

Semi-Annual Securities Report (Excerpt)

**(The English translation of the “Hanki-Houkokusho” (Excerpt)
for the year ending December 31, 2025)**

Renesas Electronics Corporation

This document is an English translation of the original Semi-Annual Securities Report in Japanese and does not contain the Independent Auditor's Interim Review Report and the Confirmation Letter. The original report has been prepared/disclosed in Japan in accordance with the International Financial Reporting Standards/International Accounting Standards based on Regulation of Terminology, Forms and Preparation Methods of Consolidated Financial Statements 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, or as the context may require, Renesas Electronics Corporation on a non-consolidated basis and the “Company” refers to Renesas Electronics Corporation on a non-consolidated basis. This document does not contain or constitute any guarantee or assurance and Renesas 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 original report in Japanese and this document, the original report in Japanese shall prevail.

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【Document Filed】	Semi-Annual Securities Report (“Hanki-Hokokusho”)
【Applicable Law】	Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Filed to】	Director of Kanto Local Finance Bureau
【Filing Date】	August 1, 2025
【Fiscal Year】	The First Half of the 24th Fiscal Year (from January 1, 2025 to June 30, 2025)
【Company Name】	Renesas Electronics Kabushiki-Kaisha
【Company Name (English) 】	Renesas Electronics Corporation
【Title and Name of Representative】	Hidetoshi Shibata, Representative Executive Officer, President and CEO
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【Phone No.】	+81 3 (6773) 3000 (main)
【Contact Person】	Hideki Mino, Director, Governance & Compliance Department, Legal Division
【Contact Address】	3-2-24, Toyosu, Koto-ku, Tokyo
【Phone No.】	+81 3 (6773) 3000 (main)
【Contact Person】	Hideki Mino, Director, Governance & Compliance Department, Legal Division
【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

Part I. Information on Renesas

I. Overview of Renesas

1. Key Financial Data

Fiscal Year		23rd Six months ended June 30, 2024	24th Six months ended June 30, 2025	23rd
Accounting Period		from January 1, 2024 to June 30, 2024	from January 1, 2025 to June 30, 2025	from January 1, 2024 to December 31, 2024
Revenue	(Million yen)	710,597	634,311	1,348,479
Interim (current) profit (loss) before taxes	(Million yen)	165,985	(169,288)	263,833
Interim (current) profit (loss) attributable to owners of parent	(Million yen)	139,587	(175,342)	219,084
Interim (current) comprehensive income attributable to owners of parent	(Million yen)	496,165	(475,547)	528,320
Equity attributable to owners of parent	(Million yen)	2,463,164	2,031,527	2,537,382
Total assets	(Million yen)	3,663,014	3,872,164	4,490,436
Basic earnings (losses) per share for the interim (current) period	(Yen)	78.25	(97.34)	122.51
Diluted earnings (losses) per share for the interim (current) period	(Yen)	77.20	(97.34)	120.85
Ratio of equity attributable to owners of parent	(%)	67.2	52.5	56.5
Cash flow from operating activities	(Million yen)	201,898	198,120	340,484
Cash flow from investing activities	(Million yen)	(287,061)	(63,863)	(1,284,105)
Cash flow from financing activities	(Million yen)	(136,225)	(124,540)	677,345
Balance at end of interim period (year-end) of cash and cash equivalents	(Million yen)	288,358	211,111	229,249

- (Note) 1. Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS").
2. Since the Company prepares condensed interim consolidated financial statements, the Company does not provide Non-consolidated Business Performance Indicators.
3. In the 23rd fiscal year, the Company finalized the provisional accounting treatment for the business combination, and the condensed interim consolidated financial statements for the 23rd interim consolidated fiscal year reflect a revision of the allocation of acquisition costs.
4. Diluted earnings losses per share for the 24th interim consolidated fiscal year are the same as basic losses per share as there were no dilutive potential common shares outstanding for such period.
5. In the 24th interim consolidated fiscal year, the share acquisition rights and the restricted stock unit issued by the Company do not have a dilutive effect and therefore are not included in the calculation of diluted losses per share for such period.

2. Description of Business

There have been no significant changes to the business operations of the Group during the current interim fiscal period (six months ended June 30, 2025).

The changes in major affiliated companies during the current interim fiscal period are as follows:

- (1) 3 companies were excluded from the scope of consolidation due to dissolution through merger.
- (2) 1 company was newly included in the scope of consolidation due to acquisition.
- (3) 1 company was excluded from the scope of consolidation due to liquidation.

As a result, as of June 30, 2025, the Group consists of the Company, 119 subsidiaries (8 domestic and 111 overseas companies) and 1 equity method affiliate (1 overseas company).

II. Business Overview

1. Risk Factors

There are no newly arisen business-related risks during the current interim fiscal period or as of the date of submission of this Semi-Annual Securities Report. Additionally, there have been no significant changes to the business-related risks stated in the Annual Securities Report for the previous fiscal year.

2. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

The Group discloses consolidated business results in terms of both its internal measures which management relies upon in making decisions (hereinafter "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 (hereinafter "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 our constant business results. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other PPA (purchase price allocation) 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 "IV. Finance Information, 1. Condensed Interim Consolidated Financial Statements, Notes to Condensed Interim 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.

(1) Business Results

(i) Overview of the financial operation for the current interim fiscal period (January 1 – June 30, 2025) (Non-GAAP basis)
(Billion yen)

	Previous interim fiscal period (January 1 – June 30, 2024)	Current interim fiscal period (January 1 – June 30, 2025)	Increase (Decrease)	
Non-GAAP revenue	710.6	633.4	(77.2)	(10.9%)
Automotive	368.6	317.1	(51.4)	(14.0%)
Industrial/Infrastructure/IoT	337.8	312.1	(25.7)	(7.6%)
Non-GAAP gross profit (%)	402.9 (56.7%)	359.6 (56.8%)	(43.3) (0.1pt)	(10.8%) —
Automotive	195.8 (53.1%)	166.0 (52.3%)	(29.8) (0.8pt)	(15.2%) —
Industrial/Infrastructure/IoT	205.8 (60.9%)	191.9 (61.5%)	(13.9) (0.6pt)	(6.8%) —
Non-GAAP operating margin (%)	224.1 (31.5%)	175.7 (27.7%)	(48.4) (3.8pts)	(21.6%) —
Automotive	120.0 (32.6%)	84.0 (26.5%)	(36.0) (6.1pts)	(30.0%) —
Industrial/Infrastructure/IoT	102.8 (30.4%)	74.0 (23.7%)	(28.7) (6.7pts)	(28.0%) —

(Note) 1. For details on the above, please refer to "Note 7. Business Segments" in the "IV. Finance Information, 1. Condensed Interim Consolidated Financial Statements, Notes to Condensed Interim Consolidated Financial Statements".

The financial results for the current interim fiscal period are as follows:

< Non-GAAP revenue >

Consolidated Non-GAAP revenue for the current interim fiscal period was 633.4 billion yen, a 77.2 billion yen (10.9%) decrease year on year. This was mainly attributable to the decrease in revenue from both the "Automotive Business" and the "Industrial/Infrastructure/IoT Business" due to the softening of demand and inventory adjustments in the distribution channel.

<Non-GAAP gross profit (margin)>

Non-GAAP gross profit for the current interim fiscal period was 359.6 billion yen, a 43.3 billion yen (10.8%) decrease year on year. Although there was an improvement in product mix, the decrease was mainly due to the decline in sales revenue from both the "Automotive Business" and the "Industrial/Infrastructure/IoT Business" as mentioned above, along with a resulting decrease in production utilization. As a result, Non-GAAP gross margin for the current interim fiscal period was 56.8%, an increase by 0.1 points year on year.

<Non-GAAP operating profit (margin)>

Non-GAAP operating profit for the current interim fiscal period was 175.7 billion yen, a 48.4 billion yen (21.6%) decrease year on year. This was mainly due to the above-mentioned decrease in gross profit and increase in operating expenses. As a result, Non-GAAP operating margin for the current interim fiscal period was 27.7%, a decrease by 3.8 points year on year.

The revenue breakdown of the business segments for the current interim fiscal period are as follows:

Automotive Business

The Automotive Business includes the product categories “Automotive Control,” comprising of 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 interim fiscal period was 317.1 billion yen, a 51.4 billion yen (14.0%) decrease year on year. As mentioned above, this was due to the softening of demand and inventory adjustments in the distribution channel.

Non-GAAP gross profit of the Automotive Business for the current interim fiscal period was 166.0 billion yen, a 29.8 billion yen (15.2%) decrease year on year. This was due to a decrease in revenue.

Non-GAAP operating profit of the Automotive Business for the current interim fiscal period was 84.0 billion yen, a 36.0 billion yen (30.0%) decrease year on year. This was mainly attributable to a decrease in gross profit and an increase in operating expenses.

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 interim fiscal period was 312.1 billion yen, a 25.7 billion yen (7.6%) decrease year on year. This was due to a decrease in revenue resulting mainly from the softening of demand and inventory adjustments in the distribution channel in Industrial and IoT market as mentioned above, despite the steady demand in Data center market.

Non-GAAP gross profit of the Industrial/Infrastructure/IoT Business for the adjustments in the distribution channel was 191.9 billion yen, a 13.9 billion yen (6.8%) decrease year on year. This was due to a decrease in revenue.

Non-GAAP operating profit of the Industrial/Infrastructure/IoT Business for the current interim fiscal period was 74.0 billion yen, a 28.7 billion yen (28.0%) decrease year on year. This was mainly attributable to a decrease in gross profit and an increase in operating expenses.

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

	Previous interim fiscal period (January 1 – June 30, 2024)	Current interim fiscal period (January 1 – June 30, 2025)
Non-GAAP gross profit (%)	402.9 (56.7%)	359.6 (56.8%)
Reconciliation items in non-recurring revenue (Note 1)	—	0.9
Amortization of purchased intangible assets and depreciation of fair value adjustment to property, plant and equipment	(0.5)	(0.5)
Stock-based compensation	(1.2)	(1.5)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(2.7)	(4.3)
IFRS gross profit (%)	398.4 (56.1%)	354.2 (55.8%)
Non-GAAP operating profit (%)	224.1 (31.5%)	175.7 (27.7%)
Reconciliation items in non-recurring revenue (Note 1)	—	0.9
Amortization of purchased intangible assets and depreciation of fair value adjustment to property, plant and equipment	(56.4)	(60.0)
Stock-based compensation	(14.8)	(20.0)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(5.4)	(35.3)

IFRS operating profit (%)	147.5 (20.8%)	61.3 (9.7%)
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(Note) 1. 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 six months ended June 30, 2025 (January 1 – June 30, 2025) (IFRS)
(Billion yen)

	Previous interim fiscal period (January 1 – June 30, 2024)	Current interim fiscal period (January 1 – June 30, 2025)	Increase (Decrease)	
Revenue	710.6	634.3	(76.3)	(10.7%)
Gross profit (%)	398.4 (56.1%)	354.2 (55.8%)	(44.2) (0.2pt)	(11.1%) —
Operating profit (%)	147.5 (20.8%)	61.3 (9.7%)	(86.2) (11.1pts)	(58.4%) —

(2) Financial Position

Assets, Liabilities and Shareholders' Equity

(Billion yen)

	Previous fiscal year end (as of December 31, 2024)	Current interim fiscal period end (as of June 30, 2025)	Increase (Decrease)
Total assets	4,490.4	3,872.2	(618.2)
Total equity	2,542.3	2,036.3	(506.0)
Equity attributable to owners of parent	2,537.4	2,031.5	(505.9)
Equity ratio attributable to owners of parent (%)	56.5	52.5	(4.0)
Interest-bearing liabilities	1,422.8	1,346.6	(76.2)
Debt to equity ratio	0.56	0.66	0.10

Total assets as of the end of the current interim fiscal period amounted to 3,872.2 billion yen, a 618.2 billion yen decrease from the end of the previous fiscal year. This was mainly due to a decrease in goodwill and intangible assets due to fluctuations in foreign exchange rates, as well as a decrease in long-term loans receivable due to the recognition of valuation losses on deposits receivable to Wolfspeed, Inc. (hereinafter "Wolfspeed"), following its filing for protection under the U. S. Bankruptcy Code and its restructuring plan.

Total equity as of the end of the current interim fiscal period amounted to 2,036.3 billion yen, a 506.0 billion yen decrease from the end of the previous fiscal year. This was mainly due to a decrease in components of other equity, such as exchange differences on translation of foreign operations due to fluctuations in foreign exchange rates, as well as a reduction in retained earnings resulting from the recognition of valuation losses on deposits receivable to Wolfspeed.

Equity attributable to owners of parent as of the end of the current interim fiscal period amounted to 2,031.5 billion yen, a 505.9 billion yen decrease from the end of the previous fiscal year, and the equity ratio attributable to owners of the parent was 52.5%. In addition, interest-bearing liabilities as of the end of the current interim fiscal period amounted to 1,346.6 billion yen, a 76.2 billion decreased yen from the end of the previous fiscal year, mainly due to a decrease in borrowings. Consequently, the Debt to equity ratio was 0.66.

Cash Flows

(Billion yen)

	Previous interim fiscal period (January 1 – June 30, 2024)	Current interim fiscal period (January 1 – June 30, 2025)
Net cash provided by (used in) operating activities	201.9	198.1
Net cash provided by (used in) investing activities	(287.1)	(63.9)
Free cash flows (Note)	(85.2)	134.3
Net cash provided by (used in) financing activities	(136.2)	(124.5)
Cash and cash equivalents at the beginning of period	434.7	229.2
Cash and cash equivalents at the end of period	288.4	211.1

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

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

Net cash provided by operating activities for the current interim fiscal period was 198.1 billion yen. This was mainly due to adjustments for non-cash items such as depreciation and the valuation loss on deposit receivable to Wolfspeed, though a recording of 169.3 billion yen in loss before tax.

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

Net cash used in investing activities for the current interim fiscal period was 63.9 billion yen. This was mainly due to the purchase of property, plant, and equipment and intangible assets.

The foregoing resulted in positive free cash flows of 134.3 billion yen for the current interim fiscal period.

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

Net cash used in financing activities for the current interim fiscal period was 124.5 billion yen. This was mainly due to repayments of borrowings to main financing banks and payment of dividends.

(3) Business and Financial Challenges to Address

There have been no significant changes to the challenges the Group needs to address during the current interim fiscal period.

(4) Research and Development Activities

The research and development cost for the Group was 118.9 billion yen for the current interim fiscal period.

The Group's research and development are 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, research and development cost by each segment are omitted.

There have been no significant changes in the status of the Group's research and development activities for the current interim fiscal period.

(5) Number of employees

As of the end of the current interim fiscal period (June 30, 2025), the number of employees in the Group is 21,907, a decrease of 804 from the end of the previous fiscal year (December 31, 2024).

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 those seconded from outside the Group to the Group).

(6) Major Facilities

As of the submission date of the Annual Securities Report for the previous fiscal year, specific plans for new installations, disposals, etc., of facilities for the current fiscal year were not determined. However, the Group's capital expenditures for the 24th cumulative third quarter period (nine months ending September 30, 2025) have been finalized as follows.

The planned capital expenditures of the Group for the 24th cumulative third quarter period is 39.0 billion yen. The capital expenditure amount represents the investment decision-based amount for tangible fixed assets (production facilities) and intangible assets for such period. The main content relates to the enhancement of production capacity and the strengthening of design and development.

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.

For the current interim fiscal period, there have been no significant changes to major facilities.

3. Material Agreements

There were no material agreements which were approved for conclusion or concluded during the current interim fiscal period.

III. Corporate Information of the Company

1. Information on Shares and Others

(1) [Total Number of Shares 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 interim fiscal period (as of June 30, 2025)	Number of issued shares as of the filing date (as of August 1, 2025)	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 one unit of shares: 100 shares
Total	1,870,614,885	1,870,614,885	—	—

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

(i) [Details of Stock Option Plan]

Not applicable.

(ii) [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, 2025 - June 30, 2025	—	1,870,614,885	—	153,209	—	143,209

(5) [Major Shareholders]

As of June 30, 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	255,259,300	14.09
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	102,987,700	5.68
TOYOTA MOTOR CORPORATION	1, Toyota-cho, Toyota-shi, Aichi	75,015,900	4.14
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)	62,388,851	3.44
JP MOGRAN 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)	53,419,392	2.94
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)	46,938,556	2.59
JP MOGRAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1, Konan, Minato-ku, Tokyo)	43,894,505	2.42
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	37,530,608	2.07
GIC PRIVATE LIMITED – C (Standing proxy: MUFG Bank, Ltd.)	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912 (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	37,172,013	2.05
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)	31,369,971	1.73
Total	–	745,976,796	41.19

(Note) 1. In addition to the above, the Company owns 59,763,270 shares of treasury stock.

2. Shareholding ratio is calculated by excluding 59,763,270 shares of treasury stock.

3. Shareholding ratio is shown by truncating the numbers beyond the third decimal place.

4. BlackRock Japan Co., Ltd. submitted a large shareholding report dated September 4, 2024 with joint ownership of BlackRock (Netherlands) BV, BlackRock Fund Managers Limited, 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., reporting that they jointly own 126,632,001 shares (percentage of shares held: 6.77%) as of August 30, 2024 (the date that the reporting obligation 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 June 30, 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, Ballsbridge Park 2, 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, London, England	2,425,464	0.13

5. FMR LLC submitted a 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 that the reporting obligation occurred) as stated below. However, they are not included in the above Major Shareholders as the Company could not confirm the actual number of shares owned as of June 30, 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) [Information on Voting Rights]

(i) [Issued Shares]

As of June 30, 2025

Classification	Number of shares (shares)	Number of voting rights	Details
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full-voting rights (treasury stock, etc.)	Common stock 59,763,200	—	—
Shares with full-voting rights (others)	Common stock 1,810,618,200	1,776,928,800, 106,182	—
Shares constituting less than one unit of shares	Common stock 233,485	1,796,965,800	—
Number of issued shares	1,870,614,885	—	—
Voting rights of all shareholders	—	18,106,182	—

(Note) 1. "Shares with full-voting rights (others)" includes 200 shares (2 voting rights) held in the name of the Japan Securities Depository Center.

2. "Shares constituting less than one unit of shares" includes 70 shares of treasury stock held by the Company.

(ii) [Treasury Shares and Others]

As of June 30, 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	59,763,200	—	59,763,200	3.19
Total	-	59,763,200	—	59,763,200	3.19

2. Status of Directors and Executive Officers

There were no changes in directors and executive officers during the current interim financial period after the date of submission of the Annual Securities Report for the previous fiscal year.

IV. Finance Information

1. Preparation Method of the Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” (hereinafter “IAS 34”) 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, hereinafter “Ordinance on Consolidated Financial Statements”).

The condensed interim consolidated financial statements of the Company are Type-1 interim consolidated financial statements.

2. Audit Certification

The condensed interim consolidated financial statements for the current interim fiscal period (from January 1, 2025 to June 30, 2025) were reviewed by PricewaterhouseCoopers Japan LLC in accordance with Article 193-2, Section 1, of the Financial Instruments and Exchange Act.

1. Condensed Interim Consolidated Financial Statements

(1) [Condensed Interim Consolidated Statement of Financial Position]

(In millions of yen)

	Notes	Previous fiscal year (as of December 31, 2024)	Current interim fiscal period (as of June 30, 2025)
Assets			
Current assets			
Cash and cash equivalents		229,249	211,111
Trade and other receivables	9	167,113	173,922
Inventories		176,544	165,666
Other current financial assets	20	9,236	2,228
Income taxes receivable		12,454	13,118
Other current assets		22,730	21,155
Total current assets		617,326	587,200
Non-current assets			
Property, plant and equipment		341,447	335,436
Goodwill	8	2,256,169	2,067,884
Intangible assets		724,768	610,780
Investments accounted for using the equity method		328	413
Other non-current financial assets	20	450,702	182,446
Deferred tax assets		47,107	45,506
Other non-current assets		52,589	42,499
Total non-current assets		3,873,110	3,284,964
Total assets		4,490,436	3,872,164

(In millions of yen)			
	Notes	Previous fiscal year (as of December 31, 2024)	Current interim fiscal period (as of June 30, 2025)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10,20	231,029	210,434
Bonds and borrowings	11,20	144,137	153,313
Other current financial liabilities	20	8,071	8,599
Income taxes payable		5,930	18,548
Provisions		11,273	7,059
Other current liabilities		90,998	99,976
Total current liabilities		491,438	497,929
Non-current liabilities			
Trade and other payables	10,20	22,938	14,015
Bonds and borrowings	11,20	1,256,535	1,173,060
Other non-current financial liabilities	20	15,616	14,299
Income taxes payable		6,537	4,988
Retirement benefit liability		23,564	22,875
Provisions		3,066	3,198
Deferred tax liabilities		117,151	94,272
Other non-current liabilities		11,293	11,223
Total non-current liabilities		1,456,700	1,337,930
Total liabilities		1,948,138	1,835,859
Equity			
Share capital	12	153,209	153,209
Capital surplus	12	289,377	289,285
Retained earnings		1,308,948	1,087,124
Treasury shares	12	(92,120)	(74,962)
Other components of equity		877,968	576,871
Total equity attributable to owners of parent		2,537,382	2,031,527
Non-controlling interests		4,916	4,778
Total equity		2,542,298	2,036,305
Total liabilities and equity		4,490,436	3,872,164

(2) [Condensed Interim Consolidated Statement of Profit or Loss and Condensed Interim Consolidated Statement of Comprehensive Income]
[Condensed Interim Consolidated Statement of Profit or Loss]

(In millions of yen)

	Notes	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Revenue	7,14	710,597	634,311
Cost of sales		(312,203)	(280,107)
Gross profit		398,394	354,204
Selling, general and administrative expenses	15	(251,040)	(263,687)
Other income	16	8,275	2,283
Other expenses	17	(8,121)	(31,499)
Operating profit		147,508	61,301
Finance income		25,003	6,829
Finance costs	22	(6,526)	(237,180)
Share of loss of investments accounted for using equity method		—	(238)
Profit (loss) before tax		165,985	(169,288)
Income tax expense		(26,242)	(6,033)
Profit (loss)		139,743	(175,321)
Profit (loss) attributable to			
Owners of parent		139,587	(175,342)
Non-controlling interests		156	21
Profit (loss)		139,743	(175,321)
Earnings (losses) per share	18		
Basic earnings (losses) per share (yen)		78.25	(97.34)
Diluted earnings (losses) per share (yen)		77.20	(97.34)

[Condensed Interim Consolidated Statement of Comprehensive Income]

		(In millions of yen)	
	Notes	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Profit (loss)		139,743	(175,321)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		(223)	(42)
Equity instruments measured at fair value through other comprehensive income		(3,215)	414
Total of items that will not be reclassified to profit or loss		(3,438)	372
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		350,806	(302,250)
Cash flow hedges		15,106	1,570
Cost of hedges		(5,501)	(48)
Total of items that may be reclassified subsequently to profit or loss		360,411	(300,728)
Total other comprehensive income		356,973	(300,356)
Total comprehensive income		496,716	(475,677)
Comprehensive income attributable to			
Owners of parent		496,165	(475,547)
Non-controlling interests		551	(130)
Total comprehensive income		496,716	(475,677)

(3) [Condensed Interim Consolidated Statement of Changes in Equity]

Previous interim fiscal period (six months ended June 30, 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)		—	—	139,587	—	—	—	—
Other comprehensive income		—	—	—	—	—	(223)	(3,215)
Total comprehensive income		—	—	139,587	—	—	(223)	(3,215)
Purchase and disposal of treasury shares	12	—	15,036	—	16,091	—	—	—
Cancellation of treasury shares	12	—	(104,529)	—	104,529	—	—	—
Dividends of surplus	13	—	—	(49,758)	—	—	—	—
Share-based payment transactions		—	(14,544)	—	—	(1,379)	—	—
Transfer to retained earnings		—	13,531	(14,376)	—	(30)	223	652
Total transactions with owners		—	(90,506)	(64,134)	120,620	(1,409)	223	652
Balance as of June 30, 2024		153,209	268,892	1,232,689	(97,071)	1,697	—	(4,874)

	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)		—	—	—	—	139,587	156	139,743
Other comprehensive income		350,411	15,106	(5,501)	356,578	356,578	395	356,973
Total comprehensive income		350,411	15,106	(5,501)	356,578	496,165	551	496,716
Purchase and disposal of treasury shares	12	—	—	—	—	31,127	—	31,127
Cancellation of treasury shares	12	—	—	—	—	—	—	—
Dividends of surplus	13	—	—	—	—	(49,758)	(8)	(49,766)
Share-based payment transactions		—	—	—	(1,379)	(15,923)	—	(15,923)
Transfer to retained earnings		—	—	—	845	—	—	—
Total transactions with owners		—	—	—	(534)	(34,554)	(8)	(34,562)
Balance as of June 30, 2024		914,626	(4,273)	(1,731)	905,445	2,463,164	4,578	2,467,742

Current interim fiscal period (six months ended June 30, 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)		—	—	(175,342)	—	—	—	—
Other comprehensive income		—	—	—	—	—	(42)	414
Total comprehensive income		—	—	(175,342)	—	—	(42)	414
Purchase and disposal of treasury shares	12	—	5,888	—	17,158	—	—	—
Dividends of surplus	13	—	—	(50,320)	—	—	—	—
Share-based payment transactions		—	(2,167)	—	—	(867)	—	—
Transfer to retained earnings		—	(3,813)	3,838	—	(67)	42	—
Total transactions with owners		—	(92)	(46,482)	17,158	(934)	42	—
Balance as of June 30, 2025		153,209	289,285	1,087,124	(74,962)	153	—	(3,075)

	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)		—	—	—	—	(175,342)	21	(175,321)
Other comprehensive income		(302,099)	1,570	(48)	(300,205)	(300,205)	(151)	(300,356)
Total comprehensive income		(302,099)	1,570	(48)	(300,205)	(475,547)	(130)	(475,677)
Purchase and disposal of treasury shares	12	—	—	—	—	23,046	—	23,046
Dividends of surplus	13	—	—	—	—	(50,320)	(8)	(50,328)
Share-based payment transactions		—	—	—	(867)	(3,034)	—	(3,034)
Transfer to retained earnings		—	—	—	(25)	—	—	—
Total transactions with owners		—	—	—	(892)	(30,308)	(8)	(30,316)
Balance as of June 30, 2025		581,906	(2,082)	(31)	576,871	2,031,527	4,778	2,036,305

(4) [Condensed Interim Consolidated Statement of Cash Flows]

(In millions of yen)

	Notes	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Cash flows from operating activities			
Profit (loss) before tax		165,985	(169,288)
Depreciation and amortization		98,830	98,041
Impairment losses		965	13,741
Finance income and finance costs		(8,487)	227,697
Share-based payment expenses		14,818	20,015
Insurance claim income		(1)	(150)
Foreign exchange loss (gain)		(3,763)	(5,715)
Loss (gain) on sales of property, plant and equipment, and intangible assets		(120)	179
Loss on disposal of fixed assets		498	3,442
Decrease (increase) in inventories		(5,639)	5,445
Decrease (increase) in trade and other receivables		(16,650)	(14,869)
Decrease (increase) in other financial assets		(3,006)	18,393
Increase (decrease) in trade and other payables		(6,280)	(5,330)
Increase (decrease) in retirement benefit liability		(832)	(806)
Increase (decrease) in provisions		(3,016)	(3,379)
Increase (decrease) in other current liabilities		(11,376)	11,356
Increase (decrease) in other financial liabilities		(1,126)	477
Other		2,990	2,713
Subtotal		223,790	201,962
Interest received		18,199	5,081
Dividends received		294	33
Proceeds from insurance income		1	150
Income taxes paid		(40,386)	(9,106)
Net cash flows from operating activities		201,898	198,120
Cash flows from investing activities			
Purchase of property, plant and equipment		(68,839)	(47,822)
Proceeds from sales of property, plant and equipment		702	1,830
Purchase of intangible assets		(18,650)	(25,426)
Purchase of other financial assets		(1,433)	(2,482)
Proceeds from sales of other financial assets		907	1,460
Payments for acquisitions of subsidiaries		(52,697)	(2,823)
Purchase of shares of subsidiaries and associates		—	(352)
Proceeds from subsidy		4,298	3,110
Payments of long-term loans receivable		(155,220)	—
Proceeds from sale of businesses		—	4,728
Other		3,871	3,914
Net cash flows from investing activities		(287,061)	(63,863)

(In millions of yen)			
	Notes	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Cash flows from financing activities			
Proceeds from short-term borrowings	11	30,000	38,000
Repayments of short-term borrowings	11	(30,000)	(28,000)
Proceeds from long-term borrowings	11	250,000	—
Repayments of long-term borrowings		(329,584)	(71,370)
Dividends paid	13	(49,702)	(50,300)
Repayments of lease liabilities		(2,977)	(4,966)
Interest paid		(3,959)	(7,900)
Other		(3)	(4)
Net cash flows from financing activities		(136,225)	(124,540)
Effect of exchange rate changes on cash and cash equivalents		75,065	(27,855)
Net increase (decrease) in cash and cash equivalents		(146,323)	(18,138)
Cash and cash equivalents at beginning of the period		434,681	229,249
Cash and cash equivalents at end of the period		288,358	211,111

Notes to Condensed Interim Consolidated Financial Statements

1. Reporting Entity

The Company is a public company established under the Companies Act of Japan and domiciled in Japan. The condensed interim consolidated financial statements (from January 1, 2025 to June 30, 2025) of the Group are composed of the Company, its subsidiaries and interests of the Group in its associates. 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 condensed interim consolidated financial statements were approved on August 1, 2025 by Hidetoshi Shibata, Representative Executive Officer, President and CEO, and Shuhei Shinkai, Senior Vice President and CFO.

2. Basis for Preparation

(1) Compliance with IFRS

Because the Group meets the requirements for "Specified Companies Complying with Designated International Accounting Standards" stated in Article 1-2-2 of the Ordinance on Consolidated Financial Statements, the Group has adopted the provisions of Article 312 of the Ordinance.

The condensed interim consolidated financial statements of the Group have been prepared in accordance with IAS 34. The condensed interim consolidated financial statements do not contain all of the information that would be required on consolidated financial statements for a fiscal year. Therefore, the condensed interim consolidated financial statements should be used with the consolidated financial statements for the previous fiscal year.

(2) Basis of measurement

In the condensed interim consolidated financial statements of the Group, assets and liabilities are measured at ahistorical cost basis except for items such as financial instruments measured at fair value.

(3) Functional currency and presentation currency

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

3. Material Accounting Policies

The material accounting policies for the condensed interim consolidated financial statements of the Group are the same as the accounting policies applied in preparing the Group's consolidated financial statements for the previous fiscal year.

In addition, income taxes for the current interim fiscal period are calculated using the estimated annual effective tax rate.

4. Significant Accounting Estimates and Judgements

In preparing the condensed interim 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.

In principle, material accounting estimates and judgements reflected in the condensed interim consolidated financial statements are the same as those reflected in the consolidated financial statements for the previous fiscal year.

5. Changes in Accounting Estimates

(Change in the useful life of property, plant and equipment)

During the current interim fiscal period, 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 7,439 million yen and loss before tax decreased by 7,439 million yen for the current interim fiscal period.

6. Scope of Consolidation and Application of Equity Method

A. Scope of consolidation

(a) 3 companies have been excluded from the scope of consolidation due to dissolution through merger for the current interim fiscal period.

(b) 1 company has been newly included in the scope of consolidation due to acquisition for the current interim fiscal period.

(c) 1 company has been excluded from the scope of consolidation due to liquidation for the current interim fiscal period.

B. Application of equity method

No change in the scope of application of equity method for the current interim fiscal period.

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 of the Company 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 of 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, SOC, 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, SoC, analog semiconductor devices and power semiconductor 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 the same as stated in "3. Material Accounting Policies". As for information on the reportable segments, the Group discloses revenue from external customers, segment gross profit, and segment operating 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 Company's Board of Directors assesses the performance after eliminating intragroup transactions, and therefore, there are no transfers between the reportable segments included within the segment results.

Information on reportable segments is as follows.

Previous interim fiscal period (six months ended June 30, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	368,558	337,768	4,271	—	710,597	—	710,597
Segment gross profit	195,799	205,810	1,286	—	402,895	(4,501)	398,394
Segment operating profit	120,018	102,766	1,288	—	224,072	(76,564)	147,508
Finance income							25,003
Finance costs							(6,526)
Profit before tax							165,985
(Other items)							
Depreciation and amortization	24,039	18,440	—	—	42,479	56,351	98,830

Current interim fiscal period (six months ended June 30, 2025)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	317,136	312,098	4,180	—	633,414	897	634,311
Segment gross profit	165,969	191,898	1,095	618	359,580	(5,376)	354,204
Segment operating profit	84,017	74,029	(181)	17,824	175,689	(114,388)	61,301
Finance income							6,829
Finance costs							(237,180)
Share of loss of investments accounted for using equity method							(238)
Loss before tax							(169,288)
(Other items) Depreciation and amortization	21,949	16,002	89	—	38,040	60,001	98,041

(3) Information on products and services

Information on products and services is the same as information on the reportable segments and, therefore omitted from this section.

(4) Information on regions and countries

The components of revenue from external customers by region and country are as follows.

(In millions of yen)

	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
China	184,383	197,629
Asia (Excluding Japan and China)	163,783	139,263
Japan	157,016	130,890
Europe	121,661	98,426
North America	82,536	67,146
Others	1,218	957
Total	710,597	634,311

(Note) Revenues are categorized into the country or region based on the location of the customers.

8. Business Combinations

Business combinations that occurred during the previous interim fiscal period and the current interim fiscal period are as follows. Immaterial business combinations are not included in this disclosure.

Previous interim fiscal period (six months ended June 30, 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 (hereinafter "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 interim fiscal period (six months ended June 30, 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 interim fiscal period, "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

On June 20, 2024, the Company completed the acquisition of Transphorm, Inc. (hereinafter "Transphorm"), a semiconductor company headquartered in Goleta, California, USA, through the wholly-owned subsidiary of the Company. Following the completion of the acquisition, Transphorm has become a wholly-owned subsidiary of the Company.

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 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 309 million yen, which were recorded in "Selling, general and administrative expenses" for the previous interim fiscal period.

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. As of the end of the previous interim fiscal period, the acquisition was accounted for using provisional amounts determined based on reasonable information available at the time of preparing the condensed interim consolidated financial statements. Since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date had not been finalized, the purchase price allocation was provisionally accounted for. For the previous fiscal year, the Group has completed the purchase price allocation and revised the goodwill amount as follows:

Fair value of assets acquired, liabilities assumed on the acquisition date (June 20, 2024)

(In millions of yen)	
Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note 3)	55,343
Intangible assets	(6,730)
Deferred tax assets	(6,762)
Deferred tax liabilities	—
Total adjustments	(13,492)
Goodwill (after adjustment) (Note 3)	41,851

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 fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for the previous interim fiscal period would not be material.

f. Revenue and profit / loss of the acquired company

For the previous interim fiscal period, the revenue and profit of Transphorm from the acquisition date to the end of the previous interim fiscal period had no significant impact on the consolidated financial statements.

Current interim fiscal period (six months ended June 30, 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 (hereinafter "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.

(In millions of yen)		
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Beginning balance	2,711	1,582
Exchange differences	265	(134)
Ending balance	2,976	1,448

Panthronics changed its company name from Panthronics AG to Renesas Design Austria GmbH on October 12, 2023.

9. Trade and Other Receivables

The components of trade and other receivables are as follows.

	(In millions of yen)	
	Previous fiscal year (as of December 31, 2024)	Current interim fiscal period (as of June 30, 2025)
Notes and trade receivables	152,381	160,115
Other receivables	16,311	15,497
Loss allowance	(1,579)	(1,690)
Total	167,113	173,922

(Note) Trade and other receivables are classified as financial assets measured at amortized cost.

10. Trade and Other Liabilities

The components of trade and other payables are as follows.

	(In millions of yen)	
	Previous fiscal year (as of December 31, 2024)	Current interim fiscal period (as of June 30, 2025)
Trade payables	82,942	83,358
Other payables	86,697	70,282
Electronically recorded obligations	15,092	11,797
Refund liabilities	69,236	59,012
Total	253,967	224,449
Current liabilities	231,029	210,434
Non-current liabilities	22,938	14,015

(Note) Trade and other payables are classified as financial liabilities measured at amortized cost.

11. Bonds and Borrowings

(1) Bonds

Previous interim fiscal period (six months ended June 30, 2024)

Not applicable.

Current interim fiscal period (six months ended June 30, 2025)

Not applicable.

(2) Borrowings

Previous interim fiscal period (six months ended June 30, 2024)

In March 2024, the Company executed a short-term borrowing of 30,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. under a commitment line agreement dated January 15, 2019. The borrowing has been fully repaid in June 2024.

The Company has entered into a term loan agreement dated June 25, 2024 (Loan amount: 250,000 million yen, Borrowing date: June 28, 2024, Repayment date: June 29, 2029, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited.) and has borrowed 250,000 million yen.

Current interim fiscal period (six months ended June 30, 2025)

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.

Additionally, the Company has breached certain financial covenants related to loan agreements for the current interim fiscal period. However, the Company has obtained consent from the financial institutions not to exercise their right to demand immediate repayment due to this breach.

12. Share Capital and Other Equity Items

Previous interim fiscal period (six months ended June 30, 2024)

Based on the resolution at the Board of Directors' meeting held on February 8, 2024, the Company conducted a retirement of 87,839,138 shares on February 29, 2024. In addition, the number of treasury shares decreased by 13,521,690 shares, due to disposals of treasury shares and other related transactions based on the exercise of stock options, the vesting of Restricted Stock Unit (RSU) and Performance Share Unit (PSU) for the previous interim fiscal period. As a result, treasury shares decreased by 120,620 million yen.

The amount of treasury shares held was 97,071 million yen as of June 30, 2024.

Current interim fiscal period (six months ended June 30, 2025)

The Company conducted transactions involving the disposal of treasury shares, including the exercise of stock options and the vesting of Restricted Stock Unit (RSU) and Performance Share Unit (PSU), resulting in a decrease of 14,418,893 shares of treasury share for the current interim fiscal period. As a consequence, treasury shares decreased by 17,158 million yen for the current interim fiscal period.

As a result, the amount of treasury shares held was 74,962 million yen as of the end of the current interim fiscal period.

13. Dividends

(1) Dividend payment amounts

Previous interim fiscal period (six months ended June 30, 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 interim fiscal period (six months ended June 30, 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 current interim fiscal period, but an effective date is after the end of the current interim fiscal period

Previous interim fiscal period (six months ended June 30, 2024)

Not applicable.

Current interim fiscal period (six months ended June 30, 2025)

Not applicable.

14. Revenue

All of the revenue arises from contracts with customers. In addition, disaggregation of revenue recognized from contracts with customers is stated in "7. Business segments; (2) Information on reportable segments and (4) Information on regions and countries."

15. Selling, General and Administrative Expenses

The components of selling, general and administrative expenses are as follows.

	(In millions of yen)	
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Research and development expenses	125,944	118,856
Depreciation and amortization	59,548	63,504
Personnel expenses	43,329	55,212
Retirement benefit expenses	2,198	2,526
Other	20,021	23,589
Total	251,040	263,687

(Note) Research and development expenses are included in selling, general and administrative expenses. Related expenses such as outsourcing costs, personnel expenses, depreciation and amortization costs and material costs are mainly included in research and development expenses.

16. Other Income

The components of other income are as follows.

	(In millions of yen)	
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Gain on sale of fixed assets	150	559
Compensation income	—	413
Government grant income (Note 1)	5,511	365
Insurance claim income	1	150
Reversal of impairment losses	1,077	—
Fair value remeasurements on contingent considerations (Note 2)	606	—
Other	930	796
Total	8,275	2,283

(Note) 1. Government grant income consists of government subsidies received for the acquisition of property, plant and equipment for the previous interim fiscal period.

2. For details, please refer to “8. Business Combinations.”

17. Other Expenses

The components of other expenses are as follows

	(In millions of yen)	
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Impairment losses (Note 1)	965	13,741
Provision for loss on litigation	—	5,826
Business restructuring expenses (Note 2)	1,093	5,560
Loss on disposal of fixed assets	505	3,442
Loss on reduction of fixed assets	4,755	—
Other	803	2,930
Total	8,121	31,499

(Note) 1. The main component of impairment losses pertains to the recognition of impairment on assets scheduled for disposal that are not expected to be utilized.

2. Business restructuring expenses consist of personnel-related expenses, such as premium retirement payments and other related costs.

18. 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)

	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Profit (loss) attributable to owners of parent used for the calculation of basic earnings (losses) per share (million yen)	139,587	(175,342)
Weighted average number of ordinary shares during the year (thousands of shares)	1,783,809	1,801,305
Basic earnings (losses) per share (yen)	78.25	(97.34)

(2) Diluted earnings (losses) per share

	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Profit (loss) attributable to owners of parent used for the calculation of basic earnings (losses) per share (million yen)	139,587	(175,342)
Adjustments on earnings (million yen)	—	—
Profit (loss) used for the calculation of diluted earnings (losses) per share (million yen)	139,587	(175,342)
Weighted average number of ordinary shares during the year before dilution (thousands of shares)	1,783,809	1,801,305
Increase in common stock		
Share acquisition rights (thousands of shares)	3,759	—
Restricted Stock Unit (thousands of shares)	20,488	—
Weighted average number of ordinary shares during the year after dilution (thousands of shares)	1,808,055	1,801,305
Diluted earnings (losses) per share (yen)	77.20	(97.34)

(Note) 1. Diluted losses per share for the current interim fiscal period are the same as basic losses per share as there were no dilutive potential common shares outstanding for such period.

2. For the current interim fiscal period, the share acquisition rights and the restricted stock unit issued by the Company do not have a dilutive effect and therefore are not included in the calculation of diluted losses per share.

3. For the current interim fiscal period, there were 21,786 thousand shares of dilutive potential common stock. However, since they had no dilutive effect, they were excluded from the calculation of diluted losses per share.

19. Share-based Payments

The Company has adopted Restricted Stock Unit (RSU) and Performance Share Unit (PSU) from April 2021. The details of RSU and PSU granted for the current interim fiscal period are as follows.

Date of grant for RSU		January 10, 2025
Category and number of grantees		Executive Corporate Officer 1 Employees of the Company and subsidiaries 235
Vesting conditions	RSU	To be vested based on time (One third each will be vested after 1 year, 2 years and 3 years from the date of grant)
Number of units	RSU	1,132,200

- (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. The fair value of RSU is 1,997.6 yen, 1,975.7 yen, and 1,954.1 yen for each vesting date, and is calculated by taking into account the market value of the Company's shares and expected dividends based on past dividend history.

Date of grant for RSU and PSU		April 7, 2025
Category and number of grantees		Directors of the Company 6 Executive Corporate Officers 9 Employees of the Company and subsidiaries 11,256
Vesting conditions	RSU	To be vested based on time (One third each will be vested after 1 year, 2 years and 3 years from the date of grant)
	PSU	To be vested based on performance (According to the performance achieved, all units will be vested after 3 years from the grant date)
Number of units	RSU	17,391,100
	PSU	2,834,700
	Total	20,225,800

- (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. The number of units for PSU will be determined based on the number of granted units using factors such as the three-year growth rate of the total shareholder return.
3. The fair value of RSU is 1,360.2 yen, 1,341.9 yen, and 1,323.8 yen for each vesting date, and is calculated by taking into account the market value of the Company's shares and expected dividends based on past dividend history.
4. The fair value of PSU is 1,323.8 yen and 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.

20. Financial Instruments

(1) 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

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.

(2) 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 are not included in the table below. Lease liabilities are not included in the following table.

Previous fiscal year (as of December 31, 2024)

(In millions of yen)

	Carrying amount	Level 1	Fair value		Total
			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 interim fiscal period (as of June 30, 2025)

(In millions of yen)

	Carrying amount	Level 1	Fair value		Total
			Level 2	Level 3	
Financial liabilities					
Borrowings	1,203,430	—	1,203,318	—	1,203,318
Bonds	122,943	—	122,943	—	122,943
Other payables	70,282	—	71,041	—	71,041
Total	1,396,655	—	1,397,302	—	1,397,302

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 millions of 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
Loan receivable	—	—	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 interim fiscal period (as of June 30, 2025)

	(In millions of yen)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	25,643	—	25,643
Investment trust	11,083	—	—	11,083
Unlisted securities	—	—	4,473	4,473
Loan receivable	—	—	83,319	83,319
Equity instruments measured at fair value through other comprehensive income				
Listed securities	179	—	—	179
Unlisted securities	—	—	9,136	9,136
Total	11,262	25,643	96,928	133,833
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	389	—	389
Contingent consideration (Note)	—	—	2,307	2,307
Total	—	389	2,307	2,696

(Note) For details, please refer to "Note 8. Business Combinations".

C. Changes in financial assets that are classified as Level 3 are as follows.

	(In millions of yen)	
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Financial Assets		
Beginning balance	158,023	340,871
Total gains or losses in the period	40,316	(244,643)
Profit or loss (Note 1,2)	1,002	(224,916)
Other comprehensive income (Note 3)	39,314	(19,727)
Purchases	155,340	700
Settlement	(6,098)	—
Ending balance	347,581	96,928
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note 1)	1,002	(224,916)
Financial liabilities		
Beginning balance	3,298	1,582
Total gains or losses in the period	(322)	264
Profit or loss (Note 4)	(681)	446
Other comprehensive income	359	(182)
Acquisition due to business combination	—	461
Ending balance	2,976	2,307
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note 4)	(95)	446

(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 condensed interim consolidated statements of profit or loss.

2. The decrease in financial assets for the current interim fiscal period is mainly due to the reduction in long-term loans receivable resulting from the recognition of a valuation loss of 234,978 billion yen on deposits receivable with 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 condensed interim 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 condensed interim consolidated statements of profit or loss.

5. Financial instruments that are classified as Level 3 consist of unlisted securities, loans, and contingent consideration due to business combination. The measurement results of the fair value are reviewed and approved by an appropriate authorized person.

Unlisted securities are mainly investments in funds, and the fair value of the unlisted securities is measured based on the value of net assets as a valuation technique.

Loans are valued based on the fair value of convertible notes, common stock, and warrants, which are expected to be converted in the future in accordance with the contract. The fair value of the convertible notes and warrants is calculated using the Black-Scholes model, while the fair value of the common stock 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 developmental milestones and the time value of money. Since these estimates are uncertain, fair value may increase if material 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 millions of yen)	
	Previous interim fiscal period (six months ended June 30, 2024)	Current interim fiscal period (six months ended June 30, 2025)
Financial assets measured at fair value through profit or loss		
Loans		
Beginning balance	42,043	83,728
Increase		
Increase due to new transactions	44,834	—
Decrease		
Other amounts recognized in profit or loss	—	(74,798)
Decrease due to amortization	(3,059)	(4,675)
Others	6,455	(4,255)
Ending balance	90,273	—

(Note) 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.

21. Contingent Liabilities

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 the 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 may have material 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 has recorded provision for loss on litigation in accordance with what can be reasonably estimated, in preparation for payments related to lawsuits and damage claims with other companies.

(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 alleged patent infringement and trade secret violation. The Group's subsidiary filed a notice of appeal with 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 USD.

Subsequently, in August 2022, the Group's subsidiary in the United States of America filed an appeal with the Court of Second Instance. However, based on the appellate court's judgment in April 2025, the parties reached a settlement through negotiations, 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 the subsidiary 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 who worked at the factory. Though the Group's subsidiary is not a defendant in the class action lawsuit, the claimant initiated arbitration proceedings against the subsidiary 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 arbitrator ordered a stay of the arbitration in response to a unilateral request by the claimant.

22. 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 receivable with Wolfspeed into convertible notes, common stock, and warrants of Wolfspeed. The effectiveness of the Restructuring Support Agreement is subject to court approval of Wolfspeed's restructuring plan, which was filed on June 30, 2025, under Chapter 11 of the U.S. Bankruptcy Code, and is expected to be granted by the end of September 2025.

In connection with this Restructuring Support Agreement, the Company recorded a loss of 234,978 million yen on deposit receivable for the current interim fiscal period. The loss is included in the finance costs in the condensed interim consolidated financial statements.

23. Subsequent Events

Not applicable

2. Others

(1) Situation after the financial closing date
Not applicable.

(2) Litigation

As stated in "Note 21. Contingent Liabilities" in the "IV. Finance Information, 1. Condensed Interim Consolidated Financial Statements, Notes to Condensed Interim Consolidated Financial Statements".

Part II. Corporate Information on Guarantors and Others for the Company

Not applicable.