash provided by (used in) operating activities	340.5	452.9
Net cash provided by (used in) investing activities	(1,284.1)	(124.7)
Free cash flows	(943.6)	328.2
Net cash provided by (used in) financing activities	677.3	(269.7)
Cash and cash equivalents at the beginning of period	434.7	229.2
Cash and cash equivalents at the end of period	229.2	295.9

(Note) As defined as a total of net cash flows provided by (used in) operating activities and investing activities.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the current fiscal year was 452.9 billion yen. This was mainly due to adjustments for non-cash items, including depreciation and amortization and valuation losses on other financial assets related to Wolfspeed, despite the recognition of a loss before income taxes of 30.3 billion yen.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the current fiscal year was 124.7 billion yen. This was mainly due to purchases of property, plant, and equipment as well as intangible assets.

The foregoing resulted in positive free cash flows of 328.2 billion yen for the current fiscal year.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the current fiscal year was 269.7 billion yen. This was mainly due to repayments of borrowings to major financial institutions and the payment of dividends.

(5) Liquidity and Capital Resources

The Group's basic financial policy is to secure adequate liquidity and capital resources for its operations and to maintain a strong balance sheet.

In addition, on August 31, 2021, the Company borrowed term loans with a total amount of 270.0 billion yen from MUFG Bank, Ltd. and Mizuho Bank, Ltd., to finance the acquisition of Dialog.

On December 23, 2021, with the purpose of refinancing the remaining 240.0 billion yen of the existing loan of 270.0 billion yen to mid- to long-term funds, and after having repaid 30 billion yen, the Company concluded a syndicated loan agreement with MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank Limited, and others for the total of 96.0 billion yen. On the same day, the Company concluded a JBIC loan agreement with Japan Bank for International Cooperation for a total of 144.0 billion yen. Based on these agreements, the Company borrowed a total amount of 240.0 billion yen on December 30, 2021, which were prepaid in full prior to maturity on December 30, 2025.

The Company decided on November 19, 2021, to issue US dollar-denominated senior notes in multiple tranches. The Company issued 500 million US dollar-denominated senior notes due 2024 and 850 million US dollar-denominated senior notes due 2026, for total proceeds of 1.35 billion US dollars. Additionally, in November 2024, the Company redeemed 500 million US dollars of unsecured ordinary corporate bonds denominated in US dollars that were due in 2024.

As of the end of the current fiscal year, the yen equivalent of the outstanding balance of the Group's corporate bonds is 133.0 billion yen.

For the purpose of responding to the demand for funds for future business development and securing flexible means of procuring working capital, the Company entered into a term loan agreement with Bank of America N. A. Tokyo Branch dated June 28, 2022 for a total of 200 million US dollars, and the Company entered into a term loan agreement with MUFG Bank Ltd. dated June 30, 2022 for a total of 20.0 billion yen. Based on these agreements, the Company borrowed a total of 47.1 billion yen on June 30, 2022.

The Company has entered into a term loan agreement dated June 25, 2024 with MUFG Bank Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited and has borrowed 250.0 billion yen on June 28, 2024.

To provide a portion of the funds for the acquisition of Altium, the Company has entered into a loan agreement with MUFG Bank Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited and other five banks dated May 30, 2024 and has borrowed a total of 788.0 billion yen on July 24, 2024.

The Company has entered into a JBIC loan agreement with Japan Bank for International Cooperation dated September 30, 2024 and has borrowed 149.0 billion yen on September 30, 2024.

In April 2025, pursuant to the commitment line agreement dated June 25, 2024, the Company executed a short-term borrowings of 38.0 billion yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. Of this amount, 28.0 billion yen was repaid in June 2025, and the remaining balance was fully repaid by July 2025.

As of the end of the current fiscal year, the total amount of borrowings was 1,073.6 billion yen. As of the end of the current fiscal year, the Group had 295.9 billion yen in cash and cash equivalents.

(6) Off-balance Sheet Arrangements

The Group conducts liquidation of accounts receivable on a regular basis. As of the end of the current fiscal year, the balance of liquidated accounts receivable was 3.1 billion yen.

5. Material Agreements

Material Agreements for the Group's business and their content are as follows:

(1) Technological Assistance Agreements and Similar Agreements

Agreement and party	Execution date	Contract description
(i) Patent cross-licensing agreement with Texas Instruments Incorporated	March 2, 2011	Cross license of patents relating to semiconductors (including subsidiaries)
(ii) Agreement for introduction of technology from ARM Limited	December 22, 2015	Introduction of technology relating to design of semiconductors

(2) Borrowing Agreements Containing Financial Covenants.

Type of Contract	Date of Contract	Counterparty Category	Balance at Fiscal Year-End Repayment Maturity Collateral	Financial Covenants
1. Term Loan Agreement	June 28, 2022	Foreign bank branch	12.5 billion yen June 30, 2027 None	Note 2
2. Term Loan Agreement	May 30, 2024	City bank Trust bank Foreign bank branch Government-affiliated financial institution Other banks, etc.	676.5 billion yen July 24, 2029 Yes (Note 1)	(Note 2)
3. Term Loan Agreement	June 25, 2024	City bank Trust bank	250.0 billion yen June 29, 2029 None	(Note 2)
4. Commitment Line Agreement (Note 3)	June 25, 2024	City bank Trust bank	0 yen (Commitment amount: 150.0 billion yen) June 28, 2027 None	(Note 2)
5. JBIC Loan Agreement	September 30, 2024	Government-affiliated financial institution	127.9 billion yen July 24, 2029 Yes (Note 1)	(Note 2)

(Note) 1. With respect to the borrowings executed under the term loan agreement entered into for the purpose of financing the acquisition of Altium, shares of subsidiaries amounting to 920.5 billion yen, which are eliminated on a consolidated basis, have been pledged as collateral following the completion of required procedures under Australian law.

2. The financial covenants are as follows:

- (1) As of the end of each consolidated fiscal year, the amount of total equity on the consolidated balance sheet shall be maintained at no less than 75% of the amount of total equity as of the end of the immediately preceding consolidated fiscal year.
- (2) As of the end of each consolidated fiscal year, operating profit (loss) on the consolidated statement of profit or loss shall not result in a loss for two consecutive fiscal years.
- (3) As of the end of each consolidated fiscal year, net profit (loss) on the consolidated statement of profit or loss shall not result in a loss for two consecutive fiscal years.
- (4) As of the end of each consolidated fiscal year beginning with the fiscal year ended December 2024 (including the fiscal year ended December 2024), and as of the end of each interim period beginning with the interim period ended June 2024 (including the interim period ended June 2024), the ratio of interest-bearing debt (excluding lease liabilities) to EBITDA on a consolidated basis (the leverage ratio: α) for the most recent twelve-month period shall be maintained at or below the following levels:

For the interim period ended June 2024: $\alpha \leq 3.05$

For the fiscal year ended December 2024 and thereafter: $\alpha \leq 2.90$

3. On February 27, 2026, the Company entered into an agreement to amend the commitment amount from 150.0 billion yen to 200.0 billion yen.

6. Research and Development

(1) Structure and Policy of Research and Development Activities

The Group's research and development activities are carried out by the respective business divisions responsible for automotive products and for industrial, infrastructure and IoT products, each of which is engaged in the development of devices, software, systems and other technologies required from the present through the near future. We have established a system in which each business unit and the production unit cooperate to take charge of common technologies across divisions, such as device and process technologies, implementation technologies, and design platforms and test methods.

In addition, we utilize not only our own research and development resources, but also external resources as necessary, such as outsourcing research to consortiums and external research institutions and utilizing contractors to provide optimal support to a wide range of fields and customers.

In a super-smart society, where all things, including home appliances and automobiles, are connected to networks and exchange information with one another to deliver services, it is necessary to achieve organic linkage and communication among the computing functions performed by digital products, such as microcontrollers and SoCs, which has traditionally been one of the Company's strengths; the sensing functions that are equivalent to the eyes, ears, and noses of the people, in which analog products are strong; and the actuator functions that are used to drive motors and other products, in which power products are strong. The Group will expand our product portfolio to support a broad range of functions, from sensing to accelerator functions, and strengthen our solutions (called "Winning Combinations") which combine analog products with digital products. At the same time, we will realize growth in the market by focusing on research and development activities to provide software such as IP (design assets) and OS as platforms that can be commonly used for each application.

(2) Main Research and Development Achievements

(i) Renesas strengthened and expanded GaN Power Solutions for Next-Generation AI Infrastructure.

In recent years, power consumption has increased significantly in next-generation AI infrastructure such as data centers, driven by the processing of large volumes of data. To address this challenge, next-generation power architectures that offer high efficiency and scalability have attracted growing attention. In particular, 800 Volt Direct Current power architecture is expected to serve as a next-generation approach capable of delivering more efficient and stable power supply than conventional methods.

To support next-generation AI infrastructure, the Group is advancing the provision of gallium nitride (GaN) power solutions that enable highly efficient power conversion and supply. These solutions support voltage ranges from 48 volts to 400 volts and can be scaled up to a maximum of 800 volts by combining multiple devices. As a result, they can be applied not only to next-generation AI infrastructure, but also to a wide range of applications, including EV charging, uninterruptible power supplies (UPS), energy storage systems, and solar power inverters.

As a core of these solutions, the Group has launched GaN power semiconductors capable of withstanding high voltages of up to 650 volts. By adopting a new process technology, "Gen IV Plus," together with SuperGaN technology from Transphorm, Inc., which we acquired in 2024, these products achieve smaller die size and lower electrical resistance compared with previous generations, thereby delivering high operability and reliability. Further, three package options with excellent thermal dissipation are available, enabling optimal product design tailored to specific applications.

Looking ahead, the Group will continue to provide smart and high-speed power solutions centered on GaN technology, addressing a broad range of market needs.

(ii) Renesas introduced the "RA8 Series," a 32-bit microcontroller that incorporates NVM technology compatible with a fine-scaled 22nm process and achieves operation at up to 1 GHz.

The Group is promoting the strengthening and expansion of product development for Intelligence at the Edge, which is one of the Secular Growth areas expected to enhance the Group's competitiveness and profitability. As part of these efforts, we expanded the lineup of the "RA8 Series," a high-performance product family positioned at the top of our 32-bit microcontroller "RA Series."

Specifically, we introduced four products that leverage advanced 22nm process compatible NVM technology and incorporate a CPU core capable of 1 gigahertz operation: the "RA8P1," a high performance lineup designed to enable microcontroller based AI (edge AI) processing; the "RA8T2," which features superior control performance; the "RA8M2," designed for a wide range of applications; and the "RA8D2," optimized for high performance graphical human-machine interface (HMI) displays. These products also provide low power consumption and advanced security features.

Through this scalable, secure, and AI-capable product portfolio, the Group will support customers in creating value and shortening development cycles in industrial equipment and IoT applications, while contributing to low power consumption and the minimization of total cost of ownership.

(iii) Renesas announced "Renesas 365, Powered by Altium," a platform that transforms electronic system development.

Together with Altium, which we acquired in 2024, we announced "Renesas 365 Powered by Altium," a first-of-its-kind industry solution designed to streamline the entire electronics system development process for customers, from silicon selection to system lifecycle management.

Electronics system development has traditionally suffered from manual component searches, fragmented documentation, and siloed teams.

This platform is a cloud-based solution developed through the integration of our expertise and technologies with those of Altium. By enabling electronic product developers to centrally manage hardware-, software-, and lifecycle-related data in the cloud, the platform helps improve development speed and shorten time to market. It also provides digital traceability, including real-time access to required information, and support for rapid decision-making during development, and tracking feature of change histories.

The platform is primarily comprised of the following five concepts:

Concept	Description
Silicon	Enables immediate and appropriate selection of silicon components that form the foundation of electronics systems, applicable to a wide range of areas from IoT to AI.
Discover - Powered by Altium	Enables engineers to search for optimal solutions from the Group's product portfolio, thereby accelerating product design.
Develop - Powered by Altium	Enables cross-functional collaboration among development teams in a cloud-based environment.
Lifecycle - Powered by Altium	Establishes persistent digital traceability and ensures compliance and security throughout the product lifecycle.
Software	Provides AI-ready development tools to support product development optimized for the latest software.

The platform was demonstrated at “embedded world 2025”, held in Germany in March 2025, and its development has continued to progress steadily since then. Leveraging our presentation at an exhibition in Germany scheduled for this March, we are preparing for a full-scale market launch.

“Renesas 365 Powered by Altium” serves as a core platform in the promotion of digitalization across the Group and is expected to become a foundation for our future growth. Through this platform, Renesas and Altium aim to innovate next-generation electronic system development and enable smart and secure lifecycle management.

(3) Research and Development Costs

The Group capitalizes a portion of its research and development costs, which are recorded as intangibles. Research and development expenses for the current fiscal year, including development expenses recorded as intangible assets, were 240.3 billion yen, a decrease of 9.5 billion yen from 249.8 billion yen for the previous fiscal year. This was primarily used for product design, system development, device development, process technology development, and packaging technology development.

Since the majority of the Group's research and development is related to both the Automobile Business and the Industrial/Infrastructure/IoT Business, information by segment is omitted.

III. Equipment and Facilities

1. Overview of Capital Expenditures

The Group's capital expenditures for the current fiscal year (based on investment decisions) totaled 57.6 billion yen. The main breakdown is investment in the construction of a high power MOSFET production line, consolidation of R&D sites, renewal of IT infrastructure, and renewal of production equipment and facilities at production lines.

This capital investment is used in both the Automotive Business and the Industrial/Infrastructure/IoT Business, and it is difficult to allocate the amount strictly to each segment. Therefore, capital investment by each segment is omitted.

2. Major Equipment and Facilities

Major facilities of the Group at the end of the current fiscal year are as follows.

(1) Filing Company

Site name (location)	Related reports segment name	Details of facilities	Book value (Million yen) (Note)					Number of employees (persons)
			Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land (area: m ²)	Others	Total	
Naka Factory (Hitachinaka-shi, Ibaraki Prefecture)	Automotive, Industrial/ Infrastructure/IoT	Semiconductor production facilities	7,916	27,014	2,985 (160,336)	23,910	61,825	264
Kawashiri Factory (Kumamoto-shi, Kumamoto Prefecture)	Automotive, Industrial/ Infrastructure/IoT	Semiconductor production facilities	11,034	6,318	3,375 (154,296)	10,681	31,408	65
Musashi Factory (Kodaira-shi, Tokyo)	Automotive, Industrial/ Infrastructure/IoT	Semiconductor R&D facilities	5,672	18,497	6,225 (50,046)	581	30,976	3,373

(Note) The Naka Factory and Kawashiri Factory outsource operations to consolidated subsidiary Renesas Semiconductor Manufacturing.

(2) Overseas Subsidiaries

Company name (location)	Related reports Segment name	Details of facilities	Book value (Million yen)					Number of employees (persons)
			Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land (area: m ²)	Others	Total	
Renesas Electronics America (California, U.S.A., etc.)	Automotive, Industrial/ Infrastructure/IoT	Semiconductor production facilities	27,289	20,245	3,728 (566,445)	4,963	56,225	1,654

3. Plans for New Facility Installation, Retirement, etc.

Plans for the installation and retirement of the Group's major facilities are formulated based on a comprehensive consideration of demand trends, investment efficiency, and other factors. The semiconductor industry, to which the Group belongs, is characterized by significant changes in the business climate in a short period of time, and it is difficult to accurately calculate reliable figures for full-year earnings forecasts; accordingly, the Company discloses consolidated earnings forecasts on a quarterly basis. As a result, we do not disclose specific plans for capital expenditures for the following fiscal year; however, we plan to invest approximately 85.0 billion yen in the 1Q of FY2026 (on an investment decision basis), and the main investments will be for strengthening the manufacturing operations, improving production equipment at manufacturing sites, and strengthening design and development.

This capital investment will be used in both the Automotive Business and the Industrial/Infrastructure/IoT Business, and it is difficult to allocate strictly to each segment. Therefore, capital investment by each segment is omitted.

IV. Corporate Information

1. Information on Renesas' Stock and Others

(1) [Total Number of Stock and Others]

(i) [Total Number of Shares]

Type	Total number of authorized shares (shares)
Common stock	3,400,000,000
Total	3,400,000,000

(ii) [Issued Shares]

Type	Number of issued shares as of the end of the fiscal year (as of December 31, 2025)	Number of issued shares as of the filing date (as of March 19, 2026)	Names of listed financial instruments exchange, registered or approved financial instruments trading association	Details
Common stock	1,870,614,885	1,870,614,885	Tokyo Stock Exchange (Prime Market)	Shares constituting 1 unit of shares: 100 shares
Total	1,870,614,885	1,870,614,885	—	—

(2) [Information on the Stock Acquisition Rights and Others]

① Details of Stock Option Plan

(a) Stock acquisition rights in FY2018

	Third Series of FY2018 Stock Acquisition Rights
Date of Resolution	June 27, 2018
Category and number of eligible persons	257 Company Employees 49 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	9 [9] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 900 [900] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1
Exercise period for stock acquisition rights (*)	August 1, 2018 (JST) – July 31, 2028 (JST)
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 996 Amount to be included in capital: 498 (Note 2)
Conditions for the exercise of stock acquisition rights (*)	(Note 3)
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.
Delivery of stock acquisition rights in reorganization (*)	(Note 5)

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1. The number of shares to be acquired upon exercise of one stock acquisition right (the “Number of Shares to be Granted”) shall be 100 shares.

However, in the case of a stock split (including gratuitous allotment of shares of common stock of the Company; the same applies hereinafter) or stock consolidation of shares of common stock of the Company by the Company after the allotment date, the Number of Shares to be Granted shall be adjusted using the following formula with respect to the stock acquisition rights that have not been exercised at the time of such stock split or stock consolidation:

(Number of shares to be granted after adjustment) = (Number of shares to be granted before adjustment) × (Ratio of stock split or stock consolidation)

In addition to the above, if, after the allotment date, the Company carries out a merger or company split, or deems it necessary (to essentially the same extent) to adjust the Number of Shares to be Granted in other situations, the Company may appropriately adjust the Number of Shares to be Granted to a reasonable extent.

Any fraction less than one share resulting from such adjustment shall be rounded down to the nearest whole share.

2. (1) The issue price per share to be issued upon exercise of the stock acquisition rights is the sum of the amount to be paid when exercising the stock acquisition rights and the book value of the stock acquisition rights. The “amount to be included in capital” shows the amount obtained by multiplying the issue price of shares by 0.5 (any fractions less than one whole Yen rounded up to the nearest whole Yen).

(2)① The amount of share capital to be increased when issuing shares upon exercise of the stock acquisition right will be half of the maximum amount of increases of the share capital to be calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions less than one whole Yen shall be rounded down to the nearest whole Yen.

② The amount of legal capital surplus to be increased when issuing shares upon exercise of the stock acquisition right will be the amount obtained by deducting the amount of share capital to be increased set forth in ① above, from the maximum amount of increases of the share capital set forth in ① above.

3. (1) The holder of the stock acquisition rights may not exercise its stock acquisition rights from the immediately following day of the allotment date to April 2, 2019 (Japan Standard Time).

(2) The holder of the stock acquisition rights shall be in the position of director, corporate officer, corporate auditor, executive officer or employee of the Company or its subsidiaries (the “Exercise Qualification”) at the time of exercise of the stock acquisition rights.

(3) Notwithstanding (1) and (2) above, if the holder of the stock acquisition rights loses its Exercise Qualification (other than loss due to death), the holder of the stock acquisition rights may exercise its stock acquisition rights only within the period of 13 months after the immediately following day of the day of loss of the Exercise Qualification (only if during the exercise period for stock acquisition rights above).

(4) Notwithstanding (1) and (2) above, if the holder of the stock acquisition rights dies, the stock acquisition rights may be succeeded to by one (and only one) of the heirs of such holder (the “Rights Successor”). In this case, the Rights Successor may exercise the stock acquisition rights in a lump sum and only before the day that is

- six months after the day immediately following the day on which the holder of the stock acquisition rights dies (and only if during the exercise period for stock acquisition rights above). If the Rights Successor dies, the heirs of the Rights Successor may not further succeed to the stock acquisition rights.
- (5) If the holder of the stock acquisition rights waives the stock acquisition rights, such holder may not exercise such stock acquisition rights.
- (6) The stock acquisition rights allotment agreement between the Company and the holder of the stock acquisition rights may provide other conditions not stipulated above.
4. If any of the following proposals is approved at a General Meeting of Shareholders of the Company (or, if a resolution of a General Meeting of Shareholders is not required, resolved at a Meeting of the Board of Directors of the Company), the Company may acquire all of the stock acquisition rights at no cost on the date separately designated by the Board of Directors of the Company.
- ① proposal for approval of a merger agreement providing that the Company be dissolved;
 - ② proposal for approval of a company split agreement or company split plan providing that the Company be split;
 - ③ proposal for approval of a share exchange agreement or share transfer plan providing that the Company become a wholly-owned subsidiary;
 - ④ proposal for approval of the Company acquiring all of shares subject to class-wide call pursuant to Article 171, Paragraph 1 of the Companies Act;
 - ⑤ proposal for approval of amendments to the articles of incorporation specifying a provision that, as a condition pertaining to all of the shares issued by the Company, the acquisition of such shares through transfer requires the Company's approval;
 - ⑥ proposal for approval of amendments to the Articles of Incorporation specifying a provision that, as a condition pertaining to the class of shares to be acquired upon exercise of the stock acquisition rights, the acquisition of such class of shares through transfer requires the Company's approval, or a provision that the Company may acquire all of such class of shares by resolution of the General Meeting of Shareholders;
 - ⑦ proposal for approval of stock consolidation of class of shares to be acquired upon exercise of the stock acquisition rights (only if the number obtained by multiplying the unit shares relating to such class of shares by the ratio of stock consolidation generates a fraction less than one share);
 - ⑧ proposal for approval of demand for cash-out by special controlling shareholders pursuant to the provisions of Article 179-3, Paragraph 1 of the Companies Act.
5. If the Company conducts a merger (limited to where the Company is to be dissolved as a result of the merger), absorption-type company split or incorporation-type company split (limited to where the Company is to be split as a result of the absorption-type company split or incorporation-type company split), or share exchange or share transfer (limited to where the Company becomes a wholly-owned subsidiary as a result of the share exchange or share transfer) (collectively, a "Reorganization"), in each case stock acquisition rights of a stock company set out in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (collectively, the "Reorganized Company") will be delivered to the holder of the stock acquisition rights holding the stock acquisition rights that are outstanding immediately before the effective date of the Reorganization (which means, in the case of an absorption-type merger, the day on which the absorption-type merger becomes effective, in the case of an incorporation-type merger, the day on which the incorporation-type merger becomes effective, in the case of an absorption-type company split, the day on which the absorption-type company split becomes effective, in the case of an incorporation-type company split, the day on which the incorporation-type company split becomes effective, in the case of a share exchange, the day on which the share exchange becomes effective, and in the case of a share transfer, the day on which the wholly-owning parent company incorporated through share transfer is incorporated; the same applies hereinafter) (the "Outstanding Stock Acquisition Rights") on the following conditions, in which case, the Outstanding Stock Acquisition Rights will be terminated; provided, however, that this shall apply only if the delivery of stock acquisition rights by the Reorganized Company on the following conditions is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (1) Numbers of stock acquisition rights of the Reorganized Company to be issued
The number of stock acquisition rights equal to the number of the Outstanding Stock Acquisition Rights held by the holder of the stock acquisition rights shall be delivered.
 - (2) Type of the Reorganized Company's share to be acquired upon exercise of stock acquisition rights
Common stock of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights
To be determined in accordance with (Note 1) above based on the consideration of conditions for the Reorganization and other factors.
 - (4) Amount of assets to be contributed upon exercise of the stock acquisition rights:
The contribution to be made upon exercise of the stock acquisition rights to be delivered will be made for cash, and the amount of the assets to be contributed shall be obtained by multiplying one Japanese yen, which is the amount per share of the Reorganized Company to be delivered upon exercise of the stock acquisition rights, by the number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights to be determined pursuant to 3. above.
 - (5) Exercise period of the stock acquisition rights:
The exercise period of the stock acquisition rights will be from the later of the commencement date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable or the effective date of the Reorganization through the expiration date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable.
 - (6) Matters relating to share capital and legal capital surplus to be increased by the issuance of new shares upon exercise of the stock acquisition rights:

- To be determined in accordance with (Note 2) above.
- (7) Restriction on transfer of stock acquisition rights
Any transfer of stock acquisition rights shall be subject to the approval by a resolution of the board of directors of the Reorganized Company.
- (8) Call provision of stock acquisition rights
To be determined in accordance with (Note 4) above.
- (9) Other conditions for exercising stock acquisition rights
To be determined in accordance with (Note 3) above.

(b) Stock acquisition rights in FY2019

	Eleventh Series of FY2019 Stock Acquisition Rights
Date of Resolution	September 24, 2019
Category and number of eligible persons	126 Company Employees 11 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	15 [15] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 1,500 [1,500] (Note1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1
Exercise period for stock acquisition rights (*)	November 1, 2019 (JST) – October 31, 2029 (JST)
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 740 Amount to be included in capital: 370 (Note 2)
Conditions for the exercise of stock acquisition rights (*)	(Note 3)
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.
Delivery of stock acquisition rights in reorganization (*)	(Note 5)

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1. The number of shares to be acquired upon exercise of one stock acquisition right (the “Number of Shares to be Granted”) shall be 100 shares.

However, in the case of a stock split (including gratuitous allotment of shares of common stock of the Company; the same applies hereinafter) or stock consolidation of shares of common stock of the Company by the Company after the allotment date, the Number of Shares to be Granted shall be adjusted using the following formula with respect to the stock acquisition rights that have not been exercised at the time of such stock split or stock consolidation:

(Number of shares to be granted after adjustment) = (Number of shares to be granted before adjustment) × (Ratio of stock split or stock consolidation)

In addition to the above, if, after the allotment date, the Company carries out a merger or company split, or deems it necessary (to essentially the same extent) to adjust the Number of Shares to be Granted in other situations, the Company may appropriately adjust the Number of Shares to be Granted to a reasonable extent.

Any fraction less than one share resulting from such adjustment shall be rounded down to the nearest whole share.

2. (1) The amount of share capital to be increased when issuing shares upon exercise of the stock acquisition right will be half of the maximum amount of increases of the share capital to be calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions less than one whole Yen shall be rounded down to the nearest whole Yen.
- (2) The amount of legal capital surplus to be increased when issuing shares upon exercise of the stock acquisition right will be the amount obtained by deducting the amount of share capital to be increased set forth in (1) above, from the maximum amount of increases of the share capital set forth in (1) above.
3. (1) The holder of the stock acquisition rights shall be in the position of director, corporate officer, auditor, executive officer or employee of the Company or its subsidiaries (the “Exercise Qualification”) at the time of exercise of the stock acquisition rights.
- (2) Notwithstanding (1) above, if the holder of the stock acquisition rights loses its Exercise Qualification (other than loss due to death), the holder of the stock acquisition rights may exercise its stock acquisition rights only within the period of 13 months after the immediately following day of the day of loss of the Exercise Qualification (only if during the exercise period for stock acquisition rights above).
- (3) Notwithstanding (1) above, if the holder of the stock acquisition rights dies, the stock acquisition rights may be succeeded to by one (and only one) of the heirs of such holder (the “Rights Successor”). In this case, the Rights Successor may exercise the stock acquisition rights in a lump sum and only before the day that is six months after the day immediately following the day on which the holder of the stock acquisition rights dies (and only if during the exercise period for stock acquisition rights above). If the Rights Successor dies, the heirs of the Rights Successor may not further succeed to the stock acquisition rights.
- (4) If the holder of the stock acquisition rights waives the stock acquisition rights, such holder may not exercise such stock acquisition rights.
- (5) The stock acquisition rights allotment agreement between the Company and the holder of the stock acquisition rights may provide other conditions not stipulated above.
4. If any of the following proposals is approved at a General Meeting of Shareholders of the Company (or, if a resolution of a General Meeting of Shareholders is not required, resolved at a Meeting of the Board of Directors

of the Company), the Company may acquire all of the stock acquisition rights at no cost on the date separately designated by the Board of Directors of the Company.

- ① proposal for approval of a merger agreement providing that the Company be dissolved;
 - ② proposal for approval of a company split agreement or company split plan providing that the Company be split;
 - ③ proposal for approval of a share exchange agreement or share transfer plan providing that the Company become a wholly-owned subsidiary;
 - ④ proposal for approval of the Company acquiring all of shares subject to class-wide call pursuant to Article 171, Paragraph 1 of the Companies Act;
 - ⑤ proposal for approval of amendments to the articles of incorporation specifying a provision that, as a condition pertaining to all of the shares issued by the Company, the acquisition of such shares through transfer requires the Company's approval;
 - ⑥ proposal for approval of amendments to the Articles of Incorporation specifying a provision that, as a condition pertaining to the class of shares to be acquired upon exercise of the stock acquisition rights, the acquisition of such class of shares through transfer requires the Company's approval, or a provision that the Company may acquire all of such class of shares by resolution of the General Meeting of Shareholders;
 - ⑦ proposal for approval of stock consolidation of class of shares to be acquired upon exercise of the stock acquisition rights (only if the number obtained by multiplying the unit shares relating to such class of shares by the ratio of stock consolidation generates a fraction less than one share);
 - ⑧ proposal for approval of demand for cash-out by special controlling shareholders pursuant to the provisions of Article 179-3, Paragraph 1 of the Companies Act.
5. If the Company conducts a merger (limited to where the Company is to be dissolved as a result of the merger), absorption-type company split or incorporation-type company split (limited to where the Company is to be split as a result of the absorption-type company split or incorporation-type company split), or share exchange or share transfer (limited to where the Company becomes a wholly-owned subsidiary as a result of the share exchange or share transfer) (collectively, a "Reorganization"), in each case stock acquisition rights of a stock company set out in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (collectively, the "Reorganized Company") will be delivered to the holder of the stock acquisition rights holding the stock acquisition rights that are outstanding immediately before the effective date of the Reorganization (which means, in the case of an absorption-type merger, the day on which the absorption-type merger becomes effective, in the case of an incorporation-type merger, the day on which the incorporation-type merger becomes effective, in the case of an absorption-type company split, the day on which the absorption-type company split becomes effective, in the case of an incorporation-type company split, the day on which the incorporation-type company split becomes effective, in the case of a share exchange, the day on which the share exchange becomes effective, and in the case of a share transfer, the day on which the wholly-owning parent company incorporated through share transfer is incorporated; the same applies hereinafter) (the "Outstanding Stock Acquisition Rights") on the following conditions, in which case, the Outstanding Stock Acquisition Rights will be terminated; provided, however, that this shall apply only if the delivery of stock acquisition rights by the Reorganized Company on the following conditions is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (1) Numbers of stock acquisition rights of the Reorganized Company to be issued
The number of stock acquisition rights equal to the number of the Outstanding Stock Acquisition Rights held by the holder of the stock acquisition rights shall be delivered.
 - (2) Type of the Reorganized Company's shares to be acquired upon exercise of stock acquisition rights
Common stock of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights
To be determined in accordance with (Note 1) above based on the consideration of conditions for the Reorganization and other factors.
 - (4) Amount of assets to be contributed upon exercise of the stock acquisition rights:
The contribution to be made upon exercise of the stock acquisition rights to be delivered will be made for cash, and the amount of the assets to be contributed shall be obtained by multiplying one Japanese yen, which is the amount per share of the Reorganized Company to be delivered upon exercise of the stock acquisition rights, by the number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights to be determined pursuant to 3. above.
 - (5) Exercise period of the stock acquisition rights:
The exercise period of the stock acquisition rights will be from the later of the commencement date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable or the effective date of the Reorganization through the expiration date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable.
 - (6) Matters relating to share capital and legal capital surplus to be increased by the issuance of new shares upon exercise of the stock acquisition rights:
To be determined in accordance with (Note 2) above.
 - (7) Restriction on transfer of stock acquisition rights
Any transfer of stock acquisition rights shall be subject to the approval by a resolution of the board of directors of the Reorganized Company.
 - (8) Call provision of stock acquisition rights
To be determined in accordance with (Note 4) above.
 - (9) Other conditions for exercising stock acquisition rights
To be determined in accordance with (Note 3) above.

(c) Stock acquisition rights in FY2020

	First Series of FY2020 Stock Acquisition Rights	Second Series of FY2020 Stock Acquisition Rights
Date of Resolution	May 26, 2020	
Category and number of eligible persons	2 Company Directors 6 Executive Corporate Officers 467 Company Employees 2 Subsidiaries Directors 31 Subsidiaries Employees	2 Company Directors 4 Executive Corporate Officers 12 Subsidiaries Directors 1,857 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	66 [66] (Note 1)	95 [95] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 6,600 [6,600] (Note 1)	Common stock: 9,500 [9,500] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1	
Exercise period for stock acquisition rights (*)	July 1, 2020 (JST) – June 30, 2030 (JST)	
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 551 Amount to be included in capital: 276 (Note 2)	
Conditions for the exercise of stock acquisition rights (*)	(Note 3)	
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.	
Delivery of stock acquisition rights in reorganization (*)	(Note 5)	

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1. The number of shares to be acquired upon exercise of one acquisition right (the “Number of Shares to be Granted”) shall be 100 shares.

However, in the case of a stock split (including gratuitous allotment of shares of common stock of the Company; the same applies hereinafter) or stock consolidation of shares of common stock of the Company by the Company after the allotment date, the Number of Shares to be Granted shall be adjusted using the following formula with respect to the stock acquisition rights that have not been exercised at the time of such stock split or stock consolidation:

(Number of shares to be granted after adjustment) = (Number of shares to be granted before adjustment) × (Ratio of stock split or stock consolidation)

In addition to the above, if, after the allotment date, the Company carries out a merger or company split, or deems it necessary (to essentially the same extent) to adjust the Number of Shares to be Granted in other situations, the Company may appropriately adjust the Number of Shares to be Granted to a reasonable extent.

Any fraction less than one share resulting from such adjustment shall be rounded down to the nearest whole share.

2. (1) The amount of share capital to be increased when issuing shares upon exercise of the stock acquisition right will be half of the maximum amount of increases of the share capital to be calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions less than one whole Yen shall be rounded down to the nearest whole Yen.
- (2) The amount of legal capital surplus to be increased when issuing shares upon exercise of the stock acquisition right will be the amount obtained by deducting the amount of share capital to be increased set forth in (1) above, from the maximum amount of increases of the share capital set forth in (1) above.
3. (1) The holder of the stock acquisition rights shall be in the position of director, corporate officer, corporate auditor, executive officer or employee of the Company or its subsidiaries (the “Exercise Qualification”) at the time of exercise of the stock acquisition rights.
- (2) Notwithstanding (1) above, if the holder of the stock acquisition rights loses its Exercise Qualification (other than loss due to death), the holder of the stock acquisition rights may exercise its stock acquisition rights only within the period of 13 months after the immediately following day of the day of loss of the Exercise Qualification (only if during the exercise period for stock acquisition rights above).
- (3) Notwithstanding (1) above, if the holder of the stock acquisition rights dies, the stock acquisition rights may be succeeded to by one (and only one) of the heirs of such holder (the “Rights Successor”). In this case, the Rights Successor may exercise the stock acquisition rights in a lump sum and only before the day that is six months after the day immediately following the day on which the holder of the stock acquisition rights dies (and only if during the exercise period for stock acquisition rights above). If the Rights Successor dies, the heirs of the Rights Successor may not further succeed to the stock acquisition rights.
- (4) If the holder of the stock acquisition rights waives the stock acquisition rights, such holder may not exercise such

- stock acquisition rights.
- (5) The stock acquisition rights allotment agreement between the Company and the holder of the stock acquisition rights may provide other conditions not stipulated above.
4. If any of the following proposals is approved at a General Meeting of Shareholders of the Company (or, if a resolution of a General Meeting of Shareholders is not required, resolved at a Meeting of the Board of Directors of the Company), the Company may acquire all of the stock acquisition rights at no cost on the date separately designated by the Board of Directors of the Company.
- ① proposal for approval of a merger agreement providing that the Company be dissolved;
 - ② proposal for approval of a company split agreement or company split plan providing that the Company be split;
 - ③ proposal for approval of a share exchange agreement or share transfer plan providing that the Company become a wholly-owned subsidiary;
 - ④ proposal for approval of the Company acquiring all of shares subject to class-wide call pursuant to Article 171, Paragraph 1 of the Companies Act;
 - ⑤ proposal for approval of amendments to the articles of incorporation specifying a provision that, as a condition pertaining to all of the shares issued by the Company, the acquisition of such shares through transfer requires the Company's approval;
 - ⑥ proposal for approval of amendments to the Articles of Incorporation specifying a provision that, as a condition pertaining to the class of shares to be acquired upon exercise of the stock acquisition rights, the acquisition of such class of shares through transfer requires the Company's approval, or a provision that the Company may acquire all of such class of shares by resolution of the General Meeting of Shareholders;
 - ⑦ proposal for approval of stock consolidation of class of shares to be acquired upon exercise of the stock acquisition rights (only if the number obtained by multiplying the unit shares relating to such class of shares by the ratio of stock consolidation generates a fraction less than one share);
 - ⑧ proposal for approval of demand for cash-out by special controlling shareholders pursuant to the provisions of Article 179-3, Paragraph 1 of the Companies Act.
5. If the Company conducts a merger (limited to where the Company is to be dissolved as a result of the merger), absorption-type company split or incorporation-type company split (limited to where the Company is to be split as a result of the absorption-type company split or incorporation-type company split), or share exchange or share transfer (limited to where the Company becomes a wholly-owned subsidiary as a result of the share exchange or share transfer) (collectively, a "Reorganization"), in each case stock acquisition rights of a stock company set out in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (collectively, the "Reorganized Company") will be delivered to the holder of the stock acquisition rights holding the stock acquisition rights that are outstanding immediately before the effective date of the Reorganization (which means, in the case of an absorption-type merger, the day on which the absorption-type merger becomes effective, in the case of an incorporation-type merger, the day on which the incorporation-type merger becomes effective, in the case of an absorption-type company split, the day on which the absorption-type company split becomes effective, in the case of an incorporation-type company split, the day on which the incorporation-type company split becomes effective, in the case of a share exchange, the day on which the share exchange becomes effective, and in the case of a share transfer, the day on which the wholly-owning parent company incorporated through share transfer is incorporated; the same applies hereinafter) (the "Outstanding Stock Acquisition Rights") on the following conditions, in which case, the Outstanding Stock Acquisition Rights will be terminated; provided, however, that this shall apply only if the delivery of stock acquisition rights by the Reorganized Company on the following conditions is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (1) Numbers of stock acquisition rights of the Reorganized Company to be issued
The number of stock acquisition rights equal to the number of the Outstanding Stock Acquisition Rights held by the holder of the stock acquisition rights shall be delivered.
 - (2) Type of the Reorganized Company's share to be acquired upon exercise of stock acquisition rights
Common stock of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights
To be determined in accordance with (Note 1) above based on the consideration of conditions for the Reorganization and other factors.
 - (4) Amount of assets to be contributed upon exercise of the stock acquisition rights:
The contribution to be made upon exercise of the stock acquisition rights to be delivered will be made for cash, and the amount of the assets to be contributed shall be obtained by multiplying one Japanese yen, which is the amount per share of the Reorganized Company to be delivered upon exercise of the stock acquisition rights, by the number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights to be determined pursuant to 3. above.
 - (5) Exercise period of the stock acquisition rights:
The exercise period of the stock acquisition rights will be from the later of the commencement date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable or the effective date of the Reorganization through the expiration date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable.
 - (6) Matters relating to share capital and legal capital surplus to be increased by the issuance of new shares upon exercise of the stock acquisition rights:
To be determined in accordance with (Note 2) above.
 - (7) Restriction on transfer of stock acquisition rights
Any transfer of stock acquisition rights shall be subject to the approval by a resolution of the board of directors of the Reorganized Company.

- (8) Call provision of stock acquisition rights
To be determined in accordance with (Note 4) above.
- (9) Other conditions for exercising stock acquisition rights
To be determined in accordance with (Note 3) above.

	Third Series of FY2020 Stock Acquisition Rights
Date of Resolution	July 30, 2020
Category and number of eligible persons	1 Company Director 4 Executive Corporate Officers 916 Company Employees 1 Subsidiaries Director 77 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	3 [3] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 300 [300] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights(yen) (*)	1
Exercise period for stock acquisition rights (*)	August 31, 2020 (JST) – August 30, 2030 (JST)
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 667 Amount to be included in capital: 334 (Note 2)
Conditions for the exercise of stock acquisition rights (*)	(Note 3)
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.
Delivery of stock acquisition rights in reorganization (NOTE *)	(Note 5)

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1-5: Same as Note 1 to 5 of First and Second Series of FY2020 Stock Acquisition Rights.

	Fifth Series of FY2020 Stock Acquisition Rights
Date of Resolution	July 30, 2020
Category and number of eligible persons	219 Company Employees 18 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	30 [30] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 3,000 [3,000] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1
Exercise period for stock acquisition rights (*)	September 1, 2020 (JST) – August 31, 2030 (JST)
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 667 Amount to be included in capital: 334 (Note 2)
Conditions for the exercise of stock acquisition rights (*)	(Note 3)
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.
Delivery of stock acquisition rights in reorganization (*)	(Note 5)

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1-5: Same as Note 1 to 5 of First and Second Series of FY2020 Stock Acquisition Rights.

	Seventh Series of FY2020 Stock Acquisition Rights
Date of Resolution	October 29, 2020
Category and number of eligible persons	3 Company Employees
Number of stock acquisition rights (unit) (*)	5 [5] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 500 [500] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1
Exercise period for stock acquisition rights (*)	December 1, 2020 (JST) – November 30, 2030 (JST)
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 928 Amount to be included in capital: 464 (Note 2)
Conditions for the exercise of stock acquisition rights (*)	(Note 3)
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.
Delivery of stock acquisition rights in reorganization (*)	(Note 5)

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1-5: Same as Note 1 to 5 of First and Second Series of FY2020 Stock Acquisition Rights.

(d) Stock acquisition rights in FY2021

	First Series of FY2021 Stock Acquisition Rights	Second Series of FY2021 Stock Acquisition Rights
Date of Resolution	January 29, 2021	
Category and number of eligible persons	6 Company Employees	52 Subsidiaries Employees
Number of stock acquisition rights (unit) (*)	16 [0] (Note 1)	6 [0] (Note 1)
Type, details and number of shares to be issued upon exercise of the stock acquisition rights (*)	Common stock: 1,600 [0] (Note 1)	Common stock: 600 [0] (Note 1)
Amount to be paid upon exercise of the stock acquisition rights (yen) (*)	1	
Exercise period for stock acquisition rights (*)	February 27, 2021 (JST) – February 26, 2031 (JST)	
Issue price and amount to be included in capital when issuing shares upon the exercise of the stock acquisition rights (yen) (*)	Issue price: 1,169 Amount to be included in capital: 585 (Note 2)	
Conditions for the exercise of stock acquisition rights (*)	(Note 3)	
Restriction on transfer of stock acquisition rights (*)	Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.	
Delivery of stock acquisition rights in reorganization (*)	(Note 5)	

(*) The table above shows the contents as of the end of the current fiscal year (December 31, 2025). For items that changed from the last day of the current fiscal year to the end of the month before the filing date (February 28, 2026), the figures as of the end of the month before the filing date are described in brackets. There are no changes in the other items from the end of the current fiscal year.

(Note) 1. The number of shares to be acquired upon exercise of one acquisition right (the “Number of Shares to be Granted”) shall be 100 shares.

However, in the case of a stock split (including gratuitous allotment of shares of common stock of the Company; the same applies hereinafter) or stock consolidation of shares of common stock of the Company by the Company after the allotment date, the Number of Shares to be Granted shall be adjusted using the following formula with respect to the stock acquisition rights that have not been exercised at the time of such stock split or stock consolidation:

(Number of shares to be granted after adjustment) = (Number of shares to be granted before adjustment) × (Ratio of stock split or stock consolidation)

In addition to the above, if, after the allotment date, the Company carries out a merger or company split, or deems it necessary (to essentially the same extent) to adjust the Number of Shares to be Granted in other situations, the Company may appropriately adjust the Number of Shares to be Granted to a reasonable extent.

Any fraction less than one share resulting from such adjustment shall be rounded down to the nearest whole share.

2. (1) The amount of share capital to be increased when issuing shares upon exercise of the stock acquisition right will be half of the maximum amount of increases of the share capital to be calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any fractions less than one whole Yen shall be rounded down to the nearest whole Yen.
- (2) The amount of legal capital surplus to be increased when issuing shares upon exercise of the stock acquisition right will be the amount obtained by deducting the amount of share capital to be increased set forth in (1) above, from the maximum amount of increases of the share capital set forth in (1) above.
3. (1) The holder of the stock acquisition rights shall be in the position of director, corporate officer, corporate auditor, executive officer or employee of the Company or its subsidiaries (the “Exercise Qualification”) at the time of exercise of the stock acquisition rights.
- (2) Notwithstanding (1) above, if the holder of the stock acquisition rights loses its Exercise Qualification (other than loss due to death), the holder of the stock acquisition rights may exercise its stock acquisition rights only within the period of 13 months after the immediately following day of the day of loss of the Exercise Qualification (only if during the exercise period for stock acquisition rights above).
- (3) Notwithstanding (1) above, if the holder of the stock acquisition rights dies, the stock acquisition rights may be succeeded to by one (and only one) of the heirs of such holder (the “Rights Successor”). In this case, the Rights Successor may exercise the stock acquisition rights in a lump sum and only before the day that is six months after the day immediately following the day on which the holder of the stock acquisition rights dies (and only if during the exercise period for stock acquisition rights above). If the Rights Successor dies, the heirs of the Rights Successor may not further succeed to the stock acquisition rights.
- (4) If the holder of the stock acquisition rights waives the stock acquisition rights, such holder may not exercise such stock acquisition rights.
- (5) The stock acquisition rights allotment agreement between the Company and the holder of the stock acquisition rights may provide other conditions not stipulated above.
4. If any of the following proposals is approved at a General Meeting of Shareholders of the Company (or, if a resolution of a General Meeting of Shareholders is not required, resolved at a Meeting of the Board of Directors of

the Company), the Company may acquire all of the stock acquisition rights at no cost on the date separately designated by the Board of Directors of the Company.

- ① proposal for approval of a merger agreement providing that the Company be dissolved;
 - ② proposal for approval of a company split agreement or company split plan providing that the Company be split;
 - ③ proposal for approval of a share exchange agreement or share transfer plan providing that the Company become a wholly-owned subsidiary;
 - ④ proposal for approval of the Company acquiring all of shares subject to class-wide call pursuant to Article 171, Paragraph 1 of the Companies Act;
 - ⑤ proposal for approval of amendments to the articles of incorporation specifying a provision that, as a condition pertaining to all of the shares issued by the Company, the acquisition of such shares through transfer requires the Company's approval;
 - ⑥ proposal for approval of amendments to the Articles of Incorporation specifying a provision that, as a condition pertaining to the class of shares to be acquired upon exercise of the stock acquisition rights, the acquisition of such class of shares through transfer requires the Company's approval, or a provision that the Company may acquire all of such class of shares by resolution of the General Meeting of Shareholders;
 - ⑦ proposal for approval of stock consolidation of class of shares to be acquired upon exercise of the stock acquisition rights (only if the number obtained by multiplying the unit shares relating to such class of shares by the ratio of stock consolidation generates a fraction less than one share);
 - ⑧ proposal for approval of demand for cash-out by special controlling shareholders pursuant to the provisions of Article 179-3, Paragraph 1 of the Companies Act.
5. If the Company conducts a merger (limited to where the Company is to be dissolved as a result of the merger), absorption-type company split or incorporation-type company split (limited to where the Company is to be split as a result of the absorption-type company split or incorporation-type company split), or share exchange or share transfer (limited to where the Company becomes a wholly-owned subsidiary as a result of the share exchange or share transfer) (collectively, a "Reorganization"), in each case stock acquisition rights of a stock company set out in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act (collectively, the "Reorganized Company") will be delivered to the holder of the stock acquisition rights holding the stock acquisition rights that are outstanding immediately before the effective date of the Reorganization (which means, in the case of an absorption-type merger, the day on which the absorption-type merger becomes effective, in the case of an incorporation-type merger, the day on which the incorporation-type merger becomes effective, in the case of an absorption-type company split, the day on which the absorption-type company split becomes effective, in the case of an incorporation-type company split, the day on which the incorporation-type company split becomes effective, in the case of a share exchange, the day on which the share exchange becomes effective, and in the case of a share transfer, the day on which the wholly-owning parent company incorporated through share transfer is incorporated; the same applies hereinafter) (the "Outstanding Stock Acquisition Rights") on the following conditions, in which case, the Outstanding Stock Acquisition Rights will be terminated; provided, however, that this shall apply only if the delivery of stock acquisition rights by the Reorganized Company on the following conditions is stipulated in an absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.
- (1) Numbers of stock acquisition rights of the Reorganized Company to be issued
The number of stock acquisition rights equal to the number of the Outstanding Stock Acquisition Rights held by the holder of the stock acquisition rights shall be delivered.
 - (2) Type of the Reorganized Company's share to be acquired upon exercise of stock acquisition rights
Common stock of the Reorganized Company.
 - (3) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights
To be determined in accordance with (Note 1) above based on the consideration of conditions for the Reorganization and other factors.
 - (4) Amount of assets to be contributed upon exercise of the stock acquisition rights:
The contribution to be made upon exercise of the stock acquisition rights to be delivered will be made for cash, and the amount of the assets to be contributed shall be obtained by multiplying one Japanese yen, which is the amount per share of the Reorganized Company to be delivered upon exercise of the stock acquisition rights, by the number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights to be determined pursuant to 3. above.
 - (5) Exercise period of the stock acquisition rights:
The exercise period of the stock acquisition rights will be from the later of the commencement date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable or the effective date of the Reorganization through the expiration date of the exercise period for stock acquisition rights above in which the stock acquisition rights are exercisable.
 - (6) Matters relating to share capital and legal capital surplus to be increased by the issuance of new shares upon exercise of the stock acquisition rights:
To be determined in accordance with (Note 2) above.
 - (7) Restriction on transfer of stock acquisition rights
Any transfer of stock acquisition rights shall be subject to the approval by a resolution of the board of directors of the Reorganized Company.
 - (8) Call provision of stock acquisition rights
To be determined in accordance with (Note 4) above.
 - (9) Other conditions for exercising stock acquisition rights
To be determined in accordance with (Note 3) above.

② Rights Plan
Not applicable.

③ Other Information about Stock Acquisition Rights
Not applicable.

(3) [Information on Moving Strike Convertible Bonds]
Not applicable.

(4) [Changes in Total Number of Issued Shares and Capital]

Date	Changes in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Changes in share capital (Million yen)	Balance of share capital (Million yen)	Changes in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
January 1, 2021 - December 31, 2021 (Note 1) (Note 2) (Note 3)	211,906,785	1,943,805,775	118,161	147,133	118,161	137,133
January 1, 2022 - December 31, 2022 (Note 3)	14,648,248	1,958,454,023	6,076	153,209	6,076	143,209
January 1, 2023 - December 31, 2023	—	1,958,454,023	—	153,209	—	143,209
January 1, 2024 - December 31, 2024 (Note 4)	(87,839,138)	1,870,614,885	—	153,209	—	143,209
January 1, 2025 - December 31, 2025	—	1,870,614,885	—	153,209	—	143,209

- (Note) 1. With the issuance of 192,252,800 shares of common stock (issue price: 1,174 yen, payment amount: 1,151.70 yen, capitalization amount: 575.85 yen) through a public offering with a payment date of June 15, 2021, share capital and legal capital surplus increased to 110,709 million yen.
2. With the issuance of 2,067,600 shares of common stock (issue price: 1,151.70 yen, capitalization amount: 575.85 yen, allottee: Daiwa Securities Co., Ltd.) through a third-party allotment (over allotment) with the payment due date of June 28, 2021, share capital and legal capital surplus increased to 1,191 million yen.
3. The increase was due to the exercise of stock acquisition rights and vesting of the stock units granted by the stock compensation plan.
4. This is due to the cancellation of treasury shares.

(5) [Status of Shareholders]

As of December 31, 2025

Classification	Status of shares (number of shares per unit: 100 shares)								Shares constituting less than one unit of share (shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other entities	Foreign entities, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	1	54	45	667	1,004	810	90,985	93,566	—
Number of shares held (unit of shares)	10	4,504,370	428,312	1,113,982	11,544,514	4,346	1,108,275	18,703,809	233,985
Percentage of number of shares held (%)	0.00	24.08	2.28	5.95	61.72	0.02	5.92	100	—

- (Note) 1. 55,837,251 shares of treasury shares are included in "Individuals and others" (558,372 units) and in "Shares constituting less than one unit of share" (51 shares).
2. "Other entities" includes 2 units of shares held in the name of the Japan Securities Depository Center.
3. Percentage of number of shares held regarding the Number of shares held (unit of shares) is rounded off to the second decimal place.

(6) [Major Shareholders]

As of December 31, 2025

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	305,419,800	16.82
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	109,343,400	6.02
TOYOTA MOTOR CORPORATION	1, Toyota-cho, Toyota-shi, Aichi	75,015,900	4.13
JP MORGAN CHASE BANK 385864 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	61,173,792	3.37
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	60,812,753	3.35
THE BANK OF NEW YORK MELLON 140040 (Standing proxy: Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	54,214,677	2.98
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing proxy: Mizuho Bank, Ltd.)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (2-15-1, Konan, Minato-ku, Tokyo)	48,496,013	2.41
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1, Konan, Minato-ku, Tokyo)	30,330,797	1.67
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank Ltd.)	PETERBOROUGH COURT 133 FLEET STREET LONDON EC4A 2BB UNITED KINGDOM (4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	29,401,316	1.62
GESL RENESAS CLIENT ASSET (Standing proxy: SMBC Nikko Securities Inc.)	171 OLD BAKERY STREET VALLETTA VLT 1455 MALTA (5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo)	25,598,711	1.41
Total	–	795,220,758	43.81

(Note) 1. In addition to the above table, the Company owns its 55,837,251 shares as treasury shares.

2. "Percentage of shares held" is calculated excluding 55,837,251 shares of treasury shares.

3. "Percentage of shares held" is calculated by truncating the numbers beyond the third decimal place.

4. BlackRock Japan Co., Ltd. submitted a large shareholding report with joint ownership of BlackRock (Netherlands) BV, BlackRock Fund Managers Limited, BlackRock (Luxembourg) S.A., BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A. and BlackRock Investment Management (UK) Limited as of September 4, 2024, reporting that they jointly own 126,632,001 shares (percentage of shares held: 6.77%) as of August 30, 2024 (the date of the reporting obligation has occurred) as follow. However, they are not included in the above Major Shareholders as the Company could not confirm the actual number of shares owned as of December 31, 2025.

The contents of the large shareholding report are as follows:

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
BlackRock Japan Co., Ltd.	1-8-3, Marunouchi, Chiyoda-ku, Tokyo	30,280,800	1.62
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, Netherlands	3,594,675	0.19
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, England	5,678,948	0.30
BlackRock (Luxembourg) S.A.	35A, Avenue JF Kennedy, L-1855, Luxembourg	13,836,200	0.74
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	17,194,394	0.92
BlackRock Fund Advisors	400 Howard Street. San Francisco, California, USA	32,225,600	1.72
BlackRock Institutional Trust Company, N.A.	400 Howard Street. San Francisco, California, USA	21,395,920	1.14
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, City of London, UK	2,425,464	0.13

5. FMR LLC submitted the large shareholding report with joint ownership of National Financial Services LLC as of December 6, 2024, reporting that they jointly own 67,729,594.61 shares (percentage of shares held: 3.62%) as of November 29, 2024 (the date of the reporting obligation has occurred) as follows. However, they are not included in the above Major Shareholders as the Company could not confirm the actual owning share numbers as of December 31, 2025.

The contents of the large shareholding report are as follows:

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
FMR LLC	245 Summer Street, Boston, Massachusetts 02210, USA	67,644,240.32	3.62
National Financial Services LLC	200 Seaport Blvd, Boston, Massachusetts 02210, USA	85,354.29	0.00

6. Nomura Securities Co., Ltd. submitted the large shareholding report with joint ownership of Nomura Asset Management Co., Ltd. as of August 6, 2025, reporting that they jointly own 99,035,298 shares (percentage of shares held: 5.29%) as of July 31, 2025 (the date of the reporting obligation has occurred) as follows. However, they are not included in the above Major Shareholders as the Company could not confirm the actual owning share numbers as of December 31, 2025.

The contents of the large shareholding report are as follows:

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	4,859,398	0.26
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	94,175,900	5.03

7. Sumitomo Mitsui Trust Bank, Limited submitted the large shareholding report with joint ownership of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Amova Asset Management Co., Ltd. as of October 6, 2025, reporting that they jointly own 95,208,700 shares (percentage of shares held: 5.09%) as of September 30, 2025 (the date of the reporting obligation has occurred) as follows. However, they are not included in the above Major Shareholders as the Company could not confirm the actual owning share numbers as of December 31, 2025.

The contents of the large shareholding report are as follows:

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shiba-Koen, Minato-ku, Tokyo	58,860,100	3.15
Amova Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	36,348,600	1.94

8. T. Row Price Japan, Inc submitted the large shareholding report with joint ownership of T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd. as of November 10, 2025, reporting that they jointly own 94,991,900 shares (percentage of shares held: 5.08%) as of October 31, 2025 (the date of the reporting obligation has occurred) as follows. However, they are not included in the above Major Shareholders as the Company could not confirm the actual owning share numbers as of December 31, 2025.

The contents of the large shareholding report are as follows:

Name of shareholders	Address	Number of shares held (Shares)	Percentage of shares held (%)
T. Rowe Price Associates, Inc.	Point Street, Baltimore, Maryland 21231, USA	19,076,600	1.02
T. Rowe Price International Ltd.	5 Paternoster Square, Warwick Court, London EC4M 7DX, UK	75,915,300	4.06

(7) [Information on Voting Rights]

(i) [Issued Shares]

As of December 31, 2025

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full-voting rights (treasury shares)	Common stock 55,837,200	—	—
Shares with full-voting rights (others)	Common stock 1,814,543,700	18,145,437	—
Shares constituting less than one unit of shares	Common stock 233,985	155,423 1,796,965,800	—
Number of issued shares	1,870,614,885	—	—
Voting rights of all shareholders	—	18,145,437	—

(Note) "Shares with full-voting rights (others)" includes 200 shares (2 voting rights) held in the name of the Japan Securities Depository Center.

(ii) [Treasury Shares and Others]

As of December 31, 2025

Holder's name	Address of holder	Number of shares held in the name of holder (shares)	Number of shares held in the name of others (shares)	Total number of shares held (shares)	Percentage of number of shares held to the total number of issued shares (%)
Renesas Electronics Corporation	3-2-24, Toyosu, Koto-ku, Tokyo	55,837,200	—	55,837,200	2.98
Total	-	55,837,200	—	55,837,200	2.98

2. Acquisition of Treasury Shares and Other related Status

[Class of Shares]

The acquisition of common stock pursuant to the provisions of Article 155, Paragraph 7 and Paragraph 13 of the Companies Act

(1) [Acquisition of Treasury Shares based on a Resolution Approved at General Meetings of Shareholders]

Not applicable.

(2) [Acquisition of Treasury Shares based on a Resolution Approved by Board of Directors]

Not applicable.

(3) [Acquisition of Treasury Shares not based on a Resolution at General Meetings of Shareholders or a Resolution Approved by Board of Directors]

Classification	Number of shares (shares)	Total price (Yen)
Treasury shares acquired in the current fiscal year	10,009	25,265
Treasury shares acquired during the current year period	37	85,932

(Note) 1. The treasury shares acquired during the current year period include 9,996 shares acquired without consideration in connection with the post-delivery-type share-based compensation plan and 13 shares acquired through the purchase of shares constituting less than one trading unit.

2. The treasury shares acquired during the current year period do not include the number of shares resulting from the purchase of shares constituting less than one unit of share from March 1, 2026, to the filing date of this Annual Securities Report.

(4) [Current Status of the Disposition and Holding of Acquired Treasury Shares]

Classification	Current fiscal year		Current period	
	Number of shares (shares)	Total amount of disposal price (Yen)	Number of shares (shares)	Total amount of disposal price (Yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares cancelled	—	—	—	—
Acquired treasury shares transferred due to mergers, share exchanges, share grants, and company splits	—	—	—	—
Others (disposal of treasury shares due to the exercise of stock acquisition rights and vesting of stock units granted by the stock compensation plan)	17,659,070	28,084,335,096	880,675	2,203,285,935
Number of treasury shares owned	55,837,251	—	54,956,613	—

(Note) The treasury shares acquired during the current year period do not include the number of shares of treasury shares acquired through other means (disposal of treasury shares due to the exercise of stock acquisition rights and vesting of stock units granted by the stock compensation plan) from March 1, 2026 to the filing date of this Annual Securities Report

3. Dividend Policy

From the perspective of maximizing enterprise value, in or to respond to rapid changes in the business environment and thrive in the global marketplace, the Company aims to achieve a durable financial structure by appropriating retained earnings for strategic investments such as research and development of new products and technologies as well as capital expenditures, and to distribute part of its earnings to shareholders

In accordance with the above policy, for the current fiscal year (24th Fiscal Year), we plan to propose a year-end dividend of 28 yen per share at the Annual General Meeting of Shareholders scheduled to be held on March 25, 2026.

In addition, in order to enable the flexible implementation of dividends from surplus, the company has provided in its Article of Incorporation that, in addition to resolutions of the General Meeting of Shareholders, dividends from surplus can be determined by a resolution of the Board of Directors and that the record dates for determining dividends from surplus will be March 31, June 30, September 30 and December 31 of each year.

(Note) Dividends from surplus with a record date in the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Million yen)	Dividend per share (Yen)
March 25, 2026 Resolution of the Annual General Meeting of Shareholders (Scheduled)	50,814	28

4. Information on Corporate Governance

(1) [Corporate Governance]

(i) Basic Policy on Corporate Governance

Based on the following Corporate Governance Policy, the Group continuously strives to enhance and strengthen our corporate governance to be a company that is trusted by society by maintaining sound relationships with any and all stakeholders including local communities, customers, and business partners in order to fulfill our social responsibility as a company.

<Corporate Governance Policy>

Based on our Purpose, “To Make Our Lives Easier”, we are committed to building a sustainable future where technology helps make our lives easier by developing a safer, healthier, greener, and smarter world to provide intelligence to our four focus growth segments: Automotive, Industrial, Infrastructure, and IoT. To achieve our Purpose, we aim to respond flexibly to changes, solve issues, and continue to create value in a sustainable way based on the “Renesas Culture”, a guideline consisting of five elements of conduct for all of our activities, behavior, and decision-making. Based on Renesas Culture, we aim for continuous growth and enhancement of corporate value over the mid- to long-term.

In addition, we aim to co-exist and co-prosper with every stakeholder in order to create long-term sustainable value as a responsible global company. In order to achieve this, we must thrive in the rapidly-changing, competitive global semiconductor marketplace, and continue to satisfy the expectations of all of our stakeholders and to grow with profit expansions. We will continue to solidify our business foundation as a global semiconductor company by honing technological advancement as well as supplying excellent semiconductor products and optimized solutions through elaborate marketing and sales activities. We recognize the importance of building a corporate governance structure and system that enables transparent, fair, quick and resolute decision-making. We will remain committed to enhancing our corporate governance structure and system through various measures such as communication and cooperation with our stakeholders including shareholders, appropriate information disclosure, ensuring appropriate delegation of authority and highly effective oversight functions.

[Our Purpose] To Make Our Lives Easier

The Group continuously strives to drive innovation with a comprehensive portfolio of microcontrollers, analog and power devices. Our mission is to develop a safer, healthier, greener, and smarter world by providing intelligence to our four focus growth segments: the Automotive, Industrial, Infrastructure, and IoT Segment that are all vital to our daily lives, meaning our products and solutions are embedded everywhere.

[Renesas Culture]

<Transparent>

The leadership team’s strategy and policy, the company’s current situation, as well as the issues and thoughts of each business organization should be well understood among employees. This is also tightly connected to the “Agile” and “Entrepreneurial” elements described below, and we believe it is fundamental for the success of every individual and organization.

<Agile>

In order to respond to changes in a timely manner, it is necessary to identify the likely outcomes and implications as quickly as possible, make decisions quickly, and rapidly take or correct actions. We must recognize situations, make decisions and act at a high velocity. When a follow-up regarding a task is made from inside or outside the company, employees should understand they are not being “Agile”.

<Global>

Not only the markets that we operate in, but also our customers and our competitors are global, and in order to thrive in this global environment, it is essential for us to have a global perspective. It is true we need better language skills, but there are many other simple steps we can take to facilitate communication, such as organizing discussion agendas, issues, and alternative solutions in advance. In particular, numbers are as useful as words. Whenever possible, we should use numbers and data to communicate, and try to share information more smoothly.

<Innovative>

In order for Renesas to provide “Innovative” technologies and products and continue to create sustainable social value, it is essential to practice an “Innovative” way of conducting business and thinking. Each and every one of our employees should embody “Innovation” using their imagination and creativity to improve their work and contribute to the realization of a better society.

< Entrepreneurial>

Individual employees should act professionally, voluntarily, and independently as if they are running their own business and are responsible for the results they deliver. Based on our strategies and policies as a company, we aim to develop employees who can think freely and create new value, without being constrained by existing concepts.

(ii) Corporate Governance Structure and Reasons for Adoption of the Structure

(a) Basic Views

The Company recognizes the importance of operating business efficiently and ensuring the soundness and transparency of management in order to continuously increase corporate value. The Company is working to improve its

management system and implement various measures to enhance corporate governance.

(b) Reasons for Adoption of the Structure

The Company transitioned from a “Company with Board of Corporate Auditors” to a “Company with Nomination Committee, etc.” through the resolution of the 22nd Annual General Meeting of Shareholders held on March 26, 2024 as a part of measures to enhance its corporate governance, and has established a corporate governance system in which the Board of Directors, focusing on addressing important management issues that are fundamental to the Group and monitoring the management, supervises execution of our business. The Board of Directors and its 3 internal committees, the Nomination Committee, the Compensation Committee, and the Audit and Sustainability Committee (*), all of which are comprised of a majority of Independent Outside Directors, fulfill their respective functions and roles to realize transparent and fair supervision of overall management. At the same time, the Executive Officers, to whom authority has been substantially delegated from the Board of Directors to determine matters relating to execution of business, and the Executive Corporate Officers, who are responsible for business execution under the Executive Officers, will be able to make decisions and execute business operations in a prompt and agile manner. These enable us to survive global competition and achieve business growth. The Company believes that this system is well-functioning and suitable for the Company’s corporate governance.

(* In order to strengthen its sustainability initiatives, the Company has granted the statutory Audit Committee under the Companies Act in Japan responsibility and authority to oversee our sustainability-related activities led by Sustainability Department (SU) and refers to the statutory Audit Committee as the “Audit and Sustainability Committee.”

(c) Board of Directors

In principle, the Board of Directors meets regularly once every 3 months, and extraordinary meetings are held as needed. The Board of Directors makes decisions about important management matters which affect the fundamentals of the Group including the development of the basic policy for the Group management and election and dismissal of the Executive Officers, and supervises the execution of duties of Directors and Executive Officers. The functions and roles of the Company’s Outside Directors are to participate in management decision-making and to oversee or check the execution of duties by other Directors and Executive Officers from various outside perspectives by drawing on their knowledge, experience, and insight gained from their own careers.

As of the filing date of this Annual Securities Report, the Board of Directors is composed of 6 Directors, including 5 Outside Directors, who are appointed based on their expertise, experience, and diversity. The names, positions and titles of the Directors are as set forth in the table below.

Name	Position and title
Hidetoshi Shibata	Director (Chair)
Jiro Iwasaki	Lead Independent Outside Director
Selena Loh Lacroix	Independent Outside Director
Noboru Yamamoto	Independent Outside Director
Takuya Hirano	Independent Outside Director
Tomoko Mizuno	Independent Outside Director

The Company has proposed the “Election of Seven (7) Directors” as an agenda item (matter to be voted on) for the Annual General Meeting of Shareholders to be held on March 25, 2026. If the proposal is approved resolved as proposed, the composition of our Board of Directors and skill matrix for each Director will be as shown in the table below, which also reflects the matters to be resolved at the meeting of the Board of Directors to be held following the Annual General Meeting of Shareholders, including positions and titles.

< Composition of the Board of Directors >

Name	Position and title
Hidetoshi Shibata	Director (Chair)
Jiro Iwasaki	Lead Independent Outside Director
Selena Loh Lacroix	Independent Outside Director
Noboru Yamamoto	Independent Outside Director
Takuya Hirano	Independent Outside Director
Tomoko Mizuno	Independent Outside Director
Kimberly Mathisen	Independent Outside Director

< Skill Matrix>

Name (Position and title)	Executive Leadership	International Business	Semiconductor / Technology Industry	Software / Digital	Finance	Risk Management / Governance	Human Capital Management
Hidetoshi Shibata (Director)	●	●	●		●	●	
Jiro Iwasaki (Lead Independent Outside Director)	●	●			●	●	●
Selena Loh Lacroix (Independent Outside Director)		●	●			●	●
Noboru Yamamoto (Independent Outside Director)	●	●			●	●	
Takuya Hirano (Independent Outside Director)	●	●		●		●	
Tomoko Mizuno (Independent Outside Director)	●	●				●	
Kimberly Mathisen (Independent Outside Director)	●	●		●		●	

< Details of Skills (Expertise and Experience) >

Skill	Expected Contributions
Executive Leadership	<ul style="list-style-type: none"> • Experience in corporate management or in managing business and organizational operations enables directors to effectively oversee, provide guidance, and contribute to decision-making on a wide range of issues and challenges related to the company's management and operations.
International Business	<ul style="list-style-type: none"> • The company operates globally and competes in international markets. • It is essential to engage effectively with employees, suppliers, customers, and other stakeholders worldwide. • Experience in globally operated businesses enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.
Semiconductor / Technology Industry	<ul style="list-style-type: none"> • In the semiconductor industry, where the company operates, technological innovation and advancement occur rapidly, and competition is intense. • Experience in the semiconductor industry or other technology sectors with similar characteristics, including innovation experience, enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.
Software / Digital	<ul style="list-style-type: none"> • The company advances its digitalization strategy by delivering software solutions and platforms that enable semiconductor design and utilization. • Experience in the software industry or in digitalization fields enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.
Finance	<ul style="list-style-type: none"> • The company continues to pursue strategic investments and M&A activities to drive future growth while simultaneously building and maintaining a solid financial foundation. • Specialized knowledge of, or experience in, M&A, capital allocation, corporate finance, or financial accounting enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.
Risk Management / Governance	<ul style="list-style-type: none"> • The company faces a wide range of risks, from regulatory challenges to geopolitical issues, in its global operations. • Rapid identification and appropriate mitigation of these risks, under effective governance, are critical. • Specialized knowledge of, or experience in, risk management, legal and compliance (including sustainability and ESG), as well as service on boards of directors or committees of public companies, enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.
Human Capital Management	<ul style="list-style-type: none"> • To succeed in the highly competitive global market and continue growing through transformation, it is essential to recruit, develop and retain exceptional talent and implement effective human capital strategies and initiatives. • Experience in talent and human capital management enables directors to effectively oversee, provide guidance, and contribute to decision-making on these matters.

(Activities of the Board of Directors in the Current Fiscal Year)

The Company held 5 meetings of the Board of Directors during the current fiscal year. Attendance at the Board of Directors meetings by each Director is as follows.

Name	Position and title	Attendance (rate)
Hidetoshi Shibata	Director (Chair)	attended 5 of the 5 meetings (100%)
Jiro Iwasaki	Lead Independent Outside Director	attended 5 of the 5 meetings (100%)
Selena Loh Lacroix	Independent Outside Director	attended 5 of the 5 meetings (100%)
Noboru Yamamoto	Independent Outside Director	attended 5 of the 5 meetings (100%)
Takuya Hirano	Independent Outside Director	attended 5 of the 5 meetings (100%)
Tomoko Mizuno	Independent Outside Director	attended 5 of the 5 meetings (100%)

(Note) In addition to the above meetings, discussion sessions and written resolutions on individual matters are held as needed.

In the current fiscal year, the Board of Directors discussed and reviewed a wide range of matters, including investments aligned with the business portfolio strategy, business divestitures and alliances, M&As for business complementation or enhancement, mid- to long-term growth measures including strategies such as digitalization and related business models, research and development investments in growth areas and other resource allocation, capital policy such as dividends, situations relating to conflicts and geopolitical risks and responses thereto, the management execution structure and talent management, initiatives for growth markets, information security related initiatives, status of operation of our compliance framework and internal control system, and the composition of the Board of Directors and evaluation of the effectiveness of the Board of Directors.

(d) Committees

① Nomination Committee

The Nomination Committee deliberates on and determines matters related to human resources such as (i) the content of proposals to be submitted to general meetings of shareholders relating to the election and dismissal of Directors, (ii) the election and dismissal of Executive Officers including the Chief Executive Officer (CEO), and (iii) a plan for CEO succession, as well as matters prescribed by applicable laws and regulations and the Articles of Incorporation.

As of the filing date of this Annual Securities Report, the Nomination Committee is comprised of 3 members, all of whom including the chairperson are independent Outside Directors.

(Activities of the Nomination Committee in the Current Fiscal Year)

The Company held 6 meetings of the Nomination Committee during the current fiscal year. Attendance at the meetings by each member of the Nomination Committee is as follows.

Name	Position and title	Attendance (rate)
Jiro Iwasaki	Lead Independent Outside Director (Chair)	attended 6 of the 6 meetings (100%)
Selena Loh Lacroix	Independent Outside Director	attended 6 of the 6 meetings (100%)
Takuya Hirano	Independent Outside Director	attended 6 of the 6 meetings (100%)

(Note) In addition to the above meetings, the Nomination Committee conducted activities such as interviews with candidates for Outside Directors and with the Company's Leadership Team, as needed.

The Nomination Committee deliberated on matters including the composition, skill matrix, evaluation of the effectiveness, and succession planning of the Board of Directors; the search for, evaluation of, and consideration of candidates for Outside Directors; CEO goal setting and performance evaluation; and establishment of requirements for CEO candidates and CEO succession plan.

② Compensation Committee

The Compensation Committee deliberates on and determines matters related to compensation such as (i) the Company's policy for determining compensation of individual Executive Officers and Executive Corporate Officers and (ii) contents of individual compensation based on said policy, as well as matters prescribed by applicable laws and regulations and the Articles of Incorporation.

As of the filing date of this Annual Securities Report, the Compensation Committee is comprised of a total of 4 members: 3 Independent Outside Directors and 1 Director. The chairperson is an Outside Director.

(Activities of the Compensation Committee in the Current Fiscal Year)

The Company held 4 meetings of the Compensation Committee during the current fiscal year. Attendance at the meetings by each member of the Compensation Committee is as follows.

Name	Position and title	Attendance (rate)
Selena Loh Lacroix	Independent Outside Director (Chair)	attended 4 of the 4 meetings (100%)
Noboru Yamamoto	Independent Outside Director	attended 4 of the 4 meetings (100%)
Tomoko Mizuno	Independent Outside Director	attended 4 of the 4 meetings (100%)
Hidetoshi Shibata	Director	attended 4 of the 4 meetings (100%)

(Note) In addition to the above meetings, the Compensation Committee conducted activities such as holding sessions with expert advisors as needed.

The Compensation Committee deliberated, in consideration of the situation of domestic and foreign competitors and related industries, on the compensation levels and compensation structure, including target setting for performance-linked compensation, the level and design of stock-based compensation, and the review of reference company groups, for Directors, Executive Officers and Executive Corporate Officers, as well as Company's policy for determining compensation of individual Directors, Executive Officers and Executive Corporate Officers, and contents of individual compensation based on performance evaluation. However, Hidetoshi Shibata, Representative Executive Officer, President and CEO, did not participate in the decision making regarding his own compensation.

③ Audit and Sustainability Committee

Cooperating with the Accounting Auditor, Internal Audit Office, and other related departments, the Audit and Sustainability Committee (i) audits the performance by Directors and Executive Officers of their respective responsibilities and duties, (ii) prepares audit reports, and (iii) determines the content of proposals to be submitted to general meetings of shareholders relating to the election, dismissal and non-reelection of the Accounting Auditor, as well as conduct matters prescribed by applicable laws and regulations and the Articles of Incorporation.

As of the filing date of this Annual Securities Report, the Audit and Sustainability Committee is comprised of 3 members, all of whom, including the chairperson, are independent Outside Directors. The Audit and Sustainability Committee determines audit policies and plans, and reports the audit plans and the results of the audits conducted based on these plans to the Board of Directors. Additionally, as necessary, this committee expresses opinions to the Directors and execution departments.

(Activities of the Audit and Sustainability Committee in the Current Fiscal Year)

The Company held 7 meetings of the Audit and Sustainability Committee during the current fiscal year. Attendance at the meetings by each member of the Audit and Sustainability Committee is as follows.

Name	Position and title	Attendance (rate)
Tomoko Mizuno	Independent Outside Director (Chair)	attended 7 of the 7 meetings (100%)
Jiro Iwasaki	Lead Independent Outside Director	attended 7 of the 7 meetings (100%)
Noboru Yamamoto	Independent Outside Director	attended 7 of the 7 meetings (100%)

(Note) The Audit and Sustainability Committee members have a considerable knowledge of finance and accounting, as follows.

- (1) Ms. Tomoko Mizuno currently serves as an Executive Director at a machinery and electronic component company in business management after she has worked in the fields of corporate planning in a global consulting firm and pharmaceutical companies. Additionally, she has experience in auditing as an Outside Corporate Auditor for the Company in the past.
- (2) Mr. Jiro Iwasaki served as an Outside Corporate Director (including full-time Audit and Supervisory Committee members) and Outside Corporate Auditor at several listed companies after he has worked in the fields of business management as Executive Directors at multiple electrical and electronic component companies.
- (3) Mr. Noboru Yamamoto currently serves as the representative for an M&A advisory company after he has worked in the global finance and securities companies. He has also served as an Outside Director (including chairman of the Audit and Supervisory Committee) at listed companies. Additionally, he has experience in auditing as an Outside Corporate Auditor for the Company in the past.

Detailed activities of the Audit and Sustainability Committee are listed under "Part I. Information on Renesas, IV. Corporate Information, 4. Information on Corporate Governance, (3) Audit Status, (ii) Status of Audits by Audit and Sustainability Committee".

The Company has proposed the “Election of Seven (7) Directors” as an agenda item (matter to be voted on) for the Annual General Meeting of Shareholders to be held on March 25, 2026. If the proposal is approved as proposed, the composition of each committee to be resolved at the meeting of the Board of Directors to be held following the Annual General Meeting of Shareholders will be as shown in the table below.

Name	Position and title	Nomination Committee	Compensation Committee	Audit and Sustainability Committee
Hidetoshi Shibata	Director		○	
Jiro Iwasaki	Lead Independent Outside Director	◎		○
Selena Loh Lacroix	Independent Outside Director	○	◎	
Noboru Yamamoto	Independent Outside Director		○	○
Takuya Hirano	Independent Outside Director	○		
Tomoko Mizuno	Independent Outside Director		○	◎
Kimberly Mathisen	Independent Outside Director	○		

(Note) 1. ○ denotes a member and ◎ denotes a chairperson of the applicable committee.

2. In order to strengthen its sustainability initiatives, the Company refers to the statutory Audit Committee under the Companies Act in Japan as the “Audit and Sustainability Committee.”

(e) Executive Officers

In order to clarify business execution responsibilities and speed up decision-making on the execution of operations, the Board of Directors provides Executive Officers, who have statutory authority to execute business, with significant authority to make business decisions. The Executive Officers are responsible for the management of the entire Group, executing business by themselves and directing the Executive Corporate Officers to whom authority is appropriately delegated with respect to individually defined business responsibilities.

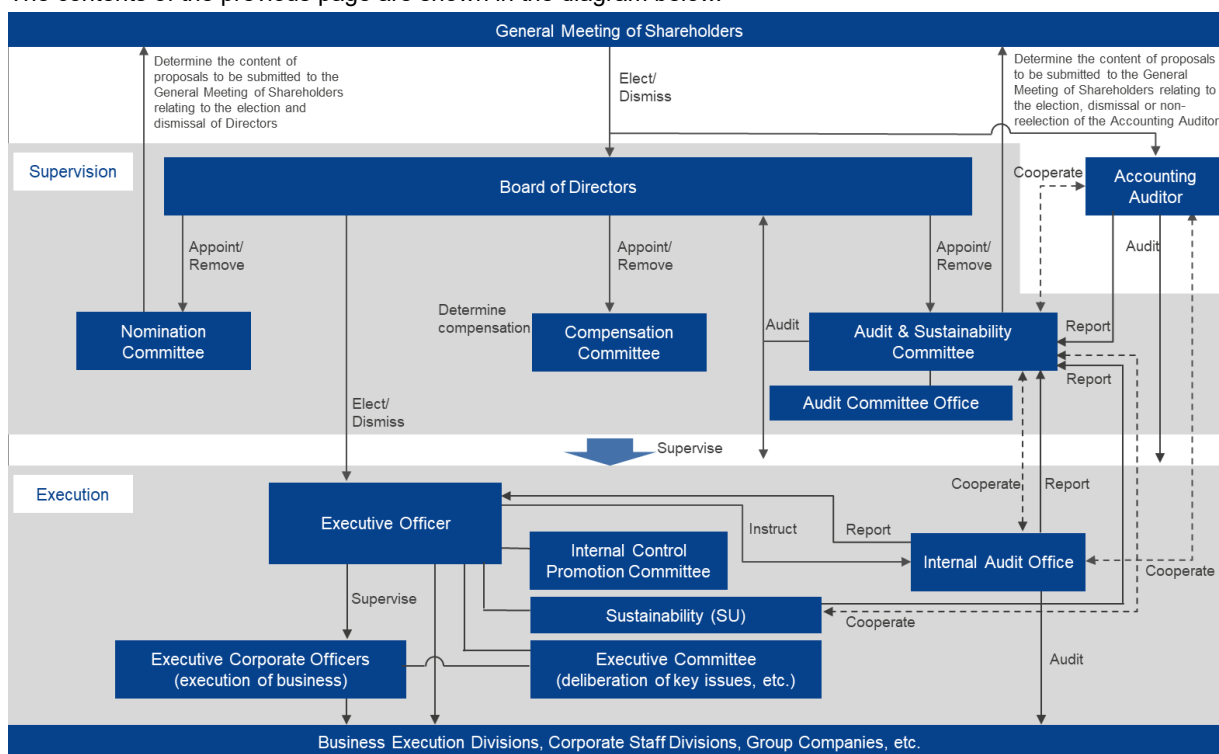
(f) Executive Committee

The Company deliberates or determines important management issues of the Group at the Executive Committee, which is composed of Executive Officers and Executive Corporate Officers, etc. In principle, the Executive Committee also deliberates on matters to be submitted to the Board of Directors prior to discussion by the Board of Directors, in order to enhance the Board’s deliberation.

(g) Internal Control System

The Board of Directors has established a basic policy for the development of the systems stipulated in “ロ” and “ホ” of Item 1 of Paragraph 1 of Article 416 of the Companies Act and Article 112 of the Enforcement Regulations of the Companies Act (including the system to ensure appropriate operation of the Group), and the Company periodically holds meetings of the Internal Control Promotion Committee, which is composed of, among others, the President and CEO, the Executive Corporate Officer responsible for internal controls, and the Executive Corporate Officer responsible for administrative divisions. The Committee deliberates, proposes, and promotes the Group’s internal control issues, policies and other matters as stipulated in related regulations such as the Companies Act and the Financial Instruments and Exchange Act. For information on this committee, please refer to “(iii) Status of Development of Internal Control System and Risk Management System” below.

The contents of the previous page are shown in the diagram below.



(iii) Status of Development of Internal Control System and Risk Management System (including Status of Development of System to Ensure Appropriate Operation of Company's Subsidiaries)

(a) Basic policy on, and status of, internal control system

The Board of Directors has resolved the basic policy for the development of the system (internal control system) stipulated in “ロ” and “ホ” of Item 1 of Paragraph 1 of Article 416 of the Companies Act and Article 112 of the Enforcement Regulations of the Companies Act, and has established the system based on this basic policy. This basic policy is as shown on the Company's website (<https://www.renesas.com/en/about/sustainability/governance>) and an outline is as follows:

<Systems Necessary to ensure that the execution of duties by Executive Officers, Executive Corporate Officers and employees complies with laws and regulations and the Company's Articles of Incorporation>

- The Executive Officers shall take the lead in complying with the “Renesas Electronics Group Sustainability Guiding Principles” and the “Renesas Global Code of Conduct” that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Directors, Executive Officers, Executive Corporate Officers and employees (“Members”). The Executive Officers shall keep the Members of the Company and its subsidiaries (collectively, the “Group”) informed of such rules, and shall have the Group comply with them.
- The Executive Officers shall stipulate basic matters such as the compliance management framework and education activities in the “Global Rule for Compliance Management within the Renesas Group,” oversee the deliberation and resolution of compliance matters at the “Internal Control Promotion Committee,” and shall ensure training is conducted for the Group to be fully aware of compliance.
- The Executive Officers shall set up the “Renesas Electronics Group Hotline” as a whistleblowing contact point for the Group and its business partners, etc. to report violations or possible violations of compliance. The Executive Officers shall ensure the Group and its business partners, etc., are informed that the Company will ensure the anonymity of reporters who wish to remain anonymous and that reporters will not be adversely affected as a result of their report.
- The Executive Officers shall keep away from any antisocial force, shall work closely with external specialized institutions, and shall act resolutely in an organized manner when contacted by it.

<Systems for properly preserving and managing information related to execution of duties by Directors and Executive Officers>

- The Directors and Executive Officers shall properly prepare, preserve, and manage minutes of the General Meetings of Shareholders, Meetings of the Board of Directors and other documents in accordance with applicable laws and regulations. The Directors and Executive Officers shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Members in accordance with the “Basic Rule of Document Management and Retention”.

<Rules and other systems regarding risk management for loss>

- The Executive Officers shall stipulate basic matters of risk management in the Company's "Global Rule for Risk and Crisis Management within the Renesas Group," and shall establish a risk management framework in accordance with the rules.
- The Executive Officers, Executive Corporate Officers and division managers responsible for classified risk shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in case of risk materialization.
- In the event of a serious risk materializing, the Executive Officers and Executive Corporate Officers shall, depending on the level of importance, establish an appropriate taskforce chaired by themselves, and shall implement appropriate measures in accordance with the "Global Rule for Risk and Crisis Management within the Renesas Group."
- The Executive Officers shall evaluate, maintain and improve the internal control status related to financial reports of the Group in accordance with applicable domestic and foreign laws and regulations such as the Financial Instruments and Exchange Act.

<Systems for ensuring efficient execution of duties by Directors and Executive Officers>

- The Directors shall hold an ordinary Board of Directors meeting once every 3 months and extraordinary meetings as needed for the sake of quick decision-making on basic management policies of the Group, matters stipulated by laws and regulations, and any other important management issues as well as overseeing the execution of duties by Executive Officers.
- The Executive Officers shall execute their duties in an agile and efficient manner by adopting an Executive Corporate Officer System and delegating authority appropriately. Important issues for the Company's management shall be discussed at the Executive Committee.
- The Executive Officers and Executive Corporate Officers shall make expedient decisions for business operation by delegating authority to the relevant general managers or other employees. The Executive Officers, Executive Corporate Officers, the relevant general managers and other employees shall execute their authority properly and efficiently in accordance with the "Basic Rules of Ringi Approval."
- The Executive Officers and Executive Corporate Officers shall execute their duties promptly and efficiently in accordance with their office routine regulations and shall periodically confirm the status of execution of management plans and the budget determined at a Board of Directors meeting.

<Systems necessary to ensure appropriate operation of the Group>

- The Executive Officers shall guide and support the Company's subsidiaries to establish a Group-wide compliance system in accordance with the "Renesas Electronics Group Sustainability Guiding Principles," "Renesas Global Code of Conduct" and "Global Rule for Compliance Management within the Renesas Group."
- The Executive Officers shall constantly oversee, guide, and support the Company's subsidiaries through the divisions responsible for the business, and ensure periodic reporting of matters relating to the execution of duties by subsidiary directors.
- The Executive Officers shall, through a division responsible for risk management, have the Company's subsidiaries establish rules for risk and crisis management, and make contact lists and action plans to be used in an emergency.
- The Executive Officers shall, through the Internal Control Promotion Committee, etc., establish Group-wide shared decision-making rules and policies on Group governance.
- The Executive Officers shall have Internal Audit Office audit the Group, and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with Internal Audit Office and the subsidiaries' own corporate auditors, etc. to ensure appropriate operations of the Group.

<Matters relating to employees assigned to assist the Audit and Sustainability Committee, independence of such employees from Executive Officers, and ensuring effectiveness of instruction to such employees >

- The Executive Officers shall establish an Audit Committee Office composed of specialized or concurrent staff for the purpose of assisting the activities of the Audit and Sustainability Committee, which is the audit committee under the Companies Act and the Company's Articles of Incorporation (the same shall apply hereinafter). Any evaluation, personnel transfer, discipline and the like of such staff shall require prior consultation with the Audit and Sustainability Committee, and such staff shall not be directed or supervised by the Executive Officers for duties to assist the Audit and Sustainability Committee.

<Systems for Members of the Group, corporate auditors, etc. of the Company's subsidiaries to report to the Audit and Sustainability Committee and systems to ensure prevention of adverse treatment to the persons who reported to the Audit and Sustainability Committee>

- Members of the Group and corporate auditors, etc. of the Company's subsidiaries shall, upon requests from the Audit and Sustainability Committee, report to the Audit and Sustainability Committee on matters such as the execution of their duties.
- Internal Audit Office shall submit and report the internal audit report for the Group to the Audit and Sustainability Committee.
- The Internal Control Promotion Committee shall periodically report to the Audit and Sustainability Committee the situation of the matters reported to the "Renesas Electronics Group Hotline."
- When Members of the Group and corporate auditors, etc. of the Company's subsidiaries have made a report to the Audit and Sustainability Committee or members thereof, the Company prohibits any adverse treatment as a result of their having made a report. These rules shall be stated clearly in the "Whistleblower Policy" and on the Company's intranet.

<Procedures for advance payment or compensation of expenditures occurring in connection with the execution of duties of members of the Audit and Sustainability Committee, and policies on the treatment of cost, expenditure and obligations occurring in connection with the execution of the members' duties>

- Upon the request from members of the Audit and Sustainability Committee for advance payment of expenditures, etc., the Company shall bear the cost, expenditure, and payables except in the case it is proved that such cost, expenditure and payables are not necessary to execute the duties of members of the Audit and Sustainability Committee.

<Other systems necessary to ensure effective auditing by the Audit and Sustainability Committee>

- The members of the Audit and Sustainability Committee selected by the Audit and Sustainability Committee may attend important meetings of the Company as they deem necessary. Furthermore, the Executive Officers shall guarantee the right of the Audit and Sustainability Committee to access important corporate information.
- The members of the Audit and Sustainability Committee shall hold Audit and Sustainability Committee meetings in principle once or more every 3 months, and shall exchange information and deliberate on the status of audits and related matters. The Audit and Sustainability Committee shall also receive regular reports from the Accounting Auditors on their audit activities, and exchange opinions on them.

- (b) The Internal Control Promotion Committee, which is composed of, among others, the President and CEO, the officer responsible for internal control, and the officer responsible for administrative divisions, meets once every 6 months in principle to oversee PDCA cycle (*) for internal control-related operations at the Group and to investigate the causes of significant violations of compliance related to the internal control system and to discuss and consider measures to prevent recurrence.

* PDCA cycle : It is a way of thinking that aims to improve and streamline operations by repeating the process of "Plan to Do to Check to Action."

(iv) Number of Directors

The Articles of Incorporation stipulate that the Company shall have no more than 15 Directors.

(v) Resolution Requirements for Election and Dismissal of Directors

The Articles of Incorporation of the Company stipulate that a resolution electing Directors shall be adopted by a majority of votes of the shareholders present at a general meeting of shareholders at which shareholders representing not less than one-third of the voting rights of shareholders entitled to exercise their voting rights are present, and that the resolution shall not be made by cumulative voting.

(vi) Requirements for Special Resolutions at General Meetings of Shareholders

The Company stipulates in its Articles of Incorporation that special resolutions required at General Meetings of Shareholders provided for in Paragraph 2 of Article 309 of the Companies Act shall be passed by not less than two-thirds of votes of shareholders present at a general meeting at which shareholders having not less than one-third of the total number of voting rights of shareholders entitled to exercise their voting rights are present. The purpose of this provision is to expedite the proceedings at the General Meeting of Shareholders by relaxing the number of shareholders present required for special resolutions at the General Meeting of Shareholders.

(vii) Matters to be Resolved at Shareholders Meetings that Can be Resolved at Meetings of the Board of Directors

The Articles of Incorporation stipulate that the Company may determine matters provided for in each item of Paragraph 1, Article 459 of the Companies Act, by a resolution of the Board of Directors.

The purpose of these provisions is to enable the Company to realize capital policies including acquisition of its own shares and distributions of dividends more flexibly in response to changes in the business environment.

In addition, the Company has stipulated in its Articles of Incorporation that the Company may, pursuant to the provisions of Paragraph 1 of Article 426 of the Companies Act, release the Directors (including those who had been Directors) and the Executive Officers (including those who had been Executive Officers) of their liability for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by the applicable laws and regulations, in order to enable Directors and Executive Officers to fully perform their expected roles.

(viii) Outline of the Limited Liability Agreements

The Company has entered into agreements with Outside Directors that limit their liability for damages as set forth in Paragraph 1 of Article 423 of the Companies Act. The maximum amount of liability for damages under such agreements is the minimum amount of liability as set forth in Paragraph 1 of Article 425 of the same Act pursuant to the Company's Articles of Incorporation. The Company has proposed the "Election of Seven (7) Directors" as an agenda item (matter to be voted on) for the Annual General Meeting of Shareholders to be held on March 25, 2026. If the proposal is approved as proposed, the Company plans to continue such agreement with each reappointed Outside Director and to enter into an agreement on the same terms with a newly elected Outside Director.

(ix) Outline of the Directors and Officers Liability Insurance Agreements

The Company has Directors and Officers liability insurance (D&O insurance) agreements with insurance companies. This insurance covers the damage and costs incurred by Directors, Corporate Auditors, Executive Officers, Executive Corporate Officers, Managers, and other employees of the Company and its subsidiaries as a result of claims for damage received related to the performance of the Company's duties, and insurance premiums are borne by the Company. However, in order to ensure that the insured person's performance of duties is proper, certain exemptions are stipulated, such as not compensating for damage caused by the insured person's actions while being aware of a violation of the laws and regulations.

(2) [Status of Directors]

(i) List of Directors and Other Officers

(a) Status as of the Filing Date of this Annual Securities Report

The Company's Directors and Executive Officers are as follows.

Male: 4 persons, Female: 2 persons (ratio of female Directors: 33.3%)

① List of Directors

Position and title	Name (Date of birth)	Brief employment history, position, responsibility, and important concurrent positions	Term of office	Number of Company's shares held
Director	Hidetoshi Shibata (November 16, 1972)	<p>April 1995 Joined Central Japan Railway Company</p> <p>August 2001 Joined MKS Partners Limited as Principal Partner, MKS Partners Limited</p> <p>August 2004 Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd. (currently, BofA Securities Japan Co., Ltd.) as Managing Director</p> <p>October 2007</p> <p>September 2009 Joined Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director</p> <p>June 2012 Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation)</p> <p>October 2013 Member of the Board of Directors, the Company</p> <p>November 2013 Executive Vice President, Member of the Board of Directors and CFO, the Company</p> <p>July 2019 Representative Director, President and CEO, the Company</p> <p>March 2024 Director, Representative Executive Officer, President and CEO, the Company (present)</p>	(Note 1)	820,800
Director	Jiro Iwasaki (December 6, 1945)	<p>April 1974 Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation)</p> <p>June 1996 Director, General Manager of Human Resources, TDK Corporation</p> <p>June 1998 Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation</p> <p>June 2006 Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation</p> <p>March 2008 Audit and Supervisory Board Member, GCA Savvian Corporation (currently, HOULIHAN LOKEY Corporation)</p> <p>June 2009 Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation)</p> <p>March 2011 Audit and Supervisory Board Member, SBS Holdings, Inc.</p> <p>April 2011 Professor at Teikyo University, Faculty of Economics</p> <p>March 2015 Outside Director, SBS Holdings, Inc. (present)</p> <p>March 2016 Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (currently, HOULIHAN LOKEY Corporation)</p> <p>June 2016 Outside Director, the Company (present)</p>	(Note 1)	—

Position and title	Name (Date of birth)	Brief employment history, position, responsibility, and important concurrent positions	Term of office	Number of Company's shares held
Director	Selena Loh Lacroix (November 18, 1964)	<p>1988 Joined a Singaporean law firm as an associate</p> <p>August 1992 Joined Gray Cary Ware & Freidenrich LLP (currently, DLA Piper) as an associate</p> <p>June 1995 Senior Counsel, Texas Instruments Incorporated</p> <p>December 2004 Vice President & General Counsel, Asia Pacific, Honeywell International Inc.</p> <p>May 2010 Global Semiconductor Practice Leader & Global Legal, Regulatory and Compliance Practice Leader, Egon Zehnder</p> <p>December 2016 Outside Director, Integrated Device Technology, Inc. (resigned in March 2019)</p> <p>June 2017 Global Technology & Communication Practice Leader, Egon Zehnder</p> <p>November 2017 Board Member (part-time), National Association of Corporate Directors - North Texas Chapter (present)</p> <p>December 2019 Vice Chair, Technology Practice, Korn Ferry (present)</p> <p>March 2020 Outside Director, the Company (present)</p>	(Note 1)	61,278
Director	Noboru Yamamoto (November 21, 1962)	<p>April 1986 Joined Mazda Motor Corporation</p> <p>May 1989 Joined Daiwa Securities Co. Ltd.</p> <p>February 2002 Joined PricewaterhouseCoopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC) as Managing Director</p> <p>April 2003 Joined Lazard Frères K.K. as Managing Director</p> <p>October 2006 Joined Nikko Citigroup Securities Co., Ltd. (currently, Citigroup Global Markets Japan Inc.), Investment Banking Unit, as Managing Director</p> <p>October 2011 Joined BNP Paribas, Tokyo Branch, Investment Banking Division, as Co-head</p> <p>June 2016 Outside Director, Hitachi Koki Co., Ltd. (currently, Koki Holdings Co., Ltd.) (present)</p> <p>September 2016 Representative Director, Representative Partner & CEO, XIB Capital Partners, Inc. (currently, XIB Inc.) (present)</p> <p>March 2018 Outside Director, Tsubaki Nakashima Co., Ltd.</p> <p>March 2018 Outside Corporate Auditor, the Company</p> <p>March 2021 Outside Director, the Company (present)</p> <p>April 2023 Outside Director, Chairperson of the Board of Directors, Tsubaki Nakashima Co., Ltd. (present)</p> <p>April 2024 Outside Director, Marelli Corporation (present)</p>	(Note 1)	—

Position and title	Name (Date of birth)	Brief employment history, position, responsibility, and important concurrent positions	Term of office	Number of Company's shares held
Director	Takuya Hirano (August 11, 1970)	<p>December 1995 Joined Kanematsu USA</p> <p>February 1998 Joined Hyperion Solutions Corporation (currently, Oracle Corporation)</p> <p>February 2001 President, Hyperion Solutions Japan</p> <p>August 2005 Senior Director, Business & Marketing Division, Microsoft Co., Ltd. (currently, Microsoft Japan Co., Ltd.)</p> <p>February 2006 General Manager, Enterprise Service, Microsoft Co., Ltd.</p> <p>July 2007 General Manager, Enterprise Business & Enterprise Service, Microsoft Co., Ltd.</p> <p>March 2008 General Manager, Enterprise Business, Microsoft Co., Ltd.</p> <p>September 2011 General Manager, Multi-country, Microsoft Central and Eastern Europe</p> <p>July 2014 Executive Vice President, Marketing & Operations, Microsoft Japan Co., Ltd.</p> <p>March 2015 Representative Officer, Executive Deputy President, Microsoft Japan Co., Ltd.</p> <p>July 2015 President, Microsoft Japan Co., Ltd.</p> <p>September 2019 Vice President, Global Service Partner Business, Microsoft Corporation</p> <p>June 2022 Outside Director, Yokogawa Electric Corporation (present)</p> <p>October 2022 Outside Director, Yayoi Co., Ltd.</p> <p>March 2023 Outside Director, the Company (present)</p> <p>April 2023 Chairman (part-time), Yayoi Co., Ltd. (present)</p> <p>June 2024 Outside Director, Fujitsu Limited (present)</p>	(Note 1)	—
Director	Tomoko Mizuno (September 1, 1970)	<p>July 1994 Joined Bain & Company Japan, Inc.</p> <p>September 2001 Joined Eli Lilly & Company as Marketing Associate</p> <p>January 2003 Joined Eli Lilly Japan K.K. as Senior MR</p> <p>June 2005 Joined Novartis Pharma K.K. as Brand Manager, New Product Planning Group Manager, Equa Marketing Group, Novartis Pharma K.K.</p> <p>January 2009</p> <p>April 2011 Joined MSD K.K. as Brand Leader, Gardasil Marketing Group</p> <p>April 2013 Joined Japan Automatic Machine Co., Ltd. as Director (present)</p> <p>March 2021 Outside Corporate Auditor, the Company</p> <p>March 2024 Outside Director, the Company (present)</p>	(Note 1)	—
Total				882,078

(Note) 1. The term of office shall be from the conclusion of the Annual General Meeting of Shareholders held on March 26, 2025 until the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended December 31, 2025.

2. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano, and Ms. Tomoko Mizuno are outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.

3. The Company is a "Company with Nomination Committee, etc." The composition of each committee is as follows. In order to strengthen its sustainability initiatives, the Company refers to the statutory Audit Committee under the Companies Act in Japan as the "Audit and Sustainability Committee."

Nomination Committee :Mr. Jiro Iwasaki (Chair), Ms. Selena Loh Lacroix, Mr. Takuya Hirano

Compensation Committee :Ms. Selena Loh Lacroix (Chair), Mr. Noboru Yamamoto, Ms. Tomoko Mizuno, Mr. Hidetoshi Shibata

Audit and Sustainability Committee :Ms. Tomoko Mizuno (Chair), Mr. Jiro Iwasaki, Mr. Noboru Yamamoto

4. "Number of Company's shares held" is presented as of the end of the current fiscal year.

② List of Executive Officers

Position and title	Name (Date of birth)	Brief employment history, position, responsibility and important concurrent positions	Term of office	Number of Company's shares held
Representative Executive Officer, President and CEO	Hidetoshi Shibata (November 16, 1972)	See "① List of Directors" above	(Note 1)	820,800

- (Note) 1. The term of office shall expire at the conclusion of the first meeting of the Board of Directors held after the conclusion of the Annual General Meeting of Shareholders held with respect to the last business year ending within one year following his/her election.
2. The Company adopts an Executive Corporate Officer system. Executive Corporate Officers as of the filing date of this Annual Securities Report are as follows:
Shuhei Shinkai, Utae Nakanishi, Vivek Bhan, Zaher Baidas, Aram Mirkazemi, Takeshi Kataoka
3. "Number of Company's shares held" is presented as of the end of the current fiscal year.

(b) Status after the Annual General Meeting of Shareholders

The Company has proposed the "Election of Seven (7) Directors" as an agenda item (matter to be voted on) for the Annual General Meeting of Shareholders to be held on March 25, 2026. If the proposal is approved resolved as proposed, the Company's Directors and Executive Officers will be as follows. This section also reflects the matters to be resolved at the meeting of the Board of Directors to be held following the Annual General Meeting of Shareholders, including positions and titles.

Male: 4 persons, Female: 3 persons (ratio of female Directors: 42.9%)

① List of Directors

Position and title	Name (Date of birth)	Brief employment history, position, responsibility, and important concurrent positions	Term of office	Number of Company's shares held
Director	Hidetoshi Shibata (November 16, 1972)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	820,800
Director	Jiro Iwasaki (December 6, 1945)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	—
Director	Selena Loh Lacroix (November 18, 1964)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	61,278
Director	Noboru Yamamoto (November 21, 1962)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	—
Director	Takuya Hirano (August 11, 1970)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	—
Director	Tomoko Mizuno (September 1, 1970)	See "(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors" above	(Note 1)	—
Director	Kimberly Mathisen (May 24, 1972)	July 1994 Joined Procter & Gamble Company June 2000 International Business Development Associate, ASK Jeeves Inc. July 2000 Co-Founder, Appear Networks Systems AB October 2001 Joined Eli Lilly and Company September 2007 General Manager in Germany, Eli Lilly and Company January 2011 Outside Director, NHST Holding AS March 2011 Vice President and Global Alliance Leader in USA, Eli Lilly and Company June 2013 CEO, Orkla Home & Personal Care AS September 2016 General Manager in Norway, Microsoft Corporation May 2019 Outside Director, Yara International ASA May 2020 Vice-Chair of the Board of Directors (part-time), Yara International ASA January 2022 CEO, HUB Ocean (present) May 2022 Outside Director, Aker BioMarine ASA (scheduled to retire in April 2026) September 2022 Supervisory Board member, Bayer AG (present) May 2023 Outside Director, Aker Horizons ASA	(Note 1)	—
Total				882,078

- (Note) 1. The term of office shall be from the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended December 31, 2025 until the conclusion of the Annual General Meeting of Shareholders relating to the fiscal year ended December 31, 2026.
2. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano, Ms. Tomoko Mizuno, and Ms. Kimberly Mathisen are outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.
3. The Company is a “Company with Nomination Committee, etc.” The composition of each committee is as follows. In order to strengthen its sustainability initiatives, the Company refers to the statutory Audit Committee under the Companies Act in Japan as the “Audit and Sustainability Committee.”
- | | |
|------------------------------------|--|
| Nomination Committee | :Mr. Jiro Iwasaki (Chair), Ms. Selena Loh Lacroix, Mr. Takuya Hirano, Ms. Kimberly Mathisen |
| Compensation Committee | :Ms. Selena Loh Lacroix (Chair), Mr. Noboru Yamamoto, Ms. Tomoko Mizuno, Mr. Hidetoshi Shibata |
| Audit and Sustainability Committee | :Ms. Tomoko Mizuno (Chair), Mr. Jiro Iwasaki, Mr. Noboru Yamamoto |
4. “Number of Company’s shares held” is presented as of the end of the current fiscal year.

② List of Executive Officers

There have been no changes from “(a) Status as of the Filing Date of this Annual Securities Report, ① List of Directors” above.

(ii) Outside Directors

(a) Appointment of Outside Directors

As of the filing date of this Annual Securities Report, the Company appoints 5 Outside Directors (out of 6 Directors) who have a great variety of experience and expertise to proactively incorporate outside perspectives and multilaterally deal with management issues. Further, the Company places importance on the independence of Outside Directors in order to secure objective advice and judgment that contribute to improving business performance and strengthening governance, and based on the following “(d) Overview of Standards for Determining the Independence of Outside Directors,” the Company has notified the Tokyo Stock Exchange that the following Directors are Independent Directors: Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano, and Ms. Tomoko Mizuno (Outside Directors).

The Company has proposed the “Election of Seven (7) Directors” as an agenda item (matter to be voted on) for the Annual General Meeting of Shareholders to be held on March 25, 2026. If the proposal is approved as proposed, 6 of the 7 Directors will be Outside Directors, and in addition to Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano, and Ms. Tomoko Mizuno, the Company plans to notify the Tokyo Stock Exchange that Ms. Kimberly Mathisen will also be an Independent Director.

(b) Functions and Roles of Outside Directors

Mr. Jiro Iwasaki, an Outside Director, has served as a director at multiple companies for a long time and thus possesses management experience in electrical and electronic components businesses. He currently serves as an outside director at other companies. Based on his abundant knowledge, experience and deep insight cultivated through such experience, he demonstrates supervising and monitoring capabilities on the overall management of the Company as the Lead Independent Outside Director. Since November 2018, he has led the activities of the Nomination Committee, including deliberation of selection of candidates for Director, as the chair of that Committee. Since March 2024, in accordance with the Company’s transition to a “Company with Nomination Committee, etc.”, he has been appointed a member of the Audit and Sustainability Committee as well as the Chair of the Nomination Committee.

Ms. Selena Loh Lacroix, an Outside Director, demonstrates supervising and monitoring capabilities on the overall management of the Company, based on her wealth of insight into the fields of corporate legal affairs, personnel affairs and corporate governance, which she has cultivated through extensive experiences in the semiconductor industry and several other industries, and from the perspective of promoting diversity. Since April 2020, she has not only led the activities of the Compensation Committee, including deliberation of the compensation policy for Directors and Executive Corporate Officers, as the chair of that Committee, but also participated in deliberation of selecting candidates for Director, etc. as a member of the Nomination Committee.

Mr. Noboru Yamamoto, an Outside Director, demonstrates supervising and monitoring capabilities on the overall management of the Company, based on his abundant knowledge, experience and achievements cultivated through years of management experience in the global finance and security industry and representative for M&A advisory companies. He had participated in deliberation of the compensation policy for Directors and Executive Corporate Officers, etc. as a member of the Compensation Committee and deliberation of selecting candidates of Directors, etc. as a member of the Nomination Committee since March 2020 and April 2021, respectively. In accordance with the Company’s transition to a “Company with Nomination Committee, etc.”, he stepped down as a member of the Nomination Committee and he has been appointed a member of the Compensation Committee and Audit and Sustainability Committee since March 2024. In addition, since 2022, he has led the supervising and monitoring activities by the Board of Directors regarding the enhancement of the Company’s ESG activities as the ESG Sponsor of the Board of Directors.

Mr. Takuya Hirano, an Outside Director, demonstrates supervising and monitoring capabilities on the overall management of the Company, in particular based on his abundant insights in the technology field, business transformation and cross-cultural leadership, cultivated through years of management experience in multiple leadership positions in Japan and other regions at Microsoft Corporation, a global IT company. Since March 2023, he has participated in the deliberation of selecting candidates for Director, etc. as a member of the Nomination Committee.

Ms. Tomoko Mizuno, an Outside Director, demonstrates supervising and monitoring capabilities on the overall management of the Company, based on her abundant knowledge, experience and high degree of insight into the fields of corporate planning, personnel affairs, and others, cultivated through years of business management at a machinery

and electronic component company and work experience in a global consulting firm and pharmaceutical companies. She had audited the overall management of the Company appropriately as Outside Corporate Auditor and participated in deliberation of the compensation policy for Directors and Executive Corporate Officers, etc. as a member of the Compensation Committee since March 2021. In accordance with the Company's transition to a "Company with Nomination Committee, etc.", she stepped down as an Outside Corporate Auditor and, since March 2024, she has served as an Outside Director and has been appointed the Chair of the Audit and Sustainability Committee as well as a member of the Compensation Committee.

Ms. Kimberly Mathisen, an Outside Director, has held multiple senior leadership positions at global software and pharmaceutical companies in the United States, Germany, and Norway. She brings extensive experience and deep industry insight in the software and technology sector, together with a proven track record of multicultural leadership across global enterprises. In addition, she currently serves as Chief Executive Officer of a non-profit organization focused on ocean data and has served as an outside director at several listed companies in Europe. The Company expects that she will contribute to strengthening the function of the Board of Directors by demonstrating her capabilities of supervising and monitoring the overall management of the Company based on these experiences. She is also scheduled to be appointed as a member of the Nomination Committee at the meeting of the Board of Directors to be held after the Annual General Meeting of Shareholders scheduled for March 25, 2026.

(c) Relationship with Outside Directors

There is no personal, financial, or business relationship or other special interest relationship that does not satisfy the standards about the independence described in "(d) Overview of Standards for Determining the Independence of Outside Directors" below between the Company and Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano, or Ms. Tomoko Mizuno, Outside Directors. In addition, no such relationships or interests are expected to exist between the Company and the six candidates for Outside Directors who are scheduled to be elected at the Annual General Meeting of Shareholders to be held on March 25, 2026.

(d) Overview of Standards for Determining the Independence of Outside Directors

To ensure that our corporate governance is conducted with the appropriate level of objectivity and transparency, we have established Standards for Determining the Independence of Outside Directors, which are standards for determining whether Outside Directors are sufficiently independent, i.e., whether there is no possibility for a conflict of interest with the Company.

Accordingly, only individuals who meet the requirements of the Companies Act and the independence standards set forth by the Tokyo Stock Exchange and who do not fall under any of the following categories are considered to be sufficiently independent to serve as our Outside Directors.

For the purpose of the categories, "Officers" means directors, executive officers, corporate auditors, or persons in positions equivalent to these under the laws and regulations of each country. "Officers and Employees" means Officers and employees (including Executive Corporate Officers).

1. Business relationship as an Important Customer of the Company:

The Outside Director is an Officer or Employee of an important customer of the Company.

2. Business relationship where the Company is an Important Customer of the Business Partner:

The Outside Director is an Officer or Employee of a business partner of which the Company is an important customer.

3. Business relationship as an Important Fund Provider:

The Outside Director is an Officer or Employee of a financial institution or other fund provider.

4. Business relationship providing Professional Services:

The Outside Director provides, or is, an Officer or Employee of an organization that provides professional services (including, but not limited to, accounting, legal, consulting services) to the Company.

5. Capital relationship as a Major Shareholder or Investee:

• The Outside Director either holds, or is an Officer or Employee of an organization which holds, directly or indirectly, 10% or more of the total shareholder voting rights of the Company;

• The Company or its subsidiaries are among the major shareholders or investors (holding 10% or more of the total shareholder voting rights or total investment) of the organization in which the Outside Director serves as an Officer.

6. Other significant relationship as an Employee:

The Outside Director is an Employee of the Company or its subsidiaries.

7. Other significant relationship as Accounting Auditor:

The Outside Director is an Employee or partner of the Company's Accounting Auditor, or a member of the Company's Accounting Auditor in charge of conducting an accounting audit of the Company.

8. Other significant relationship as the recipient of a Donation:

The Outside Director has received donations from the Company or its subsidiaries in excess of 10 million yen in any of the past three years, or is an Officer or Employee of an organization that has received such donations.

9. Other significant relationship as a Close Relative:

The Outside Director is the spouse, relative within two degrees of kinship, or living in the same household as persons having management control of the Company (senior vice president level or above).

Categories 1 through 5, 7 and 8, apply to those persons who meet said criteria at any given point in the past three years; Category 6 applies to those persons who meet said criteria at any given point in the past ten years.

(e) Cooperation between Outside Directors and Internal Audits, Audits by the Audit and Sustainability Committee, and Accounting Audits, and Relationship with Internal Control Divisions

As members of the Board of Directors, the Outside Directors receive reports from the Executive Officers and each Committee on the execution of their duties and supervise overall management of the Company from an independent standpoint. The Company has established the Audit Committee Office, which is composed of specialized or concurrent staff supporting members of the Audit and Sustainability Committee and the Audit and Sustainability Committee in cooperation with Internal Audit Office. The Company does not have a dedicated staff to support Outside Directors other than those mentioned above, but staff members of the Legal Division and other employees provide support in a timely manner.

Further, the Internal Control Divisions (including Legal Division, Finance, Business Development, and Sustainability Department) cooperate in providing advance and ex-post explanations in a timely manner in response to requests from Outside Directors and members of the Audit and Sustainability Committee with respect to important matters related to internal control and sustainability among the matters to be deliberated by the Board of Directors and the Executive Committee.

At the meetings of the Board of Directors and the Audit and Sustainability Committee, the Company makes efforts to ensure that sufficient information is provided in a timely manner so that Directors and members of the Audit and Sustainability Committee may prepare beforehand. To that end, the staff members of the Legal Division provide notices and materials related to deliberations at the Board of Directors, and the staff members of the Audit Committee Office provide notices and materials related to deliberations at the Audit and Sustainability Committee. In addition, staff members of the Legal Division and the Audit Committee Office, depending on the topic, promptly respond to questions and comments from Outside Directors and members of the Audit and Sustainability Committee by making inquiries of related divisions within the Company.

The Internal Control Divisions led by Finance and the Internal Audit Office provide the necessary support for the smooth execution of audits by the Accounting Auditor, and also provide timely and accurate information in response to requests from Outside Directors and members of the Audit and Sustainability Committee, thereby realizing collaboration between Outside Directors and members of the Audit and Sustainability Committee, and the Accounting Auditor.

Outside Directors and members of the Audit and Sustainability Committee also receive reports on the status of internal audits at the meetings of the Board of Directors and the Audit and Sustainability Committee or through other means. In this way, the Outside Directors and members of the Audit and Sustainability Committee work closely with Internal Audit Office to realize effective supervision.

(3) [Audit Status]

(i) Internal Audit Status

(a) Overview of Internal Audits

Internal Audit Office, which reports directly to the President and CEO and consists of full-time or concurrently appointed members, verifies and evaluates the business execution of the Company's management organization, including business execution divisions, staff divisions, and consolidated subsidiaries, in the standpoint of compliance, risk management, and internal control, from a third-party perspective independent of the business execution divisions. Internal audit plans and results are reported to the Representative Executive Officer and the Board of Directors on a semiannual basis, and to the Audit and Sustainability Committee on a quarterly basis, and specific corrective and remedial measures are recommended if problems are found. In addition, Internal Audit Office collaborates with the Audit and Sustainability Committee and the Accounting Auditor through regular information exchanges.

(b) Relationship between Internal Audit Office and the Internal Control Divisions

Internal Audit Office conducts interviews and other inquiries of internal divisions, including Internal Control Divisions, as necessary, to collect information in a timely and accurate manner.

(c) Relationship between Internal Audit Office and the Accounting Auditor

Internal Audit Office works closely with the Accounting Auditor by regularly exchanging information.

(ii) Status of Audits by Audit and Sustainability Committee

The Company has adopted a "Company with Nomination Committee, etc." structure under the Companies Act as its corporate governance structure. Additionally, in order to strengthen sustainability, the Company has named the Audit Committee under the Companies Act as the "Audit and Sustainability Committee." The structure, personnel, and procedures of the Audit and Sustainability Committee as of the filing date of this Annual Securities Report are described in "Part I Information on Renesas, IV. Corporate Information, 4. Information on Corporate Governance, (1) Corporate Governance, (ii) Corporate Governance Structure and Reasons for Adoption of the Structure, (d) Committees, ③ Audit and Sustainability Committee".

(a) Status of Audit and Sustainability Committee Meeting

- ① In principle, the meeting of the Audit and Sustainability Committee is held at least once every 3 months, and extraordinary meetings are held as necessary. In the current fiscal year, it was held 7 times.

Attendance at the Audit and Sustainability Committee meetings by each committee member during the current fiscal year is as follows.

Name	Position and title	Attendance (rate)
Tomoko Mizuno	Independent Outside Director (Chair)	attended 7 of the 7 meetings (100%)
Jiro Iwasaki	Lead Independent Outside Director	attended 7 of the 7 meetings (100%)
Noboru Yamamoto	Independent Outside Director	attended 7 of the 7 meetings (100%)

- ② The main agenda items of the Audit and Sustainability Committee in the current fiscal year are as follows:

<Resolution and Deliberation Items>

Audit policy, audit plan and audit report of the Audit and Sustainability Committee, disclosure of sustainability-related documents, appropriateness of the Accounting Auditor's audit method and audit results, evaluation of the Accounting Auditor, reappointment of the Accounting Auditor, consent to audit fees for the Accounting Auditor.

<Reporting and Sharing Items>

Major matters considered and related reporting items in the closing of accounts by the Finance Department, sustainability strategies and activity reports by the Sustainability Department, accounting audit plan, interim review, accounting audit report for Companies Act audit and Financial Instruments and Exchange Act audit by the Accounting Auditor, internal audit plan and internal audit results by Internal Audit Office.

(b) Activities of Audit and Sustainability Committee

Following the audit policy resolved by the Audit and Sustainability Committee, the Audit and Sustainability Committee audits the legality and appropriateness of the duties of Directors and Executive Officers through attendance at important meetings such as the Board of Directors and other important meetings, or by reviewing meeting materials; hearing business reports and execution status from Executive Officers, Executive Corporate Officers, and employees (including the Internal Control Divisions); reviewing important approval documents; investigating the status of operations and property (including compliance systems and internal control systems); and investigating subsidiaries. In the current fiscal year, the audit emphasized a risk-based approach, considering the development and operational status of internal control systems, and audits were conducted with attention to the following perspectives.

- ① Efforts to address major risks such as synergy creation after business acquisitions, changes in the market environment, and geopolitical issues
- ② Development and operational status of the group-wide governance structure, including strengthening ESG/sustainability activities and information disclosure
- ③ Strengthening group audits based on confirmation of the business progress of subsidiaries, the development and operational status of internal control, and the status of assets

Activities of the Audit and Sustainability Committee in the current fiscal year are as follows.

Item	Content of Activities
Attendance at Important Meetings and Review of Important Documents	Attendance at important meetings (Board of Directors, Internal Control Promotion Committee, Executive Committee, etc.) or review of meeting materials, and review of important documents related to major approval and business execution to confirm the decision-making process, risk management system, and internal control system operation status
Hearings and Information Exchange	Confirmation of duty execution status, including the management structure and governance operation status and responses to business challenges and risks, through information exchange with the Representative Executive Officer (2 times) and hearings with Executive Corporate Officers and key division heads (21 times)
Strengthening Sustainability Activities	Deliberation on disclosure documents (Business and Sustainability report) (once), activity reports from the Sustainability Department (3 times), and exchange of opinions and sharing of issues relating to sustainability risks and opportunities through Q&A
On-site Audits of Domestic and Overseas Group Companies and Key Business Locations	Investigation into the status of business execution, risk recognition and response, internal control system operation status, and property status at 2 domestic sites and 9 overseas sites through on-site audits or hearing reports on the result of on-site examination
Cooperation with Subsidiary Corporate Auditors	Receipt of reports on subsidiary audit status, understanding of group governance status, and sharing of issues
Cooperation with Internal Audit Office	Regular reports (4 times) from Internal Audit Office on internal audit plans and internal audit status, exchange of opinions and sharing of issues through Q&A
Cooperation with the Accounting Auditor	Receipt of reports and exchange of opinions (6 times) on audit plans, audit fee explanations, interim reviews, year-end audit results, and implementation status of non-assurance services to confirm the duties of auditors and share issues
Investigation of Property Status	Investigation through attendance at physical inventory

(c) Evaluation of the Effectiveness of Audit and Sustainability Committee

The Audit and Sustainability Committee conducts an effectiveness evaluation for the purpose of reflecting on its annual audit activities, identifying issues and incorporating them into the audit plan for the following fiscal year, and improving audit quality. The evaluation was conducted based on self-assessments and free-form comments provided by each Audit and Sustainability Committee member, and the results were discussed by the Audit and Sustainability Committee. For the current fiscal year, the Audit and Sustainability Committee determined that it is functioning effectively and that its effectiveness is recognized. Furthermore, based on the results of the effectiveness evaluation and the risks in the Group's business environment, the Audit and Sustainability Committee identifies areas for enhanced oversight and incorporates them into the audit plan for the following fiscal year, thereby strengthening the activities of the Audit and Sustainability Committee.

(iii) Status of Accounting Audit

(a) Name of the Auditing Firm

PricewaterhouseCoopers Japan LLC

(b) Continuous Audit Period

7 years

(c) Certified Public Accountants responsible for the audit

Masahide Kato, Designated limited liability Partner and Engagement Partner
Hitoshi Kondo, Designated limited liability Partner and Engagement Partner
Satoshi Shimbo, Designated limited liability Partner and Engagement Partner

(d) Those Assisting in Auditing Services

12 certified public accountants and 45 others assisted with the accounting audit of the Company.

(e) Policies and Reasons for Selection of Auditing Firm

The Audit and Sustainability Committee chose PricewaterhouseCoopers Japan LLC as Accounting Auditor because the Audit and Sustainability Committee determined that it has the expertise, independence and quality management required as the Company's Accounting Auditor as well as has a capacity to audit the Group's global business activities in a uniform manner, in accordance with the Company's Accounting Auditor evaluation and selection criteria.

The Audit and Sustainability Committee will, by unanimous consent, dismiss the Accounting Auditor upon determination that the Accounting Auditor falls under any item of Paragraph 1, Article 340 of the Companies Act. In addition, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, thereby making it unlikely that the Accounting Auditor will be able to properly perform an audit, or if the Audit and Sustainability Committee determines that a change in the Accounting Auditor will enable the Company to establish a more appropriate audit system, the Audit and Sustainability Committee will make a decision on the proposal regarding dismissal or not to reappoint the Accounting Auditor at a General Meeting of Shareholders.

(f) Evaluation of Auditing Firm by Audit and Sustainability Committee

The Audit and Sustainability Committee has established evaluation standards for the Accounting Auditor, which consist of, among others, assurance of the independence of Accounting Auditor, audit implementation system, communications with the Audit and Sustainability Committee, etc., and the auditing firm's quality control system. In accordance with these standards, the Audit and Sustainability Committee evaluates the Accounting Auditor annually by reviewing materials from the Accounting Auditor, the Company's officers and employees, and interviewing them on a regular basis.

(iv) Details of audit fees, etc.

(a) Remuneration for Auditing Certified Public Accountants or Auditing Firm

Classification	Previous fiscal year		Current fiscal year	
	Audit certification service fees (Million yen)	Non-auditing service fees (Million yen)	Audit certification service fees (Million yen)	Non-auditing service fees (Million yen)
Filing Company	191	—	187	—
Consolidated subsidiaries	15	1	15	1
Total	206	1	202	1

(Previous Fiscal Year)

The non-auditing service provided to consolidated subsidiaries is agreed procedural work services.

(Current Fiscal Year)

The non-auditing service provided to consolidated subsidiaries is agreed procedural work services.

(b) Fees paid to Organizations in the Same Network (PricewaterhouseCoopers) as that of Auditing Certified Public Accountants or Auditing Firm of the Company (excluding (a) above)

Classification	Previous fiscal year		Current fiscal year	
	Audit certification service fees (Million yen)	Non-auditing service fees (Million yen)	Audit certification service fees (Million yen)	Non-auditing service fees (Million yen)
Filing Company	—	370	—	184
Consolidated subsidiaries	575	54	642	46
Total	575	424	642	230

(Previous Fiscal Year)

The non-auditing services provided to the Company and its consolidated subsidiaries are various advisory services, including tax advisory services.

(Current Fiscal Year)

The non-auditing services provided to the Company and its consolidated subsidiaries are various advisory services, including tax advisory services.

(c) Policy for Determining Audit Fees

Audit fees of the certified public accountants or auditing firm paid by the Company are determined by comprehensively considering factors such as the number of audit days, the size of the relevant company, and the nature of operations.

(d) Reasons for Audit and Sustainability Committee's Agreement on Accounting Auditor Fees

Audit and Sustainability Committee obtained the necessary materials and received reports from the Directors, related internal divisions, and the Accounting Auditor. After reviewing the audit plan for the previous fiscal year and the current fiscal year, the status of execution of audits, and the basis for calculating the fee estimate, the Accounting Auditor concluded that the amount of the Accounting Auditor's fees, etc., was reasonable and agreed on such amount of fees.

(4) [Executive Compensation]

(i) Compensation for Directors

< Directors who concurrently serve as Executive Officers >

Compensation for Directors who serve concurrently as Executive Officers is described in “(ii) Compensation for Executive Officers/Executive Corporate Officers” below.

< Directors who do not concurrently serve as Executive Officers >

For Directors who do not concurrently serve as Executive Officers, in accordance with the basic policy set forth below, the Company pays base salary as fixed compensation and grants stock-based compensation (stock-based compensation where shares are delivered after a certain period of continuous service) (Restricted Stock Units (RSUs)) from the perspective of aligning with long-term interests of shareholders. The details of such stock-based compensation are described in “(ii) Compensation for Executive Officers/Executive Corporate Officers, (b) Composition of Compensation, ② Stock-based Compensation” below.

- Contribute to recruiting and retaining global talent for Director positions that meet the capability requirements necessary for the appropriate oversight of the Company’s management.
- Ensure a high level of transparency and objectivity.
- Ensure that compensation is linked to the enhancement of corporate value and aligned with shareholders’ interests.

The compensation amount and composition for each Director who does not concurrently serve as an Executive Officer are determined by the Compensation Committee based on the above basic policy. In making these determinations, the Compensation Committee refers to market data from Japan and the United States (In Japan, the levels and trends of the top 100 companies by market capitalization, as well as companies within the top 100 that have a mix of Directors who are residents and non-residents of Japan. In the United States, this includes the levels and trends of S&P 500 companies, as well as those within the S&P 500 that belong to the IT sector.)

(ii) Compensation for Executive Officers/Executive Corporate Officers

This section describes the compensation program for our Executive Officers and Executive Corporate Officers. The composition of our Executive Officers and Executive Corporate Officers as of December 31, 2025 is as follows. An Executive Officer who also serves as a Director is compensated in their capacity as an Executive Officer.

Name	Position and responsibilities	Executive Officer	Executive Corporate Officer
Hidetoshi Shibata	Director, Representative Executive Officer, President and CEO	✓	-
Shuhei Shinkai	Senior Vice President and CFO, in charge of matters relating to Finance, Business Development, Accounting & Control, Investor Relations, Information Systems	-	✓
Utae Nakanishi	Senior Vice President and CHRO, in charge of matters relating to Human Resources and General Affairs	-	✓
Yuya Hasegawa	Senior Vice President and CSO, in charge of matters relating to Sales	-	✓
Davin Lee	Senior Vice President, in charge of matters relating to Analog & Connectivity, and Embedded Processing	-	✓
Vivek Bhan	Senior Vice President, in charge of matters relating to High Performance Computing	-	✓
Zaher Baidas	Senior Vice President, in charge of matters relating to Power	-	✓
Aram Mirkazemi	Senior Vice President, in charge of matters relating to Software & Digitalization	-	✓
Julie Pope	Senior Vice President, in charge of Strategic Initiatives & User Experience	-	✓
Takeshi Kataoka	Senior Vice President, in charge of matters relating to Operations (including Supply Chain, Procurement and Manufacturing), Quality Assurance	-	✓

Executive Officers and Executive Corporate Officers of the Company have broad responsibilities for the overall operation of the organization and our businesses in accordance with their respective roles, and each is accountable for our business performance and long-term growth.

Accordingly, the Company aims to ensure transparency in its disclosures regarding executive compensation not only for the Executive Officer who concurrently serves as CEO, but also for the core members of the management team. Therefore, the Company discloses the individual compensation of CFO and the next three highest-compensated Executive Corporate Officers (i.e., Senior Vice President responsible for Software & Digitalization Group, Senior Vice President responsible for High Performance Computing Product Group, and Senior

Vice President responsible for the Analog & Connectivity Product Group and Embedded Processing Product Group), without limiting to the compensation of Directors and Executive Officers whose total compensation meets or exceeds 100 million yen, as required by law.

(a) Basic Policy

The Company views compensation as one of the key management tools for succeeding in intensely competitive and rapidly evolving global markets and for accelerating long-term business growth, and therefore continuously updates its compensation program for Executive Officers and Executive Corporate Officers.

In determining the compensation of Executive Officers and Executive Corporate Officers, the Company takes into account, as fundamental considerations, the significance and complexity of the roles and responsibilities expected of each such officer in relation to the Company's long-term business growth, as well as each individual's demonstrated track record evidencing the anticipated level of contribution and capability.

Consistent with the principle of "Pay for Performance" and from the standpoint of ensuring that Executive Officers and Executive Corporate Officers are held accountable for enhancing the Company's performance and corporate value, a substantial portion of each officer's annual compensation is delivered as performance-linked compensation in the form of Short-Term Incentives (STIs) and as stock compensation in the form of Long-Term Incentives (LTIs). STIs are designed to reflect the Company's short-term performance, while LTIs are intended to align compensation with the Company's long-term corporate value creation, as reflected in its stock price. LTIs consist of Performance Share Units (PSUs), the vesting amount of which varies based on the Company's total shareholder return (TSR), and Restricted Stock Units (RSUs), which are subject to continued-service conditions. The Company has been progressively increasing the proportion of PSUs within the LTI mix.

Furthermore, in light of the requirement that the Company's management team possess the capabilities necessary to compete successfully on a global stage, and recognizing the need to attract and retain highly talented individuals through a competitive compensation program, the Company references the compensation programs, market levels, and prevailing trends of companies in the United States and Japan that exhibit a high degree of relevance to the Company when designing its compensation program and determining appropriate compensation levels. The composition of such reference companies is regularly reviewed and assessed by the Compensation Committee, taking into account the Company's business strategy and the specific circumstances of each peer company.

In addition, as the Company's organizational structure, including the composition of its executive leadership, continues to become increasingly global, and given that it would be undesirable to maintain materially different compensation levels across regions for management talent who lead such an integrated organization, the Company has adopted a policy of narrowing regional executive compensation disparities to a reasonable range and is currently progressing through the transition phase of its implementation.

(b) Composition of Compensation

The Company's current compensation program consists of the following elements, which are based on the foregoing basic policy. The specific details of each element are set out in the subsections that follow.

- Base salary as fixed compensation (cash compensation)
- Performance-linked compensation, in the form of Short-Term Incentives (STIs), focused on achieving short-term performance objectives (cash compensation)
- Stock compensation, in the form of Long-Term Incentives (LTIs), tied to long-term corporate value creation (post-delivery stock-based compensation)

① Cash Compensation

< Base Salary >

Base salary constitutes the core element of compensation, reflecting the assessed roles and responsibilities of each position within the organization. It is paid as a fixed amount and is determined based on fundamental considerations, including the roles and responsibilities, capabilities, and experience of each Executive Officer and Executive Corporate Officer.

This component serves as a foundational element of the Company's executive compensation program and is set at an appropriate level to attract and retain highly qualified Executive Officers and Executive Corporate Officers, as well as to incentivize them to drive the Company's growth in the global market.

< Performance-linked Compensation (Short-Term Incentive (STI))>

Short-Term Incentives (STIs) are paid to Executive Officers and Executive Corporate Officers as a means to incentivize and reward both the Company's overall financial performance and the individual performance of each officer during the relevant fiscal year. This component is a critical element of the Company's executive compensation program and is designed to incentivize Executive Officers and Executive Corporate Officers to contribute to the achievement of performance objectives by linking payout amounts to Company-wide results as well as individual performance.

To appropriately reflect business growth and its profitability, STI payout amounts are evaluated using certain non-GAAP performance indicators, including the following:

- Revenue
- Operating margin

Evaluation indicators and targets are established annually. The payout amounts based on business performance are approved by the Compensation Committee, taking into account factors such as the degree of achievement against the targets for each evaluation indicator and the individual performance of each Executive Officer and Executive Corporate Officer for the relevant fiscal year.

This compensation scheme is aligned with that applicable to employees and is designed to ensure that the incentives of Executive Officers and Executive Corporate Officers are consistent with those of employees.

② Stock-based Compensation

<Stock Compensation (Long-Term Incentive (LTI))>

Long-Term Incentives (LTIs) constitute variable compensation with an evaluation period of one year or longer and are generally granted in a manner that corresponds to the value created for shareholders. The purpose of LTIs is to align the economic interests of Executive Officers and Executive Corporate Officers with the Company's long-term performance and the long-term interests of its shareholders.

Since 2021, LTIs have been granted through stock-based compensation under which shares are delivered following vesting, and the actual value realized by Executive Officers and Executive Corporate Officers is determined based on stock price growth and/or total shareholder return (TSR) over a three-year period.

LTIs consist of Performance Share Units (PSUs), under which the number of units delivered varies based on the Company's TSR performance, and Restricted Stock Units (RSUs), which are subject to continued service requirements. PSUs incorporate the Company's TSR as the performance metric in order to strengthen incentives and reinforce accountability for maximizing long-term corporate value and contributing to stock price performance.

The number of units to be granted is determined based on the base compensation amount set for each Executive Officer and Executive Corporate Officer, using the simple average of the closing price of the Company's shares on the Tokyo Stock Exchange during the three-month period specified at the time the grant decision is made. The proportion of the base compensation amounts for PSUs and RSUs is 70%:30% for the CEO (Executive Officer), and 50%:50% for Executive Corporate Officers.

If a grantee becomes subject to any of the circumstances stipulated by the Company, such as certain forms of misconduct, some or all of the unvested units shall be forfeited. In addition, if, after vesting, it is determined that such circumstances or the underlying conduct occurred prior to vesting and the Company deems it necessary, the grantee shall be required to return, without compensation, all or part of the shares delivered in respect of such units, or an equivalent monetary amount

Type	Purpose	Basis	Composition Ratio	
			CEO	Executive Corporate Officers
Performance Share Units (PSUs)	Strengthen Executive Officers' and Executive Corporate Officers' incentives to contribute to sustained stock price appreciation and long-term corporate value enhancement	TSR	70%	50%
Restricted Stock Units (RSUs)	Recruit and retain outstanding talent by reinforcing the linkage between compensation and stock price and by sharing value creation with shareholders	Tenure	30%	50%

(Note) The composition ratios are based on the base compensation amounts established for 2025.

[PSU]

The number of units to be granted to the grantees shall be calculated based on the following formula:

Number of PSUs = PSU base compensation amount (before performance evaluation) which the Company has determined to grant to each grantee / simple average of the closing price of our shares on the Tokyo Stock Exchange for the 3-month period specified at the time of grant decision.

Following the date determined by the Company (in principle, the third anniversary of the grant date), the Company will issue a number of shares equivalent to the vested units, as determined in accordance with the performance requirements for the applicable period.

Performance Indicators	TSR: Determined by comparing the Company's total shareholder return against the companies that constitute SOX (Philadelphia Semiconductor Index) and TOPIX (Tokyo Stock Price Index), as well as a group of companies selected by the Company (referred to as the "Renesas Peers") selected based on factors such as industry, company size, and business model.												
Performance Evaluation Period	3 years from April 1 of the year in which PSUs were granted												
TSR Growth Rate of the Company	<p>(Average stock price for the 3 months prior to the end of the performance evaluation period (*1) - Average stock price for the 3 months prior to the commencement date of the performance evaluation period (*2) + Total dividends per share for dividends from retained earnings with a record date during the performance evaluation period) / Average stock price for the 3 months prior to the commencement date of the performance evaluation period (*2)</p> <p>(*1) This refers to the simple average of the closing price of our shares on the Tokyo Stock Exchange during the last 3 months of the performance evaluation period. (*2) This refers to the simple average of the closing price of our shares on the Tokyo Stock Exchange for the 3 months prior to the commencement date of the performance evaluation period.</p> <p>The diagram shows a horizontal timeline starting at '1st April of grant year' and ending at '3rd anniversary date'. The period between these two points is labeled 'Performance Evaluation Period' and is divided into three segments: 'Year1', 'Year2', and 'Year3'. Below the timeline, two arrows indicate '3 months average prior to the start date' and '3 months average prior to the end date'.</p>												
Method of Determining Issued Shares	<ul style="list-style-type: none"> • When our TSR growth rate and the TSR growth rate of SOX-constituent companies are classified in ascending order, the percentage (SOX calculation rate) is calculated according to which of the following 1) to 5) is the classification of our TSR growth rate. • When our TSR growth rate and the TSR growth rate of TOPIX-constituent companies are classified in ascending order, the percentage (TOPIX calculation rate) is calculated according to which of the following 1) to 5) is the classification of our TSR growth rate. • When our TSR growth rate and the TSR growth rate of Renesas Peers are classified in ascending order, the percentage (Renesas Peers calculation rate) is calculated according to which of the following 1) to 5) is the classification of our TSR growth rate • The number obtained by multiplying the number of granted PSUs by the weighted average of the SOX calculation rate of 25 in 100, the TOPIX calculation rate of 50 in 100, and the Renesas Peers calculation rate of 25 in 100 (hereinafter referred to as the "Base Calculation Rate") (rounded up to the nearest 100 units) will be vested as the number of vested PSUs on the date specified by us (Japan time) (as a general rule, the 3-year anniversary date from the grant date of the PSUs). The number of shares equal to the number of vested PSUs will be issued to the grantee. However, if our TSR growth rate is 0% or less, the Base Calculation Rate is limited to 100%. Our TSR growth rate shall be determined by the above formula, and the growth rate of TSR of SOX-constituent companies, TOPIX-constituent companies and Renesas Peers shall be determined by a method similar to our TSR growth rate. <table border="1"> <thead> <tr> <th>TSR growth rate</th> <th>Payout%</th> </tr> </thead> <tbody> <tr> <td>1) Below the 25th percentile</td> <td>0%</td> </tr> <tr> <td>2) At or above the 25th percentile and below the 50th percentile</td> <td>Rate obtained by assuming the same percentage increase between 50% and 100%</td> </tr> <tr> <td>3) At or above the 50th percentile and below the 75th percentile</td> <td>Rate obtained by assuming the same percentage increase between 100% and 150%</td> </tr> <tr> <td>4) At or above the 75th percentile and below the 90th percentile</td> <td>Rate obtained by assuming the same percentage increase between 150% and 200%</td> </tr> <tr> <td>5) At or above 90th percentile</td> <td>200%</td> </tr> </tbody> </table>	TSR growth rate	Payout%	1) Below the 25th percentile	0%	2) At or above the 25th percentile and below the 50th percentile	Rate obtained by assuming the same percentage increase between 50% and 100%	3) At or above the 50th percentile and below the 75th percentile	Rate obtained by assuming the same percentage increase between 100% and 150%	4) At or above the 75th percentile and below the 90th percentile	Rate obtained by assuming the same percentage increase between 150% and 200%	5) At or above 90th percentile	200%
TSR growth rate	Payout%												
1) Below the 25th percentile	0%												
2) At or above the 25th percentile and below the 50th percentile	Rate obtained by assuming the same percentage increase between 50% and 100%												
3) At or above the 50th percentile and below the 75th percentile	Rate obtained by assuming the same percentage increase between 100% and 150%												
4) At or above the 75th percentile and below the 90th percentile	Rate obtained by assuming the same percentage increase between 150% and 200%												
5) At or above 90th percentile	200%												

[RSU]

The number of units to be granted to each grantee shall be calculated in accordance with the following formula:

Number of RSUs = RSU base compensation amount for the 3 years (however, for Outside Directors, 1 year) that the Company decided to grant to each grantee / the simple average of the closing price of our shares on the Tokyo Stock Exchange during the 3-month period specified at the time of grant decision.

As a general rule, one-third of the units vest each year following the grant date (provided, however, that for Outside Directors, all units vest one year after the grant date). The Company will issue a number of shares equal to the number of vested units.

③ Reference Company Groups (for FY2025 Compensation Decisions)

Based on the basic policy described above, the Compensation Committee referred to the following groups of companies when determining compensation for Executive Officers and Executive Corporate Officers for FY2025.

For the reference companies in the United States, the Compensation Committee selected 16 companies in the semiconductor and IT sectors with a high degree of correlation with the Company as the primary reference group. In addition, software companies were selected as a secondary reference group to reflect the acquisition of Altium and the advancement of the Company's digitalization strategy.

For the reference companies in Japan, the Compensation Committee selected 42 companies as the primary reference group from among the top 100 companies by market capitalization, excluding those in sectors with low correlation to the Company or those with low overseas sales ratios. A secondary reference group was also selected, consisting of companies considered to have a high degree of similarity to the Company's business strategy.

In referencing these company groups, the Company supplemented the individual compensation data disclosed by the reference companies with external market compensation survey data provided by WTW (Towers Watson), Mercer LLC, and Aon.

US Primary Reference Group (16 companies)	Japan Primary Reference Group (42 companies)	
Advanced Micro Devices, Inc. Analog Devices, Inc. Broadcom Inc. Corning Incorporated Marvell Technology, Inc. Microchip Technology Incorporated Micron Technology, Inc. Motorola Solutions, Inc. NetApp, Inc. ON Semiconductor Corporation Qorvo, Inc. QUALCOMM Incorporated Roper Technologies, Inc. Skyworks Solutions, Inc. Texas Instruments Incorporated Western Digital Corporation	Toyota Motor Corporation Sony Group Corporation Tokyo Electron Limited Hitachi, Ltd. Recruit Holdings Co., Ltd. Mitsubishi Corporation Chugai Pharmaceutical Co., Ltd. Mitsui & Co., Ltd. Daiichi Sankyo Company, Limited Honda Motor Co., Ltd. Daikin Industries, Ltd. DENSO Corporation Takeda Pharmaceutical Company Limited HOYA Corporation Murata Manufacturing Co., Ltd. Seven & i Holdings Co., Ltd. Mitsubishi Electric Corporation Fujitsu Limited Bridgestone Corporation Fanuc Corporation Disco Corporation	Sumitomo Corporation Marubeni Corporation Canon Inc. Toyota Industries Corporation Advantest Corporation Komatsu Ltd. Terumo Corporation Panasonic Holdings Corporation Astellas Pharma Inc. Kyocera Corporation Kao Corporation Nippon Paint Holdings Co., Ltd. TDK Corporation Kubota Corporation Olympus Corporation Nissan Motor Co., Ltd. Eisai Co., Ltd. Shimano Inc. Subaru Corporation BANDAI NAMCO Holdings Inc. Shiseido Company, Limited

(iii) Content of compensation for Directors, Executive Officers, and Executive Corporate Officers for the current fiscal year, and the reasons why the Compensation Committee has determined that such compensation is consistent with the policy for determining the compensation of each Director, Executive Officer, and Executive Corporate Officer

(a) Review by the Compensation Committee

The details and calculation basis of the compensation for Directors, Executive Officers and Executive Corporate Officers for the current fiscal year are described in "(b) Compensation for the Current Fiscal Year" below.

In making the final determination of such compensation, the Compensation Committee reviewed whether the overall compensation package, as well as each component thereof, was appropriate and aligned with the basic policies described above. The specific items reviewed included the total compensation amount (base salary, STI, and stock-based compensation), the cash compensation amounts (base salary and STI), the stock-based compensation amounts (PSUs and RSUs), the proportion of each compensation element (particularly the ratio of base salary to STI and stock-based compensation, and the ratio of PSUs to RSUs), and the design of incentive structures (including STI evaluation indicators and targets, and the overall effectiveness of the compensation framework).

Based on these comprehensive reviews, the Compensation Committee concluded that the levels and composition of compensation for the current fiscal year were consistent with the basic policies and were appropriate.

(b) Compensation for the Current Fiscal Year

① Total compensation amount for Directors and Executive Officers

Title	Headcount	Total Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)			
			Cash Compensation		Non-cash Compensation	
			Base Salary	Performance-linked Compensation (Short-Term Incentives: STI)	Long-Term Incentives	
					Stock Compensation with Stock Price-linked Conditions (PSU)	Stock Compensation with Continuous Service Conditions (RSU)
Directors	5	102	84	-	-	18
Executive Officers	1	873	113	145	311	304

(Note) 1. The “Directors” in the table are all Outside Directors and do not include one Director who concurrently serves as an Executive Officer. Executive Officer who concurrently serves as Director receives compensation as an Executive Officer and is shown in the “Executive Officers” column.

2. Amounts are rounded to the nearest million yen. Therefore, the total amount listed in each column may not match the amount stated in the Total Compensation column.

3. “Stock Compensation with Stock Price-linked Conditions (PSU)” and “Stock Compensation with Continuous Service Conditions (RSU)” in the table represent the fair value calculated based on the closing price of stock on the date of vesting for which the rights were vested during the current fiscal year. In addition, the amounts recorded as expenses for accounting purposes for the current fiscal year are 30 million yen for Directors and 1,199 million yen for Executive Officer.

4. For Directors and Executive Officers who do not reside in Japan, the currency for payment is converted into Japanese yen at the average exchange rate during the current fiscal year (JPY149.53 = USD 1.00).

② Total Amount of Consolidated Compensation for each Executive Officer and Executive Corporate Officer Subject to Disclosure

(a) Total Amount of Cash Compensation Paid and Stock-based Compensation Vested in the Current Fiscal Year

Name	Amount of Compensation (Millions of yen)				Total Compensation (Millions of yen)
	Base salary	Performance-linked Compensation	Stock Compensation		
			Long-Term Incentives (LTI)		
		Short-term Incentive (STI)	Stock Compensation with Stock Price-linked Conditions (PSU)	Stock Compensation with Continuous Service Conditions (RSU)	
Hidetoshi Shibata	113	145	311	304	873
Shuhei Shinkai	40	37	72	63	212
Aram Mirkazemi	75	57	12	0	144
Vivek Bhan	87	67	196	224	574
Davin Lee	75	57	144	141	417

(Note) 1. Amounts are rounded to the nearest million yen. Therefore, the total of the amounts listed in each column may not match the amount in the Total Compensation column.

2. “Base salary” represents the amount paid in the current fiscal year. “Performance-linked Compensation” represents the amount of Short-Term Incentives (STI) payments using the current fiscal year as evaluation period. “Stock Compensation” represents the amount vested in the current fiscal year.

3. For overseas officers, the currency for payment is converted into Japanese yen at the average exchange rate during the current fiscal year (JPY149.53 = USD 1.00).

(β) Total Amount of Target Compensation (Base Salary, Target Short-Term Incentives (STI), and Base Compensation Amounts of Stock-based Compensation) in the Current Fiscal Year

Name	Amount of Compensation (Millions of yen)				Total Compensation (Millions of yen)
	Base salary	Performance-linked Compensation	Stock Compensation		
			Long-Term Incentives (LTI)		
Short-term Incentive (STI)	Stock Compensation with Stock Price-linked Conditions (PSU)	Stock Compensation with Continuous Service Conditions (RSU)			
Hidetoshi Shibata	113	143	1,697	727	2,679
Shuhei Shinkai	40	36	193	193	463
Aram Mirkazemi	75	56	187	187	505
Vivek Bhan	87	65	172	172	496
Davin Lee	75	56	172	172	475

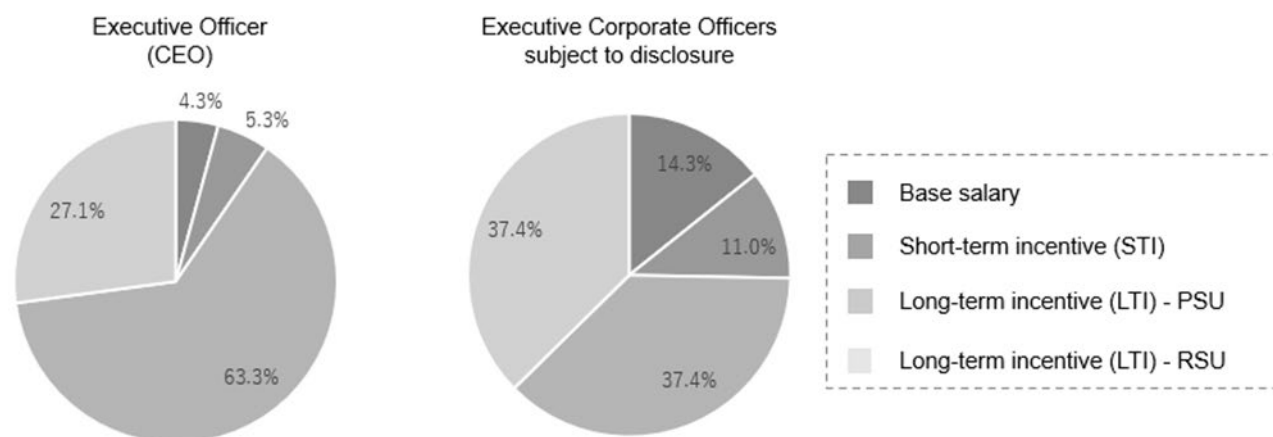
(Note) 1. Amounts are rounded to the nearest million yen. Therefore, the total of the amounts listed in each column may not match the amount in the Total Compensation column.

2. In the table, STI amounts represent each individual's target STI before performance adjustment, and the PSU and RSU amounts represent, respectively, each individual's annual base compensation amount for each type of stock-based compensation (Amounts are rounded to the nearest million yen.)

3. For overseas officers, the currency for payment is converted into Japanese yen at the average exchange rate during the current fiscal year (JPY149.53 = USD 1.00).

(γ) Composition Ratios of Each Compensation Element for Executive Officers and Executive Corporate Officers Subject to Disclosure (Based on Target STI Amounts and the Base Compensation Amounts of Stock-based Compensation)

As shown in the graph below, and consistent with the Company's emphasis on the "Pay for Performance" policy, the proportion of variable compensation—comprising Short-Term Incentives (STI) and stock-based compensation (PSUs and RSUs)—is higher than the general level of executive compensation typically observed in Japan.



(Note) Among the compensation elements, STI is calculated based on the target STI amount before performance adjustment, and LTIs are calculated based on the annual base compensation amounts of stock-based compensation granted in FY2025.

(δ) Actual Results Used to Calculate the Payout Amounts of Performance-linked Compensation (STI) and the Vested Amounts of Stock Compensation with Stock-price-linked Conditions (PSU) and Stock Compensation with Continued-service Conditions (RSU)

Both revenue (Non-GAAP basis) and operating margin (Non-GAAP basis) for the current fiscal year decreased. The three-year average total shareholder return (TSR) growth was 74.2%, exceeding the median levels of the TOPIX constituent companies, the SOX-constituent companies, and the Renesas Peers.

Performance-linked Compensation (STI):

Revenue (Non-GAAP basis)

- Our revenue decreased by 2.2% in the current fiscal year compared with the previous fiscal year.
- Revenue by business segment is as follows:
 - Revenue in the Automotive Segment in the current fiscal year decreased by 9.0% compared with the previous fiscal year.
 - Revenue in the Industrial/Infrastructure/IoT Segment in the current fiscal year increased by 5.5% compared with the previous fiscal year.

Operating margin (Non-GAAP basis)

- Our operating margin in the current fiscal year decreased by 0.2 pts compared with the previous fiscal year.
- Operating margin by business segment is as follows:
 - Operating margin in the Automotive Segment in the current fiscal year decreased by 0.9 pts compared with the previous fiscal year.
 - Operating margin in the Industrial/Infrastructure/IoT Segment in the current fiscal year decreased by 2.0 pts compared with the previous fiscal year.

Stock Compensation with Stock Price-linked Conditions (PSU):

Total Shareholder Return (TSR)

- The TSR growth rate used to evaluate performance in the PSU vesting process in the current fiscal year was 74.2%, higher than the median of TOPIX constituent companies, the median of SOX-constituent companies, and the median of Renesas Peers.
- Payout% based on the TSR is as follows.

TSR	Group	%ile Max: 90%ile or above Target: 50%ile Min: less than 25%ile	Payout% Max: 200% Target: 50% Min: 0%	Weight	Final Payout% Vs PSU base amount Max: 200% Target: 100% Min: 0%
74.2%	TOPIX	72.2%ile	144.4%	50%	166.2%
	SOX	82.8%ile	176.0%	25%	
	Renesas Peers (Group 1)	93.8%ile	200.0%	12.5%	
	Renesas Peers (Group 2)	100.0%ile	200.0%	12.5%	

(Note) For Renesas Peers, we evaluated performance by dividing them into 2 groups based on factors including industry and company size.

Overview of performance results

	1 year	3 years
Revenue (Non-GAAP basis)	-2.2%	
Automotive Segment	-9.0%	
Industrial/Infrastructure/IoT Segment	+5.5%	
Operating margin (Non-GAAP basis)	-0.2pt	
Automotive Segment	-0.9pt	
Industrial/Infrastructure/IoT Segment	-2.0pts	
Total Shareholder Return (TSR)		+74.2%

(Note) 1. Revenue and Operating Margin: Disclosed on a Group-consolidated and Non-GAAP basis

2. TSR performance evaluation period: April 1, 2022 to March 31, 2025

3. TSR calculation: (Average stock price for the 3 months prior to the end of the performance evaluation period

- Average stock price for the 3 months prior to the commencement date of the performance evaluation period

+ Total dividends per share for dividends from retained earnings with a record date during the performance evaluation period)

/ Average stock price for the 3 months prior to the commencement date of the performance evaluation period

4. The Company paid dividends totally 56 JPY per share from retained earnings during the performance evaluation period.

Stock Compensation with Continuous Service Conditions (RSU):

Share price trends

- Upon vesting, RSUs are settled through the delivery of a number of shares of the Company's common stock equal to the number of vested units. Accordingly, the value of vested RSUs is calculated based on the number of units granted—which is determined at the time of grant using the formula below—and factors such as the closing price of the Company's shares on the Tokyo Stock Exchange at the time of vesting.
Number of RSUs = RSU base compensation amount for the three-year period (or one year, in the case of Outside Directors) / the simple average of the closing prices of the Company's shares on the Tokyo Stock Exchange during the three-month period specified at the time the grant decision is made.
- RSUs vest in equal installments of one-third each year upon the lapse of each year following the grant date; provided, however, that for Outside Directors, all RSUs vest in full on the first anniversary of the grant date.
- Because the timing of appointment, the number of RSUs granted in the past, and the grant dates differ among Executive Officers and Executive Corporate Officers, individual calculations are complex. However, for reference, an overview of the Company's share price fluctuations since fiscal year 2022 is set out below.

Fiscal Year	Open	High	Low	Close
2022	1,435	1,561	1,145	1,184
2023	1,173	2,900	1,166	2,549
2024	2,454	3,397	1,821	2,047
2025	2,042	2,750	1,320	2,140

(Note) Figures in the table above are rounded to the nearest yen.

(iv) Benefits and Welfare

Executive Officers and Executive Corporate Officers are eligible to receive various benefits equivalent to those provided to the Company's other employees, excluding severance benefits. Such benefits include social insurance coverage (health insurance and welfare pensions), accident insurance, commuting expense reimbursement, and eligibility to participate in group insurance programs.

(v) Pay Ratio (Compensation Ratio)

The median of total annual compensation of all employees (other than the CEO) for our current fiscal year was 6.3 million yen. The CEO's total annual compensation was 873 million yen. Based on this information, the ratio of the CEO's total annual compensation to the median of total annual compensation of all employees was approximately 139 to 1.

The following methodologies and material assumptions were used to determine the median of total annual compensation of all our employees and to calculate the total annual compensation of the median employee:

- December 31, 2025 was selected as the date (record date) for determining the median employee.
- As of the record date, the Company had approximately 21,000 employees working for the Company and its consolidated subsidiaries. Employees on leave who were not expected to return to work and employees of Altium and Transphorm were excluded because their compensation structures had not yet been integrated into the Company's compensation framework.
- To identify the median employee, the Company used information relating to base salaries and incentive payments for all employees. Monthly salaries were annualized for full-time employees who had a service period of less than one fiscal year or who had taken an unpaid leave of absence during the one-year period.

The CEO's total annual compensation is the amount shown in the section titled "(iii) Content of compensation for Directors, Executive Officers, and Executive Corporate Officers for the current fiscal year, and the reasons why the Compensation Committee has determined that such compensation is consistent with the policy for determining the compensation of each Director, Executive Officer, and Executive Corporate Officer, (b) Compensation for the current fiscal year, ② Total Amount of Consolidated Compensation for each Executive Officer and Executive Corporate Officer Subject to Disclosure, (α) Total Amount of Cash Compensation Paid and Stock-based Compensation Vested in the Current Fiscal Year" above.

(vi) Compensation Committee

As a Company with Nomination Committee, etc., in order to ensure the appropriateness of compensation and the transparency of the decision-making process, the Company has established a Compensation Committee, which is composed of a majority of Outside Directors and is chaired by an Outside Director. The members of the Compensation Committee are as follows.

- Chairperson: Selena Loh Lacroix (Outside Director)
- Member: Noboru Yamamoto (Outside Director)
- Member: Tomoko Mizuno (Outside Director)
- Member: Hidetoshi Shibata (Director, Representative Executive Officer, President and CEO)

A total of four meetings of the Compensation Committee were held during the current fiscal year. The compensation levels and compensation structure, including target setting for performance-linked compensation, the level and design of stock-based compensation, and the selection of reference company groups, for Directors, Executive Officers and Executive Corporate Officers were determined by the Compensation Committee, taking into consideration advice from the Company's compensation advisor, WTW (Towers Watson), briefing sessions with the advisor, and market data and other relevant information. However, Hidetoshi Shibata, Representative Executive Officer, President and CEO, did not participate in the decision-making regarding his own compensation.

(5) [Status of Shareholdings]

(i) Standards and concept for classification of investment shares

The Company classifies investment shares held solely for the purpose of receiving profits from changes in the value of shares or dividends on shares as investment shares held for pure investment, and investment shares held for other purposes are classified as investment shares held for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

(a) Methods for verifying holding policies and rationality of holdings, and details of verification by the Board of Directors regarding the appropriateness of holding individual issues.

Regarding the holding of investment stocks for purposes other than pure investment, the Company's policy is to hold only those investment stocks that it judges will contribute to the enhancement of corporate value from the perspective of maintaining and strengthening business alliances and business relationships, such as joint development. Each year, the Board of Directors verifies the rationale for continued shareholding and the number of shares, etc., after comprehensively considering the purpose of holding each issue, the status of transactions, financial condition, return (including related business benefits) and risks associated with the holding, and other factors.

(b) Number of stocks and balance sheet amounts

	Number of issues	Total Balance Sheet amount (Million yen)
Unlisted shares	8	1,729
Shares other than unlisted shares	1	62

(Shares for which number of shares increased in the current fiscal year)

Not applicable.

(Shares for which the number of shares decreased in the current fiscal year)

Not applicable.

(c) Information on the number of shares, amount recorded on the balance sheet and related matters of each type of specified investment shares and deemed held shares.

Specified Investment Stocks

Issues	Current fiscal year	Previous fiscal year	Reason for the increase in the number of shares	Ownership of the Company shares
	Number of shares	Number of shares		
	Total Balance Sheet amount (Million yen)	Total Balance Sheet amount (Million yen)		
Sequans Communications S.A.	78,990	789,902	The investee is a semiconductor company that provides cellular IoT chipsets and modules. The investment was initially made with the objective of strengthening development capabilities and knowledge through the exploration of potential collaboration opportunities in IoT field. Subsequently, in light of developments including the cancellation of our tender offer, changes in the investee's business operations and asset composition, and the limited prospects for future business opportunities with our core businesses, it has become difficult to achieve an enhancement of corporate value through the collaboration initially envisaged. As a result, the purpose of holding the investment has changed. In addition, during the current fiscal year, we did not acquire any additional shares, and there has been no increase in the number of shares held.	N/A
	62	443		

(Note) Although it is difficult to calculate the quantitative effect of holding stocks, our Board of Directors annually reviews the rationale for holding each individual investment stocks by comprehensively considering the purpose of holding, transaction status, financial condition, benefits associated with holding (including benefits related to relevant business activities), and risk. During the current fiscal year, the number of shares held decreased due to a change in the ADS (American Depositary Share) ratio implemented on September 17, 2025 (from one ADS representing 10 shares to one ADS representing 100 shares). We have not sold any of the shares, nor undertaken any similar transactions.

Deemed stockholdings

Not applicable.

(iii) Investment shares held for the purpose of pure investment

Not applicable.

(iv) Changes in the purpose of holding investment shares from pure investment to purposes other than pure investment during the current fiscal year

Not applicable.

(v) Change in the purpose of holding investment shares from the purpose other than pure investment to the purpose of pure investment during the four fiscal years immediately preceding the current fiscal year and the current fiscal year

Not applicable.

V. Finance Information

1. Basis of Preparation of the Consolidated Financial Statements

(1) The consolidated financial statements of the Company have been prepared in accordance with IFRS pursuant to the provisions of Article 312 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28, 1976, the "Ordinance on Consolidated Financial Statements").

(2) The non-consolidated financial statements of the Company were prepared in accordance with the Ministry of Finance Ordinance No. 59, 1963, "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, etc." (the "Ordinance on Financial Statements").

As a company submitting financial statements prepared in accordance with the special provisions of the Ordinance of Financial Statements, the Company prepares its financial statements in accordance with Article 127 of the Ordinance of Financial Statements.

(3) In the consolidated financial statements and the non-consolidated financial statements, figures are presented by rounding them to the nearest million yen.

2. Audit Certification

The consolidated financial statements for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025) and the non-consolidated financial statements for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 202) were audited by PricewaterhouseCoopers Japan LLC in accordance with Article 193-2, Section 1 of the Financial Instruments and Exchange Act.

3. Special Measures for Preparing Fairly Stated Financial Statements

These measures involve attaining a thorough understanding of accounting standards and developing a system for addressing changes made to these standards. To this end, the Company has registered with the Financial Accounting Standards Foundation, and participates in seminars.

4. Development of a System to Appropriately Prepare Consolidated Financial Statements Based on IFRS

To appropriately prepare its consolidated financial statements in accordance with IFRS, the Company obtains press releases and accounting standards issued by the International Accounting Standards Board as required to understand the latest standards and analyze the impact. The Company has also prepared the Group accounting policies in accordance with IFRS and formulates accounting treatments based on the Group accounting policies. In addition, the Company makes efforts to accumulate in-house expertise by participating in seminars hosted by the Financial Accounting Standards Foundation, audit corporations and others.

1. Consolidated Financial Statements

(1) [Consolidated Financial Statements]

(i) [Consolidated Statements of Financial Position]

		(In millions of yen)	
	Notes	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Assets			
Current assets			
Cash and cash equivalents	9	229,249	295,897
Trade and other receivables	10, 35	167,113	169,124
Inventories	11	176,544	185,903
Other current financial assets	17, 35	9,236	38,601
Income taxes receivable		12,454	10,757
Other current assets	12	22,730	23,277
Total current assets		617,326	723,559
Non-current assets			
Property, plant and equipment	13, 15, 16	341,447	355,835
Goodwill	8, 14, 16	2,256,169	2,239,337
Intangible assets	14, 16	724,768	593,324
Investments accounted for using the equity method		328	825
Other non-current financial assets	17, 35	450,702	168,363
Deferred tax assets	18	47,107	51,414
Other non-current assets	12	52,589	44,506
Total non-current assets		3,873,110	3,453,604
Total assets		4,490,436	4,177,163

		(In millions of yen)	
	Notes	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	19, 35	231,029	219,167
Bonds and borrowings	20, 35	144,137	242,478
Other current financial liabilities	21, 35	8,071	9,477
Income taxes payable		5,930	24,377
Provisions	22	11,273	4,099
Other current liabilities	12	90,998	116,782
Total current liabilities		491,438	616,380
Non-current liabilities			
Trade and other payables	19, 35	22,938	7,070
Borrowings	20, 35	1,122,281	964,089
Other non-current financial liabilities	21, 35	15,616	14,598
Income taxes payable		6,537	4,393
Retirement benefit liability	23	23,564	22,516
Provisions	22	3,066	3,551
Deferred tax liabilities	18	117,151	83,479
Other non-current liabilities	12	145,547	12,636
Total non-current liabilities		1,456,700	1,112,332
Total liabilities		1,948,138	1,728,712
Equity			
Share capital	24	153,209	153,209
Capital surplus	24	289,377	299,286
Retained earnings	24	1,308,948	1,213,791
Treasury shares	24	(92,120)	(70,012)
Other components of equity		877,968	846,760
Total equity attributable to owners of parent		2,537,382	2,443,034
Non-controlling interests		4,916	5,417
Total equity		2,542,298	2,448,451
Total liabilities and equity		4,490,436	4,177,163

(ii) [Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income]
[Consolidated Statements of Profit or Loss]

(In millions of yen)

	Notes	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Revenue	7, 26	1,348,479	1,321,212
Cost of sales		(598,683)	(567,420)
Gross profit		749,796	753,792
Selling, general and administrative expenses	27	(527,475)	(521,249)
Other income	28	19,961	6,244
Other expenses	29	(19,305)	(37,621)
Operating profit		222,977	201,166
Finance income	30	52,100	14,652
Finance costs	30	(10,972)	(245,641)
Share of loss of investments accounted for using equity method		(272)	(452)
Profit (loss) before tax		263,833	(30,275)
Income tax expense	18	(44,411)	(21,383)
Profit (loss)		219,422	(51,658)
Profit (loss) attributable to			
Owners of parent		219,084	(51,763)
Non-controlling interests		338	105
Profit (loss)		219,422	(51,658)
Earnings (losses) per share (yen)	32		
Basic earnings (losses) per share		122.51	(28.65)
Diluted earnings (losses) per share		120.85	(28.65)

[Consolidated Statements of Comprehensive Income]

(In millions of yen)

	Notes	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Profit (loss)		219,422	(51,658)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(81)	534
Equity instruments measured at fair value through other comprehensive income		(2,972)	105
Total of items that will not be reclassified to profit or loss		(3,053)	639
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		320,341	(31,349)
Cash flow hedges		(3,748)	2,384
Cost of hedges		(3,753)	(614)
Total of items that may be reclassified subsequently to profit or loss		312,840	(29,579)
Total other comprehensive income	31	309,787	(28,940)
Total comprehensive income		529,209	(80,598)
Comprehensive income attributable to			
Owners of parent		528,320	(81,108)
Non-controlling interests		889	510
Total comprehensive income		529,209	(80,598)

(iii) [Consolidated Statements of Changes in Equity]
Previous fiscal year (from January 1, 2024 to December 31, 2024)

(In millions of yen)

	Notes	Equity attributable to owners of parent						
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
						Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2024		153,209	359,398	1,157,236	(217,691)	3,106	—	(2,311)
Profit (loss)		—	—	219,084	—	—	—	—
Other comprehensive income		—	—	—	—	—	(81)	(2,972)
Total comprehensive income		—	—	219,084	—	—	(81)	(2,972)
Purchase and disposal of treasury shares	24	—	18,463	—	21,042	—	—	—
Cancellation of treasury shares	24	—	(104,529)	—	104,529	—	—	—
Dividends of surplus	25	—	—	(49,758)	—	—	—	—
Share-based payment transactions	34	—	196	—	—	(1,909)	—	—
Transfer to retained earnings		—	15,849	(17,614)	—	(110)	81	1,794
Transfer to non-financial assets	8	—	—	—	—	—	—	—
Total transactions with owners		—	(70,021)	(67,372)	125,571	(2,019)	81	1,794
Balance as of December 31, 2024		153,209	289,377	1,308,948	(92,120)	1,087	—	(3,489)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other components of equity				Total equity attributable to owners of parent		
		Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2024		564,215	(19,379)	3,770	549,401	2,001,553	4,035	2,005,588
Profit (loss)		—	—	—	—	219,084	338	219,422
Other comprehensive income		319,790	(3,748)	(3,753)	309,236	309,236	551	309,787
Total comprehensive income		319,790	(3,748)	(3,753)	309,236	528,320	889	529,209
Purchase and disposal of treasury shares	24	—	—	—	—	39,505	—	39,505
Cancellation of treasury shares	24	—	—	—	—	—	—	—
Dividends of surplus	25	—	—	—	—	(49,758)	(8)	(49,766)
Share-based payment transactions	34	—	—	—	(1,909)	(1,713)	—	(1,713)
Transfer to retained earnings		—	—	—	1,765	—	—	—
Transfer to non-financial assets	8	—	19,475	—	19,475	19,475	—	19,475
Total transactions with owners		—	19,475	—	19,331	7,509	(8)	7,501
Balance as of December 31, 2024		884,005	(3,652)	17	877,968	2,537,382	4,916	2,542,298

Current Fiscal Year (from January 1, 2025 to December 31, 2025)

(In millions of yen)

	Notes	Equity attributable to owners of parent						
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
						Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2025		153,209	289,377	1,308,948	(92,120)	1,087	—	(3,489)
Profit (loss)		—	—	(51,763)	—	—	—	—
Other comprehensive income		—	—	—	—	—	534	105
Total comprehensive income		—	—	(51,763)	—	—	534	105
Purchase and disposal of treasury shares	24	—	8,538	—	22,108	—	—	—
Dividends of surplus	25	—	—	(50,320)	—	—	—	—
Share-based payment transactions	34	—	7,421	—	—	(987)	—	—
Transfer to retained earnings		—	(6,050)	6,926	—	(84)	(534)	(258)
Total transactions with owners		—	9,909	(43,394)	22,108	(1,071)	(534)	(258)
Balance as of December 31, 2025		153,209	299,286	1,213,791	(70,012)	16	—	(3,642)

	Notes	Equity attributable to owners of parent					Non-controlling interests	Total equity
		Other components of equity				Total equity attributable to owners of parent		
		Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2025		884,005	(3,652)	17	877,968	2,537,382	4,916	2,542,298
Profit (loss)		—	—	—	—	(51,763)	105	(51,658)
Other comprehensive income		(31,754)	2,384	(614)	(29,345)	(29,345)	405	(28,940)
Total comprehensive income		(31,754)	2,384	(614)	(29,345)	(81,108)	510	(80,598)
Purchase and disposal of treasury shares	24	—	—	—	—	30,646	—	30,646
Dividends of surplus	25	—	—	—	—	(50,320)	(9)	(50,329)
Share-based payment transactions	34	—	—	—	(987)	6,434	—	6,434
Transfer to retained earnings		—	—	—	(876)	—	—	—
Total transactions with owners		—	—	—	(1,863)	(13,240)	(9)	(13,249)
Balance as of December 31, 2025		852,251	(1,268)	(597)	846,760	2,443,034	5,417	2,448,451

(iv) Consolidated Statements of Cash Flows

(In millions of yen)

	Notes	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Cash flows from operating activities			
Profit (loss) before tax		263,833	(30,275)
Depreciation and amortization		210,728	188,597
Impairment losses		3,015	18,430
Finance income and finance costs		(26,053)	230,979
Share-based payment expenses		36,299	37,085
Insurance income		(587)	(169)
Foreign exchange loss (gain)		(292)	2,927
Loss (gain) on sales of property, plant and equipment, and intangible assets		(293)	(1,625)
Loss on disposal of fixed assets		1,665	4,127
Decrease (increase) in inventories		(5,070)	(8,605)
Decrease (increase) in trade and other receivables		25,918	887
Decrease (increase) in other financial assets		1,166	19,885
Decrease (increase) in long term prepaid expenses		(28,154)	—
Increase (decrease) in trade and other payables		(35,562)	(208)
Increase (decrease) in retirement benefit liability		(1,821)	(2,100)
Increase (decrease) in provisions		(749)	(6,747)
Increase (decrease) in other current liabilities		(23,898)	21,947
Increase (decrease) in other financial liabilities		(2,405)	501
Other		(5,852)	669
Subtotal		411,888	476,305
Interest received		27,752	10,449
Dividends received		866	1,544
Proceeds from insurance income		587	169
Income taxes paid		(108,506)	(35,610)
Income taxes refund		7,897	—
Net cash flows from operating activities		340,484	452,857
Cash flows from investing activities			
Purchase of property, plant and equipment		(129,889)	(89,151)
Proceeds from sales of property, plant and equipment		878	5,238
Purchase of intangible assets		(39,946)	(44,619)
Purchase of other financial assets		(3,964)	(5,219)
Proceeds from sales of other financial assets		2,422	4,449
Payments for acquisitions of subsidiaries	8	(962,825)	(6,663)
Purchase of shares of subsidiaries and associates		(284)	(975)
Subsidies received		9,791	4,143
Payments for long-term loans receivable		(155,220)	—
Proceeds from sale of businesses		—	4,728
Other		(5,068)	3,383
Net cash flows from investing activities		(1,284,105)	(124,686)

(In millions of yen)

	Notes	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Cash flows from financing activities			
Proceeds from short-term borrowings	33	180,000	38,000
Repayments of short-term borrowings	33	(180,316)	(38,000)
Proceeds from long-term borrowings	33	1,187,000	—
Repayments of long-term borrowings	33	(377,529)	(192,738)
Redemption of bonds	20	(57,170)	—
Dividends paid	25	(49,702)	(50,311)
Repayments of lease liabilities	33	(9,931)	(10,784)
Interest paid		(15,001)	(15,834)
Other		(6)	(6)
Net cash flows from financing activities		677,345	(269,673)
Effect of exchange rate changes on cash and cash equivalents		60,844	8,150
Net increase (decrease) in cash and cash equivalents		(205,432)	66,648
Cash and cash equivalents at beginning of the period	9	434,681	229,249
Cash and cash equivalents at end of the period	9	229,249	295,897

Notes to Consolidated Financial Statements

1. Reporting Entity

Renesas Electronics Corporation (the “Company”) is a public company established under the Companies Act of Japan and domiciled in Japan. The accompanying consolidated financial statements of the Company and its consolidated subsidiaries (the “Group”) are composed of the Company, its subsidiaries and interests of the Group in its associates, with December 31, 2025 as the closing date. The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. For details of the Group’s major business, please refer to “Note 7. Business Segments”.

The consolidated financial statements for the year ended December 31, 2025 were approved on March 19, 2026 by Hidetoshi Shibata, Representative Executive Officer, President and CEO, and Shuhei Shinkai, Senior Vice President and CFO.

2. Basis for Preparation

(1) In accordance with IFRS

Because the Group meets the requirements for “Specified Companies Complying with Designated International Accounting Standards” stated in Article 1-2, Item 1 of Ordinance on Consolidated Financial Statements, the Group has adopted the provisions of Article 312 of the Ordinance on Consolidated Financial Statements. The consolidated financial statements of the Group have been prepared in accordance with IFRS.

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared based on the accounting policies separately described in “Note 3. Material Accounting Policies”. The balances of assets and liabilities are measured at cost, unless otherwise specified.

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen (in millions, rounded to the nearest million yen), which is the functional currency of the Company.

(4) Change in presentation

(Consolidated Statement of Financial Position)

“Borrowings” which was included in “Bonds and borrowings” under non-current liabilities for the previous fiscal year, has been presented as a separate line item to enhance clarity of presentation. In order to reflect this change in presentation, reclassification was made in the consolidated statement of financial position of the previous fiscal year.

As a result, in the consolidated statement of financial position of the previous fiscal year, the amount of 1,256,535 million yen previously presented as “Bonds and borrowings” under non-current liabilities has been reclassified and is now presented as “Borrowings” of 1,122,281 million yen, and “Other non-current liabilities” has been changed from 11,293 million yen to 145,547 million yen.

3. Material Accounting Policies

The material accounting policies of the Group are as follows and are applied to all the periods presented in the consolidated financial statements.

(1) Basis of consolidation

A. Subsidiaries

Subsidiaries are entities controlled by the Group. Control refers to a case in which the Group has power over an entity, is exposed to variable returns from involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when control is lost. In the event that the Group disposes of some of its ownership interest in a subsidiary that does not result in a loss of control, the change in ownership interest of the Group is accounted for as an equity transaction, and the difference between the adjustment of non-controlling interests and the fair value of the consideration is directly recognized in equity as equity attributable to owners of parent.

If the closing dates of a subsidiary and that of the consolidated financial statements are different, financial statements prepared with a provisional closing date, which is same as that of consolidated financial statements, are used.

B. Associates

Associates are entities over which the Group has a significant influence over the decisions on financial and operating policies but do not have control. Investments in associates are accounted for using the equity method.

Investments in associates are initially recognized at cost. Ownership interests of the Group in profit or loss and other comprehensive income of the associate from the date when the Group obtains significant influence until the date when the Group loses significant influence are recognized as changes in the amount of investments in associates.

C. Transactions eliminated on consolidation

Inter-company balances of receivables and payables, transactions and unrealized gains or losses resulting from inter-company transactions are eliminated on consolidation.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred in a business combination is measured as the sum of the acquisition-date fair value of the assets transferred, liabilities to former owners of the acquiree, and equity instruments issued by the Company in exchange for control over the acquiree.

Any excess of the consideration for acquisition, the non-controlling interests in the acquiree and the fair value of assets of the acquiree that the acquirer previously held over the net amount of identifiable assets and liabilities as of the date of acquisition is recognized as goodwill. Conversely, if the consideration for acquisition is lower than the net amount of identifiable assets and liabilities as of the date of acquisition, it is immediately recognized in profit or loss. Acquisition-related costs are recognized in profit or loss. The additional acquisition of non-controlling interests after obtaining control is accounted for as an equity transaction, and no corresponding goodwill is recognized.

If the initial accounting treatment of a business combination is not completed by the end of the fiscal year when the business combination took place, provisional amounts for the items for which accounting is incomplete are reported, and such provisional amounts that were recognized as of the date of acquisition are adjusted retrospectively during the measurement period within one year from the date of acquisition.

(3) Foreign currency translation

A. Functional currency and presentation currency

The financial statements of the Group entities are prepared in their respective functional currency. The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company.

B. Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the spot exchange rate or a rate approximate to the spot exchange rate on the date of the transaction. Monetary items denominated in a foreign currency at the end of the reporting period are translated into the functional currency using the closing rate, while non-monetary items denominated in a foreign currency that are measured at historical cost are translated using the exchange rate in effect on the date of the initial transaction, and those that are measured at fair value are translated using the exchange rate in effect on the date when the fair value was calculated.

Exchange differences from translation or settlement are recognized in profit or loss during the period when they arise. However, exchange differences arising from equity instruments and cash flow hedges measured through other comprehensive income are recognized in other comprehensive income.

C. Foreign operations

In preparing the consolidated financial statements, the assets and liabilities of a foreign operation are translated into Japanese yen at the exchange rate as of the closing date of the consolidated financial statements, and profit or loss and cash flows of the foreign operation are translated into Japanese yen at the exchange rate on the date of the transaction or the average exchange rate for the period that is approximate to the exchange rate on the date of the transaction. Exchange differences are recognized in other comprehensive income, and the cumulative amount thereof is recognized in other components of equity.

On disposal of the entire ownership interest in a foreign operation or part of the interest that results in a loss of control or significant influence, the exchange differences of the foreign operation that were recognized in other comprehensive income and accumulated in equity are reclassified from equity to profit or loss when the related gains or losses on disposal are recognized.

Monetary items, which are receivables or payables from foreign operations that settlements are neither planned nor likely to occur in the foreseeable future, are a part of the entity's net investment in that foreign operation. Exchange differences arising from the monetary items are recognized in other comprehensive income.

(4) Financial instruments

A. Financial assets other than derivatives

(a) Initial recognition and measurement

Trade and other receivables are initially recognized at their transaction price on that date, and all other financial assets are initially recognized on the date of the transaction when the Company becomes the contracting party to the financial assets.

At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost or financial assets measured at fair value.

(i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met.

- Assets are held within a business model that aims to hold assets to collect contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets measured at fair value through other comprehensive income

- Debt instruments measured at fair value through other comprehensive income

If both of the following conditions are met, financial assets are classified as debt instruments measured at fair value through other comprehensive income.

- Assets are held within a business model whose objective is achieved by both the collection and sale of contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Equity instruments measured at fair value through other comprehensive income

When an irrevocable election at the time of initial recognition is made, subsequent changes in fair value are recognized in other comprehensive income and such equity instruments are classified as financial assets measured at fair value through other comprehensive income.

(iii) Financial assets measured at fair value through profit or loss

Financial assets that do not meet the criteria for either (i) or (ii) above are classified into financial assets measured at fair value through profit or loss.

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs for financial assets measured at fair value through profit or loss are recognized in profit or loss.

(b) Subsequent measurement

After the initial recognition, financial assets are measured as follows according to their classification.

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value through other comprehensive income

- Debt instruments measured at fair value through other comprehensive income

The amount of changes in the fair value of debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gain or loss, until the financial assets are derecognized. If the financial assets are derecognized, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity instruments measured at fair value through other comprehensive income

The amount of changes in the fair value of equity instruments measured at fair value through other comprehensive income is recognized in other comprehensive income. If the financial assets are derecognized, or if the fair value has declined significantly, gains or losses accumulated in other comprehensive income are directly reclassified to retained earnings. Dividend income from the financial assets is recognized as finance income in profit or loss.

(iii) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value after the initial recognition, and changes in fair value are recognized in profit or loss.

(c) Impairment of financial assets

For impairment of financial assets measured at amortized cost, the Group recognizes an allowance for expected credit losses of financial assets. On each reporting date, the Group assesses whether the credit risk of the financial instruments has increased significantly since the initial recognition.

If the credit risk of financial instruments has not increased significantly since the initial recognition, the loss allowance of the financial instruments is measured at the amount of 12-month expected credit losses, and if the credit risk of the financial instruments has increased significantly since the initial recognition, the loss allowance of the financial instruments is measured at the amount of lifetime expected credit losses.

However, for trade receivables, the loss allowance is always measured at the amount of lifetime expected credit losses.

Expected credit losses of the financial instruments are estimated in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Changes in the amount of the measurement are recognized in profit or loss.

(d) Derecognition

The Group derecognizes financial assets if the contractual rights to the cash flows from the financial assets expire, or if substantially all risks and rewards associated with ownership of the financial assets are transferred as a result of assigning the contractual right to receive cash flows from the financial assets.

B. Financial liabilities other than derivatives

(a) Initial recognition and measurement

At the time of initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss. Although all financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at an amount obtained by deducting directly attributable transaction costs.

(b) Subsequent measurement

(i) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

(ii) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value after the initial recognition, and the changes are recognized in profit or loss.

(c) Derecognition

The Group derecognizes financial liabilities when they are extinguished, for example when the obligations specified in the contract are discharged, cancelled or expired.

C. Derivatives and hedge accounting

The Group holds derivative financial instruments for the purpose of hedging the risk of exchange rate fluctuations and others. The Group has a policy of not conducting speculative derivative transactions.

Derivatives are initially recognized at fair value, related transaction costs and the difference between the fair value at the time of initial recognition and the transaction price are recognized in profit or loss when they are incurred. After the initial recognition, derivatives are remeasured at fair value, and changes in the fair value are accounted for as described below, depending on whether the derivative financial instruments that are designated as hedging instruments meet the requirements for hedge accounting. The Group designates the derivatives that meet the requirements for hedge accounting as hedging instruments and applies hedge accounting. In addition, at the inception of a hedge, the Group formally documents the risk management objective, the relationship between hedging instruments and the hedged items, along with strategies when executing hedging transactions, the nature of the risk being hedged and the method of assessing hedge effectiveness.

(a) Cash flow hedges

Of gains or losses from hedging instruments, the effective portion of the hedge is recognized in other comprehensive income, and the ineffective portion is recognized in profit or loss.

When applying cash flow hedges to currency swap contracts, the portion excluding the currency basis spread is designated as the hedging instrument, and for the currency basis spread portion, the amount of change in fair value is recognized as hedging cost through other components of equity and included in the comprehensive income. The amount accumulated in other components of equity is transferred to profit or loss during the same period in which the cash flows to be hedged affect profit or loss. If the hedged item is the acquisition of a non-financial asset, the amount accumulated in other components of equity will be treated as an adjustment to the initial acquisition cost of the non-financial asset.

When the Group recognizes hedging cost for a derivative transaction entered in order to hedge a time-period related hedged item, it transfers the cumulative costs of hedging accumulated in other components of equity to profit or loss on a systematic and rational basis over the period during which the hedge adjustment from the hedging instrument affects profit or loss.

The amount of hedging instruments that is recorded in other comprehensive income is reclassified to profit or loss at the time when the underlying hedged transactions affect profit or loss. If the hedged items give rise to the recognition of non-financial assets or non-financial liabilities, the amount that is recognized in other comprehensive income is reclassified as an adjustment to the initial carrying amount of non-financial assets or non-financial liabilities.

For cash flow hedges other than the above, the amount is reclassified from other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if the accumulated amount is a loss and if all or part of the loss is not expected to be recovered in the future, the amount that is not expected to be recovered is immediately reclassified to profit or loss.

When hedge accounting is terminated, this accumulated amount remains in other comprehensive income until the expected future cash flows occur, and if the forecast transaction is no longer expected to occur, this amount is immediately reclassified to profit or loss.

(b) Derivatives that do not meet requirements for hedge accounting

Changes in fair value are recognized in profit or loss.

D. Difference between the fair value at initial recognition and the transaction price

In cases where the transaction price of a financial instrument differs from its fair value at the initial recognition, and the fair value is determined using unobservable inputs, the difference between the transaction price and fair value is deferred. This difference is recognized in profit or loss either when amortized over the term of the contract using the straight-line method or when the financial instrument is derecognized.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn at any time and short-term investments with a maturity of 3 months or less when purchased that can be easily converted to cash and are subject to an insignificant risk of changes in value.

(6) Inventories

The acquisition cost of inventories comprises all costs of purchase, costs of conversion and all other costs incurred in bringing the inventories to their present location and condition.

After the initial recognition, inventories are measured at the lower of cost and net realizable value, but if cost exceeds net realizable value, the inventories are written down to net realizable value. The net realizable value is calculated by deducting the estimated costs of completion and the estimated costs necessary to make the sale from the estimated selling price in the ordinary course of business.

The cost is also calculated using the following methods:

Merchandise and finished goods

 Custom-made products: Specific identification method

 Mass products: Average method

Work in progress

 Custom-made products: Specific identification method

 Mass products: Average method

Raw materials and supplies: Mainly average method

(7) Property, plant and equipment (other than leased assets)

The acquisition cost of property, plant and equipment includes costs directly related to the acquisition of assets, dismantling, disposal and restoration costs and borrowing costs that meet the requirements for capitalization.

The cost model is used in the measurement of property, plant and equipment, and they are presented at the carrying value obtained by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

Except for land and construction in progress, the acquisition cost of each asset after deducting the residual value is depreciated over the estimated useful life using the straight-line method.

The estimated useful life, the residual value and the depreciation method are reviewed at the end of each fiscal year, and any changes are applied to the period when the estimated are changed and future periods prospectively as a change in the accounting estimate. The impact of the change of these estimates is recognized in the period when the estimates are changed and future periods.

The estimated useful lives of major assets are as follows.

Buildings and structures 10 to 45 years

Machinery, equipment and vehicles 2 to 8 years

Tools, furniture and fixtures 2 to 10 years

(8) Goodwill and intangible assets

A. Goodwill

The measurement of goodwill at the time of initial recognition is as stated in “(2) Business combinations.” After initial recognition, goodwill is not amortized and is measured at cost less any accumulated impairment losses.

Goodwill is allocated to each of the acquirer’s cash-generating units that are expected to benefit from the synergies of the business combination, and an impairment test is performed for the cash-generating units to which goodwill was allocated at a certain time each fiscal year and whenever there is an indication of impairment. Impairment losses on goodwill are recognized in profit or loss and are not reversed in a subsequent period.

B. Intangible assets

The cost model is used for intangible assets, and they are presented at cost less any accumulated amortization and accumulated impairment losses.

(a) Intangible assets acquired separately

Intangible assets acquired separately are measured at cost at the time of initial recognition.

(b) Intangible assets acquired in a business combination

For intangible assets acquired in a business combination, their acquisition cost is measured at fair value as of the date of acquisition. Intangible assets acquired in a business combination are comprised primarily of developed technology, customer relationships, and in-process research and development.

(Developed technology)

Intangible assets that represent future excess earnings power expected to arise from the technology and that have been already developed as of the date of acquisition with the acquiree are recognized as Developed technology.

(Customer relationships)

Intangible assets related to future excess earnings power expected to arise from the existing customers as of the date of acquisition with the acquiree are recognized as Customer relationships.

(In-process research and development)

Intangible assets in an intermediate stage of identifiable research and development assets meeting the asset requirements are recognized as in-process research and development.

The details for intangible assets acquired in a business combination, see "Note 14. Goodwill and Intangible Assets".

(c) Internally-generated intangible assets (Capitalized development cost)

For internally-generated intangible assets, the expenditure is recorded as an expense, except for development costs that meet the following requirements for capitalization:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention of an entity to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- A method for the intangible asset to generate probable future economic benefits;
- The availability of adequate technical, financial and other resources necessary for completing the development of the intangible asset and using or selling it; and
- The ability to measure the expenditure attributable to the intangible asset during its development reliably

These internally generated intangible assets are amortized using the straight-line method based on estimated useful life (5 years) for which they are expected to provide net cash inflows. Expenditure on research and development that does not meet the requirements for capitalization above is recognized in profit or loss at the time of occurrence.

Intangible assets with finite useful lives are amortized over their respective estimated useful life using the straight-line method, and an impairment test is performed if any indications of impairment exist. For intangible assets with finite useful lives, their useful lives and amortization method are reviewed at the end of each fiscal year. A change in the useful life or the amortization method is applied prospectively as a change in accounting estimate.

Commercial software products are mainly amortized using a method based on the expected sales volume over the expected sales period (3 years or less), and software for internal use is mainly amortized using the straight-line method based on the expected available period (10 years or less) for internal use. Technical assets are mainly amortized using the straight-line method based on the available period (14 years or less) in business activities. Customer relationships are mainly amortized using the straight-line method based on the estimated useful life (17 years or less).

Intangible assets with indefinite useful life and intangible assets that are not yet available for use are not amortized, and an impairment test is performed at a certain time each fiscal year or whenever any indication of impairment exists.

(9) Leases

A. Overall

(a) Identification of a lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reviews the following to assess whether a contract conveys the right to control the use of an identified asset.

- (i) The use of the identified asset in a contract is directed.
- (ii) The lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.
- (iii) The lessee has the right to direct the use of an asset. Also, in case that the determination of how and for what purpose the asset is used are predetermined, if applicable to any of the following, it is determined that the lessee has the right to direct the use of an asset.
 - The lessee has the right to operate the asset.
 - The lessee designed the asset in a way that predetermines how and for what purpose the asset will be used.

(b) Lease term

The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

B. Leases as Lessee

(a) Separable components of a contract

The Group allocates the consideration in contract for a building lease to lease and non-lease components on the basis of the relative stand-alone price of each lease component. In addition, the Group elects not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component for the lease other than a building lease.

(b) Right-of-use assets

The Group recognizes the right-of-use assets and the lease liabilities at the date of initial application. The right-of-use assets are measured initially at cost. This cost is calculated by deducting any lease incentives received from the sum of the amounts of the initial measurement of the lease liabilities, any lease payments made at or before the commencement date, any initial direct costs and an estimate of costs to be incurred in dismantling and removing the underlying assets, restoring the underlying asset or restoring the site on which it is located. After the commencement date, the right-of-use asset is measured using a cost model by deducting any accumulated depreciation and any

accumulated impairment losses from the cost.

The right-of-use assets are depreciated using the straight-line method over the period which is the earlier of the useful life of the underlying asset or the lease term. If it is reasonably certain that the Group will exercise a purchase option, depreciation is based on the useful life of the underlying asset.

(c) Lease liabilities

Lease liabilities are measured initially at the present value of unpaid lease payments discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used. The Group typically uses our incremental borrowing rate as the discount rate.

The lease payments in the measurement of lease liabilities includes the fixed payments, the amount of payments for the lease in any optional period if it is considered to be reasonably certain to exercise an extension option, and the payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

If there is a change in future lease payments resulting from a change in an index or rate, there is a change in the amounts expected to be payable under a residual value guarantee, or there is a change in determining whether purchase, extension and termination option is reasonably certain to exercise, lease liabilities are remeasured.

When lease liabilities are remeasured, the carrying amount of the right-of-use assets is adjusted or the remaining remeasurement is recognized in profit or loss if the carrying amount of the right-of-use assets is reduced to zero.

(d) Short-term leases and leases of low-value assets

The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases within 12 months and leases of low-value assets including IT equipment and recognizes these lease payments as expenses over the lease term using the straight-line method.

(10) Impairment of non-financial assets

The Group determines whether there is any indication that an asset (except for inventories, deferred tax assets and retirement benefit assets) may be impaired each fiscal year, and if such indication exists, an impairment test is performed. However, for goodwill or intangible assets with indefinite useful life or that are not yet available for use, an impairment test is performed at a certain time each fiscal year and when indicators of impairment are identified. or when any signs of impairment are identified.

In the impairment test, a recoverable amount is estimated, and the carrying amount and the recoverable amount are compared. The recoverable amount of assets or cash-generating units is calculated at the higher of the value in use and the fair value less costs of disposal. The value in use is calculated by discounting the estimated future cash flows to the present value, using the pre-tax discount rate that reflects the time value of money and risks specific to the asset.

If the recoverable amount of assets or cash-generating units is lower than the carrying amount as a result of the impairment test, an impairment loss is recognized. When the impairment loss of a cash-generating unit including goodwill is recognized, an allocation is made first to reduce the carrying amount of goodwill that is allocated to the cash-generating unit, and then an allocation is made to proportionally reduce the carrying amount of other assets in the cash-generating unit.

The impairment loss is reversed if there is any indication that the impairment loss recognized in a prior period may no longer exist or may have decreased and if the estimated recoverable amount exceeds the carrying amount. The upper limit of the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years, net of normal depreciation or amortization. The impairment loss on goodwill is not reversed.

(11) Provisions

The Group recognizes a provision if the Group has assumed a legal or constructive obligation as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

If the time value of the money of the provision is significant, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of the money and risks specific to the liability. The unwinding of the discount amount due to the passage of time is recognized as a finance cost.

(12) Levies

For levies that are an outflow of resources embodying economic benefits required by the government to the Group in accordance with laws and regulations, an expected payment is recognized as a liability when the obligation event that triggers the payment of levies prescribed by laws and regulations occurs.

(13) Employee benefits

A. Short-term employee benefits

A short-term employee benefit is an employee benefit that will be settled within 12 months from the end of the fiscal year in which the employee renders the related service to the Group, and the Group recognizes an amount expected to be paid in exchange for the services rendered during a certain accounting period. Short-term employee benefits in the Group include bonuses and benefits related to paid leave.

The expected costs of employee benefits related to accumulating paid leave are recognized when an employee renders the service that will increase the entitlement to future paid leave. In addition, the Group measures the expected cost of accumulating paid leave as an additional amount that the Group is expected to pay as a result of the unused entitlement that has accumulated as of the end of the fiscal year.

Bonuses are recognized as a liability if the Group has a legal or constructive obligation to pay as a result of the provision of service by the employee in the past and if the obligation can be estimated reliably.

B. Post-employment benefits

For post-employment benefit plans, the Group has adopted defined benefit plans and defined contribution plans.

(a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense when they are incurred unless they are included in inventories or property, plant and equipment. If contributions already paid exceed contributions due for services provided before the end of the fiscal year, the Group recognizes the excess as an asset to the extent to which the prepayment becomes the reduction of future payments or a future refund.

(b) Defined benefit plans

The net amount of assets or liabilities of the defined benefit plan is the amount obtained by deducting the fair value of the plan assets (including the upper limit of the assets and adjustments to minimum funding requirements, if necessary) from the present value of defined benefit obligations, and it is recognized in the consolidated financial statements as an asset or a liability. The defined benefit obligations are calculated using the projected unit credit method, and the present value of defined benefit obligations is calculated by applying a discount rate to the expected payment amount in the future. The discount rate is calculated based on market yields at the end of the reporting period on high quality corporate bonds corresponding to the discount period which is determined based on the period until the future expected benefit payment date in each reporting period.

Service costs and net interest expense for the net amount of assets or liabilities related to the defined benefit plans are recognized in profit or loss.

Actuarial gains or losses and fluctuations in the return on the plan assets excluding the portion included in the net interest expense and change in the impact of the asset ceiling are recognized in other comprehensive income as "Remeasurements of defined benefit plans" in the corresponding period and are immediately transferred from other components of equity to retained earnings. Past service costs are recognized in profit or loss when the plan is revised or curtailed, or when related restructuring costs or termination benefits are recognized, whichever is earlier.

C. Other long-term employee benefits

As long-term employee benefit plans other than post-employment benefits, the Group has a special leave and a reward plan based on the number of service years. The obligations regarding other long-term employee benefits are measured at the amount obtained by discounting the estimated amount of future benefits that the employees have earned as consideration for services rendered in the previous and current fiscal years to the present value.

(14) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the Group complies with the required conditions and that the grants will be received. Grants related to revenue are recognized in profit or loss. Grants recognized as profit or loss are deducted from the corresponding expenses when they are directly based on the incurred expenses. Grants received based on other conditions are shown in other income. For grants related to assets, the grant amount is directly deducted from the acquisition cost.

(15) Treasury shares

When treasury shares are acquired, the amount of the consideration paid, including directly attributable transaction costs, is recognized at cost and deducted from equity. Including disposals of treasury shares based on the exercise of stock options and the vesting of Restricted Stock Unit (RSU) and Performance Share Unit (PSU), when treasury shares are sold, the gains or losses on the disposal are recognized as capital surplus.

(16) Share-based payments

The Group has adopted share-based payment plans as incentive plans for directors, senior vice presidents and employees.

Restricted Stock Unit (RSU) and Performance Share Unit (PSU) are share-based payment plans with share issuance in the future. RSU is vested subject to continued employment with a Group Company and PSU is vested in response to the extent of the growth rate of total shareholder return. The payments are measured with reference to the fair value of the Company's stock, recognized as an expense in profit or loss, and the same amount is recognized as an increase in equity.

Stock options are estimated at fair value on the grant date and recognized as an expense over the vesting period, taking into account the number of stock options that are expected to eventually vest, and the same amount is recognized as an increase in equity. The fair value of granted options is calculated by taking the terms and conditions of the options into account. If it is determined that the number of stock options that will be vested will differ from the prior estimate due to subsequent information, the estimate of the number of stock options that will be vested is revised as necessary. In cases where rights expire or not exercised after vesting, the reversal amount of the share-based payment is directly transferred to retained earnings.

(17) Revenue recognition

The Group recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is mainly recognized mainly when the goods

are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are identified at the time of delivery.

Also, revenue is measured at the amount of the consideration received after deducting discounts, rebates and returns.

Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time we record sales to the specific distributors, we accrue for refund liabilities and deduct the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. We accrue refund liabilities related to the stock rotation program at every closing date and deduct the same amount from revenue.

(18) Finance income and Finance costs

Finance income consists of dividend income, interest income, foreign exchange gain, gains on sales of financial assets, gains on fair value evaluation recognized in profit or loss, gains on hedging financial instruments that are recognized in profit or loss, the transfer of amounts previously recognized in other comprehensive income, and others. Interest income is recognized at the time of occurrence using the effective interest method. Dividend income is recognized on the date when the Group's right to receive payment is established.

Finance costs consist of interest expenses for corporate bonds, borrowings and interest expenses for lease liabilities, foreign exchange losses, losses on sales of financial assets, losses on fair value evaluation recognized in profit or loss, losses on hedging financial instruments that are recognized in profit or loss, the transfer of amounts previously recognized in other comprehensive income and others. Acquisitions or construction of qualifying assets, or borrowing costs not directly attributable to the production, are recognized at the time of occurrence using the effective interest method. Lease payments are allocated to finance costs and the repayment portion of the liability balance, and finance costs are allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(19) Income taxes

Current taxes and deferred taxes are presented as income tax expense in the consolidated statements of profit or loss, except for those related to business combinations and items that are recognized in other comprehensive income or that are directly recognized in equity.

Current taxes and deferred taxes related to items that are recognized in other comprehensive income are recognized in other comprehensive income.

A. Current taxes

Current taxes are measured at the amount paid to tax authorities or the amount expected to be refunded from tax authorities. The tax rates and the tax law used for the calculation of the tax amount are established or substantively established by the closing date.

B. Deferred taxes

Deferred taxes are calculated based on temporary differences between the tax base amount and the carrying amount for accounting purposes of assets and liabilities at the end of the fiscal year. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses are expected to arise to the extent to which it is probable that taxable profits will be available against which they can be utilized, and deferred tax liabilities are recognized for taxable temporary differences, in principle.

Neither a deferred tax asset nor a deferred tax liability is recognized for the following temporary differences:

- Temporary difference arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of an asset or liability in transactions (excluding business combination) that do not impact accounting profits and taxable profits or losses, and that do not give rise to taxable temporary differences and deductible temporary differences in the same amount.
- A case where the timing for eliminating a taxable temporary difference for an investment in a subsidiary or an associate and an interest in the arrangement of joint control can be controlled and where it is probable that the difference will not be eliminated in the foreseeable future
- A case where it is improbable that a deductible temporary difference for an investment in a subsidiary or an associate and an interest in the arrangement of joint control will be eliminated in the foreseeable future, or a case where it is improbable that a taxable profit that will be available for the temporary difference will be earned

Deferred tax assets and liabilities are measured at a tax rate (and based on tax law) that is expected to be applied in the period when assets are realized or liabilities are settled based on the statutory tax rate (and based on tax law) that is established or substantively established by the closing date.

Deferred tax assets and deferred tax liabilities are offset if the Group has the legally enforceable right to offset current tax assets and current tax liabilities, and if any of the following cases applies:

- Income tax expense is imposed on the same taxable entity by the same tax authority
- Although income tax expense is imposed on different taxable entities, these taxable entities intend to settle current tax assets and current tax liabilities on a net basis or intend to settle current tax liabilities at the same time as realizing current tax assets.

The carrying amount of deferred tax assets is reviewed at the end of each fiscal year. If it becomes improbable that taxable profits sufficient to realize part or all of the benefits of deferred tax assets will be earned, the carrying amount of deferred tax assets is reduced to that extent. In addition, the amount of the write-down is reversed to the extent to which it becomes probable that sufficient taxable profits will be earned.

The Group recognizes tax assets and liabilities at a reasonably estimated amount where there is an uncertain tax position.

(20) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners (ordinary shareholders) of the parent by the weighted average number of ordinary shares outstanding, net of treasury shares, during each fiscal year.

Diluted basic earnings per share are calculated, adjusted for the effects of all potential dilutive ordinary shares.

(21) Non-current assets held for sale and discontinued operations

A. Non-current assets held for sale

For assets or asset groups that are not in continuing use and for which recovery through sale is expected, that are highly likely to be sold within one year, and that the execution of sales plan is confirmed by management and can be sold in their current condition, assets held for sale and liabilities directly related to assets held for sale are classified into disposal groups separately from other assets and liabilities and recorded in the consolidated statement of financial position.

Non-current assets classified as assets held for sale are measured at the lower of the carrying amount and the fair value after deducting the costs for sale. Assets classified as assets held for sale are not depreciated or amortized.

B. Discontinued operations

A component of an entity that has either been disposed of or is classified as held for sale is recognized as a discontinued operation if any of the following applies:

- A separate major line of business or geographical area of operations;
- Part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- or
- A subsidiary acquired exclusively with a view to resale.

If an operation is classified as a discontinued operation, the consolidated statements of profit or loss and the consolidated statements of comprehensive income for a comparative period are restated on the assumption that the operation was discontinued on the commencement date of the comparative period.

4. Significant Accounting Estimates and Judgments

In preparing the consolidated financial statements, management of the Group makes judgements, accounting estimates and assumptions that could have an impact on the application of accounting policies and the reporting amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on the best judgment of management, taking into account various factors that are deemed reasonable on the closing date in light of past experience and available information. However, figures based on these estimates and assumptions may differ from the actual results due to their nature.

Estimates and underlying assumptions are reviewed continuously. The results of the review of these estimates are reflected in the period when the estimates are revised and for the future periods.

Estimates and assumptions that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

(1) Impairment of non-financial assets

The Group performs an impairment test for non-financial assets (excluding inventories, deferred tax assets and retirement benefit assets) if there is any indication that the recoverable amount will be less than the carrying amount.

However, for goodwill or intangible assets with indefinite useful life or that are not yet available for use, an impairment test is performed at a certain time each fiscal year and when any signs of impairment exist.

The impairment test is performed by comparing the carrying amount and the recoverable amount of the assets, and if the recoverable amount falls below the carrying amount, an impairment loss is recorded. The recoverable amount is calculated mainly using the discounted cash flow model, where certain assumptions, including, but not limited to, the useful life of the asset, future cash flows, sales revenue, gross margin, discount rate, and long-term growth rate, are made. These assumptions are determined based on the best estimates and judgments of management but could be influenced by fluctuations in uncertain future economic conditions. If a revision becomes necessary, it could have a significant impact on the amounts that will be recognized in the consolidated financial statements of subsequent periods.

The calculation method of the recoverable amount is stated in "Note 16. Impairment of Non-financial Assets".

(2) Post-employment benefits

The Group has a variety of post-employment benefit plans, including a defined benefit plan.

The present value of the defined benefit obligation of each plan and related service costs are calculated based on actuarial assumptions. For the actuarial assumptions, estimates and judgments on a range of variables such as the discount rate are required.

The actuarial assumptions are determined based on the best estimates and judgments of management but could be affected by fluctuations in uncertain future economic conditions. If a revision becomes necessary, it could have a significant impact on the amounts that will be recognized in the consolidated financial statements of subsequent periods.

These actuarial assumptions and related sensitivities are stated in "Note 23. Employee Benefits".

(3) Provisions

The Group records multiple provisions in the consolidated statements of financial position, including the provision for product warranties and asset retirement obligations, among others.

These provisions are recorded based on the best estimate of expenditure required for the settlement of the obligations, considering risks and uncertainties related to the obligations on the closing date.

The amount of expenditure required for the settlement of the obligations is calculated by comprehensively considering results that could arise in the future, but it could be affected by the occurrence of unforeseeable events and changes in the situation. If the actual amount of expenditure differs from the estimate, it could have a significant impact on amounts recognized in the consolidated financial statements of subsequent periods.

The nature and amounts of provisions are stated in "Note 22. Provisions".

(4) Recoverability of deferred tax assets

When deferred tax assets are recognized, the time and amount of taxable profits that will be earned in the future based on a business plan are estimated and calculated based on judgment of the possibility that taxable profits will arise.

Because the timing and amount of taxable profits are affected by the future business performance of the Group, if the actual timing and amount differ from the estimate, it could have a significant impact on the amounts recognized in the consolidated financial statements of subsequent periods.

Details and amounts of deferred tax assets are stated in "Note 18. Income Tax".

(5) Inventories

Inventories are measured at cost, but if the net realizable value at the end of the fiscal year falls below the acquisition cost, inventories are measured at the net realizable value, and the difference from the acquisition cost is recognized in the cost of sales, in principle. For slow moving inventory that is outside of the operating cycle process, the net realizable value is calculated reflecting the future demand and market trends. If the net realizable value declines significantly due to the greater-than-expected deterioration of the market environment, it could have a significant impact on the amounts recognized in the consolidated financial statements of subsequent periods.

(6) Measurement method of the fair value of financial instruments

When the Group evaluates the fair value of certain financial instruments, the Group uses valuation techniques that use inputs that are not observable in the market. These unobservable inputs could be affected by fluctuations in uncertain future economic conditions, and if a revision becomes necessary, it could have a significant impact on the consolidated financial statements in subsequent periods.

The details and amounts of the fair value of financial instruments are stated in "Note 3. Material Accounting Policies, (4) Financial Instruments" and "Note 35. Financial Instruments".

(7) Income taxes

The Group recognizes tax assets and liabilities at a reasonably estimated amount based on the interpretation of tax laws where there is an uncertain tax position. Deferred taxes of the Group include liabilities related to an uncertain tax position. Tax effects of assets and liabilities explained above are calculated using the expected value method. Estimates are based on the best estimate at the moment. However, differences from the estimates could have a significant impact on the consolidated financial statements in subsequent periods depending on the actual results. For details, please refer to "Note 18. Income Taxes".

5. Changes in Accounting Estimates

(Change in the useful life of property, plant and equipment)

For the current fiscal year, the Group revised the useful lives of certain machinery and equipment to better reflect actual usage conditions, taking into account changes in the product lifecycle and other factors. This change is applied prospectively.

As a result, compared to the previous method, operating profit increased by 14,669 million yen and loss before tax decreased by 14,669 million yen for the current fiscal year.

6. Standards and Interpretations Not Yet Adopted

Of the new standards and interpretations that were newly issued or revised as of the approval of the consolidated financial statements, the major standards and interpretations that the Group has not yet adopted during the current fiscal year, are as follows.

Standard s	Title	Date on or after which the application is required for new reporting periods	The Group's applicable reporting period	Summaries of new Standards/amendments	Impact of the application of the standards on the Group's consolidated financial statements
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	Period starting January 2026	Amendments to the requirements for classification of financial assets and derecognition of financial liabilities in IFRS 9 "Financial Instruments" and standards related to IFRS 7 "Financial Instruments: Disclosures"	None
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Period starting January 2027	New standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements	Under review

7. Business Segments

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available that is evaluated regularly by the Board of Directors to determine the allocation of management resources and assess performance.

The Group mainly consists of "Automotive Business" and "Industrial/Infrastructure/IoT Business," and those are the Group's reportable segments. The Automotive Business includes the product categories "Automotive Control," comprising semiconductor devices for controlling automobile engines and bodies, and "Automotive Information," comprising of semiconductor devices used in sensing systems for detecting environments inside and outside the vehicle as well as automotive information devices such as IVI and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies MCUs, SoCs, analog semiconductor devices and power semiconductor devices in each of these categories. The Industrial/Infrastructure/IoT Business includes the product categories "Industrial," "Infrastructure" and "IoT" which support the smart society. The Group mainly supplies MCUs and SoCs, analog semiconductors devices, and power semiconductors devices in each of these categories. Additionally, commissioned development and manufacturing from the Group's design and manufacturing subsidiaries are categorized as "Other".

(2) Information on reportable segments

The accounting treatment for the reportable segments is same as described in "Note 3. Material Accounting Policies". The Group discloses revenue from external customers, segment gross profit, and segment operating profit (which is the segment profit).

Segment gross profit and segment operating profit are internal key performance indicators which are used by management when making decisions and are calculated by excluding the following items from IFRS revenue, gross profit and operating profit (Adjustments 2): amortization of certain tangible and intangible assets related to business combinations; certain share-based payment expenses; and other non-recurring items. Other non-recurring items include costs related to acquisitions and gains and losses the Group believes to be appropriate for deduction. However, certain other non-recurring items the Group believes to be covered by each reportable segment are included in segment gross profit and segment operating profit of each reportable segment (Adjustments 1). The Group's Executive Officers assess the performance after eliminating intragroup transactions, and therefore, there are no transfers between reportable segments included within the segment results.

Information on reportable segments is as follows.

Previous Fiscal Year (from January 1, 2024 to December 31, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	702,812	636,760	8,907	—	1,348,479	—	1,348,479
Segment gross profit	367,771	385,823	2,675	—	756,269	(6,473)	749,796
Segment operating profit	222,486	173,379	1,417	630	397,912	(174,935)	222,977
Finance income							52,100
Finance costs							(10,972)
Share of loss of investments accounted for using equity method							(272)
Profit before tax							263,833
(Other items) Depreciation and amortization	50,677	37,525	109	—	88,311	122,417	210,728

Current Fiscal Year (from January 1, 2025 to December 31, 2025)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	639,690	671,760	7,032	—	1,318,482	2,730	1,321,212
Segment gross profit	346,336	410,915	1,906	785	759,942	(6,150)	753,792
Segment operating profit	196,576	169,404	603	20,289	386,872	(185,706)	201,166
Finance income							14,652
Finance costs							(245,641)
Share of loss of investments accounted for using equity method							(452)
Loss before tax							(30,275)
(Other items) Depreciation and amortization	43,577	33,522	89	—	77,188	111,409	188,597

(3) Information on products and services

Information on products and services is the same with information on reportable segments and is therefore omitted from this section.

(4) Information on regions and countries

The components of revenue and non-current assets from external customers by region and country are as follows.

a. Revenue from external customers

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
China	375,214	409,471
Asia (Excluding China)	300,786	301,865
Japan	283,663	269,104
Europe	230,627	202,781
North America	155,628	135,731
Others	2,561	2,260
Total	1,348,479	1,321,212

(Note) Revenues are categorized into the country or region based on the location of the customers.

b. Non-current assets

Non-current assets include property, plant and equipment, goodwill and intangible assets.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Japan	1,991,797	1,934,428
The United States of America	1,077,190	1,048,038
Asia	200,593	162,874
Europe	48,860	39,570
Others	3,944	3,586
Total	3,322,384	3,188,496

(5) Major customers

Revenue from a single external customer accounting for 10% or more of revenue is as follows.

(In millions of yen)

	Name of related reportable segment	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
WT Microelectronics Co.,Ltd.	Automotive, Industrial/Infrastructure /IoT	170,954	225,419
HAGIWARA ELECTRONICS CO., LTD.	Automotive, Industrial/Infrastructure /IoT	171,375	—

(Note) For the current fiscal year, revenue from Hagiwara Electronics Co., Ltd. was less than 10% of total revenue; therefore, the related amount has been omitted.

8. Business Combinations

Business combinations implemented during the previous fiscal year and the current fiscal year are as follows. Business combinations which are not material individually or collectively are omitted.

Previous Fiscal Year (from January 1, 2024 to December 31, 2024)

(Steradian Semiconductors Private Limited)

Contingent consideration includes at most 11 million USD which will be paid based on the contract when several certain conditions (milestones) are met such as future product development and mass production progress of Steradian Semiconductors Private Limited ("Steradian").

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Steradian, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is Level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below.

	(In millions of yen)
	Previous fiscal year (from January 1, 2024 to December 31, 2024)
Beginning balance	586
Changes in fair value	(606)
Exchange differences	20
Ending balance	—

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "Finance costs," and the fluctuated amount due to factors other than the time value of money is recorded in "Other income" or "Other expenses." For the previous fiscal year, "Other income" of 606 million yen was recorded for the change of fair value.

Steradian changed its company name from Steradian Semiconductors Private Limited to Renesas Design India Private Limited on March 26, 2024.

(Transphorm Inc.)

a. Overview of business combination

The Company completed the acquisition of all shares of Transphorm Inc. ("Transphorm"), a semiconductor company headquartered in Goleta, California, USA, on June 20, 2024, through a wholly-owned subsidiary, making Transphorm a wholly-owned subsidiary.

1) Name and overview of the acquiree

Name of the acquiree: Transphorm, Inc.

Business overview: Development and sales of gallium nitride ("GaN") power semiconductors

2) Date of the acquisition

June 20, 2024

3) Purpose of the acquisition

The Company now aims to further expand its wide bandgap portfolio with Transphorm's expertise in GaN, an emerging material that enables higher switching frequency, lower power losses, and smaller form factors. These benefits empower customers' systems with greater efficiency, smaller and lighter composition, and lower overall cost. As such, demand for GaN is predicted to grow by more than 50 percent annually, according to an industry study. The Company will implement Transphorm's auto-qualified GaN technology to develop new enhanced power solution offerings, such as X-in-1 powertrain solutions for EVs, along with computing, energy, industrial and consumer applications.

4) Acquisition Method

Acquisition of shares for cash consideration through the wholly-owned subsidiary of the Company.

b. Consideration for the acquisition and its breakdown

		(In millions of yen)
Consideration		Amount
Cash		53,533
Acquisition consideration from Restricted Stock Unit		386
Total	A	53,919

Expenses related to the acquisition were 916 million yen, which were recorded in “Selling, general and administrative expenses” for the previous fiscal year.

c. Fair value of assets acquired, liabilities assumed and goodwill

		(In millions of yen)
		Date of acquisition (June 20, 2024)
Current assets		
Cash and cash equivalents		836
Trade and other receivables (Note 2)		478
Inventories		1,555
Other		63
Total current assets		2,932
Non-current assets		
Property, plant and equipment		1,543
Intangible assets		6,730
Investments accounted for using the equity method		49
Other financial assets		25
Deferred tax assets		6,762
Other		56
Total non-current assets		15,165
Total assets		18,097
Current liabilities		
Trade and other payables		1,909
Bonds and borrowings		332
Other financial liabilities		59
Other		1,018
Total current liabilities		3,318
Non-current liabilities		
Bonds and borrowings		2,423
Other		288
Total non-current liabilities		2,711
Total liabilities		6,029
Net assets	B	12,068
Goodwill (Note 3)	A-B	41,851

(Note) 1. For the previous fiscal year, the allocation of acquisition costs to intangible assets has been completed upon the finalization of the fair value assessment, and the amount of goodwill has been determined.

2. There are no significant receivables from acquired debts that are estimated to be uncollectible.

3. Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Transphorm. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

		(In millions of yen)
Item	Amount	
Consideration for acquisition in cash	53,533	
Cash and cash equivalents held by the acquiree at the time of obtaining control	(836)	
Amount of cash paid for the acquisition of subsidiaries (net amount)	52,697	

e. Impact on revenue and profit as though the date of the acquisition had been as of the beginning of the fiscal year (unaudited information)

Assuming that the date of the acquisition of Transphorm was at the beginning of the previous fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for the previous fiscal year would not be material.

f. Revenue and profit / loss of the acquired company

For the previous fiscal year, the revenue and profit of Transform from the acquisition date to December 31, 2024 had no significant impact on the consolidated financial statements.

(Altium Limited)

a. Overview of business combination

On August 1, 2024, the Company completed the acquisition of Altium Limited (“Altium”), a global leader in electronics design systems headquartered in San Diego, California, USA, through a wholly-owned subsidiary, thereby making Altium a wholly-owned subsidiary. Additionally, on December 12, 2024, Altium changed its company name to Altium Pty Ltd.

1) Name and overview of the acquiree

Name of the acquiree: Altium Limited

Business overview: Development and sales of software tools for PCB design, etc.

2) Date of the acquisition

August 1, 2024

3) Purpose of the acquisition

Under its Purpose, “To Make Our Lives Easier”, the Company has been expanding its product portfolio of embedded processors, analog, power, and connectivity with an aim to becoming a global leader in embedded semiconductor solutions. Furthermore, the Company has been advancing its digitalization strategy that enables enhanced user experience (UX) through cloud-based development.

Altium’s history began in 1985 from Australia as the world’s first printed-circuit board (PCB) design tool provider. The company has grown into a global market leader with the most well-known PCB software tools in use today.

The acquisition enables two industry leaders to join forces and establish an integrated and open “electronics system design and lifecycle management platform” that allows for collaboration across component, subsystem, and system-level design. The transaction strongly aligns with the Company’s digitalization strategy and represents the Company’s first material step in bringing enhanced user experience and innovation at the system level for electronics system designers.

As technology advances, the design and integration of electronic systems become increasingly complex. The current electronics system design flow is a complicated and iterative process that involves multiple stakeholders and design steps, from component selection and evaluation to simulation and PCB physical design. Engineers must be able to design systems that are not only functional but also efficient and cost-effective under shortened development cycles.

Together, the Company and Altium, under a shared vision, aim to build an integrated and open electronics system design and lifecycle management platform that unifies these steps at a system level. The acquisition brings together Altium’s sophisticated cloud platform capabilities with Renesas’ strong portfolio of embedded solutions, combining high-performance processors, analog, power and connectivity. The combination will also enable integration with third-party vendors across the ecosystem to execute all electronic design steps seamlessly on the cloud. The electronics system design and lifecycle management platform will deliver integration and standardization of various electronic design data and functions and enhanced component lifecycle management, while enabling seamless digital iteration of design processes to increase overall productivity. This brings significantly faster innovation and lowers barriers to entry for system designers by reducing development resources and inefficiencies.

4) Acquisition Method

Acquisition of shares for cash consideration through the wholly-owned subsidiary of the Company.

b. Consideration for the acquisition and its breakdown

		(In millions of yen)
Consideration		Amount
Cash		917,399
Acquisition consideration from Restricted Stock Unit and Performance Share Unit		1,110
Other assets recognized prior to the acquisition date		355
Total	A	918,864

Expenses related to the acquisition were 2,277 million yen, which were recorded in "Selling, general and administrative expenses" for the previous fiscal year.

c. Fair value of assets acquired, liabilities assumed and goodwill

		(In millions of yen)
		Date of acquisition (August 1, 2024)
Current assets		
Cash and cash equivalents		26,746
Trade and other receivables (Note 2)		11,976
Other		1,617
Total current assets		40,339
Non-current assets		
Property, plant and equipment		2,418
Intangible assets (Note 3)		312,855
Other financial assets		607
Deferred tax assets		657
Other		31
Total non-current assets		316,568
Total assets		356,907
Current liabilities		
Trade and other payables		654
Other current financial liabilities		579
Income taxes payable		7,326
Other		21,005
Total current liabilities		29,564
Non-current liabilities		
Trade and other payables		285
Other non-current financial liabilities		2,190
Income taxes payable		3,469
Retirement benefit liability		134
Deferred tax liabilities		66,041
Other		8
Total non-current liabilities		72,127
Total liabilities		101,691
Net assets	B	255,216
Basis adjustment (Note 4)	C	19,475
Goodwill (Note 5)	A-B+C	683,123

- (Note) 1. For the previous fiscal year, the allocation of acquisition costs to intangible assets has been completed upon the finalization of the fair value assessment, and the amount of goodwill has been determined.
2. There are no significant receivables from acquired debts that are estimated to be uncollectible.
 3. The amount allocated to intangible assets is mainly composed of developed technology, and the fair value of such intangible assets (284,278 million yen) is measured using the excess earnings method based on assumptions such as future business plans, growth rates beyond the business plan period, and discount rates.
 4. The Company enters into currency options and forward exchange contracts to hedge against exchange rate risks associated with the payment of acquisition consideration denominated in Australian dollars, and applies hedge accounting. These hedging instruments are settled in cash at fair value on the acquisition date. The basis adjustment represents the change in fair value of the hedging instruments recognized in other comprehensive income on the acquisition date, and is added to the carrying amount of goodwill.
 5. Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Altium. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

(In millions of yen)	
Item	Amount
Consideration for acquisition in cash	917,399
Cash and cash equivalents held by the acquiree at the time of obtaining control	(26,746)
Amount of cash paid for the acquisition of subsidiaries	890,653
Basis adjustment	19,475
Amount of cash paid for the acquisition of subsidiaries (net amount)	910,128

e. Impact on revenue and profit as though the date of the acquisition had been as of the beginning of the fiscal year (unaudited information)

Assuming that the date of the acquisition of Altium was at the beginning of the previous fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for the previous fiscal year would not be material.

f. Revenue and profit / loss of the acquired company

For the previous fiscal year, the revenue and profit of Altium from the acquisition date to December 31, 2024 had no significant impact on the consolidated financial statements.

Current Fiscal Year (from January 1, 2025 to December 31, 2025)

(Panthronics AG)

Contingent consideration includes at most 61 million USD which will be paid based on the contract when several certain conditions (milestones) are met such as future product development and mass production progress of Panthronics AG ("Panthronics").

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Panthronics, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is Level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below.

	<u>(In millions of yen)</u>	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Beginning balance	2,711	1,582
Changes in fair value	(1,278)	—
Exchange differences	149	(16)
Ending balance	1,582	1,566

Panthronics changed its company name from Panthronics AG to Renesas Design Austria GmbH on October 12, 2023.

9. Cash and Cash Equivalents

The components of cash and cash equivalents are described below. The balance of "Cash and cash equivalents" in the consolidated statements of financial position and the balance of "Cash and cash equivalents" in the consolidated statements of cash flows as of the end of the previous fiscal year and the end of the current fiscal year are the same.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Cash and deposits	217,171	277,920
Short-term investments	12,078	17,977
Total	229,249	295,897

(Note) Cash and cash equivalents are classified as financial assets measured at amortized cost.

10. Trade and Other Receivables

The components of trade and other receivables are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Notes and trade receivables	152,381	156,172
Other receivables	16,311	13,752
Loss allowance	(1,579)	(800)
Total	<u>167,113</u>	<u>169,124</u>

(Note) Trade and other receivables are classified as financial assets measured at amortized cost.

11. Inventories

The components of inventories are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Merchandise and finished goods	47,619	44,538
Work in progress	106,737	121,437
Raw materials and supplies	22,188	19,928
Total	176,544	185,903

(Note) The amount of inventories recognized as expenses approximates "Cost of sales". For write-downs of inventories previously recognized as an expense as a result of declining profitability, using the reversal method 3,708 million yen and 1,598 million yen were included in "Cost of sales" in the previous fiscal year and the current fiscal year, respectively.

12. Other Assets and Other Liabilities

The components of other current assets and other non-current assets are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Prepaid expenses	64,563	57,586
Consumption taxes receivable	4,424	4,297
Other	6,332	5,900
Total	75,319	67,783
Current assets	22,730	23,277
Non-current assets	52,589	44,506

The components of other current liabilities and other non-current liabilities are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Accrued expenses	51,768	62,868
Contract liabilities (Note 1)	10,426	20,926
Paid leave payables	14,548	13,995
Other (Note 1, 2)	159,803	31,629
Total	236,545	129,418
Current liabilities	90,998	116,782
Non-current liabilities	145,547	12,636

(Note) 1. "Contract liabilities," which were included in other in the previous fiscal year, have become material in amount and are therefore presented separately from the current fiscal year. The comparative figures as of December 31, 2024 have been reclassified accordingly.

2. "Other" of the previous fiscal year reflects the change in presentation method. For details, please refer to "2. Basis for Preparation (4) Change in presentation."

13. Property, Plant and Equipment

(1) Movement during the fiscal year

The changes in acquisition cost, accumulated depreciation and impairment losses, and the carrying amounts of property, plant and equipment are as follows.

A. Acquisition Cost

(In million yen)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	205,218	674,029	161,281	28,258	23,974	62,440	1,155,200
Acquisition	307	922	4,382	8,732	—	113,218	127,561
Acquisition due to business combination	20	704	395	2,358	—	484	3,961
Sales or disposal	(1,306)	(11,740)	(4,233)	(3,206)	(182)	(508)	(21,175)
Transfer from construction in progress	2,719	44,394	11,939	—	—	(59,052)	—
Exchange differences	4,540	27,913	5,888	3,951	389	1,292	43,973
Other	(176)	(533)	(544)	(482)	—	80	(1,655)
Balances at the end of previous fiscal year (as of December 31, 2024)	211,322	735,689	179,108	39,611	24,181	117,954	1,307,865
Acquisition	1,728	2,233	3,708	5,271	11	61,038	73,989
Sales or disposal	(1,206)	(19,636)	(8,124)	(6,450)	(907)	(664)	(36,987)
Transfer from construction in progress	11,654	19,568	13,126	—	—	(44,348)	—
Exchange differences	1,202	10,105	1,085	215	(38)	278	12,847
Other	(49)	(479)	(1,185)	387	—	497	(829)
Balances at the end of the current fiscal year (as of December 31, 2025)	224,651	747,480	187,718	39,034	23,247	134,755	1,356,885

B. Accumulated depreciation and impairment losses

(In million yen)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	(147,020)	(591,993)	(134,149)	(14,286)	(1,613)	—	(889,061)
Depreciation	(6,167)	(34,485)	(16,057)	(5,698)	—	—	(62,407)
Impairment losses	512	—	(1,412)	(780)	327	—	(1,353)
Sales or disposal	1,271	11,516	3,905	2,828	—	—	19,520
Exchange differences	(2,496)	(23,740)	(4,334)	(1,607)	—	—	(32,177)
Other	51	288	(314)	(965)	—	—	(940)
Balances at the end of the previous fiscal year (as of December 31, 2024)	(153,849)	(638,414)	(152,361)	(20,508)	(1,286)	—	(966,418)
Depreciation	(6,337)	(19,695)	(14,943)	(6,181)	—	—	(47,156)
Impairment losses	(8)	(4,653)	(261)	(91)	—	(3,801)	(8,814)
Sales or disposal	751	17,722	7,610	5,655	—	—	31,738
Exchange differences	(762)	(9,488)	(896)	(129)	—	—	(11,275)
Other	(88)	(37)	1,105	(105)	—	—	875
Balances at the end of the current fiscal year (as of December 31, 2025)	(160,293)	(654,565)	(159,746)	(21,359)	(1,286)	(3,801)	(1,001,050)

C. Carrying amount

(In million yen)

	Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Right-of-use assets	Land	Construction in progress	Total
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	58,198	82,036	27,132	13,972	22,361	62,440	266,139
Balances at the end of the previous fiscal year (as of December 31, 2024)	57,473	97,275	26,747	19,103	22,895	117,954	341,447
Balances at the end of the current fiscal year (as of December 31, 2025)	64,358	92,915	27,972	17,675	21,961	130,954	355,835

(Note) 1. The amount of the government grant received for the acquisition of property, plant and equipment is 4,872 million yen for the previous fiscal year, and 2,050 million yen for the current fiscal year. The grant amount is directly deducted from the acquisition cost. There are no unfulfilled conditions or other contingent liabilities associated with the government grants.

2. The amount of property, plant and equipment under construction is presented as construction in progress.

3. For property, plant and equipment on which a mortgage is placed as collateral for liabilities, please refer to "Note 20. Bonds and Borrowings."

4. For commitments to the acquisition of property, plant and equipment, please refer to "Note 38. Commitments and Contingent Liabilities."

5. Depreciation is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

6. Impairment losses are included in "Other expenses" in the consolidated statements of profit or loss. For details on impairment losses, please refer to "Note 16. Impairment of Non-financial Assets." Additionally, the reversal of impairment recognized for buildings, structures, and land (1,077 million yen) during the previous fiscal year, is included in "Other Income" in the consolidated statement of profit or loss.

7. For details on right-of-use assets, please refer to "Note 15. Leases."

(2) Borrowing costs

For the previous fiscal year, no borrowing costs were capitalized as part of the cost of qualifying assets.

For the current fiscal year, borrowing costs of 432 million yen were capitalized as part of the cost of qualifying assets.

The capitalization rate applied to the borrowing costs on qualifying assets was 1.12%.

14. Goodwill and Intangible Assets

(1) Movement during the fiscal year

The changes in acquisition cost, accumulated amortization and impairment losses, and the carrying amounts of goodwill and intangible assets are as follows.

A. Acquisition cost

(In million yen)

	Goodwill	Intangible assets					Total
		Software	Capitalized development costs	Developed technology	Customer relationships	Other	
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	1,362,131	85,937	5,337	681,556	174,022	129,436	1,076,289
Internally developed	—	8,313	200	—	—	—	8,513
Acquisitions	—	14,039	—	—	—	50,062	64,101
Acquisition due to business combination	724,974	—	—	289,161	30,424	—	319,585
Sales or disposal	—	(919)	(1,527)	1,032	—	(36,663)	(38,077)
Exchange differences	169,064	797	—	94,987	20,481	2,467	118,732
Other	—	991	—	—	—	338	1,329
Balances at the end of the previous fiscal year (as of December 31, 2024)	2,256,169	109,158	4,010	1,066,736	224,927	145,640	1,550,471
Internally developed	—	2,479	2,280	—	—	—	4,759
Acquisitions	—	4,121	—	—	—	21,390	25,511
Acquisition due to business combination	6,858	—	—	152	—	—	152
Sales or disposal	—	(493)	(1,647)	(1)	—	(23,465)	(25,606)
Exchange differences	(21,894)	89	—	(18,264)	(2,315)	6,300	(14,190)
Impairment losses	(1,796)	—	—	—	—	—	—
Other	—	451	—	1,032	—	285	1,768
Balances at the end of the current fiscal year (as of December 31, 2025)	2,239,337	115,805	4,643	1,049,655	222,612	150,150	1,542,865

B. Accumulated amortization and impairment losses

(In million yen)

	Goodwill	Intangible assets					
		Software	Capitalized development costs	Developed technology	Customer relationships	Other	Total
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	—	(73,789)	(3,133)	(414,490)	(71,897)	(91,133)	(654,442)
Amortization	—	(3,378)	(977)	(101,763)	(18,264)	(21,927)	(146,309)
Impairment losses	—	—	—	—	—	(585)	(585)
Sales or disposal	—	892	1,527	(1,032)	—	37,908	39,295
Exchange differences	—	(711)	—	(50,863)	(7,971)	(4,173)	(63,718)
Other	—	13	—	—	—	43	56
Balances at the end of the previous fiscal year (as of December 31, 2024)	—	(76,973)	(2,583)	(568,148)	(98,132)	(79,867)	(825,703)
Amortization	—	(3,064)	(677)	(94,991)	(19,091)	(21,138)	(138,961)
Impairment losses	—	(22)	—	—	—	(7,798)	(7,820)
Sales or disposal	—	468	1,647	—	—	20,086	22,201
Exchange differences	—	(80)	—	7,329	398	(5,012)	2,635
Other	—	(601)	—	(1,032)	—	(260)	(1,893)
Balances at the end of the current fiscal year (as of December 31, 2025)	—	(80,272)	(1,613)	(656,842)	(116,825)	(93,989)	(949,541)

C. Carrying amount

(In million yen)

	Goodwill	Intangible assets					
		Software	Capitalized development costs	Developed technology	Customer relationships	Other	Total
Balances at the beginning of the previous fiscal year (as of January 1, 2024)	1,362,131	12,148	2,204	267,066	102,126	38,304	421,847
Balances at the end of the previous fiscal year (as of December 31, 2024)	2,256,169	32,185	1,427	498,588	126,795	65,773	724,768
Balances at the end of the current fiscal year (as of December 31, 2025)	2,239,337	35,533	3,030	392,813	105,787	56,161	593,324

- (Note) 1. For software in intangible assets, the carrying amount classified as internally generated assets was 417 million yen as of December 31, 2024, and 409 million yen as of December 31, 2025.
2. Construction in progress related to software is included in "Software" under intangible assets.
3. For other in intangible assets, the carrying amount of intangible assets acquired through software license contracts (as license fees) was 51,860 million yen as of December 31, 2024 and 40,725 million yen as of December 31, 2025. In addition, the balances are mainly amortized using the straight-line method based on the available license period (5 years or less).
4. There are no intangible assets with restrictions on ownership or intangible assets on which a mortgage is placed as collateral for liabilities.
5. For commitments related to the acquisition of intangible assets, see "Note 38. Commitments and Contingent Liabilities".

6. Amortization of intangible assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statements of profit or loss.
7. Impairment losses are included in “Other expenses” in the consolidated statements of profit or loss. For details on impairment losses, see “Note 16. Impairment of Non-financial Assets”.

(2) Significant intangible assets

Major intangible assets are developed technology and customer relationships acquired in the business combination with former Intersil in February 2017, former IDT in March 2019, Dialog in August 2021, former Celeno in December 2021, and Altium in August 2024. The carrying amount of developed technology acquired in the business combination was 498,588 million yen as of December 31, 2024 and 392,813 million yen as of December 31, 2025 and the remaining amortization period as of December 31, 2025 is within 14 years. The carrying amount of customer relationships was 126,795 million yen as of December 31, 2024 and 105,787 million yen as of December 31, 2025, and the remaining amortization period as of December 31, 2025 is 1 to 17 years.

(3) Intangible assets not yet available for use

The carrying amount of intangible assets not yet available for use is included in “Other” and was 2,515 million yen as of December 31, 2024 and 783 million yen as of December 31, 2025 and represents in-process research and development. In-process research and development are reclassified as “Developed technology” and starts to be amortized when the development has been completed. The amount of reclassification for the previous fiscal year was 2,183 million yen and for the Current fiscal year was 1,719 million yen.

15. Leases

(1) Leases as lessee

A. Lease expenses, income and cash flows

Lease expenses, income and cash flows are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Depreciation charge for right-of-use assets by class of underlying asset		
Land	32	29
Buildings	4,412	4,686
Machinery, equipment and vehicles	819	792
Tools, furniture and fixtures	435	674
Total	5,698	6,181
Interest expense on lease liabilities	560	706
Expense relating to short-term leases	2,692	2,464
Expense relating to leases of low-value assets (excluding short-term leases)	538	622
Income from subleasing right-of-use assets	46	22
Total cash outflows for leases	9,763	10,784

(Note) For details on the maturity analysis for lease liabilities, see "Note 35. Financial Instruments".

B. Right-of-use assets which are included in the carrying amount of property, plant and equipment

The carrying amount and the increase/decrease in carrying amount of right-of-use assets which are included in the carrying amount of property, plant and equipment are as follows.

(In million yen)

	Balance as of December 31, 2024	Balance as of December 31, 2025
Land	301	279
Buildings	15,028	13,382
Machinery, equipment and vehicles	2,056	2,960
Tools, furniture and fixtures	1,718	1,054
Total	19,103	17,675
The increased amount of right-of-use asset	8,732	5,570

C. Nature of the leasing activities

The Group leases land, building, machinery, equipment and vehicles, and others.

The terms of lease contracts are negotiated individually and include a wide variety of the terms of contracts.

D. Options of extension and termination

The options of extension and termination are included in many lease contracts for buildings, machinery and equipment. The lease term for office buildings is mainly from 3 to 10 years and for machinery and equipment, its term is from 3 to 5 years. Some contracts include an option to extend the lease for a period of one year or the same lease years for the current lease contract after the termination date. In addition, some contracts include an option for early termination when the lessee notifies the lessor between six months to one year before the termination date.

These options will be utilized to maximize operational flexibility from the point of asset management used in the Group's businesses.

16. Impairment of Non-financial Assets

The Group recorded impairment losses for the assets below. Impairment losses are included in “Other expenses” in the consolidated statements of profit or loss.

The components of assets for which the impairment losses are recorded are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(In million yen)

	Reportable segments		Total
	Automotive	Industrial/ Infrastructure/IoT	
Property, plant and equipment	1,384	1,046	2,430
Intangible assets	249	336	585
Total	1,633	1,382	3,015

Current Fiscal Year (from January 1, 2025 to December 31, 2025)

(In million yen)

	Reportable segments		Total
	Automotive	Industrial/ Infrastructure/IoT	
Property, plant and equipment	4,910	3,904	8,814
Intangible assets	2,666	6,950	9,616
Total	7,576	10,854	18,430

(Note) 1. Impairment losses recognized as for right-of-use assets are included in the impairment losses of property, plant and equipment. The amount included in the impairment losses of property, plant and equipment for the previous fiscal year and the current fiscal year was 780 million yen and 91 million yen, respectively.

2. Impairment losses on intangible assets include 317 million yen related to in-process research and development assets due to project discontinuation for the previous fiscal year, and 4,007 million yen related to a business transfer and 1,796 million yen related to goodwill for the current fiscal year, respectively.

(1) Impairment losses

The Group assesses impairment at the grouping level of the smallest identifiable group that generates cash inflows that are largely independent, based on the categories used for business management. The Group assesses impairment by each individual asset for significant assets to be disposed of, idle assets and business assets.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(Assets to be disposed of)

For the Automotive and Industrial/Infrastructure/IoT business, the Group performs impairment tests as independent cash-generating units for the assets that have been decided to be disposed and reduces the carrying amount of assets to their recoverable amount. As a result, the Group has recorded impairment losses of 1,650 million yen.

The recoverable amount is measured at the fair value after deducting disposal costs. The fair value after deducting disposal costs is set at zero for assets difficult to sell or the selling amount is estimated, and the hierarchy level of the fair value is Level 3.

(Idle assets)

For the Automotive and Industrial/Infrastructure/IoT business, the Group performs impairment tests as independent cash-generating units, reduces the carrying amount of idle assets that are unlikely to be used to their recoverable amount, and has recorded impairment losses of 1,048 million yen.

The recoverable amount is measured at the fair value after deducting disposal costs. The fair value after deducting disposal costs is set at zero for assets difficult to sell or the selling amount is estimated, and the hierarchy level of the fair value is Level 3.

Current fiscal year (from January 1, 2025 to December 31, 2025)

(Assets to be disposed of)

For the Automotive and Industrial/Infrastructure/IoT business, the Group performs impairment tests as independent cash-generating units for the assets that have been decided to be disposed and reduces the carrying amount of assets to their recoverable amount. As a result, the Group has recorded impairment losses of 13,356 million yen.

The recoverable amount is measured at the fair value after deducting disposal costs. The fair value after deducting disposal costs is set at zero for assets difficult to sell or the selling amount is estimated, and the hierarchy level of the fair value is Level 3.

(Idle assets)

For the Automotive and Industrial/Infrastructure/IoT business, the Group performs impairment tests as independent cash-generating units, reduces the carrying amount of idle assets that are unlikely to be used to their recoverable amount, and has recorded impairment losses of 5,074 million yen.

The recoverable amount is measured at the fair value after deducting disposal costs. The fair value after deducting disposal costs is set at zero because it is difficult to sell these assets, and the hierarchy level of the fair value is Level 3.

(2) Impairment test of goodwill and intangible assets not yet available for use

The Group performs impairment tests for cash-generating units to which goodwill and intangible assets not yet available for use are allocated at a certain time each fiscal year and whenever there is any indication of impairment.

Goodwill recorded in the consolidated statements of financial position was recognized mainly when the Company merged with former Intersil for the year ended December 31, 2017, former IDT for the year ended December 31, 2019, Dialog for the year ended December 31, 2021, and Altium for the year ended December 31, 2024, and it is allocated to the cash-generating units of the Group expected to provide future earning power arising from synergies of these business combinations.

In the impairment test, goodwill and intangible assets not yet available for use that were allocated to the cash-generating units of the Group are as follows.

			(In million yen)	
	Reportable segments	Cash-generating units	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Goodwill	Automotive	Automotive	398,446	394,379
	Industrial/ Infrastructure/IoT	Industrial/ Infrastructure/IoT	1,857,723	1,844,958
In-process research and development	Automotive	Automotive	2,373	783
	Industrial/ Infrastructure/IoT	Industrial/ Infrastructure/IoT	142	—

(Note) The goodwill recognized due to the acquisition of Altium in the previous fiscal year, reflects a revision of the allocation of the acquisition cost. For details, please refer to “Note 8. Business Combinations”.

The recoverable amount of the cash-generating units is measured at the value in use. The value in use is calculated by discounting the cash flows, which is estimated based on the five-year business plan approved by management and the estimated permanent growth rate for the period thereafter, to the present value using the pre-tax discount rate. Significant assumptions which have an impact on the calculation of the value in use include gross margin in the business plan, permanent growth rate, discount rate and others. These assumptions are determined in the consideration of past experiences and external information.

For cash flows in a period beyond the target period of the future business plan approved by management, the value in use is calculated using the permanent growth rate as 2.1% the current fiscal year (2.1% in the previous fiscal year). The approved permanent growth rate is determined based on the estimated inflation rate of the market to which the cash-generating units belong.

The discount rates are the weighted average capital cost before tax. The discount rates used for the calculation of the value in use are 12.60% in the Automotive Business in the current fiscal year (11.0% in the previous fiscal year) and 15.0% in the Industrial/Infrastructure/IoT Business in the current fiscal year (14.7% in the previous fiscal year).

Because the recoverable amount of cash-generating units sufficiently exceeds the carrying amount in the current fiscal year, management believes that it is unlikely that the recoverable amount of the cash-generating units will be lower than the carrying amount even if the major assumptions (Gross margin/ Permanent growth rate/ Discount rate before tax) used in the impairment test are changed in a reasonable range.

The following table shows the range of reasonably expected fluctuation of the major assumptions (Gross margin/ Permanent growth rate/ Discount rate before tax) used in the impairment test.

Major assumptions	Cash-generating units	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Gross margin	Automotive	35.0~45.0%	38.4~48.4%
	Industrial/ Infrastructure/IoT	50.0~60.0%	54.6~64.6%
Permanent growth rate	Automotive	1.6~2.6%	1.6~2.6%
	Industrial/ Infrastructure/IoT		
Discount rate before tax	Automotive	9.0~13.0%	10.6~14.6%
	Industrial/ Infrastructure/IoT	11.7~17.7%	12.0~18.0%

The Group recognized no impairment losses during the current fiscal year and the previous fiscal year since the value in use of the cash generating units exceeded the carrying amount as a result of the impairment test.

17. Other Financial Assets

(1) Components of other financial assets

The components of other financial assets are as follows.

(In million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Derivative assets (Note 1)	43,493	39,854
Long-term accounts receivable (Note 2)	51,768	36,294
Stocks (Note 3)	13,356	14,221
Investment trust (Note 1)	11,069	13,108
Loans receivable (Note 1, 4)	327,973	—
Other (Note 5)	12,279	103,487
Total	459,938	206,964
Current assets	9,236	38,601
Non-current assets	450,702	168,363

(Note) 1. Loans receivable, derivative assets and investment trust are mainly classified as financial assets measured at fair value through profit or loss. For details, please refer to “Note 35. Financial Instruments”.

2. Long-term accounts receivable mainly includes financial assets measured at amortized cost which are recorded in accordance with the ship and debit programs. For details on the ship and debit programs, please refer to “Note 3. Material Accounting Policies, (17) Revenue recognition”.

3. Stocks are classified either as equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. For details, please refer to “Note 35. Financial Instruments”.

4. The decrease in loans receivable for the current fiscal year was mainly due to the recognition of a valuation loss on loans receivable to Wolfspeed following its filing for protection under the U.S. Bankruptcy Code and its restructuring plan, as well as the conversion of the loans receivable into other financial assets upon the restructuring plan becoming effective. For details, please refer to “39. Additional Information.”

5. Term deposits with a deposit term of more than three months and security deposits are included in Other. These assets are classified as financial assets measured at amortized cost. For the current fiscal year, Other includes convertible notes subject to restrictions on conversion, as well as rights that are expected to be converted into common stock and warrants in the future. These are classified as financial assets measured at fair value through profit or loss. For details, please refer to “39. Additional Information.”

(2) Equity instruments measured at fair value through other comprehensive income

Name of major equity instruments and their fair value measured at fair value through other comprehensive income are as follows.

(In million yen)

Company name	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Sifive, Inc.	3,437	3,402

(3) Derecognized equity instruments measured at fair value through other comprehensive income

The fair value at the date of cessation of recognition, as well as the cumulative loss (before tax) of the capital financial assets measured at fair value through other comprehensive income, which were discontinued during the period, are as follows.

(In millions of yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Fair value	50	1,155
Cumulative loss (before tax)	(1,142)	—

(Note) When capital financial assets measured at fair value through other comprehensive income are derecognized, the cumulative loss (after tax) previously recognized in other comprehensive income is reclassified to retained earnings.

18. Income Taxes

(1) Components of and changes in deferred tax assets and deferred tax liabilities

The components of and changes in deferred tax assets and deferred tax liabilities by major causes of their occurrence are as follows.

(Previous fiscal year)

	(In millions of yen)				
	As of January 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	As of December 31, 2024
Deferred tax assets					
Inventories	5,262	3,052	—	—	8,314
Property, plant and equipment and other	6,557	1,062	—	—	7,619
Research and development expense	8,955	10,719	—	—	19,674
Accrued expenses	16,229	(4,471)	—	—	11,758
Retirement benefit liability	3,261	(1,398)	—	—	1,863
Carryforward of unused tax losses	3,470	1,843	—	6,762	12,075
Carryforward of unused tax credits	2,190	317	—	—	2,507
Other	31,056	(8,496)	—	657	23,217
Subtotal	<u>76,980</u>	<u>2,628</u>	<u>—</u>	<u>7,419</u>	<u>87,027</u>
Deferred tax liabilities					
Intangible assets and other	(68,846)	(127)	—	(66,042)	(135,015)
Tax on undistributed earnings	(11,198)	(1,425)	—	—	(12,623)
Total income from specified foreign subsidiaries and others	(961)	(1,536)	—	—	(2,497)
Other	(6,118)	4,670	(5,488)	—	(6,936)
Subtotal	<u>(87,123)</u>	<u>1,582</u>	<u>(5,488)</u>	<u>(66,042)</u>	<u>(157,071)</u>
Net deferred tax assets (liabilities)	<u>(10,143)</u>	<u>4,210</u>	<u>(5,488)</u>	<u>(58,623)</u>	<u>(70,044)</u>

(Current fiscal year)

	(In millions of yen)				
	As of January 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Business combination	As of December 31, 2025
Deferred tax assets					
Inventories	8,314	123	—	—	8,437
Property, plant and equipment and other	7,619	(1,088)	—	—	6,531
Research and development expense	19,674	149	—	—	19,823
Accrued expenses	11,758	879	—	—	12,637
Retirement benefit liability	1,863	(687)	—	—	1,176
Carryforward of unused tax losses	12,075	7,128	—	—	19,203
Carryforward of unused tax credits	2,507	3,107	—	—	5,614
Other	23,217	4,032	—	—	27,249
Subtotal	<u>87,027</u>	<u>13,643</u>	<u>—</u>	<u>—</u>	<u>100,670</u>
Deferred tax liabilities					
Intangible assets and other	(135,015)	23,978	—	—	(111,037)
Tax on undistributed earnings	(12,623)	(1,019)	—	—	(13,642)
Total income from specified foreign subsidiaries and others	(2,497)	2,497	—	—	—
Other	(6,936)	(111)	(1,009)	—	(8,056)
Subtotal	<u>(157,071)</u>	<u>25,345</u>	<u>(1,009)</u>	<u>—</u>	<u>(132,735)</u>
Net deferred tax assets (liabilities)	<u>(70,044)</u>	<u>38,988</u>	<u>(1,009)</u>	<u>—</u>	<u>(32,065)</u>

(Note) The Group considers the possibility that a portion of, or all of, the deductible temporary differences or carryforward of unused tax losses can be utilized against future taxable profits in the recognition of deferred tax assets.

Deferred tax liabilities related to intangible assets and others include those that are related to an uncertain tax position at an overseas subsidiary and calculated using the expected value method.

The differences between the total amount recognized in profit or loss and the total amount of the deferred tax expenses are due to changes in the foreign exchange rate.

The Organization for Economic Co-operation and Development (OECD) has published the “Global Anti-Base Erosion Rules,” which include the Pillar Two rules establishing a global minimum tax rate of 15% for each jurisdiction. In the tax reform for fiscal year 2023 in Japan, a corporate tax corresponding to the BEPS Global Minimum Taxation rules was established, and the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 3 of 2023), which includes provisions related thereto (the “Global Minimum Tax Regime”), was enacted on March 28, 2023 (the “Former Corporation Tax Act”). Under the Former Corporation Tax Act, the Income Inclusion Rule (IIR), one of the BEPS global minimum taxation rules, was introduced. The IIR in Japan has been applied to fiscal years beginning on or after April 1, 2024. In addition, in Japan’s 2025 tax reform, the Act for Partial Amendment of the Income Tax Act, etc. (Act No. 13 of 2025), which includes revisions to the Global Minimum Tax Regime (the “Revised Corporation Tax Act”), was enacted on March 31, 2025. Under the Revised Corporation Tax Act, the Qualified Domestic Minimum Top-up Tax (QDMTT) and the Undertaxed Payments Rule (UTPR), which are part of the BEPS global minimum taxation rules, were introduced. The QDMTT and UTPR will be applied to fiscal years beginning on or after April 1, 2026.

The GloBE Information Return for Specified Multinational Enterprise Groups, etc. for the current fiscal year will be filed by the Company.

In several jurisdictions where the Company’s subsidiaries are located, the global minimum taxation rules have been applied to fiscal years beginning on or after January 1, 2024. Accordingly, in those jurisdictions, the global minimum taxation rules were already applied in the previous fiscal year. For the previous fiscal year, the Company’s GloBE Information Return was filed by its UK subsidiary.

An assessment of the income tax impact has been undertaken based on the financial information available for each constituent entity of the Group as of December 31, 2024 and December 31, 2025. A summary of the income tax impact is set out below:

	(In millions of yen)			
	Current fiscal year (as of December 31, 2024)		Previous fiscal year (as of December 31, 2025)	
Total Tax Charge / (Credit)	44,411	100.0%	21,383	100.0%
Of which:				
Income tax excluding Pillar Two Income Tax	43,842	98.7%	21,365	99.9%
Income tax related to Pillar Two	569	1.3%	18	0.1%

The Pillar Two tax charge identified for the current fiscal year arises in relation to Vietnam, as the effective tax rate in Vietnam is below 15% and none of the transitional safe harbor exemptions apply. The Pillar Two tax in relation to Vietnam is payable in Vietnam as the country has implemented the Qualifying Domestic Minimum Top-Up Tax (QDMTT) rules.

For all other countries in which the Company operates, they are either not in scope of the rules in 2025, one of the transitional safe harbor exemptions applies, or there is no additional tax arising under the full GloBE Pillar Two calculations.

The Pillar Two tax charge identified for the previous fiscal year, arises in relation to the United States and Vietnam. The exposure arises as the effective tax rate in these two countries falls below 15% and none of the transitional safe harbor exemptions apply. As the United States had not implemented the Pillar Two rules, and Japan had not implemented the rules for this period, the Pillar Two tax arising in respect of the United States was payable in the country of the reporting intermediate parent company which would file an IIR return; for the Group this was the UK and Australia.

With respect to the impact of the Pillar Two rules on the Company’s deferred tax assets and deferred tax liabilities for the previous fiscal years and the current fiscal year, the Company has applied the exception to recognizing and disclosing information about deferred tax assets and deferred tax liabilities related to Pillar Two Income Taxes. This treatment is in accordance with the IASB’s amendment to IAS 12 ‘Income Taxes’.

(2) Deductible temporary differences and others for which no deferred tax assets are recognized

The amounts of deductible temporary differences, carryforward of unused tax losses and carryforward of unused tax credits for which no deferred tax assets are recognized are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Deductible temporary differences (Note 2)	722	58,046
Carryforward of unused tax losses	28,251	31,389
Carryforward of unused tax credits	31,668	31,754
Total	60,641	121,188

(Note) 1. Deductible temporary differences, carryforward of unused tax losses and carryforward of unused tax credits are measured on a tax amount basis.

2. The increase in deductible temporary differences in the current fiscal year is mainly due to the recognition of a valuation loss on other financial assets by the Company's subsidiary in the United States related to Wolfsped following its filing for protection under the U.S. Bankruptcy Code and its restructuring plan. Under the tax system in the United States, capital losses are allowed to be recognized as deferred tax assets only to the extent that they are expected to be offset against capital gains. Accordingly, no deferred tax assets have been recognized for the capital loss.

The expiration schedule of the carryforward of unused tax losses for which no deferred tax assets are recognized is as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
First year	—	—
Second year	—	73
Third year	62	35
Fourth year	30	187
Fifth year or thereafter	28,159	31,094
Total	28,251	31,389

The expiration schedule of the carryforward of unused tax credits for which no deferred tax assets are recognized is as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
First year	56	—
Second year	—	—
Third year	—	—
Fourth year	—	—
Fifth year or thereafter	31,612	31,754
Total	31,668	31,754

The Group does not recognize deferred tax assets for unused tax losses carried forward relating to local taxes (residential tax and business tax) of companies that are not subject to the consolidated taxation system or the group tax sharing system in Japan. The amount of unused tax losses carried forward for such local taxes was 1,662 million yen for residential tax and 4,042 million yen for business tax for the previous fiscal year, and 1,498 million yen for residential tax and 1,675 million yen for business tax for the current fiscal year.

(3) Components of income tax expense

The components of income tax expense are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Current tax expense		
Current tax expense	65,562	45,900
Tax expense from previous periods	(9,472)	(2,310)
Total current tax expense	56,090	43,590
Deferred tax expense		
Origination and reversal of temporary differences	(5,561)	(14,258)
Effects from tax regulation changes	3	(1)
Revaluation of deferred tax assets	(3,741)	(7,985)
Other	(2,380)	37
Total deferred tax expense	(11,679)	(22,207)
Total income tax expense	44,411	21,383

(Note) 1. Current tax expense in the previous fiscal year and the current fiscal year does not include the amount of previously unrecognized tax loss, tax credits or benefits arising from temporary differences in past periods.

2. Deferred tax expense in the previous fiscal year and the current fiscal year does not include the amount of previously unrecognized tax loss, tax credits or benefits arising from temporary differences in past periods.

3. Deferred tax expense in the previous fiscal year and the current fiscal year does not include the deferred tax expenses arising from the write-down of deferred tax assets or the reversal of previously recorded write-downs.

(4) Reconciliation of the statutory effective tax rate and the average effective tax rate

The reconciliation of the statutory effective tax rate and the average effective tax rate are as follows.

(%)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Statutory effective tax rate (Note)	31.5	31.5
Changes in unrecognized deferred tax assets	(1.2)	(125.7)
Permanent differences	(8.4)	85.3
Foreign tax rate differences	3.3	(85.5)
Tax credits	(5.8)	36.6
Tax on undistributed earnings	0.5	(3.4)
Other	(3.2)	(9.4)
Average effective tax rate	16.8	(70.6)

(Note) The applicable statutory effective tax rate is the sum of 24.4% for national taxes and 7.1% for local taxes.

Major taxes imposed on the Company and its subsidiaries in Japan are income tax, residential tax and business tax. The applicable statutory effective tax rate in Japan is 31.5% in the previous fiscal year and the current fiscal year. Income taxes for overseas subsidiaries are calculated based on local tax rates applicable in their jurisdictions.

(5) Adjustment of deferred tax assets and deferred tax liabilities due to a change in the corporate income tax rate

Following the enactment of the Act Partially Amending the Income Tax Act and Related Laws by the National Diet in Japan on March 31, 2025, a Defense Special Corporate Tax will be imposed on fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in fiscal years beginning on or after January 1, 2027 have been measured using a revised statutory effective tax rate of 32.3%, instead of the previous rate of 31.5%.

The impact of this change in tax rate is immaterial.

19. Trade and Other Payables

The components of trade and other payables are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Trade payables	82,942	98,999
Other payables	86,697	61,509
Electronically recorded obligations	15,092	9,620
Refund liabilities	69,236	56,109
Total	253,967	226,237
Current liabilities	231,029	219,167
Non-current liabilities	22,938	7,070

(Note) Trade and other payables are classified as financial liabilities measured at amortized cost.

20. Bonds and Borrowings

(1) The components of bonds are as follows.

(In million yen)					
	Issuance date	Maturity date	Interest rate	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
USD-denominated Senior Notes due 2026 (Note 3)	November 26, 2021	November 25, 2026	2.170%	134,453	133,076
Total				134,453	133,076
Reclassification to bond issuance costs				(199)	(94)
Current liabilities				—	132,982
Non-current liabilities				134,254	—

(Note) 1. Bonds are classified as financial liabilities measured at amortized cost.

2. For the balance of bonds by maturity, see “Note 35. Financial Instruments”.

3. On November 19, 2021, the Company decided to issue senior notes denominated in USD in multiple tranches (One of the tranches of the notes will be green bonds, proceeds from which will be used solely for projects that are expected to contribute to the global environment). The Company issued USD-denominated Senior Notes due 2024 (Green Bonds, Principal amount: USD 500million, Interest rate: 1.543%, Maturity Date: November 26, 2024) and USD-denominated Senior Notes due 2026 (Principal amount: USD 850 million, Interest rate: 2.170%, Maturity Date: November 25, 2026) on November 26, 2021, raising a total of USD 1.35 billion. Additionally, in November 2024, the Company redeemed the U.S. dollar-denominated senior notes, maturing in 2024, which were issued on November 26, 2021.

To reduce the risk of foreign exchange in the USD-denominated Senior Notes, the Group uses currency swaps and the currency swaps are designated as a hedge. For details on hedge accounting, please refer to “Note 35. Financial Instruments.”

(2) The breakdown of borrowings is as follows.

(In million yen)				
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)	Average interest rate (Note 5)	Maturity
Current portion of long-term borrowings	144,137	109,496	1.298%	—
Long-term borrowings (Excluding current portion)	1,128,236	968,592	1.441%	From Jun.2027 to Jul.2029
Total	1,272,373	1,078,088		
Less: Arrangement fee	(5,955)	(4,503)		
Current liabilities	144,137	109,496		
Non-current liabilities	1,122,281	964,089		

The components of borrowings are as follows.

		(In millions of yen)	
	Term of borrowing	As of December 31, 2024	As of December 31, 2025
Loan contract on December 23, 2021 (Note 6)	From Dec.2021 to Dec.2025	27,633	—
JBIC loan contract on December 23, 2021 (Note 6)	From Dec.2021 to Dec.2025	41,451	—
Loan contract on June 28, 2022 (Note 7)	From Jun.2022 to Jun.2027	24,328	14,435
Loan contract on June 30, 2022 (Note 7)	From Jun.2022 to Jun.2027	15,386	9,234
Loan contract on June 25, 2024 (Note 8)	From Jun.2024 to Jun.2029	250,000	250,000
Loan contract A on May 30, 2024 (Note 9)	From Jul.2024 to Jul.2029	384,150	338,251
Loan contract B on May 30, 2024 (Note 9)	From Jul.2024 to Jul.2029	384,150	338,251
JBIC loan contract on September 30, 2024 (Note 10)	From Sep.2024 to Jul.2029	145,275	127,917
Total		1,272,373	1,078,088

- (Note) 1. Borrowings are classified as financial liabilities measured at amortized cost.
2. For the balance of borrowings by maturity, please refer to “Note 35. Financial Instruments”.
3. The following financial covenants apply to 102,046 million yen of the current portion of long-term borrowings and 964,864 million yen of long-term borrowings (excluding current portion) as of December 31, 2025.
- (1) Maintain the ratio of interest-bearing debt (excluding lease liabilities) to EBITDA (leverage ratio: α) as follows:
- For the six months ended June 30, 2024: $\alpha \leq 3.05$
 - For the year ended December 31, 2024 and beyond: $\alpha \leq 2.90$
- (2) Maintain the total equity in the consolidated statements of financial position for each interim period and fiscal year end at no less than 75% of the previous period's equity.
- (3) Ensure that operating profit (loss) in the consolidated statements of profit or loss for each interim period and fiscal year end is not loss for two consecutive periods.
- (4) Ensure that net profit (loss) in the consolidated statements of profit or loss for each interim period and fiscal year end is not loss for two consecutive periods.
4. The Company has breached certain financial covenants related to loan agreements for the six months ended June 30, 2025. However, the Company has obtained consent from the financial institutions not to exercise their right to demand immediate repayment due to this breach. For the six months ended December 31, 2025, no events occurred that would constitute a breach of financial covenants.
5. The average interest rate represents the weighted-average interest rate calculated based on the balance of borrowings as of December 31, 2025.
6. Based on the loan agreement entered into to finance the acquisition of Dialog, on August 31, 2021, the Company had borrowed 270,000 million yen from MUFG Bank, Ltd. and Mizuho Bank, Ltd. with the last repayment date of February 7, 2022.
- With the purpose of refinancing 240,000 million yen of the above loans (after the repayment of 30,000 million yen) to mid- to long-term funds, on December 23, 2021, the Company has entered into the syndicate loan agreement (Loan amount: 96,000 million yen, Execution date of agreement: December 23, 2021, Borrowing date: December 30, 2021, Repayment date: End of December, 2026, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited., Aozora Bank, Ltd., Shinkin Central Bank, The Norinchukin Bank, Bank of America N.A. Tokyo Branch) and a JBIC loan agreement (Loan amount: 144,000 million yen, Execution date of agreement: December 23, 2021, Borrowing date: December 30, 2021, Repayment date: End of December, 2026, Participating financial institutions: Japan Bank of International Cooperation). On December 30, 2021, the Company borrowed a total of 240,000 million yen under these agreements and fully repaid the remaining amount of the loans dated August 31, 2021.
- In addition, the Company made an early repayment on December 30, 2025, of the borrowings totaling 240,000 million yen.
7. In June 2022, the Company entered into a term loan agreement dated June 28, 2022 (Loan amount: USD 200 million, Borrowing date: June 30, 2022, Repayment date: June 30, 2027, Participating financial institutions: Bank of America NA Tokyo Branch) and a term loan agreement dated June 30, 2022 (Loan amount: 20,000 million yen, Borrowing date: June 30, 2022, Repayment date: June 30, 2027, Participating financial institutions: MUFG Bank, Ltd.). The Company has borrowed a total of 47,096 million yen under these agreements dated June 30, 2022.
8. The Company entered into a term loan agreement on June 25, 2024 (total loan amount: 250,000 million yen, loan execution date: June 28, 2024, final repayment date: June 29, 2029, lenders: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited) and executed a loan of 250,000 million yen.
9. Under the loan agreement signed on May 30, 2024, for financing the acquisition of Altium, the Company executed a term loan of 788,000 million yen on July 24, 2024 (loan execution date: July 24, 2024, final repayment date: July 24, 2029, lenders: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited, and five

other financial institutions).

10. The Company entered into a JBIC loan agreement on September 30, 2024 (total loan amount: 149,000 million yen, loan execution date: September 30, 2024, final repayment date: July 24, 2029, lender: Japan Bank of International Cooperation) and executed a loan of 149,000 million yen.
11. In April 2025, the Company executed a short-term borrowing of 38,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. under a commitment line agreement dated June 25, 2024. The Company repaid 28,000 million yen of the borrowed amount in June 2025, and the entire amount was fully repaid by July 2025.

(3) Assets pledged as collateral and corresponding liabilities as of each fiscal year end are as follows.

A. Assets pledged as collateral

Stock of subsidiary (638,841 million yen for the previous fiscal year and 920,544 million yen for the current fiscal year) which are eliminated in the consolidated statements of financial position, are collateralized.

B. Liabilities corresponding to assets pledged as collateral

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Current portion of long-term borrowings	34,541	46,850
Long-term borrowings (Excluding current portion)	34,062	353,683
Total	68,603	400,533

21. Other Financial Liabilities

The components of other financial liabilities are as follows.

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Lease liabilities	22,105	20,221
Contingent consideration (Note 1, 2)	1,582	2,576
Derivative liabilities (Note 1)	—	1,278
Total	23,687	24,075
Current liabilities	8,071	9,477
Non-current liabilities	15,616	14,598

(Note) 1. Derivative liabilities are classified as financial liabilities measured at fair value through profit or loss. For details, please refer to "Note 35. Financial Instruments".

2. For details, please refer to "Note 8. Business Combinations".

22. Provisions

The components of provisions and their changes are as follows.

(In millions of yen)

	Asset retirement obligations	Provision for business restructuring	Provision for loss on litigation	Other provisions	Total
Balances as of December 31, 2024	3,170	5,065	5,534	570	14,339
Current liabilities	138	5,031	5,534	570	11,273
Non-current liabilities	3,032	34	—	—	3,066
Increase during the period	195	4,276	1,074	1,302	6,847
Decrease during the period (payment)	(79)	(6,530)	(5,232)	(1,112)	(12,953)
Decrease during the period (reversal)	(7)	(538)	—	(55)	(600)
Period interest expense in discount calculation	78	—	—	—	78
Other	104	97	(258)	(4)	(61)
Balances as of December 31, 2025	3,461	2,370	1,118	701	7,650
Current liabilities	96	2,184	1,118	701	4,099
Non-current liabilities	3,365	186	—	—	3,551

A. Asset retirement obligations

The expected amount related to performing obligations necessary to restore assets to their original state under the real estate lease agreements of offices and plants used by the Group and legal obligations to remove hazardous substances related to non-current assets is recorded as a provision. The amount of asset retirement obligations was computed using an estimated useful life of 1 to 47 years as well as a discount rate of 0.1% to 10.5%, although the timing of payments will be affected by future business plans, and other factors.

B. Provision for business restructuring

Provision for business restructuring is recorded for expected future losses in connection with business structure reform and consolidation. The timing of payments will be affected by future business plans, and other factors.

C. Provision for loss on litigation

The Group records the estimated amount of reasonably calculated losses, considering individual risks, for losses on litigation which could be incurred in the future from lawsuits and disputed cases. For details, please refer to "Note 38. Commitments and Contingent Liabilities, (5) Others".

D. Other provisions

Other provisions include a provision for product warranties and a provision for an onerous contract.

23. Employee Benefits

The Group adopts post-employment benefit plans such as a defined benefit plan and a defined contribution plan, except for some overseas consolidated subsidiaries.

(1) Defined benefit plans

A. Characteristics of defined benefit plans and related risks

The characteristics of defined benefit plans and related risks are as follows.

(a) Characteristics of defined benefit plans

The defined benefit plans of the Company and its subsidiaries in the Group include (i) a severance indemnity plan and (ii) a defined benefit corporate pension plan. The Group may also provide extra retirement payments upon the retirement of employees.

(i) The severance indemnity plan is an unfunded plan to make a lump-sum payment only with an internal reserve without making an external reserve for the obligations of the retirement benefit plans. The lump-sum payment is paid in an amount based on salaries and number of service years in accordance with the retirement allowance regulations including the rules of employment of each company.

(ii) The defined benefit corporate pension plan is a defined benefit pension and a funded plan established under the Defined Benefit Corporate Pension Act (enforced in April 2002). It is a fund-type corporate pension, and a lump-sum payment or an annuity is paid from the fund based on salaries and number of service years. In the defined benefit corporate pension plan, administrators of the corporate pension, such as the executive directors of the employer and the fund, abide by laws, regulations and asset management and investment contracts and others and their standards of practice such as the prohibition of acts involving conflicts of interest against the participants in the plan have been clearly defined.

In the defined benefit corporate pension plan, the amount of benefits is calculated based on the cumulative number of points granted to employees according to their job classification. The Company and its subsidiaries in Japan adopt a cash balance pension plan for the defined benefit corporate pension plan. Some of the Company's overseas subsidiaries adopt externally funded pension plans such as trust funds for the defined benefit corporate pension plan. Under those pension plans, each participant has an account in which a certain amount calculated by the revaluation rate that is determined based on the current base salary, the job classification and the market interest rate is accumulated.

(b) Risks to which an entity is exposed by the plan.

The Group is exposed to actuarial risks such as price fluctuation risk by plan assets and interest rate risk by present value of obligations of the defined benefit plans.

B. Amounts recognized in the consolidated statements of financial position

The amounts recognized in the consolidated statements of financial position are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Present value of obligations of the funded defined benefit plans (with plan assets)	96,423	88,421
Fair value of plan assets	(144,388)	(146,253)
Funded status	(47,965)	(57,832)
Impact of asset ceiling	49,068	59,027
Present value of obligations of the unfunded defined benefit plans (without plan assets)	22,461	21,321
Net amount of liabilities (assets) pertaining to defined benefits recognized in the consolidated statements of financial position	23,564	22,516
Retirement benefit liability	23,564	22,516
Retirement benefit asset	—	—

As of December 31, 2024, the present value of obligations of the funded defined benefit plans (with and without plan assets) was 93,532 million yen for domestic plans and 25,352 million yen for overseas plans. The fair value of plan assets was (127,952) million yen for domestic plans and (16,436) million yen for overseas plans.

As of December 31, 2025, the present value of obligations of the funded defined benefit plans (with and without plan assets) was 82,058 million yen for domestic plans and 27,684 million yen for overseas plans. The fair value of plan assets was (128,717) million yen for domestic plans and (17,536) million yen for overseas plans.

C. Changes in the present value of defined benefit obligation

The changes in the present value of defined benefit obligation are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Present value of defined benefit obligation (beginning)	124,270	118,884
Service cost	2,333	2,816
Interest expenses	2,328	2,520
Benefits paid	(9,631)	(11,755)
Remeasurements of defined benefit plans		
(i) Actuarial differences arising from changes in demographic assumptions	82	(182)
(ii) Actuarial differences arising from changes in financial assumptions	(2,423)	(5,805)
(iii) Revisions to other results	(177)	1,409
Exchange differences	2,013	2,006
Other	89	(151)
Present value of defined benefit obligation (ending)	118,884	109,742

The weighted average duration of the defined benefit obligation in each fiscal year is as follows.

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Weighted average duration	10.5 years	10.5 years

D. Changes in the fair value of plan assets

Changes in the fair value of plan assets are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Fair value of plan assets (beginning)	141,995	144,388
Interest income	2,484	2,997
Remeasurement – Return on plan assets	3,582	5,322
Contributions by employer (Note 1)	2,078	2,007
Benefits paid	(7,370)	(9,317)
Exchange differences	1,573	1,069
Other	46	(213)
Fair value of plan assets (ending)	144,388	146,253

- (Note) 1. Contributions to the defined benefit plans in the Group are made in consideration of factors such as the financial position of the Group, the funding situation of plan assets and actuarial factors based on laws and regulations. In the fiscal year ending December 31, 2026, 1,882 million yen is planned to be contributed to the defined benefit pension plans.
2. The purpose of the investment of plan assets of the Group is to secure necessary revenue in the long term within the acceptable range of risks in order to provide benefits to beneficiaries reliably in the future. The target rate of return aims to exceed the assumed interest rate required for the financial position of the pension scheme on a stable basis for the long term. The Group has set a “policy asset mix” to achieve the investment target and attempts to make an investment to maintain the asset mix based on the policy asset mix. The asset mix is reviewed as necessary and tailored to changes in the situation of the Group and the institution and the environment surrounding the Group.
3. Some consolidated subsidiaries participate in a multi-employer defined benefit pension plan.

E. Changes in the impact of the asset ceiling

The changes in the impact of the asset ceiling are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Impact of asset ceiling (beginning)	42,323	49,068
Interest income	627	893
Remeasurement – Changes in the impact of the asset ceiling	5,945	8,966
Exchange differences	173	100
Impact of the asset ceiling (ending)	49,068	59,027

(Note) The Group sets the asset ceiling and calculates liabilities in some of its pension plans because economic benefits could not be enjoyed as a result of contributions that will not be reduced or returned in the future.

F. Components of fair value of plan assets by type

The components of the fair value of plan assets by type are as follows.

(In million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Equity instruments		
Domestic equity securities	10,536	12,914
Foreign equity securities	22,700	26,816
Debt instruments		
Domestic bonds	20,198	21,234
Foreign bonds	11,492	12,433
General accounts of life insurance company	32,787	34,072
Cash and cash equivalents	11,267	1,406
Other	35,408	37,378
Total	144,388	146,253

(Note) Most plan assets are operated through commingled funds and classified as those with no public market price in active markets. These commingled funds are appropriately diversified into stocks and debts that are generally listed in active market based on corporate pension fund code. "General accounts of life insurance company" are the accounts that the life insurance company jointly manages with several contracts and includes a guaranteed interest rate and return of capital. The major components of "Other" represent alternative instruments that are invested using long/short positions and securitized products.

G. Major actuarial assumptions

Major actuarial assumptions (weighted average) are as follows.

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Discount rate	2.3%	3.1%

H. Sensitivity analysis

In the calculation of the defined benefit obligation in the sensitivity analysis, the same method as the calculation method for the defined benefit obligation recognized in the consolidated statements of financial position is used.

The sensitivity analysis is made based on changes in assumptions that can be reasonably presumed at the end of the reporting period. In addition, although the sensitivity analysis assumes that all actuarial assumptions other than those that are subject to the sensitivity analysis remain constant, changes in those other actuarial assumptions could have an impact in reality.

The impact of a 0.5% change in actuarial assumptions on the defined benefit obligation is as follows.

		(In million yen)	
		Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Discount rate	0.5% increase	(5,406)	(4,899)
	0.5% decrease	5,614	4,148

(2) Defined contribution plans

The Group has adopted defined contribution pension plans. The amount recognized as an expense in relation to the defined contribution plans, including employee pension premiums paid by the employer under the Employees' Pension Insurance Act, is as follows.

		(In million yen)	
		Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Contributions		8,556	9,162

(Note) This amount is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

(3) Employee benefit expenses

The components of the employee benefit expenses are as follows.

		(In million yen)	
		Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Personnel expenses		271,249	289,210
Retirement benefit expenses		11,361	12,394
Extra retirement payments and others		6,612	6,248
Other		5,491	5,736
	Total	294,713	313,588

(Note) This amount is included in "Cost of sales", "Selling, general and administrative expenses" and "Other expenses" in the consolidated statements of profit or loss.

24. Share Capital and Other Equity Items

(1) Share capital and treasury shares

Ordinary shares

	Total number of authorized shares (shares)	Total number of issued shares (shares)	Treasury shares (shares)
Previous fiscal year (as of December 31, 2024)	3,400,000,000	1,870,614,885	75,848,895
Changes	—	—	(18,568,722)
Current fiscal year (as of December 31, 2025)	3,400,000,000	1,870,614,885	57,280,173

(Note) 1. All the shares issued by the Company are non-par value ordinary shares with no restrictions on rights.

2. The number of treasury shares decreased by 18,568,722 shares, due to disposals of treasury shares and so on based on the exercise of stock options, the vesting of Restricted Stock Unit (RSU) and of Performance Share Unit (PSU) for the current fiscal year. As a consequence, treasury shares decreased by 22,108 million yen for current fiscal year. As a result, the amount of treasury shares held was 70,012 million yen as of December 31, 2025. For details on stock options, RSU and PSU, please refer to "Note 34. Share-based Payments."

3. Total number of issued shares has been already paid-up.

(2) Surplus

A. Capital surplus

The Companies Act of Japan stipulates that one half or more of the paid-in amount from the issue of shares shall be accounted for as share capital, and the remainder shall be accounted for as capital reserve included in capital surplus. Under the Companies Act, the amount of such capital reserve may be transferred to shared capital by the resolution of a shareholders meeting.

B. Retained earnings

The Companies Act of Japan stipulates that one tenth of the amount of the distributions of surplus shall be accumulated as capital reserve or legal reserve until the sum of the capital reserve and legal reserve reaches one fourth of the share capital. The accumulated retained earnings reserve may be appropriated to cover a loss. The Companies Act also states that the retained earnings reserve may be used by the resolution of a shareholders meeting.

25. Dividends

(1) Dividend payment amounts

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2024 Annual general meeting of shareholders	Ordinary shares	49,758	28	December 31, 2023	March 29, 2024	Retained earnings

Current fiscal year (from January 1, 2025 to December 31, 2025)

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2025 Annual general meeting of shareholders	Ordinary shares	50,320	28	December 31, 2024	March 31, 2025	Retained earnings

- (2) Dividends with a record date within the year ended December 31, 2024, but an effective date is after December 31, 2024, and dividends with a record date within the year ended December 31, 2025, but an effective date is after December 31, 2025

Previous fiscal year (from January 1, 2024 to December 31, 2024)

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2025 Annual general meeting of shareholders	Ordinary shares	50,320	28	December 31, 2024	March 31, 2025	Retained earnings

Current fiscal year (from January 1, 2025 to December 31, 2025)

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2025 Annual general meeting of shareholders	Ordinary shares	50,814	28	December 31, 2025	March 30, 2026	Retained earnings

(Note) The matters described above are scheduled to be submitted as agenda items at the Company's Annual general meeting of shareholders to be held on March 25, 2026.

26. Revenue

(1) Disaggregation of revenue

Disaggregation of revenue recognized from contracts with customers is stated in “Note 7. Business Segments, (2) Information on reportable segments and (4) Information on regions and countries”. Also, all of the revenue arises from contracts with customers.

The Group engages in research, development, design, manufacturing, sales, and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors, and the revenue is mainly due to sales of semiconductor products.

Regarding the sales of these products, the Group recognizes revenue when the customer obtains control over the product which is at the time of delivery of a product because legal title of the product, physical possession of the asset, the significant risks and rewards of ownership are transferred to the customer, and the customer has an obligation to pay for the products at the time of delivery of the product.

Revenue is measured at the amount of consideration promised in contracts with customers.

With regard to sales contract including variable consideration such as rebate and discounts, the transaction price is estimated and determined using the most-likely-amount method based largely on historical data, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration under sales contracts is recovered mainly within one year from satisfaction with a performance obligation and includes no significant financing components.

(2) Accounts arising from contracts

(In million yen)

	As of December 31, 2024		As of December 31, 2025	
	At beginning of the period	At end of the period	At beginning of the period	At end of the period
Trade receivables (Note 1)	210,964	204,149	204,149	192,466
Contract assets (Note 2)	167	8,973	8,973	5,583
Contract liabilities (Note 3, 4, 6)	97	10,452	10,452	20,917

(Note) 1. Trade receivables are included in “Trade and other receivables” and “Other financial assets” in the consolidated statements of financial position.

2. Contract assets are the company’s rights to the consideration received in exchange for goods or services transferred to the customer by the company, on condition of something other than the passage of time (for example, future performance of the company). Contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract assets are included in “Trade and other receivables” in the consolidated statements of financial position.

3. Contract liabilities relate to the payment received in advance of performance under the contract. The contract liabilities are reclassified to revenue when the Group satisfies a performance obligation based on the contract. Contract liabilities are included in “Other current liabilities” and “Other non-current liabilities” in the consolidated statements of financial position.

4. The increase in contract liabilities for the current fiscal year was due to the recognition of unearned revenue based on contracts with customers.

5. The amounts of revenues recognized during the previous fiscal year and the current fiscal year from the performance obligations satisfied in the past periods were immaterial.

6. Of the revenues recognized in the previous fiscal year, 82 million yen was included in the balance of contract liabilities as of January 1, 2024. Of the revenues recognized in the current fiscal year, 372 million yen was included in the balance of contract liabilities as of January 1, 2025.

(3) Transaction price allocated to the remaining performance obligation

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, there are no significant amounts in consideration from contracts with customers that are not included in transaction prices.

(4) Assets recognized from the cost to obtain or fulfill contracts with customers

There are no assets recognized from the cost to obtain or fulfill contracts with customers.

27. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses are as follows.

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Research and development expenses (Note)	249,649	238,056
Depreciation and amortization	128,886	117,572
Personnel expenses	97,106	109,392
Retirement benefit expenses	4,439	4,941
Other	47,395	51,288
Total	527,475	521,249

(Note) Research and development expenses are included in selling, general and administrative expenses. Related expenses such as outsourcing costs, personnel expenses, depreciation costs and material costs are mainly included in research and development expenses.

28. Other Income

The components of other income are as follows.

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Gain on sale of fixed assets	339	2,940
Compensation income (Note 1)	7,840	719
Reversal of allowance for doubtful accounts	—	713
Government grant income (Note 2)	6,007	655
Fair value remeasurements on contingent considerations (Note 3)	1,884	—
Other	3,891	1,217
Total	19,961	6,244

(Note) 1. Compensation income for the previous fiscal year is compensation for the damages resulting from the discontinuation of development.

2. Government grant income included government grants received for the acquisition of property, plant and equipment for the previous fiscal year.

3. For details, please refer to "8. Business Combinations".

29. Other Expenses

The components of other expenses are as follows.

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Impairment losses (Note 1)	3,015	18,430
Business restructuring expenses (Note 2)	7,852	7,401
Loss on disposal of fixed assets	1,665	4,127
Provision for loss on litigation	—	2,510
Loss on reduction of fixed assets	4,879	—
Other	1,894	5,153
Total	19,305	37,621

(Note) 1. For details on impairment losses, see “Note 16. Impairment of Non-financial Assets”.

2. Business restructuring expenses consist of personnel-related expenses, such as premium retirement payments and other related costs.

30. Finance Income and Finance Costs

The components of finance income and finance costs are as follows.

(1) Finance income

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Interest income		
Financial assets measured at amortized cost	20,708	10,336
Foreign exchange gain (Note 1)	15,075	—
Dividend income		
Financial assets measured at fair value through profit or loss	866	372
Financial assets measured at fair value through comprehensive income	—	1,172
Gain on fair value evaluation		
Financial assets measured at fair value through profit or loss	14,795	2,323
Other	656	449
Total	52,100	14,652

(2) Finance costs

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Interest expenses		
Financial liabilities measured at amortized cost	10,918	19,010
Foreign exchange loss (Note 1)	—	10
Loss on fair value evaluation (Note 2)		
Financial assets measured at fair value through profit or loss	—	226,579
Other	54	42
Total	10,972	245,641

(Note) 1. Foreign exchange gain and loss include losses on valuation of currency derivatives.

2. Loss on fair value evaluation for the current fiscal year mainly includes the recognition of valuation loss of 236,600 million yen on other financial assets related to Wolfspeed, following its filing for protection under the U. S. Bankruptcy Code and its restructuring plan.

31. Other Comprehensive Income

Reclassification adjustments and tax effects of other comprehensive income by component are as follows.

(In millions of yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans		
Amount incurred during the period	43	799
Tax effect	(124)	(265)
After tax effect	(81)	534
Equity financial assets measured at fair value through other comprehensive income		
Amount incurred during the period	(3,020)	68
Tax effect	48	37
After tax effect	(2,972)	105
Total of items that will not be reclassified to profit or loss	(3,053)	639
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations		
Amount incurred during the period	320,341	(31,349)
Reclassification	—	—
Before tax effect	320,341	(31,349)
Tax effect	—	—
After tax effect	320,341	(31,349)
Cash flow hedges		
Amount incurred during the period	(31,064)	(647)
Reclassification	34,377	4,084
Before tax effect	3,313	3,437
Tax effect	(7,061)	(1,053)
After tax effect	(3,748)	2,384
Cost of hedges		
Amount incurred during the period	(5,424)	(916)
Reclassification	22	30
Before tax effect	(5,402)	(886)
Tax effect	1,649	272
After tax effect	(3,753)	(614)
Total of items that may be reclassified subsequently to profit or loss	312,840	(29,579)
Total other comprehensive income	309,787	(28,940)

32. Earnings Per Share

Basic earnings (losses) per share attributable to owners of parent and diluted earnings (losses) per share are as follows.

(1) Basic earnings (losses) per share

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Profit (loss) attributable to owners of parent used for the calculation of basic earnings (losses) per share (million yen)	219,084	(51,763)
Weighted average number of ordinary shares during the year (thousands of shares)	1,788,230	1,806,796
Basic earnings (losses) per share (yen)	122.51	(28.65)

(2) Diluted earnings (losses) per share

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Profit (loss) attributable to owners of parent used for the calculation of basic earnings (losses) per share (million yen)	219,084	(51,763)
Adjustments on earnings (million yen)	—	—
Profit (loss) used for the calculation of diluted earnings (losses) per share (million yen)	219,084	(51,763)
Weighted average number of ordinary shares during the year before dilution (thousands of shares)	1,788,230	1,806,796
Increase in common stock		
Share acquisition rights (thousands of shares)	2,943	514
Restricted Stock Unit (thousands of shares)	21,649	26,022
Weighted average number of ordinary shares during the year after dilution (thousands of shares)	1,812,822	1,833,332
Diluted earnings (losses) per share (yen)	120.85	(28.65)

(Note) 1. Diluted losses per share are the same as basic losses per share as there were no dilutive potential common shares outstanding for the current fiscal year

2. For the current fiscal year, the share acquisition rights and restricted stock unit issued by the Company were not dilutive and were thus excluded from the calculation of diluted losses per share.

3. For the current fiscal year, the Company had 26,536 thousand potentially dilutive ordinary shares. Since these shares were not dilutive, they were excluded from the calculation of diluted losses per share.

33. Consolidated Statement of Cash Flows

(1) Changes in liabilities in financing activities

The components of liabilities in financing activities and their changes during the fiscal year are as follows.

(Previous fiscal year)

(In millions of yen)

	As of December 31, 2023	Cash flows	Non-cash transactions					As of December 31, 2024
			Acquisitions	Increase due to business combination	Effect of foreign exchange rate changes	Changes in fair value	Other (Note 2)	
Long-term borrowings (Note 1)	459,851	809,471	—	—	2,221	—	(5,125)	1,266,418
Short-term borrowings	—	(316)	—	316	—	—	—	—
Bonds (Note 3)	191,097	(57,170)	—	—	152	—	175	134,254
Derivative liabilities (assets) (Note 4)	(14,460)	—	—	—	—	(29,033)	—	(43,493)
Lease liabilities	16,712	(9,931)	8,732	1,886	—	—	4,706	22,105
Total	653,200	742,054	8,732	2,202	2,373	(29,033)	(244)	1,379,284

(Current fiscal year)

(In millions of yen)

	As of December 31, 2024	Cash flows	Non-cash transactions					As of December 31, 2025
			Acquisitions	Increase due to business combination	Effect of foreign exchange rate changes	Changes in fair value	Other (Note 2)	
Long-term borrowings (Note 1)	1,266,418	(192,738)	—	—	(1,547)	—	1,452	1,073,585
Short-term borrowings	—	—	—	—	—	—	—	—
Bonds (Note 3)	134,254	—	—	—	(1,377)	—	105	132,982
Derivative liabilities (assets) (Note 4)	(43,493)	—	—	—	—	4,917	—	(38,576)
Lease liabilities	22,105	(10,784)	5,570	—	—	—	3,330	20,221
Total	1,379,284	(203,522)	5,570	—	(2,924)	4,917	4,887	1,188,212

(Note) 1. Current portion of long-term borrowings are included in long-term borrowings.

2. Non-cash transactions for long-term borrowings include the arrangement fees.

3. To reduce the risk of foreign exchanges in the USD-denominated Senior Notes, the Group uses currency swaps. The currency swap is designated as a hedge. For details on hedge accounting, please refer to "Note 35. Financial Instruments".

4. Derivatives are held for the purpose of hedging bonds, borrowings and plan on purchasing.

(2) Non-cash transactions

Significant non-cash transactions are as follows.

(In million yen)

Type	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Recognition of intangibles from installment contracts	49,303	7,171

(3) Principal assets and liabilities of a company that became a consolidated subsidiary due to acquisition of stock

(Previous fiscal year)

For details of assets and liabilities for Transphorm and Altium at time of its consolidation resulting from the acquisition of stock as well as the relationship between the acquisition price of stock and expenditures (net) for its acquisition, please refer to "Note 8. Business Combinations."

(Current fiscal year)

Not applicable

34. Share-based Payments

The Group has adopted share-based payment plans as an incentive plan for directors, senior vice presidents, employees, and others.

Share-based payment expenses included in the consolidated statements of profit or loss totaled 2,848 million yen in “Cost of sales” and 33,451 million yen in “Selling, general and administrative expenses” in the previous fiscal year, and 2,697 million yen in “Cost of sales” and 34,388 million yen in “Selling, general and administrative expenses” in the current fiscal year.

(1) Restricted Stock Unit (RSU) and Performance Share Unit (PSU)

A. Overview of RSU and PSU

(a) RSU

RSU is a share-based payment plan in which the Company provides recipients with the number of units that corresponds to the number of years (basically three years, except one year for the Outside Directors) determined by the Granting Determination Body ((i) the compensation committee of the Company (the “Compensation Committee”), when the Units are granted to directors or executive officers of the Company, or (ii) the representative executive officer of the Company (the “Representative Executive Officer”), when the Units are granted to other persons) and annually delivers to the recipients common stock for the number of units that vested (the units vest by one third of total units provided every year after the grant date, except that the units vest after one year for the outside directors), subject to continued employment with the Group.

(b) PSU

PSU is a share-based payment plan in which the Company provides the recipients (excluding outside directors) with the number of units determined by the Granting Determination Body ((i) the compensation committee of the Company (the “Compensation Committee”), when the Units are granted to directors or executive officers of the Company, or (ii) the representative executive officer of the Company (the “Representative Executive Officer”), when the Units are granted to other persons) and delivers to the recipients common stock for the number of the units that vested in response to the extent of the growth rate of total shareholder return during the performance evaluation period when the PSUs are granted.

B. Details for RSU and PSU

The details of RSU and PSU granted for the previous fiscal year and the current fiscal year are as follows.

Date of grant	Category and number of grantees	Number of units		Fair value (Yen)	
		RSU	PSU	RSU	PSU
January 15, 2024	Employees of the Company and subsidiaries 144	652,500	—	2,461.5	—
April 8, 2024	Directors 2 Corporate officers 10 Employees of the Company and subsidiaries 9,143	4,399,200 4,364,500 3,498,300	1,547,500	2,761.7 2,731.7 2,702.0	2,702.0
June 20, 2024 (Note 5, 6)	Directors of subsidiaries 2 Corporate officers of subsidiaries 5 Employees of subsidiaries 88	309,100	—	3,128.0	—
July 9, 2024	Employees of the Company and subsidiaries 464	803,600 802,300 757,200	—	3,256.7 3,221.1 3,185.9	—
August 1, 2024 (Note 7, 8)	Directors of subsidiaries 2 Employees of subsidiaries 53	1,432,500 1,327,700 1,326,900	23,000 23,000 22,700	2,368.8 2,342.9 2,317.3	2,392.8 2,366.7 2,340.8
August 29, 2024	Director of subsidiary 1 Employees of subsidiaries 50	116,600 156,600 150,900	—	2,421.0 2,394.6 2,368.4	—
October 11, 2024	Corporate officer 1 Employees of the Company and subsidiaries 289	476,400 474,700 408,300	—	2,076.7 2,054.0 2,031.6	—
January 10, 2025	Corporate officer 1 Employees of the Company and subsidiaries 235	385,500 385,500 361,200	—	1,997.6 1,975.7 1,954.1	—
April 7, 2025	Directors 6 Corporate officers 9 Employees of the Company and subsidiaries 11,256	6,213,500 6,122,600 5,055,000	2,834,700	1,360.2 1,341.9 1,323.8	1,323.8
July 4, 2025	Employees of the Company and subsidiaries 613	380,700 379,700 322,200	—	1,866.2 1,840.2 1,814.6	—
August 7, 2025	Employees of subsidiaries 43	142,200 142,200 138,300	—	1,694.5 1,670.9 1,647.7	—
October 10, 2025	Corporate officer 1 Employees of the Company and subsidiaries 219	295,400 294,900 274,100	—	1,770.0 1,745.4 1,721.1	—

- (Note) 1. At the time of rights confirmation, the company will issue common shares (one share per unit) corresponding to the confirmed number of units. No payment will be required from the recipients at the time of the stock issuance.
2. PSUs will determine the number of units based on the granted number of units, in accordance with a certain coefficient set according to the growth rate of the company's total shareholder return during the performance evaluation period.
 3. The fair value of RSUs is calculated by considering the market value of the company's stock, as well as anticipated dividends based on past dividend performance.
 4. The fair value of PSU is calculated based on the results of comparing the fluctuation rate of the Company's stock with that of stock indexes over a certain period.
 5. Based on the memorandum and agreements related to the acquisition of Transphorm, the outstanding portion of stock-based compensation already granted to directors, corporate officers, and employees of subsidiaries has been replaced with our company's LTI plan (RSUs), considering the current conditions of Transphorm's LTI plan, and the grants were made on the acquisition completion date.
 6. The vesting conditions continue to follow the previous conditions of Transphorm.
 7. Based on the memorandum and agreements related to the acquisition of Altium, the outstanding portion of stock-based compensation already granted to Directors and employees of subsidiaries has been replaced with our company's LTI plan (RSUs and PSUs), considering the current conditions of Altium's LTI plan, and the grants were made on the acquisition completion date.
 8. The vesting conditions continue to follow the previous conditions of Altium.

C. Changes of the number of RSU and PSU

Changes of the number of RSU and PSU in the previous fiscal year and the current fiscal year are as follows (1 right = 1 share).

Grant date	Previous fiscal year (as of December 31, 2024)		Current fiscal year (as of December 31, 2025)	
	RSU	PSU	RSU	PSU
Beginning balance	25,928,893	3,691,187	32,333,577	3,989,254
Granted	21,457,300	2,304,745	20,893,000	3,518,893
Forfeited	(2,242,266)	(317,691)	(3,935,396)	(674,353)
Vested	(12,810,350)	(1,688,987)	(14,893,188)	(2,034,111)
Ending balance	32,333,577	3,989,254	34,397,993	4,799,683

(2) Stock option

A. Overview of the stock option plan

Under the stock option plan, warrants have been granted to eligible persons in accordance with the resolution of the Board of Directors of the Company based on the arrangement approved at the shareholders meeting of the Company. The exercise period of the stock options is set by an allotment contract, and if they are not exercised during the exercise period, the stock options will lapse. In addition, if an eligible person has left the Company before the vesting date, the options will also lapse. However, this does not apply to certain cases addressed in the warrants allotment contract, such as resignation due to the expiration of the term of office, etc.

The stock option plan of the Company is accounted for as equity-settled share-based payments.

B. Details for the stock option plan

The stock option plan in effect during the current fiscal year is as follows.

	Category and number of grantees	Type of stock and number of shares	Grant date	Vesting conditions	Vesting period	Exercise period
Fiscal year 2017 Stock options No.1 – 1 No.2 – 1	Directors of the Company 2 Corporate officers and executive officers of the Company 11 Employees of the Company 342 Directors of subsidiaries 20 Employees of subsidiaries 890	Common stock 3,549,500 shares	April 3, 2017	The rights vest in stages as follows One third vests on April 4, 2018 One third vests on April 4, 2019 The remaining vests on April 4, 2020	From April 3, 2017 to April 4, 2020	From April 4, 2017 to April 3, 2027
Fiscal year 2018 Stock options No.1 – 1 No.2 – 1	Directors of the Company 3 Corporate officers and executive officers of the Company 10 Employees of the Company 472 Directors of subsidiaries 18 Employees of subsidiaries 743	Common stock 3,607,200 shares	April 2, 2018	The rights vest in stages as follows One third vests on April 3, 2019 One third vests on April 3, 2020 The remaining vests on April 3, 2021	From April 2, 2018 to April 3, 2021	From April 3, 2018 to April 2, 2028
Fiscal year 2018 Stock options No.3 No.4	Employees of the Company 257 Directors of subsidiaries 1 Employees of subsidiaries 181	Common stock 534,600 shares	July 31, 2018	The rights vest in stages as follows One third vests on April 3, 2019 One third vests on April 3, 2020 The remaining vests on April 3, 2021	From July 31, 2018 to April 3, 2021	From August 1, 2018 to July 31, 2028
Fiscal year 2019 Stock options No.6 – 1 No.7 – 1	Employees of the Company 486 Directors of subsidiaries 15 Employees of subsidiaries 1,875	Common stock 16,222,700 shares	July 25, 2019	The rights vest in stages as follows One third vests on April 1, 2020 One third vests on April 1, 2021 The remaining vests on April 1, 2022	From July 25, 2019 to April 1, 2022	From July 26, 2019 to July 25, 2029

Fiscal year 2019 Stock options No.11 – 1 No.12 – 1	Corporate officers and executive officers of the Company 1 Employees of the Company 122 Employees of subsidiaries 123	Common stock 887,700 shares	October 31, 2019	The rights vest in stages as follows Certain amount vests on April 1, 2020 Certain amount vests on April 1, 2021 Certain amount vests on April 1, 2022 The remaining vests on April 1, 2023	From October 31, 2019 to April 1, 2023	From November 1, 2019 to October 31, 2029
Fiscal year 2020 Stock options No.1 – 1 No.2 – 1	Directors of the Company 4 Corporate officers and executive officers of the Company 10 Employees of the Company 467 Directors of subsidiaries 14 Employees of subsidiaries 1,888	Common stock 17,068,000 Shares	June 30, 2020	The rights vest in stages as follows One third vests on July 1, 2021 One third vests on July 1, 2022 The remaining vests on July 1, 2023	From June 30, 2020 to July 1, 2023	From July 1, 2020 to June 30, 2030
Fiscal year 2020 Stock options No.1 – 2 No.2 – 2	Directors of the Company 1 Corporate officers and executive officers of the Company 10 Employees of the Company 88 Directors of subsidiaries 9 Employees of subsidiaries 41	Common stock 5,211,600 Shares	June 30, 2020	The Company sets the upper limit number of shares expected to vest by multiplying the number of allocated stock subscription rights with the rate calculated by comparing total shareholder return fluctuation rate of the Company and companies that are the components of PHLX Semiconductor Sector Index and Tokyo Stock Price Index.	From June 30, 2020 to June 30, 2023	From July 1, 2020 to June 30, 2030
Fiscal year 2020 Stock options No.3 No.4	Directors of the Company 1 Corporate officers and executive officers of the Company 8 Employees of the Company 916 Directors of	Common stock 4,725,300 Shares	August 31, 2020	The rights vest in stages as follows One third vests on August 31, 2020 One third vests on September 1, 2020 The remaining vests on October 1, 2020	From August 31, 2020 to October 1, 2020	From August 31, 2020 to August 30, 2030

	subsidiaries 6 Employees of subsidiaries 1,614					
Fiscal year 2020 Stock options No.5 No.6	Employees of the Company 219 Employees of subsidiaries 161	Common stock 665,800 Shares	August 31, 2020	The rights vest in stages as follows One third vests on September 1, 2021 One third vests on September 1, 2022 The remaining vests on September 1, 2023	From August 31, 2020 to September 1, 2023	From September 1, 2020 to August 31, 2030
Fiscal year 2020 Stock options No.7 – 1 No.8 – 1	Employees of the Company 3 Employees of subsidiaries 94	Common stock 910,100 Shares	November 30, 2020	The rights vest in stages as follows Certain amount vests on July 1, 2021 Certain amount vests on July 1, 2022 Certain amount vests on July 1, 2023 The remaining vests on July 1, 2024	From November 30, 2020 to July 1, 2023	From December 1, 2020 to November 30, 2030
Fiscal year 2021 Stock options No.1 No.2	Employees of the Company 6 Employees of subsidiaries 52	Common stock 320,400 Shares	February 26, 2021	The rights vest in stages as follows Certain amount vests on July 1, 2021 Certain amount vests on July 1, 2022 Certain amount vests on July 1, 2023 The remaining vests on July 1, 2024	From February 26, 2021 to July 1, 2024	From February 27, 2021 to February 26, 2031

- (Note) 1. Vesting conditions include a requirement for award beneficiaries to provide services to the Company until the stock vesting date. However, this does not apply to certain cases such as mandatory retirement, resignation due to the expiration of the term of office or the other justifiable reasons.
2. Grantees cannot exercise options during the time from the day after the grant date until when the stock is vested. Also, the option will be forfeited if the target retires or resigns from the Company or subsidiary before the vesting date. However, if allowed under the Stock Acquisition Rights Allocation Agreement, those options may be exercised. For example, if awards are not forfeited upon retirement or resignation due to the expiration of terms of office under the Stock Acquisition Rights Allocation Agreement, the said person may exercise the said stock options starting on the day following said loss of eligibility until 13 months after.
3. If grantees forfeit their share acquisition rights, they may not exercise their stock options.

C. Number and weighted average exercise price of stock options

Changes in the number and the weighted average exercise price of stock options granted in the previous fiscal year and the current fiscal year are as follows. The number of stock options is stated by converting them to the number of shares.

	Previous fiscal year (from January 1, 2024 to December 31, 2024)		Current fiscal year (from January 1, 2025 to December 31, 2025)	
	Number of options (shares)	Weighted average exercise price (yen)	Number of options (shares)	Weighted average exercise price (yen)
Beginning balance of unexercised options	5,189,300	1	1,820,700	1
Granted	—	1	—	1
Exercised	3,182,600	1	1,651,400	1
Forfeited	2,600	1	—	1
Expired	183,400	1	144,800	1
Ending balance of unexercised options	1,820,700	1	24,500	1
Ending balance of exercisable options	1,820,700	1	24,500	1

(Note) 1. For the stock options exercised during the period, the weight average share price as of the exercise date was 2,569 yen for the previous fiscal year and 2,032 yen for the current fiscal year.

2. Remaining average contractual life outstanding as of December 31, 2024 and 2025 was 1 year for each.

D. Fair value of stock options granted and estimation method of fair value

There were no stock options granted during the previous fiscal year and the current fiscal year.

35. Financial Instruments

(1) Capital management

The Group aims to achieve sustainable growth and maximize its corporate value. Investments of surplus funds are limited to short-term deposits and financial assets with a high level of safety. Regarding financing sources, the Group mainly uses borrowings from banks and bonds. The Group mainly uses derivative financial instruments to manage fluctuations in foreign currency exchange rates, and the Group's policies prohibit holding or issuing derivative financial instruments for speculative transactions. Items subject to management are net interest-bearing liabilities obtained by deducting cash and cash equivalents from interest-bearing liabilities and equity. Their balances and the major indicators that the Group uses for its capital management are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Interest-bearing liabilities	1,422,777	1,226,788
Less: Cash and cash equivalents	(229,249)	(295,897)
Net interest-bearing liabilities	1,193,528	930,891
Total equity attributable to owners of parent	2,537,382	2,443,034
Total liabilities and equity	4,490,436	4,177,163
Equity ratio attributable to owners of parent (%)	56.5	58.5

Equity ratio attributable to owners of parent: Total equity attributable to owners of parent / Total liabilities and equity.

(2) Basic policies for financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk and market risk) in the process of executing its business activities. Accordingly, the Group regularly monitors the financial risks based on internal management regulations and takes measures to avoid or reduce the risks as required.

The Group does not engage in derivative transactions for speculative purposes.

A. Credit risk

(a) Credit risk management

Notes and trade receivables are exposed to the credit risk of customers. Conforming to the internal rules for the management of receivables, the Group regularly monitors major customers' credit and manages the due dates of collection and the balance for each customer. Other receivables are exposed to the credit risk of customers, but most of them are settled in the short term. Short-term investments are financial assets invested on a short-time basis, and the Group transacts with highly creditworthy financial institutions. Trade receivables are regarded as non-performing if all or part of them cannot be collected or if collection is deemed extremely difficult. The Group does not have any exposure to the significant credit risk of certain customers, and there is no excessive concentration of credit risk that requires special management.

The largest exposure to credit risk at the end of the reporting period is the carrying amount of financial assets after impairment, but there is no historical experience of recognizing a significant credit loss in previous years.

Regarding debt guarantees, the balance of debt guarantees presented in "Note 38. Commitments and Contingent Liabilities" is the largest exposure of the Group to credit risk.

(b) Analysis of changes in loss allowance

The changes in the loss allowance are as follows.

Previous fiscal year (from January 1, 2024 to December 31, 2024)

(In million yen)

	12-month expected credit losses	Lifetime expected credit losses		
	Loss allowance for financial assets other than trade receivables	Loss allowance for trade receivables	Loss allowance for financial assets whose credit risk has increased significantly	Loss allowance for credit-impaired financial assets
Beginning balance	—	437	—	—
Increases	—	1,118	—	—
Decreases due to use for the intended purpose	—	—	—	—
Decreases due to reversal	—	(78)	—	—
Other	—	102	—	—
Ending balance	—	1,579	—	—

Current fiscal year (from January 1, 2025 to December 31, 2025)

(In million yen)

	12-month expected credit losses	Lifetime expected credit losses		
	Loss allowance for financial assets other than trade receivables	Loss allowance for trade receivables	Loss allowance for financial instruments whose credit risk has increased significantly	Loss allowance for credit-impaired financial assets
Beginning balance	—	1,579	—	—
Increases	—	17	—	—
Decreases due to use for the intended purpose	—	(674)	—	—
Decreases due to reversal	—	(72)	—	—
Other	—	(50)	—	—
Ending balance	—	800	—	—

(c) Carrying amount of financial assets for the loss allowance

The carrying amount (before the loss allowance) of financial assets for the loss allowance as of each fiscal year end is as follows.

(In million yen)

	12-month expected credit losses	Lifetime expected credit losses		
	Loss allowance for financial assets other than trade receivables	Loss allowance for trade receivables	Loss allowance for financial assets whose credit risk has increased significantly	Loss allowance for credit-impaired financial assets
Previous fiscal year (as of December 31, 2024)	16,311	204,149	—	—
Current fiscal year (as of December 31, 2025)	13,752	192,371	—	—

(d) Analysis of credit risk

The aging analysis of trade receivables as of each fiscal year end is as follows.

(In million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Before due date	186,908	175,963
Up to 30 days past due	12,462	12,297
Over 30 days past due and up to 90 days past due	3,118	2,242
Over 90 days past due	1,661	1,964
Total	204,149	192,466

For trade receivables, the Group's major counterparties consist of specific distributors with high credit ratings and there is no material balance of loss allowance based on the expected loss rate. For financial assets other than trade receivables, there is no credit risk that is concentrated around credit ratings.

B. Liquidity risk

The Group is exposed to liquidity risk whereby the performance of payment obligations could become difficult. To limit its exposure to liquidity risk, however, the Group works to maintain fund management through the optimization of capital efficiency through the efficient management of working capital and the central management of funds by the Company. The Group also manages the liquidity risk by appropriately maintaining liquidity on hand through the timely preparation and updating of the financing plan and taking the external financial environment into account.

The balance of financial liabilities by due date is as follows.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	253,967	256,936	231,029	16,593	9,314	—	—	—
Bonds and borrowings	1,400,672	1,454,932	157,991	291,152	124,341	149,101	732,347	—
Lease liabilities	22,105	25,996	6,943	5,222	3,769	2,797	2,159	5,106
Contingent consideration (Note)	1,582	1,582	1,582	—	—	—	—	—
Derivative financial liabilities	—	—	—	—	—	—	—	—
Total	1,678,326	1,739,446	397,545	312,967	137,424	151,898	734,506	5,106

Current fiscal year (as of December 31, 2025)

(In million yen)

	Carrying amount	Contractual cash flows	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	226,237	226,779	219,167	7,376	223	13	—	—
Bonds and borrowings	1,206,567	1,256,890	258,716	137,739	152,068	708,367	—	—
Lease liabilities	20,221	23,299	6,250	4,771	3,294	2,551	1,548	4,885
Contingent consideration (Note)	2,576	2,576	2,358	218	—	—	—	—
Derivative financial liabilities	1,278	1,278	1,278	—	—	—	—	—
Total	1,456,879	1,510,822	487,769	150,104	155,585	710,931	1,548	4,885

(Note) For details, please refer to "Note 8. Business Combinations".

C. Market risk

(a) Foreign currency exchange risk

(i) Foreign currency exchange risk management

Foreign currency receivables and obligations arising from the global business development of the Group are exposed to the risk of foreign exchange rate fluctuations. To reduce the risk of foreign exchange rate fluctuations, the Group uses forward exchange contracts, currency options and currency swaps.

(ii) Net foreign exchange risk exposure

The Group's exposure to the risk of foreign exchange rate fluctuations (net amount) is as follows. This excludes derivative transactions and the amount entered into to hedge foreign exchange rate fluctuation risk using foreign currency deposits.

(In million yen)

Currency	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
US dollar	(5,119)	(28,837)
Euro	33,740	10,277

(iii) Sensitivity analysis of foreign exchange rates

Based on the assumption that all other variables are constant for foreign currency financial instruments held by the Group in the previous fiscal year and the current fiscal year, the amount of the impact of the 1.0% appreciation of the yen against the US dollar and the euro on profit before tax in the consolidated statements of profit or loss is as follows.

(In million yen)

Currency	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
US dollar	51	288
Euro	(337)	(103)

(b) Interest rate risk

The Group raises funds mainly through borrowings and bonds for the purpose of securing funds for long-term working capital and the promotion of growth strategies. The Group is exposed to the risk of interest rate fluctuations because some borrowings are made at floating interest rates. To reduce the risk of changes in the interest paid on borrowings, the Group uses interest rate swaps as required. Additionally, bonds are issued with fixed interest rates. Accordingly, the Group has decided that the impact of the risk of interest rate fluctuations on the Company is limited and insignificant and does not conduct a sensitivity analysis for interest rate risk.

(c) Stock price risk

The Group has adopted an incentive plan for its employees for the purpose of securing excellent human resources, particularly at subsidiaries. To operate the incentive plan, the Group holds shares and other financial instruments for the long term and is exposed to the risk of changes in their market prices. Please note that, following the introduction of a stock option plan, the incentive plan was abolished and there was no new issuance.

The Group does not conduct a sensitivity analysis for the risk of changes in share prices since the impact of changes in share prices is immaterial.

(3) Fair value of financial instruments

A. Calculation method of fair value

The calculation method of the fair value of financial instruments is as follows.

(a) Cash and cash equivalents, and trade and other receivables

The fair value of these instruments approximates their carrying amount due to short term maturities.

(b) Trade and other payables

For trade and other payables that will mature within a short amount of time, the fair value approximates the carrying amount. The fair value of trade and other payables that will not mature in a short amount of time is calculated by the present value that is discounted by an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(c) Securities

If the market price of a security is available in an active market, the securities are measured using this market price and classified as Level 1. If the market price is not available, the fair value is measured mainly by a method based on net assets (method of calculating by making adjustments to the market value as required based on the net assets of the entity that issues shares) and others, and classified as Level 3.

(d) Loans

The fair value of loans is calculated based on the present value discounted at an interest rate that takes into account credit risk and classified as Level 3.

(e) Long-term borrowings

The fair value of long-term borrowings is calculated at the present value that is discounted using an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(f) Derivative transactions

Forward exchange contracts, currency options and currency swaps are calculated based on the price presented by the customers' financial institution and classified as Level 2. In addition, the fair value calculated using unobservable inputs is classified as Level 3.

(g) Bonds

The fair value of bonds is calculated by referring to a market price and classified as Level 2.

(h) Contingent consideration

The fair value of the contingent consideration is calculated as the present value of the payments in the future using appropriate valuation methods with consideration of the probability of occurrence and is classified as Level 3.

(i) Other financial assets and liabilities

The fair value of convertible notes and rights that are expected to be converted into warrants is calculated using the Black-Scholes model, while the fair value of rights that are expected to be converted into common stock is determined based on shareholder value. All of these are classified as Level 3.

Time deposits with maturities of more than three months, long-term accounts receivable, security deposits and guarantee deposits received that are measured at amortized cost are classified as Level 2. Because their fair value approximates their carrying amount, they are omitted from the following table.

B. Classification of financial instruments measured at fair value by levels

In the fair value hierarchy, financial instruments are classified from Level 1 to Level 3 as follows.

Level 1: Fair value measured using unadjusted quoted prices in the active markets

Level 2: Fair value calculated using observable inputs, either directly or indirectly, other than those classified as Level 1

Level 3: Fair value calculated by using a valuation technique including inputs that are not based on observable market data

Transfers between the levels in the fair value hierarchy are recognized on the assumption that the transfers occur at the end of each reporting period.

(a) Financial instruments measured at amortized cost

The carrying amount and the fair value of financial instruments measured at amortized cost are as follows. Financial instruments measured at fair value and financial instruments whose carrying amount closely approximates fair value and lease liabilities are not included in the table below.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
Borrowings	1,266,418	—	1,261,146	—	1,261,146
Bonds	134,254	—	134,254	—	134,254
Other payables	86,697	—	87,404	—	87,404
Total	1,487,369	—	1,482,804	—	1,482,804

Current fiscal year (as of December 31, 2025)

(In million yen)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
Borrowings	1,073,585	—	1,065,829	—	1,065,829
Bonds	132,982	—	132,982	—	132,982
Other payables	61,509	—	61,548	—	61,548
Total	1,268,076	—	1,260,359	—	1,260,359

(b) Financial instruments measured at fair value

The components of financial assets and financial liabilities measured at fair value on a recurring basis that are classified as each level of the fair value hierarchy are as follows.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	43,493	—	43,493
Investment trust	11,069	—	—	11,069
Unlisted securities	—	—	3,838	3,838
Loans	—	—	327,973	327,973
Equity instruments measured at fair value through other comprehensive income				
Listed securities	458	—	—	458
Unlisted securities	—	—	9,060	9,060
Total	11,527	43,493	340,871	395,891
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	—	—	—
Contingent consideration (Note)	—	—	1,582	1,582
Total	—	—	1,582	1,582

Current fiscal year (as of December 31, 2025)

(In million yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	39,854	—	39,854
Investment trust	13,108	—	—	13,108
Unlisted securities	—	—	5,520	5,520
Others (Note 2)	—	—	87,384	87,384
Equity instruments measured at fair value through other comprehensive income				
Listed securities	65	—	—	65
Unlisted securities	—	—	8,636	8,636
Total	13,173	39,854	101,540	154,567
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	1,278	—	1,278
Contingent consideration (Note)	—	—	2,576	2,576
Total	—	1,278	2,576	3,854

(Note) 1. For details, please refer to "Note 8. Business Combinations".

2. Others include convertible notes subject to restrictions on conversion, as well as rights that are expected to be converted into common stock and warrants in the future.

C. Changes in financial assets that are classified as Level 3 are as follows.

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Beginning balance	158,023	340,871
Total gains or losses in the period	33,184	(240,260)
Profit or loss (Note 1, 2)	14,146	(227,733)
Other comprehensive income (Note 3)	19,038	(12,527)
Purchases	155,845	929
Sale	(50)	—
Settlement	(6,131)	—
Others	—	—
Ending balance	340,871	101,540
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note 1)	14,146	(227,733)

Changes in financial liabilities that are classified as Level 3 are as follows.

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Beginning balance	3,298	1,582
Total gains or losses in the period	(1,716)	798
Profit or loss (Note 4)	(1,960)	777
Other comprehensive income (Note 3)	244	21
Settlement	—	—
Acquisition due to business combination	—	196
Ending balance	1,582	2,576
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note 4)	(1,374)	777

(Note) 1. Amounts relate to financial assets measured at fair value through profit or loss and included in “Finance income” and “Finance costs” in the consolidated statements of profit or loss.

2. The decrease in financial assets in the current fiscal year is mainly due to the recognition of valuation loss of 236,600 million yen on other financial assets related to Wolfspeed, following the company’s filing for protection under the U.S. Federal Bankruptcy Code and its restructuring plan.

3. Amounts relate to equity instruments measured at fair value through other comprehensive income and presented in “Exchange differences on translation of foreign operations” or “Equity instruments measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income.

4. Amounts relate to financial liabilities measured at fair value through profit or loss and included in “Finance costs”, “Other expenses” and “Other income” in the consolidated statements of profit or loss.

5. Financial instruments that are classified as Level 3 consist of unlisted securities, convertible notes under “Others”, rights that are expected to be converted into common stock (also classified under “Others”) and warrants (also classified under “Others”) in the future and contingent consideration for acquisitions. The fair value measurement results are reviewed and approved by the appropriate authorized persons.

Unlisted securities are mainly investments in funds, and the fair value of the unlisted securities is measured based on the value of net asset as a valuation technique.

The fair value of convertible notes and rights that are expected to be converted into warrants in the future is calculated using the Black-Scholes model, while the fair value of rights that are expected to be converted into common stock in the future is determined based on shareholder value. As these estimates involve uncertainty, changes in significant unobservable inputs may lead to fluctuations in fair value.

In addition, the fair value of contingent consideration is measured in consideration of the possibility of achieving for developmental milestones and the time value of money. Since these estimates are uncertain, fair value may

increase, if significant unobservable development milestones become more likely to be achieved.

- D. The total amount of differences not recognized in profit or loss at the beginning and end of the fiscal year and the changes in these differences are as follows.

	(In million yen)	
	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Financial assets measured at fair value through profit or loss		
Loans		
Beginning balance	42,043	83,728
Increase		
Increase due to new transactions	44,833	—
Decrease		
Other amounts recognized in profit or loss	—	(74,494)
Decrease due to amortization	(7,770)	(4,656)
Others	4,622	(4,578)
Ending balance	83,728	—

(4) Derivative transactions and hedging activities

A. Overview of hedges

The Group uses forward exchange contracts, currency options and currency swaps for the purpose of hedging transactions against the risk of foreign exchange rate fluctuations in foreign currency cash flows. Hedge accounting is applied to those transactions that meet the requirements for hedge accounting. Even if the requirements for hedge accounting are not met, the Group uses derivative transactions if they are economically reasonable. Changes in the fair value of the derivative transactions are recognized in profit or loss. The Group has also set a policy of not engaging in derivative transactions for speculative purposes.

Cash flow hedges

Cash flow hedges are hedging transactions to avoid the risk of changes in future cash flows, and changes in the fair value of derivative transactions that are designated as cash flow hedges are recognized in other comprehensive income. The amount that is recognized in accumulated other comprehensive income is reclassified to profit or loss at the time when the hedged transactions affect profit or loss. If the hedged items give rise to the recognition of non-financial assets or non-financial liabilities, the amount that is recognized in other comprehensive income is reclassified as an adjustment to the initial carrying amount of non-financial assets or non-financial liabilities. Derivatives that are designated as cash flow hedges include forward exchange contracts, currency options and currency swaps to hedge the risk of changes in cash flows due to changes in the foreign exchange rates for foreign currency transactions.

In the previous fiscal year and the current fiscal year, the amount recognized in profit or loss for the ineffective portion of the hedge was not material.

B. Information on items that are designated as hedging instruments

The impact of hedging instruments that are designated as hedges on the consolidated statements of financial position is as follows. Derivative assets and liabilities are included in "Other financial assets" and "Other financial liabilities," respectively, in the consolidated statements of financial position.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Contract amount	Book value of hedging instruments (Fair value)		Changes in fair value used as the basis for recognizing the ineffective portion of hedges
		Assets	Liabilities	
Cash flow hedges				
Foreign currency exchange risk				
Currency swaps	118,026	34,998	—	36,528

Current fiscal year (as of December 31, 2025)

(In million yen)

	Contract amount	Book value of hedging instruments (Fair value)		Changes in fair value used as the basis for recognizing the ineffective portion of hedges
		Assets	Liabilities	
Cash flow hedges				
Foreign currency exchange risk				
Forward exchange contracts	31,461	42	1,278	—
Currency swaps	109,680	36,502	—	37,514

C. Information on items designated as hedged items

The amount of the impact of hedged items that are designated as hedges on the consolidated statements of financial position is as follows.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Changes in fair value used as the basis for recognizing the ineffective portion of hedges	Surplus for cash flow hedges related to ongoing hedging	Surplus for cash flow hedges related to the suspension of hedge accounting
Cash flow hedges			
Foreign currency exchange risk			
Bonds and borrowings	(35,487)	(3,807)	—

Current fiscal year (as of December 31, 2025)

(In million yen)

	Changes in fair value used as the basis for recognizing the ineffective portion of hedges	Surplus for cash flow hedges related to ongoing hedging	Surplus for cash flow hedges related to the suspension of hedge accounting
Cash flow hedges			
Foreign currency exchange risk			
Plan on purchasing	—	1	—
Bonds and borrowings	(36,435)	(1,424)	—

D. Impact of the application of hedge accounting on the consolidated statements of profit and loss and the consolidated statement of comprehensive income

The impact of hedging instruments that is designated as cash flow hedges on the consolidated statement of profit and loss and the consolidated statements of comprehensive income are as follows.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Changes in the value of hedging instruments recognized in other comprehensive income (Note)	Ineffective portion recognized in profit or loss
Cash flow hedges		
Foreign currency exchange risk		
Currency swaps	(5,487)	(1,041)
(Note) Amount before tax effect.		

Current fiscal year (as of December 31, 2025)

(In million yen)

	Changes in the value of hedging instruments recognized in other comprehensive income (Note)	Ineffective portion recognized in profit or loss
Cash flow hedges		
Foreign currency exchange risk		
Forward exchange contracts	2	—
Currency swaps	(2,052)	(1,079)
(Note) Amount before tax effect.		

E. Fair value of derivatives to which hedge accounting is not applied

The fair value and contract amount of derivatives to which hedge accounting is not applied are as follows.

Previous fiscal year (as of December 31, 2024)

(In million yen)

	Contract amount	Book value of hedging instruments (Fair value)	
		Assets	Liabilities
Forward exchange contracts	244,268	8,495	—

Current fiscal year (as of December 31, 2025)

(In million yen)

	Contract amount	Book value of hedging instruments (Fair value)	
		Assets	Liabilities
Forward exchange contracts	278,199	3,309	—

(5) Transfer of financial assets

Accelerating from restructuring to growth stage, the Group provides diversified financing to achieve these growth strategies and liquidates certain trade receivables by transferring receivables.

The expenses arising from transfer of trade receivables derecognized in their entirety were 31 million yen in the previous fiscal year, and 47 million yen in the current fiscal year.

36. Related Parties

(1) Transactions with related parties

Previous fiscal year (from January 1, 2024 to December 31, 2024)
Not applicable.

Current fiscal year (from January 1, 2025 to December 31, 2025)
Not applicable.

(2) Compensation to key management

Compensation paid to key management personnel is as follows.

(In million yen)

Category	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Remuneration and bonuses	332	342
Share-based payments	918	1,229
Total	1,250	1,571

(Note) The exercise price and other key terms of share-based payment arrangements are as stated in "Note 34. Share-based Payments".

37. Major Subsidiaries

All subsidiaries are included in the scope of consolidation for our consolidated financial statements.

Major subsidiaries as of December 31, 2025 are as follows.

Company	Location	Descriptions of Principal Businesses	Percentage Ownership and Voting Interest (%)	
			The year ended December 31, 2024	The year ended December 31, 2025
Renesas Semiconductor Manufacturing	Hitachinaka, Ibaraki	Manufacturing and Engineering Service Companies	100.0	100.0
Renesas Electronics Hong Kong	Hong Kong, China	Sales Companies	100.0	100.0
Renesas Electronics America	California, U.S.A.	Design, Applications, Manufacturing and Sales Companies	100.0	100.0
Renesas Electronics Europe (Germany)	Dusseldorf, Germany	Design, Applications and Sales Companies	100.0	100.0
Renesas International Operations (Malaysia)	Selangor, Malaysia	Management of parts of consignment business of our Group companies	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Renesas Electronics (Penang)	Penang, Malaysia	Engineering, Manufacturing and Sales Companies	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Renesas Electronics Germany	Dresden, Germany	Engineering, Manufacturing and Sales Companies	100.0 (100.0) (Note)	100.0 (100.0) (Note)
IDT Bermuda	Bermuda	Business Corporations and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
GigPeak	Delaware, U.S.A.	Business Corporations and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Renesas Electronics Australia	New South Wales, Australia	Business Corporations and Others	100.0	100.0
Renesas Electronics NSW	New South Wales, Australia	Business Corporations and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Altium	New South Wales, Australia	Development and Sales of software tools for PCB design and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Altium IP Hold	New South Wales, Australia	Business Corporations and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Altium IP	New South Wales, Australia	Business Corporations and Others	100.0 (100.0) (Note)	100.0 (100.0) (Note)
Altium LLC	California, U.S.A.	Software development, Sales, and Services Companies	100.0 (100.0) (Note)	100.0 (100.0) (Note)

(Note) Numbers in parentheses represent indirect voting rights.

There are no subsidiaries with significant non-controlling interests.

38. Commitments and Contingent Liabilities

(1) Commitments for the acquisition of assets

The Group's commitments for the acquisition of assets are as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Property, plant and equipment	39,606	22,125
Intangible assets	998	861
Total	40,604	22,986

(2) Loan commitments (lender)

The Group has entered into a deposit provision agreement. The balance of unused loans is as follows. For details of deposits for the year ended December 31, 2025, please refer to "Note 39. Additional Information."

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Total amount of loan commitments	316,360	—
Balance of used loans	316,360	—
Balance of unused loans	—	—

(3) Loan commitments (borrower)

The Group has entered into a contract for setting commitment lines with its main banks for the purpose of securing long-term working capital, and the balance of unused loans is as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Total amount of commitment lines	150,000	150,000
Balance of used loans	—	—
Balance of unused loans	150,000	150,000

(Note) On February 27, 2026, the Company entered into an agreement to increase the borrowing limit under the commitment line agreement originally concluded on June 25, 2024, from 150,000 million yen to 200,000 million yen.

(4) Debt guarantees

The Group provides debt guarantees against bank loans etc. of its employees as follows.

	(In million yen)	
	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Guarantees of employees' obligations	2	0
Total	2	0

(Guarantees of employees' obligations)

The Group provides guarantees for the housing loans of employees as part of its welfare program. If an employee cannot repay a housing loan covered by a debt guarantee, the Group must assume the obligation. These debt guarantees are secured by the houses of the employees.

(5) Others

As the Group conducts business worldwide, it is possible that the Group may become a party to lawsuits, arbitration, investigation by regulatory authorities and other legal proceedings in various countries.

Though it is difficult to predict the outcome of the legal proceedings to which the Group is presently a party or to which it may become a party in future, the resolution of such proceedings may require considerable time and expense. There is a possibility that the Group's business, performance, financial condition, cash flow, reputation and creditability to have significant adverse effects by the outcome. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" Article 92, the Group does not disclose detailed information of the legal proceedings since it is likely to lead the Group to an unfavorable position.

The Group recognizes a provision for litigation losses to cover payments related to lawsuits and damage claims involving other companies, to the extent that such amounts can be reasonably estimated.

(Civil lawsuit related to the alleged patent infringement and trade secret violation)

The Group's subsidiary in the U.S has been named as a defendant in a lawsuit filed in November 2008 in the United States of America District Court for the Eastern District of Texas (hereinafter "the Court of First Instance") related to the alleged patent infringement and trade secret violation. The Group's subsidiary filed a notice of appeal at the Court of Appeals for the Federal Circuit (hereinafter "the Court of Second Instance") against the Court of First Instance judgment of June 2016, and in July 2018, the Court of Second Instance rejected the judgement of the Court of First Instance for payment of compensation and conducted the retrial order at the Court of First Instance. After the retrial, in March 2022, the Court of First Instance issued judgement ordering compensation of 48.3 million US dollars. Subsequently, in August 2022, the Group's subsidiary in the U.S had filed an appeal with the Court of Second Instance. Based on the Court's ruling in April 2025, the parties reached a settlement through negotiation, and the matter has been concluded.

(Indemnification claim related to environmental pollution)

The Group's subsidiary in Taiwan has been subjected to requests for restitution for environmental pollution associated with a factory in Taiwan owned by the subsidiary's predecessor company.

Since June 2004, the Group's subsidiary has been notified that a company reserved its right to seek indemnification from us for all costs associated with the remediation of the contamination related to environmental pollution found at a factory in Taiwan owned by the subsidiary's predecessor company, and the costs associated with the lawsuit as well as the costs relating to those retained environmental liabilities in a toxic tort class action lawsuit filed by ex-employees worked at the factory. Though the Group's subsidiary is not a defendant in the class action lawsuit, the claimant initiated arbitration proceedings against us related to all claims arising out of the contamination, including the remediation, the toxic tort claims, and attorneys' fees in December 2017, but afterward, the arbitration was ordered to stay by the arbitrator on a unilateral request by the claimant.

39. Additional Information

(Loss resulting from signing Restructuring Support Agreement with Wolfspeed)

On June 23, 2025, the Company entered into a Restructuring Support Agreement with Wolfspeed and its principal creditors outlining the terms of Wolfspeed's financial restructuring.

Under the Restructuring Support Agreement, the Company agreed to convert its deposit with Wolfspeed (hereinafter "the Deposit") into Wolfspeed's convertible notes, common stock, and warrants. Wolfspeed filed a reorganization plan (hereinafter "the Plan") with a U.S. court on June 30, 2025, under Chapter 11 of the U.S. Bankruptcy Code. The Plan was approved by the court on September 18, 2025, and successfully completed its financial restructuring process and emergence from Chapter 11 protection on September 29, 2025. Following this, the Deposit was converted into other financial assets. The other financial assets include convertible notes subject to restrictions on conversion, as well as rights that are expected to be converted into common stock and warrants in the future.

Additionally, in connection with this Restructuring Support Agreement, the Company recorded a loss of 236,600 million yen, including the impact of foreign exchange fluctuations for the current fiscal year. The loss is included under "Finance costs" in the Consolidated Statement of Profit or Loss.

40. Subsequent Events

(Acquisition of shares and other securities in the Company's U.S. subsidiaries in connection with CFIUS approval of the share issuance by Wolfspeed)

On January 29, 2026 (U.S. time), the issuance of shares by Wolfspeed to the Company's U.S. subsidiary was approved by the Committee on Foreign Investment in the United States (CFIUS). Following this approval, Wolfspeed issued 16,852,372 shares of common stock which were received by the Company's U.S. subsidiary.

In addition, the subsidiary now has the ability to exercise warrants for 4,943,555 additional shares of common stock. The subsidiary also received 2.5% Second Lien Senior Secured Notes due 2031, and now has the ability to exercise conversion rights.

The shares and other securities acquired by the Company's U.S. subsidiary are subject to holding limitations (exercise of warrants or conversion of convertible notes exceeding 39.9% is invalid) and voting rights limitations (limited to 9.9%). Accordingly, neither the Company nor its U.S. subsidiary has control over, or significant influence on, Wolfspeed. Therefore, Wolfspeed is not included in the scope of consolidation of the Group, nor does the equity method of accounting applies.

The financial impact of this transaction on the Group is immaterial.

(Business Transfer of Timing business)

The Company, a premier supplier of advanced semiconductor solutions, announced that the Company's U.S. subsidiary, and SiTime Corporation (hereinafter "SiTime") signed a definitive agreement to transfer the Company' timing business (hereinafter the "Transferred Business") (Note 1) to SiTime (hereinafter "the Transfer"). The Transfer was approved by the Company' Board of Directors on February 5, 2026, and is expected to be completed by the end of 2026, subject to satisfaction of customary closing conditions, including approval from relevant regulatory authorities.

(Note 1) The "Transferred Business" includes the Company's U.S. timing business and assets of other subsidiaries of the Company related to such timing business.

(a) Background and Purpose of the Transfer

This decision to transfer the business was made with a view to achieving sustainable mid- to long-term growth by refining our business priorities and directing maximum resources to strategic initiatives.

The timing products offered by the Transferred Business have long been highly regarded in the market. After a comprehensive review of future growth opportunities, the Company has determined that transferring the Transferred Business to a company with cutting-edge technology, high growth ambition, and investment capability is the best course of action.

SiTime, the transferee, is a leader in MEMS (Note 2) timing devices. The Transfer will ensure the Company customers have access to SiTime's cutting-edge MEMS timing technology. In addition to the Transfer, the Company and SiTime have also signed an MoU on February 5, 2026 to explore a partnership to integrate SiTime's MEMS resonator in the Company' MCUs and SoCs. SiTime's MEMS resonator technology enables bare-die co-packaging with MCUs or SoCs, eliminating the need for a discrete resonator on the board, which simplifies design and saves space. By combining the Company' core embedded compute technologies with SiTime's high-precision MEMS timing technologies at the silicon level, both companies will explore collaboration on the development of new solutions. Through this effort, the companies aim to deliver integrated solutions that power the next generation of intelligent devices that demand performance and efficiency.

(Note 2) MEMS stands for Micro Electro Mechanical Systems, a category of devices created through microfabrication technologies by forming miniature mechanical structures (such as resonators and sensors) on a silicon substrate.

(b) Overview of the Transfer

1). Description of the Transferred Business

The Company' timing business, which originated from the acquisition of Integrated Device Technology, Inc. in 2019, consists of the Company' timing product portfolio and the related technologies, assets, and personnel.

2). Transfer price and method of payment

- Transfer price: 3,000 million USD (approximately 468,000 million yen) (Note 3)
- Method of payment: 1,500 million USD in cash and 4.13 million SiTime common stock (Note 4)

(Note 3) The actual transfer price is subject to certain price adjustments defined in the definitive agreement, and may fluctuate depending on the price adjustment. For reference, the amount above is calculated using the exchange rate as of February 3, 2026: 156 yen per USD.

(Note 4) Under the terms of the acquisition agreement, SiTime will acquire the Transferred Business for 1,500 million USD in cash and 4.13 million shares of common stock, 0.0001 USD par value per share of SiTime, subject to a potential adjustment and a collar determined by the 10-day volume weighted average price ("VWAP") as of three trading days prior to the execution of the asset purchase agreement. The stock consideration will be paid in the form of newly issued SiTime common stock based on SiTime's 10-day VWAP as of three trading days prior to closing, subject to a floor price of 308.6686 USD and a ceiling price of 417.6104 USD.

(c) Overview of SiTime

- | | |
|--|--|
| 1) Company | SiTime Corporation |
| 2) Address | 5451 Patrick Henry Drive Santa Clara, CA 95054, U.S.A. |
| 3) Title and name of the representative person | Chairman and CEO: Rajesh Vashist |
| 4) Business description | Precision timing solutions (MEMS technology, advanced analog circuitry, and systems expertise) |
| 5) Capital amount | 881.7 million USD as of December 31, 2024 |
| 6) Date of foundation / incorporation | December 2003 |

(d) Schedule

The Company is expected to be completed by the end of 2026, subject to satisfaction of customary closing conditions, including approval from relevant regulatory authorities.

(e) Future Outlook

With the Transfer, the Company expects to record a non-recurring gain in its consolidated financial statements. The timing and amount of recognition of the relevant gain are currently under review.

(2) [Other]

Semi-annual and annual information for the year ended December 31, 2025

(Cumulative period)		The six months ended June 30, 2025	The year ended December 31, 2025
Revenue	(Million yen)	634,311	1,321,212
Profit before tax	(Million yen)	(169,288)	(30,275)
Profit attributable to owners of parent	(Million yen)	(175,342)	(51,763)
Basic earnings per share	(Yen)	(97.34)	(28.65)

2. Non-Consolidated Financial Statements

(1) [Non-Consolidated Financial Statements]

(i) [Non-consolidated Balance Sheet]

(In million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Assets		
Current assets		
Cash and deposit	69,509	157,597
Electronically recorded receivables	1,805	1,829
Account receivable-trade	※1 107,187	※1 112,824
Finished goods	27,442	25,367
Work in process	46,152	53,385
Raw materials and supplies	4,334	3,815
Prepaid expenses	25,999	30,079
Accounts receivable-other	※1 30,718	※1 28,628
Other current assets	※1 79,889	※1 69,854
Total current assets	393,035	483,377
Non-current assets		
Property, plant and equipment		
Building	33,486	30,214
Structures	3,825	5,015
Machinery and equipment	56,826	51,945
Vehicles	409	1,081
Tools, furniture and fixtures	16,068	17,003
Land	18,763	17,856
Construction in progress	105,114	117,028
Total property, plant and equipment	234,491	240,142
Intangible assets		
Software	27,028	34,192
Other intangible assets	852	484
Total intangible assets	27,880	34,676
Investments and other assets		
Investment securities	3,507	1,791
Shares of subsidiary and affiliates	※2 2,735,984	※2 2,684,001
Long-term prepaid expenses	39,876	19,825
Prepaid pension costs	20,505	24,185
Deferred tax assets	18,130	19,920
Other assets	※1 27,358	※1 28,127
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,845,360	2,777,850
Total non-current assets	3,107,731	3,052,668
Deferred assets		
Bond issuance costs	198	94
Total deferred assets	198	94
Total assets	3,500,965	3,536,139

(In million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Liabilities		
Current liabilities		
Electronically recorded obligations	3,846	2,776
Account payable-trade	※1 105,613	※1 121,923
Current portion of long-term borrowing	※2 142,739	※2 108,198
Lease obligations	19	—
Accounts payable-other	※1 82,542	※1 58,430
Accrued expenses	※1 15,140	※1 18,450
Income taxes payable	2,384	26,126
Contract liabilities	372	4,036
Advances received	2,101	2,005
Deposits received	※1 367,148	※1 423,653
Provision for product warranties	212	371
Provision for business restructuring	1	1
Provision for contingent losses	0	119
Provision for share-based payments	24,232	28,369
Asset retirement obligations	22	22
Other current liabilities	40,071	135,342
Total current liabilities	786,440	929,819
Non-current liability		
Bonds	97,189	—
Long-term borrowing	※1,※2 1,217,887	※1,※2 1,089,442
Provision for retirement benefits	9,852	8,272
Provision for share-based payments	14,174	16,234
Asset retirement obligations	1,625	1,813
Other non-current liabilities	25,975	7,611
Total of non-current assets	1,366,703	1,123,372
Total liabilities	2,153,143	2,053,191
Net Assets		
Shareholders' equity		
Share capital	153,209	153,209
Capital surplus		
Legal capital surplus	143,209	143,209
Other capital surplus	125,190	133,246
Total capital surplus	268,399	276,455
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,013,808	1,122,143
Total retained earnings	1,013,808	1,122,143
Treasure shares	(89,310)	(68,295)
Total shareholders' equity	1,346,106	1,483,512
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	629	278
Deferred gains or losses on hedges	—	(857)
Total valuation and translation adjustments	629	(579)
Share acquisition rights	1,087	16
Total net assets	1,347,822	1,482,949
Total liabilities and net assets	3,500,965	3,536,139

(ii) Non-Consolidated Statement of Operations

(In million yen)

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net sales	※1 973,959	※1 926,986
Cost of sales	※1 536,757	※1 522,366
Gross profit	437,202	404,619
Selling, general and administrative expenses	※1,※2 195,201	※1,※2 179,977
Operating income	242,001	224,642
Non-operating income		
Interest income	※1 3,718	※1 2,453
Dividend income	9,340	※1 6,999
Foreign exchange losses	—	7,671
Subsidy income	5,531	2,718
Other non-operating income	468	866
Total non-operating income	19,056	20,706
Non-operating expenses		
Interest expenses	※1 19,295	※1 28,607
Foreign exchange losses	16,229	—
Loss of disposal of fixed assets	912	3,710
Other non-operating expenses	11,728	3,540
Total non-operating expenses	48,165	35,857
Ordinary income	212,892	209,492
Extraordinary income		
Compensation income	※3 7,840	—
Gain on extinguishment of tie-in shares	※4 2,182	—
Gain on sale of fixed assets	227	2,286
Other extraordinary income	2,531	664
Total Extraordinary income	12,780	2,931
Extraordinary losses		
Impairment loss	1,650	7,504
Loss on sale of shares in affiliated companies	—	5,713
Other extraordinary losses	2,036	1,178
Total extraordinary losses	3,687	14,395
Net profit before taxation	221,986	198,028
Corporate income tax, resident tax and business tax	26,785	40,636
Income taxes-deferred	5,228	(1,262)
Total Income taxes	32,013	39,373
Net income	189,972	158,654

(iii) Non-Consolidated Statement of Changes in Net Assets
 Previous fiscal year (from January 1, 2024 to December 31, 2024)

(In million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings	Treasure shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Retained earnings brought forward		
Balance at January 1, 2024	153,209	143,209	208,969	352,177	873,594	(217,691)	1,161,289
Change during period							
Distribution of Surplus					(49,758)		(49,758)
Net income					189,972		189,972
Purchase of treasury shares						(0)	(0)
Disposal of treasury shares			20,750	20,750		23,853	44,603
Cancellation of treasury shares			(104,529)	(104,529)		104,529	—
Net changes in items other than shareholders' equity							
Total changes during period	—	—	(83,779)	(83,779)	140,214	128,381	184,817
Balance at December 31, 2024	153,209	143,209	125,190	268,399	1,013,808	(89,310)	1,346,106

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at January 1, 2024	62	(8,589)	(8,527)	3,106	1,155,868
Change during period					
Distribution of Surplus					(49,758)
Net income					189,972
Purchase of treasury shares					(0)
Disposal of treasury shares					44,603
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	567	8,589	9,156	(2,019)	7,138
Total changes during period	567	8,589	9,156	(2,019)	191,954
Balance at December 31, 2024	629	—	629	1,087	1,347,822

Current fiscal year (from January 1, 2025 to December 31, 2025)

(In million yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings	Treasure shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		
					Retained earnings brought forward		
Balance at January 1, 2025	153,209	143,209	125,190	268,399	1,013,808	(89,310)	1,346,106
Change during period							
Distribution of Surplus					(50,320)		(50,320)
Net income					158,654		158,654
Purchase of treasury shares						(0)	(0)
Disposal of treasury shares			8,057	8,057		21,014	29,071
Net changes in items other than shareholders' equity							
Total changes during period	—	—	8,057	8,057	108,335	21,014	137,406
Balance at December 31, 2025	153,209	143,209	133,246	276,455	1,122,143	(68,295)	1,483,512

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at January 1, 2025	629	—	629	1,087	1,347,822
Change during period					
Distribution of Surplus					(50,320)
Net income					158,654
Purchase of treasury shares					(0)
Disposal of treasury shares					29,071
Net changes in items other than shareholders' equity	(351)	(857)	(1,208)	(1,071)	(2,279)
Total changes during period	(351)	(857)	(1,208)	(1,071)	135,127
Balance at December 31, 2025	278	(857)	(579)	16	1,482,949

Notes to Non-Consolidated Financial Statements

(Material Accounting Policies)

1. Valuation Method of Assets

(1) Securities

Shares of subsidiaries and affiliates

These shares are carried at cost determined by the moving-average method.

Other securities

- Securities other than shares that do not have a market value

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method).

- Shares that do not have a market value

Moving average cost method.

(2) Derivatives

Derivative financial instruments are stated at the fair value.

(3) Inventories

Inventories are stated at the lower of cost or market. The costs are stated as follows:

Finished goods:

Custom-made products: Specific identification method

Mass products: Average method

Work in process:

Custom-made products: Specific identification method

Mass products: Average method

Raw materials and supplies:

Average method as principal method

2. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding leased assets)

Straight-line method

(2) Intangible fixed assets

Straight-line method

(3) Lease assets

Lease assets related to finance lease transactions that transfer ownership

The same depreciation method as that applied to fixed assets owned by the Company

Leased assets related to finance lease transactions that do not transfer ownership

Depreciated using the straight-line method over the lease term with a residual value of zero.

(4) Long-term prepaid expenses

Straight-line method, etc.

3. Accounting for deferred assets

Bond issuance costs are amortized by the straight-line method over the period until the bonds are redeemed.

4. Basis for recording of allowances and provisions

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on the collection of receivables.

(2) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, the Company records an amount recognized to have accrued at the end of the current fiscal year as provision for retirement benefits or prepaid pension cost, based on the estimated amount of retirement benefit obligations and pension assets at the end of the current fiscal year.

Actuarial gains and losses are amortized from the following fiscal year by the straight-line method over the average remaining service period of employees when incurred.

Prior service cost is amortized as incurred by the straight-line method over the average remaining service period of employees.

(3) Provision for product warranties

To provide for expenses for free-of-charge repairs after product sales, the Company records an estimated amount for individual cases and an estimated amount based on the historical ratio of free of charge repairs to net sales.

(4) Provision for business restructuring

The Company has established a reserve for losses expected to be incurred in the future in connection with business restructuring and consolidation, and provides for estimated losses.

(5) Provision for contingent losses

To provide for possible future contingent losses, such as lawsuits and pending cases, the Company records an estimated loss amount reasonably calculated by examining individual risks for each contingent event.

(6) Provision for share-based payments

To provide for the delivery of the Company's shares to Directors, Executive Corporate Officers, and employees in accordance with the Company's share delivery regulations, a provision is provided based on the estimated amount of liabilities for share delivery at the end of the current fiscal year.

5. Basis for recognition of revenues and expenses

The Company recognizes revenue based on the following five-step model.

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligation.

Step 5: Recognize revenue when or as the performance obligation is satisfied.

The Company engages in research, design, development, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is recognized mainly when the goods are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are satisfied at the time of delivery.

Also, revenue is measured at the fair value of the consideration received after deducting discounts, rebates and returns.

Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time the Company records sales to the specific distributors, the Company accrues for refund liabilities and deducts the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. The Company accrues refund liabilities related to the stock rotation program on a quarterly basis and deduct the same amount from revenue.

6. Hedge accounting methods

(1) Hedge accounting method

Basically, deferred hedge accounting is applied. Currency swaps that meet the requirements for deferral hedge accounting are accounted for by the allocation method, and interest rate and currency swaps that meet the requirements for integral hedge accounting (exceptional treatment and allocation method) are accounted for by the integral hedge accounting.

(2) Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts, currency options, currency swaps and interest rate and currency swaps

Hedged items: Anticipated transactions denominated in foreign currencies, bonds payable denominated in foreign currencies, and borrowings denominated in foreign currencies.

(3) Hedging policy

In accordance with the Group's internal rules, hedging is conducted to avoid foreign exchange fluctuation risks associated with hedged items.

(4) Method of assessing hedge effectiveness

The Company assesses the effectiveness of hedging activities by comparing the cumulative cash flow fluctuations of the hedging instruments with the cumulative cash flow fluctuations of the hedged items for the period from the inception of the hedge to the point at which effectiveness is assessed.

The assessment of effectiveness is omitted because currency swaps meet the requirements for the allocation method and interest rate and currency swaps meet the requirements for the integrated treatment.

7. Other important matters serving as the basis for preparation of financial statements

(1) Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and unrecognized prior service cost related to retirement benefits differs from the method of accounting for these items in the consolidated financial statements.

(2) Application of consolidated tax payment system

The consolidated tax payment system is applied.

(Significant Accounting Estimates)

Valuation of shares in affiliates

(1) Amounts recorded in the financial statements for the year under review

(in million yen)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Affiliates Shares	2,735,984	2,684,001

(2) Information on significant accounting estimates relating to identified items

The valuation of shares in affiliated companies is based on a comparison of the real value of the shares reflecting the excess earning power expected at the time of acquisition with the carrying value to determine whether there has been a significant decline in real value, considering the same assumptions used in the impairment testing of goodwill in the preparation of the consolidated financial statements. As such assumptions are subject to future uncertainties, if it becomes necessary to recognize impairment losses on shares in affiliated companies in the following fiscal year, this need to recognize impairment losses on shares in affiliated companies in the following fiscal year could affect the financial statements in the same period.

(Change in presentation method)

(Statements of Income)

“Syndicate loan fees,” which were separately presented under “Non-operating expenses” in the previous fiscal year, have been included in “Other non-operating expenses” under “Non-operating expenses” in the current fiscal year due to their decreased materiality. The amount of “Syndicate loan fees” for the previous fiscal year was 6,196 million yen.

“Loss on reduction of fixed assets,” which was separately presented under “Non-operating expenses” in the previous fiscal year, has been included in “Other non-operating expenses” under “Non-operating expenses” in the current fiscal year due to its decreased materiality. The amount of “Loss on reduction of fixed assets” for the previous fiscal year was 4,872 million yen.

“Loss on disposal of fixed assets,” which was included in “Other non-operating expenses” under “Non-operating expenses” in the previous fiscal year, has been separately presented from the current fiscal year due to its increased materiality.

“Gain on sale of fixed assets,” which was included in “Other extraordinary income” under “Extraordinary income” in the previous fiscal year, has been separately presented from the current fiscal year due to its increased materiality.

“Business structure improvement expenses,” which were separately presented under “Extraordinary losses” in the previous fiscal year, have been included in “Other Extraordinary losses” under “Extraordinary losses” in the current fiscal year due to their decreased materiality. The amount “Business structure improvement expenses” for the previous fiscal year was 1,095 million yen.

“Loss on valuation of investment securities,” which was separately presented under “Extraordinary losses” in the previous fiscal year, has been included in “Other extraordinary losses” under “Extraordinary losses” in the current fiscal year due to its decreased materiality. The amount for the previous fiscal year was 942 million yen.

“Income taxes payable or refundable arising from correction or determination of tax amounts,” which was separately presented in the previous fiscal year, has been included in “Corporate income tax, resident tax and business tax” in the current fiscal year due to its decreased materiality. The amount of “Income taxes payable or refundable arising from correction or determination of tax amounts” for the previous fiscal year was negative 7,884 million yen.

(Change in Accounting Estimates)

(Change in the Depreciable Life of Tangible Fixed Assets)

In the current fiscal year, the Company has revised the useful lives of certain machinery and equipment to better reflect their actual usage, taking into account changes in product life cycles, and has applied the revised useful lives prospectively.

As a result, compared with the previous method, operating income for the current fiscal year increased by 9,740 million yen, and income before income taxes increased by 9,740 million yen.

(Additional Information)

In April 2025, pursuant to the commitment line agreement dated June 25, 2024, the Company executed a short-term borrowings of 38.0 billion yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. Of this amount, 28.0 billion yen was repaid in June 2025, and the remaining balance was fully repaid by July 2025.

In addition, the Company made an early repayment on December 30, 2025 of borrowings totaling 240 billion yen that had been executed on December 30, 2021 under a syndicated loan agreement (total borrowing amount: 96.0 billion yen; borrowing date: December 30, 2021; final maturity date: December 31, 2026; lenders: MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, Aozora Bank, Ltd., Shinkin Central Bank, The Norinchukin Bank, and Bank of America, N.A., Tokyo Branch) entered into on December 23, 2021, and a JBIC loan agreement (total borrowing amount: 144 billion yen; borrowing date: December 30, 2021; final maturity date: December 31, 2026; lender: Japan Bank for International Cooperation (JBIC)).

In the current fiscal year, the Company was in breach of certain financial covenants under its loan agreements; however, it has obtained consent from the relevant financial institutions that they will not exercise their right to accelerate the obligations due to such breach. As of the end of the current fiscal year, no events have occurred that would result in a breach of the financial covenants.

(Notes to Balance Sheet)

* 1 Assets and Liabilities to affiliated companies

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Short-term monetary claims	170,499 million yen	161,687 million yen
Long-term monetary claims	2,764 million yen	3,307 million yen
Short-term monetary debts	458,617 million yen	511,995 million yen
Long-term monetary debts	91,744 million yen	121,469 million yen

* 2 Mortgaged assets and mortgaged liabilities
(Mortgaged assets)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Share of affiliated companies	638,841 million yen	920,544 million yen
Total	638,841 million yen	920,544 million yen

(Mortgaged liabilities)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Long-term borrowings scheduled to be repaid within one year	34,541 million yen	46,850 million yen
Long-term borrowings	34,543 million yen	355,360 million yen
Total	69,084 million yen	402,210 million yen

* 3 Contingent liabilities
(Guarantees liabilities)

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Dialog	63,272 million yen	62,624 million yen
Renesas Electronics America	23,147 million yen	22,919 million yen
Renesas Semiconductor Manufacturing	50 million yen	20 million yen
Others	2 million yen	0 million yen
Total	86,471 million yen	85,563 million yen

(Notes to Statement of Income)

* 1 Volume of business with affiliated companies

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Net sales	609,164 million yen	549,231 million yen
Purchase amount	406,268 million yen	413,081 million yen
Transactions from non-operating activities	31,864 million yen	19,769 million yen

* 2 Selling, general and administrative expenses

Major expense items and amounts

	Previous fiscal year (from January 1, 2024 to December 31, 2024)	Current fiscal year (from January 1, 2025 to December 31, 2025)
Employee salaries and benefits	38,794 million yen	40,878 million yen
Depreciation and amortization	2,991 million yen	1,574 million yen
Research and development expenses	131,997 million yen	114,926 million yen
Expenses included in selling expenses	Approx. 6%	Approx. 6%
Expenses included in general and administrative expenses	Approx. 94%	Approx. 94%

* 3 Compensation Received

This is compensation for damages resulting from the discontinuation of development.

* 4 Gain on extinguishment of tie-in shares

This was recorded due to the absorption-type merger of Renesas Engineering Service Corporation, which was a consolidated subsidiary.

(Notes to Securities)

Shares of subsidiaries and affiliated companies

Previous fiscal year (as of December 31, 2024)

Shares of subsidiaries or affiliated companies with market quotations are not applicable.

(Note) Shares of subsidiaries and affiliated companies whose fair value is extremely difficult to determine.

(in million yen)

	Previous fiscal year (as of December 31, 2024)
Subsidiary Shares	2,735,984

Principal shares included in investments in subsidiaries and their balance sheet amounts are as follows:

Renesas Electronics America 1,091,929 million yen

Renesas Electronics Australia 920,544 million yen

Dialog 638,841 million yen

Current fiscal year (as of December 31, 2025)

Shares of subsidiaries or affiliated companies other than non-marketable equity securities are not applicable.

(Note) Shares of subsidiaries and affiliates, including non-marketable equity securities.

(in million yen)

	Current fiscal year (as of December 31, 2025)
Subsidiary Shares	2,684,001

Principal shares included in investments in subsidiaries and their balance sheet amounts are as follows:

Renesas Electronics America 1,045,957 million yen

Renesas Electronics Australia 920,544 million yen

Dialog 638,841 million yen

(Notes to Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Deferred tax assets		
Allowance for share-based payments	11,394 million yen	13,783 million yen
Loss on valuation of stocks of affiliated companies	9,733 million yen	9,849 million yen
Excess depreciation	5,149 million yen	4,001 million yen
Inventory write-down	3,141 million yen	3,157 million yen
Unpaid bonuses	1,884 million yen	3,058 million yen
Excess in the provision for employee benefits	3,017 million yen	2,600 million yen
Others	6,380 million yen	7,769 million yen
Subtotal of deferred tax asset	40,698 million yen	44,217 million yen
Valuation provision for tax losses carried forward	—	—
Valuation provision for total amount of total future deductible temporary differences, etc.	(12,121) million yen	(12,307) million yen
Subtotal of valuation provision	(12,121) million yen	(12,307) million yen
Total deferred tax assets	28,576 million yen	31,910 million yen
Offset against deferred tax liabilities	(10,447) million yen	(11,990) Million yen
Net deferred tax assets	18,130 million yen	19,920 million yen
Deferred tax liabilities		
Prepaid pension cost	(6,279) million yen	(7,623) million yen
Net unrealized gains (losses) on assets received in merger	(3,553) million yen	(3,620) million yen
Others	(614) million yen	(746) million yen
Total deferred tax liabilities	(10,447) million yen	(11,990) million yen
Offset against deferred tax assets	10,447 million yen	11,990 million yen
Net deferred tax liabilities	—	—

2. Reconciliation between the statutory tax rate and the effective income tax rate after the application of tax effect accounting

	Previous fiscal year (as of December 31, 2024)	Current fiscal year (as of December 31, 2025)
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Change in valuation provision	(1.1)%	(1.0)%
Gain on extinguishment of tie-in shares	(0.3)%	—
Non-deductible expenses	0.8%	2.6%
Non-deductible income	(7.4)%	(8.7)%
Tax deductions	(4.8)%	(3.8)%
Combined income of specified foreign subsidiaries, etc.	0.7%	0.2%
Other items not classified as temporary differences	(4.1)%	(0.1)%
Effective income tax rate after application of tax effect accounting	14.4%	19.9%

3. Accounting for corporate and local income taxes or tax effect accounting in relation to these taxes

The Company has applied the group totalization system from the current fiscal year. In accordance with the "Treatment of Accounting and Disclosure when Applying the Group Totalization System" (Practical Response Report No. 42, 12 August 2021), the company accounts for corporate income tax and local corporate income tax, or tax effect accounting and disclosure in this regulation.

4. Adjustment to Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Corporate Tax Rates

Following the enactment by the Diet on March 31, 2025, of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025), the "Special Defense Corporate Tax" will be levied starting with fiscal years beginning on or after April 1, 2026.

Consequently, deferred tax assets and deferred tax liabilities related to temporary differences expected to be resolved in fiscal years beginning on or after January 1, 2027, have been calculated using a statutory effective tax rate of 31.5%, up from 30.6%.

The impact of this tax rate change is immaterial.

(Note to Revenue Recognition)

Basic information for understanding revenue

For details, please refer to "(Material Significant Accounting Policies) Note 5. Basis for recognition of revenues and expenses".

(iv) [Annexed detailed schedule]

[Schedule of Tangible Fixed Assets]

(In million yen)

Division	Type of assets	Balance at January 1, 2025	Increase during the current period	Decrease during the current period	Amortization during the current period	Balance at December 31, 2025	Total accumulated depreciation
Property, plant and equipment	Building	148,672	972	1,076	3,787 (8)	148,568	118,354
	Structures	19,998	1,794	342	304	21,450	16,435
	Machinery and equipment	483,293	11,959	14,873	12,994 (3,560)	480,379	428,434
	Vehicles	5,328	848	33	174	6,142	5,061
	Tools, furniture and fixtures	131,929	11,349	8,892	9,798 (113)	134,385	117,382
	Land	18,763	—	907	—	17,856	—
	Construction in progress	105,114	43,222	31,308 (3,801)	—	117,028	—
	Total	913,097	70,144	57,432 (3,801)	27,058 (3,682)	925,808	685,666
Intangible assets	Software	90,898	9,688	202 (22)	2,425	100,383	66,191
	Other intangible assets	22,215	—	1	367	22,215	21,730
	Total	113,113	9,688	203	2,792	122,598	87,921

(Note) 1. The figures in parentheses in the “Balance at January 1, 2025” and “Balance at December 31, 2025” are based on acquisition cost.

2. The figures in parentheses in the “Decrease during the current period” and “Increase during the current period” represent the amount of impairment loss recorded.

3. The figures in parentheses in the “Total accumulated depreciation” includes accumulated impairment loss.

[Schedule of allowances and provision]

Division	Balance at January 1, 2025 (Million yen)	Increase during the current period (Million yen)	Decrease during the current period (Million yen)	Balance at December 31, 2025 (Million yen)
Allowance for doubtful accounts	0	—	—	0
Provision for product warranties	212	371	212	371
Provision for business restructuring	1	—	—	1
Provision for contingent losses	0	118	—	119
Provision for share-based payments	38,406	40,650	34,452	44,604

(2) [Major assets and liabilities]

Since consolidated financial statements are prepared, the description is omitted.

(3) [Others]

Not applicable.

VI. Outline regarding the Administration of Renesas' Stock

Business Year	From January 1 to December 31
Annual General Meeting of Shareholders	The Company holds the meeting within 3 months after the day immediately following each fiscal year-end
Record Date	December 31
Record date for dividends from surplus	March 31, June 30, September 30 and December 31
Number of shares constituting one unit of shares	100 shares
Purchase of shares constituting less than one unit	
Handling location	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department
Transfer agent	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Brokerage office	Sumitomo Mitsui Trust Bank, Limited Head Office and branches nationwide
Commission for purchase	A separately specified amount as the commission for the entrustment of the share trade
Posting of Public Notices	The method of giving public notices of the Company is electronic public notices; provided, however, that in cases where an electronic public notice is impracticable due to an accident or other unavoidable reason, the Company will give its public notice in the Nihon Keizai Shimbun. Electronic public notices can be found on the Company's website, at the following address: https://www.renesas.com/jp/en/about/investor-relations
Benefits to shareholders	Not applicable

(Note) Pursuant to the provisions of the Articles of Incorporation of the Company, holders of shares constituting less than one unit have no rights other than the rights listed in each item of Paragraph 2 of Article 189 of the Companies Act, the right to make requests pursuant to the provisions of Paragraph 1 of Article 166 of the Companies Act, the right to receive allotment of offered shares and allotment of offered stock acquisition rights in proportion to the number of shares held by such shareholders, and the right to request the Company to sell to the holder such number of shares as may, together with the number of the shares constituting less than one unit, constitute the number of shares constituting one unit.

VII. Other Reference Information

1. Information on Parent Company

The Company has no parent company, etc., stipulated in Paragraph 1 of Article 24-7 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

The Company has filed the following documents between the beginning of the current fiscal year and the filing date of this Annual Securities Report.

- (1) Annual Securities Report and its Attachments and the Confirmation
Fiscal year (23rd Fiscal Year) (from January 1, 2024 to December 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on March 26, 2025
- (2) Internal Control Report and its Attachments
Filed with the Director-General of the Kanto Local Finance Bureau on March 26, 2025
- (3) Semi-Annual Report and Confirmation
(Half of the 24th Fiscal Year) (From January 1, 2025 to June 30, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on August 1, 2025
- (4) Extraordinary Report
Filed with the Director-General of the Kanto Local Finance Bureau on January 10, 2025
Extraordinary Report under Article 19, Paragraph 2, Item1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on February 14, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 1, and Article 19, Paragraph 2, Item 2 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on March 25, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on March 31, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on April 7, 2025
Extraordinary Report under Article 19, Paragraph 2, Item1 and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on May 9, 2025
Extraordinary Report under Article 19, Paragraph 2, Item1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on June 23, 2025
Extraordinary Report under Article 19, Paragraph 2, Item19 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on July 4, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on July 25, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 2 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on October 10, 2025
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on January 16, 2026
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on January 16, 2026
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on February 5, 2026
Extraordinary Report under Article 19, Paragraph 2, Item 19 of the Cabinet Office Order on Disclosure of Corporate Affairs
Filed with the Director-General of the Kanto Local Finance Bureau on March 13, 2026
Extraordinary Report under Article 19, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure of Corporate Affairs
- (5) Amendment to Extraordinary Report
Filed with the Director-General of the Kanto Local Finance Bureau on July 4, 2025
Above (4) amendment to Extraordinary Report as of April 7, 2025
Filed with the Director-General of the Kanto Local Finance Bureau on July 25, 2025
Above (4) amendment to Extraordinary Report as of June 23, 2025
- (6) Securities Registration Statement
Assignment to Others, filed with the Director-General of the Kanto Local Finance Bureau on April 7, 2025
Assignment to Others, filed with the Director-General of the Kanto Local Finance Bureau on July 4, 2025
Assignment to Others, filed with the Director-General of the Kanto Local Finance Bureau on October 10, 2025

(7) Amendment to Securities Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on April 24, 2025

Above (6) amendment to Securities Registration Statement as of April 7, 2025

Filed with the Director-General of the Kanto Local Finance Bureau on July 25, 2025

Above (6) amendment to Securities Registration Statement as of July 4, 2025

Filed with the Director-General of the Kanto Local Finance Bureau on October 30, 2025

Above (6) amendment to Securities Registration Statement as of October 10, 2025

(8) Certificate of Issuance (Stock) and its attachments

Filed with the Director-General of the Kanto Local Finance Bureau on July 18, 2025

(9) Amendment to Certificate of Issuance (Stock)

Filed with the Director-General of the Kanto Local Finance Bureau on July 25, 2025, August 7, 2025, October 10, 2025, January 16, 2026, February 5, 2026, and March 13

Part II. Corporate Information on Guarantor and Others

Not applicable.