

3Q of the year Ended December 31, 2025

Conference Call (Held October 30, 2025)

Presentation and Question & Answer Summary

Presentation

Moderator: Good morning, everyone. Thank you for taking your precious time to attend Renesas Electronics 2025 3Q earnings call. We thank you very much indeed for your attendance. Today, simultaneous translation is made available. Please click the translation button at the bottom of the screen and select the language of your preference. Now, speakers, you are requested to turn on your video.

For today's presentation, we have the attendance of President and CEO, Hidetoshi Shibata, as well as Senior Vice President and CFO, Shuhei Shinkai, as well as some other staff members. After this, we will hear some briefings from Mr. Shibata, and then Mr. Shinkai will follow with the explanation on the 3Q results, which will be followed by the Q&A session. We intend to finish the entire session in about 60 minutes. The materials to be used for today's presentation is already posted on the IR site of our homepage.

Mr. Shibata, please turn your microphone and begin your statement.

Shibata: Good morning, everyone. This is Shibata here. Today, I caught a cold, so maybe it might be difficult for you to hear my voice, but please excuse me. The temperature has come down quite suddenly, and school events, there are so many events so there are many people around me catching cold. So please be care for yourself as well.

Now, I believe many of you may have already seen the 3Q results. In a sense, I think I would say the results have landed in line with the expectations. As you may recall, there might have been some upside, but we have declared to operate the business in a very diligent manner, and the numbers came in as anticipated. The revenue came in as planned. The revenue from the channel, there were some upsides, so the channel inventory is now becoming smaller. That is, by and large, the highlights of the results of 3Q. If things remains as they are, it may not be sustainable. Towards 4Q, we hope to further reinforce the channel inventory in 4Q. That's how we plan to manage the business.

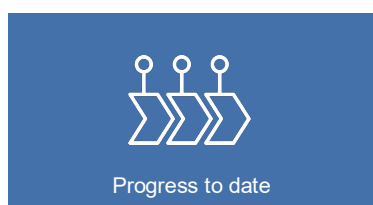
Overall, I would say, from the sell-through at the end demand, if I talk about the end demand, the sell-through, by and large, I think the performance has been flattish. There were some ups and downs depending on the elements, but by and large, it was flattish. Automotive, for some certain customers, the production and also inventory adjustment has been done. There was some decline on automotive. 28-micron and Gen 4 SoC, they are taking off steadily as planned, but the scale is still limited. Of course, the 28-nanomicron, MCU, especially due to certain factors specific to China, we are going through some phase of adjustment. It's not at a phase of achieving a significant growth, but we are enjoying steadfast increase.



On the other hand, for non-automotive, towards 4Q, how should I put it? The outlook compared to the last time, I think, is more favorable, I would say. I'm sorry for this ambiguous expression of favorable, but I think things are turning to the better. As for the industry overall, there are, of course, some ups and downs depending on each element, but overall, we are seeing a robust growth. Continuous after 3Q, in 4Q as well, the AI infrastructure, there has been a very strong demand, and that has been continuing to be the case. The production side, we are now making efforts on the production side rather so that we can make sure to supply

the needed demand. We will produce and sell and produce and sell. Those are the areas that we will be focusing on in 4Q.

Consumer, consumer mobile and IoT, this segment, nothing has changed, but 3Q, we have seen a significant increase. The decrease in 4Q, that kind of seasonality is already factored in, but there has been a share gain in this segment. Overall, we are seeing a general uptrend here. IIoT overall, as a general trend, I think we are seeing a favorable trend. Automotive, Nexperia, there are some uncertainties there, but as always, we keep the same attitude of having deliberate management, and we'll keep a close eye on the inventory level and be cautious in our management, especially when it comes to the channel inventory management. This is some time ago already, but about five years ago, we have experienced a very bad situation. Learning from that lesson, we will continue to be cautious. I would like you to keep an eye on our performance and evaluate as adequate.

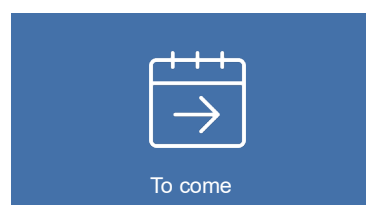
ALTium BUSINESS UPDATE



- Cost synergy 
- Organic growth 
- Revenue synergy initiated



- Pivot from a product company to a platform
- Accelerate scaling
- Renesas 365 in development



- Renesas 365 to debut by year-end
- Platform metrics to be set by full-year earnings (e.g. up-leveling, new logos, Discover traffic, new users, etc.)
- Progress to be reported at 2026 Capital Market Day

From the last earnings call, because it's been more than one year since we acquired Altium, we have been hearing some questions from the investors regarding Altium. So just today, I would like to give you a little bit of update on Altium. In a phased manner, we'll try to enrich our disclosure regarding Altium. I will just give some overview today, just a little overview. If you can put up the screen, please. Yes.

This is Altium stand-alone. So far, as planned, cost synergy and organic growth, they are performing in line with our expectations. Steadfast progress has been achieved. Those are the two elements that you see on this slide here. The sales synergy takes longer time, definitely. The so-called enterprise or the large accounts that's leading the world, the sales expansion to those clients has just started on a gradual basis. That's what is meant by the box on the far left.






Right now, we are making a focused effort in the middle section here. After the acquisition of Altium, keeping it as a stand-alone entity would not make sense for us, so we are now undergoing a major transformation. For one thing, as it was already announced by Altium and if you can look at the website, I think you'll be able to have a better understanding. So far, the PCB designer software and Octopart, those different products had been provided by Altium, but right now, we are making a transition to become a platform company. We are in the middle of this effort. In parallel to that, the user base is planned to be expanded. We are now expanding our efforts to expand the user base as we had declared from before. Those efforts are now being propelled.

Why Renesas? One of the key pillars is our platform initiative called Renesas 365. The development is currently underway. In the first half of the year, Embedded World, at that trade show, we showcased a demo. By the end of the year, we plan to launch this, and the preparation is currently underway. As for the future, as you can see on the right-hand side of the slide, Renesas 365 is planned for launch within this year. At the point of launch, at that time, it's not going to be something splendid that will surprise you naturally. In the past, Windows made a very silent debut. With Windows, we made a very silent debut. But then, Windows 95 made a huge takeoff with Windows 95. That is the kind of avenue that we would like to follow with, so please expect for this Renesas 365 but not with a huge anticipation.

The overall progress, as I mentioned, because we are in the middle of this major transformation, we don't want to set the KPIs, everything from the beginning, because we don't want to change them later. We are very cautious in setting the KPIs. If things go as planned, I think we will be able to disclose what kind of KPIs will be set for this business during the next earnings call. The progress will be reported at the Capital Market Day next year with a more bird's eye view, with a more enriched data. We would like to give you an update on the progress on that occasion.

From here, starting off with the Altium business and also the details of the earnings call, I'll hand over the microphone to Shinkai-san so that he can give some updates on those things that I just mentioned.

ALTUM BUSINESS UPDATE

 Progress to date	 Pivot	 To come
<ul style="list-style-type: none">▪ Cost synergy ▪ Organic growth ▪ Revenue synergy initiated	<ul style="list-style-type: none">▪ Pivot from a product company to a platform▪ Accelerate scaling▪ Renesas 365 in development	<ul style="list-style-type: none">▪ Renesas 365 to debut by year-end▪ Platform metrics to be set by full-year earnings (e.g. up-leveling, new logos, Discover traffic, new users, etc.)▪ Progress to be reported at 2026 Capital Market Day

Shinkai: This is Shinkai, CFO.

On the left-hand side of the previous slide, there was progress. I would like to give some more details regarding the progress so far.

It's been one year since the acquisition so I would like to talk about the progress. Thereafter, if you can look at the right-hand side, cost synergy. Cost synergy, there was the initial cost reduction immediately after the closing, followed by absorbing incremental costs using Renesas resources. We had been contemplating this two-tiered approach. The first phase was completed by the end of 1Q of this year.

The second point is organic growth. As you can see on the left-hand side, the ARR, annual recurring revenue, is the indicator that we have used here. This is based on term-based contract and subscription-based contract

revenues. The annual recurring revenue per one year is indicated by this indicator. Compared to 3Q 2024, we have achieved a YoY 15% increase in the ARR. This represents the same pace of growth prior to the acquisition.

Regarding sales synergies, we have started to see this. We are starting this with the cross-selling initiatives for enterprises and the transformation to the platform business. Renesas 365 development, in addition to this lineup development, in the finance and accounting domain, as we discussed the other time, the revenue recognition policy was changed as we announced the other day in view of this transformation into a platform business. Starting this year, we changed the revenue recognition policy because of this. That was about the progress relating to Altium.

From here, I would like to use the usual slides and explain the results for 3Q. If you can go to page six, please.

3Q 2025 FINANCIAL SNAPSHOT

NON-GAAP

(B yen)	2024			2025							
	3Q (Jul-Sep)	9 months (Jan-Sep)	2Q (Apr-Jun)	3Q (Jul-Sep) Forecast	3Q (Jul-Sep) Actual	YoY	QoQ	Change from Jul 25 FCT ¹	9 months (Jan-Sep) Actual	YoY	Change from Jul 25 FCT ¹
Revenue	345.3	1,055.9	324.6	330.0 (±7.5)	334.2	-3.2%	+2.9%	+1.3%	967.6	-8.4%	+0.4%
Revenue (Excluding FX Impact)	-	-	-	-	-	-4.1%	+2.5%	+0.5%	-	-10.2%	+0.2%
Device Revenue ² (Excluding FX Impact)	-	-	-	-	-	-4.3%	+2.7%	+0.7%	-	-11.9%	+0.2%
Gross Margin	55.9%	56.4%	56.8%	56.5%	57.6%	+1.7pts	+0.8pt	+1.1pts	57.1%	+0.6pt	+0.4pt
Operating Profit (Margin)	98.4 (28.5%)	322.5 (30.5%)	91.9 (28.3%)	27.0%	103.2 (30.9%)	+4.8 (+2.4pts)	+11.3 (+2.6pts)	(+3.9pts)	278.9 (28.8%)	-43.6 (-1.7pts)	(+1.3pts)
Profit Attributable to Owners of Parent	86.0	288.5	77.8	-	88.2	+2.2	+10.4	-	239.3	-49.2	-
EBITDA ³	121.4	388.0	110.2	-	122.5	+1.1	+12.4	-	336.3	-51.7	-
1 US\$=	154 yen	151 yen	146 yen	145 yen	146 yen	8 yen appreciation	0 yen depreciation	1 yen depreciation	149 yen	2 yen appreciation	0 yen depreciation
1 Euro=	168 yen	164 yen	162 yen	169 yen	170 yen	2 yen depreciation	8 yen depreciation	1 yen depreciation	164 yen	0 yen appreciation	0 yen depreciation

*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range *2: Excluding former Altium from reportable segments *3: Operating profit + Depreciation and amortization

This is the overview of the financial results. For 3Q, if you look at the dark blue columns in the middle, revenue, JPY334.2 billion; gross margin, 57.6%; operating profit, JPY103.2 billion; operating margin, 30.9%; profit attributable to the owners of parent, JPY88.2 billion; EBITDA, JPY122.5 billion; and foreign exchange, JPY146 to the US dollar and JPY170 to the euro.

Compared to the forecast, if you look at the three columns to the right, I would like to explain them in more detail using the subsequent slides. There are non-GAAP results. For the GAAP performance, I will come back to you later.

3Q 2025 REVENUE AND GROSS / OPERATING MARGIN

NON-GAAP

	Company Total	Automotive	Industrial / Infrastructure / IoT	vs FCT
Revenue	334.2 B yen vs FCT: +1.3% QoQ: +2.9%	159.2 B yen vs FCT: + QoQ: -1.6%	173.7 B yen vs FCT: + QoQ: +7.6%	✓ Revenue: + ✓ Gross Margin: + (+) Mix improvement, Increased utilization ✓ Operating Margin: + (+) Shift of R&D expenses to 4Q25, Decreased operating cost, Increased gross profit
Gross Margin	57.6% vs FCT: +1.1pts QoQ: +0.8pt	55.3% QoQ: +2.8pts	59.9% QoQ: -1.2pts	✓ Revenue: + ✓ Gross Margin: + (+) Yen depreciation, Increased utilization, Decreased manufacturing cost
Operating Margin	30.9% vs FCT: +3.9pts QoQ: +2.6pts	35.3% QoQ: +12.0pts	28.3% QoQ: +2.4pts	✓ Operating Margin: + (+) Decreased operating cost, Increased gross profit

On the next page, please.

This is the 3Q revenue, gross margin, and operating margin, and also the segment results. For the Company total, first, compared to the forecast, operating revenue was 1.3% higher. Two-thirds of this increase was the result of foreign exchange, weaker yen, and the remaining 1/3 is from other factors. Automotive was in line with the expectations. The sell-through upside, we had planned for this shipment that can cater to sell-through, and sell-through was strong and shipment was almost in line with the expectation. IIoT, compared to the forecast, we have achieved upside. AI servers and PC and also memory interface, those were the major drivers behind this incremental performance.

Now, regarding gross margin, gross margin compared to the forecast came in 1.1% higher. The details of that, there are mix improvement and also increased utilization. Mix improvement, as I mentioned, with the revenue increase, this was due to the memory interface. Because they are higher in gross margin, they sold well, and that drove the growth. Also, utilization increase, I'll come back to this topic later, but input utilization came in higher than expected. We reviewed the schedule, and the input was increased towards 3Q compared to 4Q.

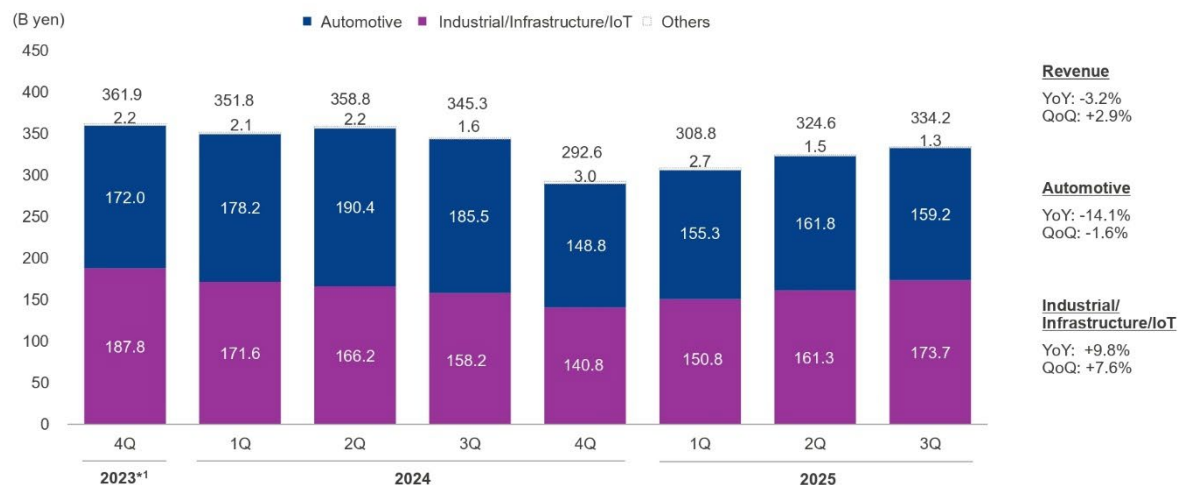
OP margin, this increased by 3.9 percentage points, a significant improvement compared to the forecast. As I mentioned earlier, because the revenue also increased and also in addition to the gross margin improvement, operating expenses also accounted for a major bulk of this improvement of operating profit. In actual numbers, operating expenses, Opex ratio, and plus R&D, there was a reduction of JPY6.3 billion. Almost half of this improvement was due to the timing shift in R&D projects, and the remaining half has come from the net cost reductions, the net reduction in costs. Those had a stronger impact than expected. Therefore, the timing difference of R&D, because this is now postponed from 3Q to 4Q, that has accounted for a major impact of the profit improvement. I'll come back to this topic later. In 2H, if you average out for 2H, I think the OP margin will reflect a more realistic number.

Now, on a QoQ basis, if you look at the bottom box on the right-hand side, revenue came in 2.9% higher, automotive QoQ decline, and IIoT QoQ increase. Gross margin improved by 0.8 percentage points on a QoQ basis. Mix improvement, utilization increase, and cost reduction, those were the drivers behind this. OP came

in 2.6% higher. OP margin came in 2.6% higher mainly due to expense reductions and revenue growth, as I mentioned earlier.

One more thing regarding here. Regarding the segment, as far as automotive is concerned, if you look at the OP margin at the very bottom, OP margin QoQ achieved a significant improvement. In 2Q, there were one-off losses regarding litigation expenses. In reaction to that, there has been an increase. On a QoQ basis, it seems larger as an improvement. If you ask me if this is recurring, then if you even out the three quarters overall, then the nine months up to 3Q, the automotive OP was 29.5% OP margin. That I think reflects the reality, I believe. As far as IIoT is concerned, nothing in particular that I have to note. I can move on to the next page.

QUARTERLY REVENUE TRENDS NON-GAAP

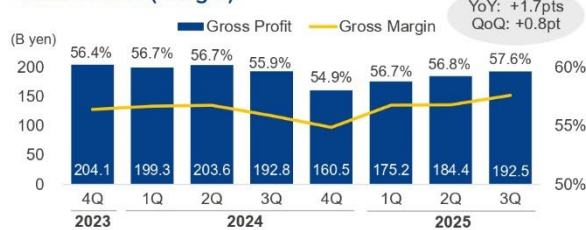


^{*1}: 2023 segment revenue: revised based on the new aggregation method

Next is about the revenue. As a whole YoY, 3.2% decrease; QoQ, 2.9% increase. As for by segment, this is as shown here.

QUARTERLY BUSINESS TRENDS NON-GAAP

Gross Profit (Margin)



Operating Profit (Margin)



EBITDA*1



FREE CASH FLOWS*2

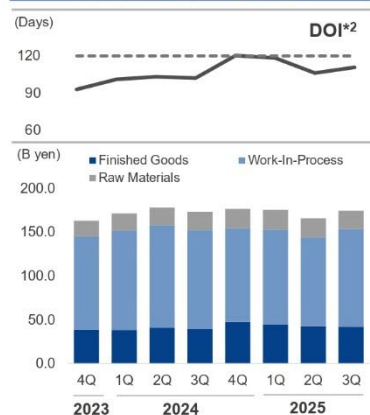


*1: Operating profit + Depreciation and amortization *2: Cash flows from operating activities + Cash flows from investing activities; The cash flows from investing activities do not include: (1) acquisition-related payments; (2) payment of contingent consideration for acquisition of subsidiaries; (3) purchase of shares of subsidiaries and associates; (4) deposits provided to WolfSpeed; and (5) proceeds from sale of businesses

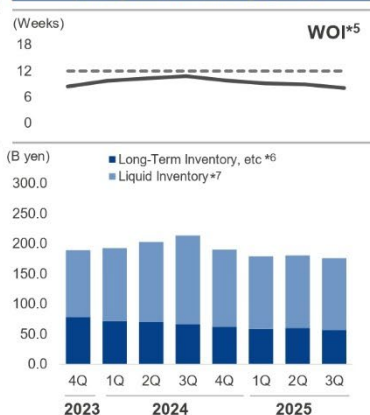
Next page, please. Now different trends of the different numbers, nothing remarkable.

INVENTORY

In-House Inventory*1 (Financial Accounting Basis)



Sales Channel Inventory*3 (Management Accounting Basis*4)



In-House Inventory/DOI

- ✓ **3Q Results: Increased**
WIP: Increase Diebank
- ✓ **4Q Forecast: Increase**
WIP: Increase Diebank, Production based on demand
FG: Increase for early-year shipment

Sales Channel Inventory/WOI

- ✓ **3Q Results: Decreased**
Decreased due to increased sell-through revenue
- ✓ **4Q Forecast: Decrease**
Automotive: Shipments aligned with sell-through
Industrial/Infrastructure/IoT: Decrease due to increased sell-through revenue

*1: The figures include former Transphorm's inventories from 2024 *2: DOI: Days of Inventory = Inventory valuation balance at the end of the quarter / cost of sales of the quarter (Non-GAAP) × 90
*3: Channel Inventory: Total inventory amount for Japanese customers and overseas distributors, note that the channel inventories of former Transphorm are not included
*4: The definition of inventory pricing was changed from channel booking price basis to the net selling price basis from 4Q2024 (including retroactive updates to past records)
*5: WOI: Weeks of Inventory = Channel inventory at the end of the quarter / (cost of channel sales in the quarter / 13 weeks). It should be noted that from the inventory management perspective, to calculate appropriate WOI, certain Long-Term Inventory is excluded from Channel Inventory *6: Long-Term Inventory: Inventory with unique holding periods (End of Life or "EOL" products, e-commerce inventory etc.) *7: Liquid Inventory: Channel Inventory - Long-Term Inventory, etc.

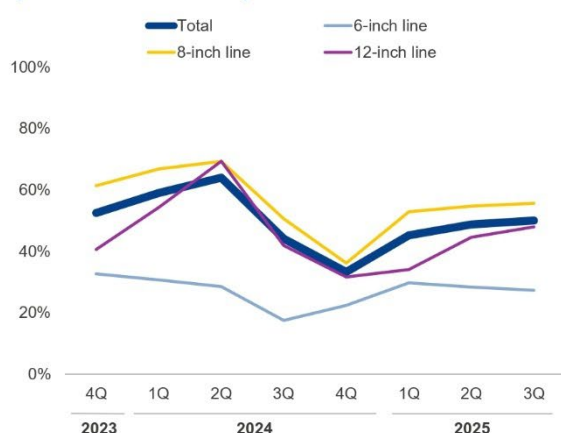
Moving on, about the inventories. QoQ, up and down, and also the forecast is summarized here.

First of all, in-house inventory. In 3Q, QoQ, the inventory and DOI, both of them increased as expected. In 3Q, DOI was 111. 3Q, QoQ increase is expected. As for the work in progress, the internal production, mainly Diebank, will be expanded or increased. At the same time, the strong demand for AI and data centers, we want to increase Diebank, but we are unable to do so far. As for the finished products at the beginning of the year, in order to prepare for the shipment at the beginning of the year, we will be increasing slightly for that.

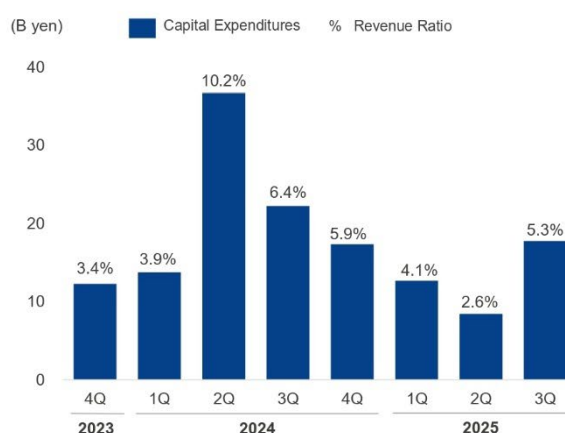
Next is the channel inventory. 3Q WOI and inventories decreased in real terms. It was 8.9 weeks and then down to 8.1 weeks. This is due to the higher sell-through and the channel inventory came down. For 4Q, we expect a slight overall decrease is expected. For automotive, it will be aligned with the sell-through. The inventory will be flat. As for the IIoT, we will try to align with the sell-through. But for the AI data center, the sell-through will be brisk. As a result, the channel inventory will decline. That is what we expect. Earlier, Shibata-san mentioned that we are trying to expand the channel inventory, but QoQ from 3Q to 4Q, sell-through is almost flat and sell-in is likely to increase. In that sense, the channel inventory decline or decrease will be smaller.

FRONT-END UTILIZATION RATE*1 AND CAPITAL EXPENDITURES*2

FRONT-END UTILIZATION RATE
(WAFER INPUT BASIS)



CAPITAL EXPENDITURES



*1: The figures exclude former Intersil and former Transphorm

*2: The figures represent the investment decision basis tangible and intangible assets and do not match the sum listed in the cash flow statement. However, the investment amount for former Dialog and Altium is based on equipment delivery

Next page is the front-end utilization.

In 3Q, as I mentioned slightly, the expectation was less than 50%, and the actual was 50%, a slight increase of the utilization based on the input. This increase was not driven by fundamental demand, but we revisited the schedule for the holiday season and bringing the input schedule from 4Q to 3Q. Because of that change, we expect a slight decrease in Q4. We do not have any particular things about the CapEx.

4Q AND FULL YEAR 2025 FORECAST NON-GAAP

(B yen)	2024		2025					
	4Q (Oct-Dec)	Full year (Jan-Dec)	3Q (Jul-Sep)	4Q (Oct-Dec) Midpoint Forecast (Range) ^{*1}	YoY	QoQ	Full year (Jan-Dec) Forecast	YoY
Revenue	292.6	1,348.5	334.2	340.0 (±7.5)	+16.2% (±2.6pts)	+1.7% (±2.2pts)	1,307.6 (±7.5)	-3.0% (±0.6pt)
Revenue (Excluding FX Impact)	-	-	-	-	+11.3%	+0.6%	-	-5.5%
Device Revenue ^{*2} (Excluding FX Impact)	-	-	-	-	+13.6%	+0.4%	-	-6.4%
Gross Margin	54.9%	56.1%	57.6%	57.0%	+2.1pts	-0.6pt	57.0%	+1.0pt
Operating Margin	25.8%	29.5%	30.9%	27.5%	+1.7pts	-3.4pts	28.5%	-1.0pt
1 US\$ =	149 yen	151 yen	146 yen	150 yen	0 yen depreciation	3 yen depreciation	149 yen	2 yen appreciation
1 Euro =	162 yen	164 yen	170 yen	175 yen	13 yen depreciation	5 yen depreciation	167 yen	3 yen depreciation
				4Q 2025 Forecast FX Sensitivity Impact of a 1 JPY fluctuation			US\$	Euro
						Revenue	1.7B yen	0.2B yen
						Operating Profit	0.7B yen	0.1B yen

^{*1}: Each figure represents comparisons with the midpoint in the sales revenue forecast range
^{*2}: Excluding former Altium from reportable segments

As for Q4 forecast, in the middle of the table, please refer to the dark blue. The gross revenue medium is JPY340 billion; the gross margin, 57%; and operating margin, 27.5%. Forex expectations, US dollar is JPY150 to the US dollar, JPY175 to the euro. We expect the dollar to be at 150 yen, with a 3-yen depreciation QoQ. The euro is projected at 175 yen, also reflecting a 5-yen depreciation QoQ. As for the revenue, medium is JPY340 billion. This is a 16.2% increase YoY and 1.7% increase QoQ.

Now, QoQ increase, the Forex impact is high, and device sales related is small. The QoQ for the device, for mobile, and IoT, seasonality will lead to the decrease, but we will offset that with a strong DC, data center, as well as the industrial where signs of the bottoming out are emerging.

For the gross margin, 57%. It's down 59 basis points QoQ, so slightly decreased. This is due to the mix deterioration. OP margin, 27.5%, down 338 basis points QoQ. QoQ increase in Opex is the primary driver. There was a shift from Q3 to Q4, and also, there is a concentration toward the end of the term, the Forex and increase in other expenses. Each represent 1/3 of the factors. QoQ increase of the Opex is JPY11 billion. Operating margin in Q3 was 27.5%. The second-half average came in at 29.2%, representing an improvement of approximately 150 basis points compared to the first-half average of 27.7%. This is due to the progress of the top line and the impact of cost-saving measures.

At the bottom of the right-hand side, we added Forex sensitivity for the first time. We included this due to the relatively high volatility in foreign exchange rates, and to help you visualize how things would look under a constant currency scenario—specifically, assuming an exchange rate of 100 yen to the US dollar. What I can say here is that, as a sensitivity against the US dollar and the euro, when there is a change of JPY1, what will be the impact on the revenue and operating profit are shown. As for the US dollars, a 1-yen change would have an impact of JPY1.7 billion on revenue and JPY0.7 billion on operating profit for the fourth quarter. Based upon the constant currency of JPY100 to the US dollar and JPY120 to euro, the forecast of Q4 operating margin decreases from 27.5% to 22.3%. For the full year, operating margin is expected to decline from 28.5% to 23.0%..

3Q 2025 FINANCIAL SNAPSHOT GAAP

(B yen)	2024		2025					
	3Q (Jul-Sep)	9 months (Jan-Sep)	2Q (Apr-Jun)	3Q (Jul-Sep)	YoY	QoQ	9 months (Jan-Sep)	YoY
Revenue	345.3	1,055.9	325.5	335.4	-2.9%	+3.0%	969.7	-8.2%
Gross Margin	55.7%	55.9%	55.7%	57.3%	+1.7pts	+1.6pts	56.4%	+0.4pt
Operating Profit (Margin)	53.4 (15.5%)	200.9 (19.0%)	39.8 (12.2%)	72.6 (21.7%)	+19.2 (+6.2pts)	+32.8 (+9.4pts)	133.9 (13.8%)	-67.0 (-5.2pts)
Profit Attributable to Owners of Parent (Loss)	57.7	197.3	-201.3 ^{*1}	106.3 ^{*2}	+48.5	+307.6	-69.1	-266.4
EBITDA ^{*3}	109.0	355.3	83.6	117.4	+8.4	+33.8	276.7	-78.6
1 US\$=	154 yen	151 yen	146 yen	146 yen	8 yen appreciation	0 yen depreciation	149 yen	2 yen appreciation
1 Euro=	168 yen	164 yen	162 yen	170 yen	2 yen depreciation	8 yen depreciation	164 yen	0 yen appreciation

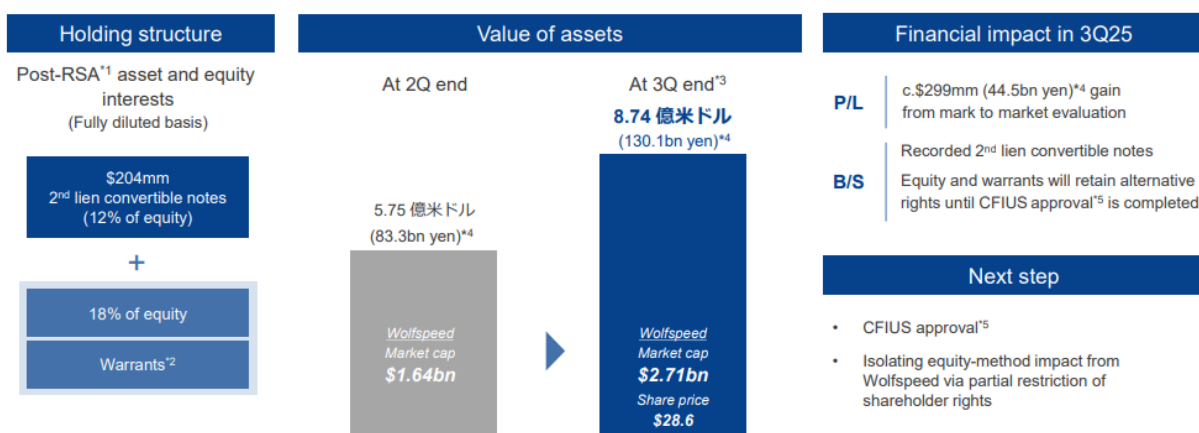
*1: In 2Q25, a valuation loss of ¥235.0 billion was recorded on the deposit to Wolfspeed

*2: In 3Q25, a valuation profit of ¥44.8 billion was recorded on the deposit to Wolfspeed

*3: Operating profit + Depreciation and amortization

Going on to page 19 in the appendix, the net income, JPY106.3 billion. Wolfspeed-related evaluation gain is included in the interest expenses. That is JPY44.5 billion.

WOLFSPEED STATUS UPDATE



*1: RSA: Restructuring Support Agreement

*2: 5% on a fully diluted basis, struck at \$2.25bn equity value

*3: Emergence completed on September 29, 2025. The assumptions of market cap of Wolfspeed at 3Q end (September 30, 2025) includes: Management Incentive Plan and Long-term Incentive Plan. Convertible bonds that are in-the-money are assumed to be converted. The increase in the number of shares resulting from the exercise of warrants is calculated using the Treasury Stock Method

*4: FX Rate 2Q end 1 US\$= 145 yen, 3Q end 1 US\$= 149 yen, Financial impact in 3Q25 1 US\$= 149 yen

*5: The deadline is now automatically extended for each day of the ongoing US federal government shutdown

First, if you look at the left side here, you'll see that before entering Chapter 11, at the time of the restructuring support agreement, we agreed to exchange our CRD (customer refundable deposit) we originally held for three types of assets: convertible bonds, common shares, and stock acquisition rights. Then there was Chapter 11 at the end of September. These assets, at the end of the quarter, we needed to evaluate that. Basically, this is equity-based assets. We have to look at the share price of Wolfspeed. It would change.

As you can see in the middle, at the end of Q2, the market cap was the JPY1.64 billion. Our stake for that is JPY0.575 billion. After Chapter 11, the market cap was updated. Based upon the share price, we multiplied what we own and we calculated the total amount. At the end of September, USD28.6 was the share price. We calculated USD2.71 billion and our stake based on that is the USD0.874 billion. In yen, that is JPY130.1 billion. Here, we booked the gain of JPY44.5 billion. That is the impact on the finance up to Q3.

What will happen in the future is summarized at the bottom right. As of now, the CFIUS approval is not something that we have gained. Strictly speaking, the warranty and the share equities, those are something that we would obtain after the approval of the CFIUS. Those are considered to be similar right or the same level. As for the CFIUS approval, we expect that this is something that we would have, but because of the shutdown of the US government, the schedule of this approval is being delayed. Ultimately, after the CFIUS approval and after getting the equity and converting the bonds and so forth, about 30% is what we'll own. By limiting this, we can separate this from the equity method, Wolfspeed financial impact.

With that, I'd like to end my presentation. Thank you.

Question & Answer

[Questioner 1]

Q: The first question is about the infrastructure business. Memory interface as well as NVIDIA PMIC, I think those are performing very strongly according to what I see. What are the requirements that are given to you towards next fiscal year? Because you said that you are not able to keep up with this demand. What is the request from these companies? Are you receiving massive amount of orders, or is there a very strong appetite among from these demands? Based on your position, the memory interface, your market share has come down, but is it coming up again? For NVIDIA-related, from 1/3, you said, to half. Have you been able to improve your position in the market as planned? Can you comment on those points as well?

Shibata: Yes. For memory interface, or RDIMM, we keep a bullish forecast. There are no factors that will force us to change that outlook. For the market share as well, we also maintain a bullish forecast. For power for a specific cannot comment on a specific customer. These matters, it's very difficult to forecast on a one-year basis or for several quarters basis. The requirements from the market are very strong. They are giving us a very strong order amount as a request. The suppliers that can qualify are also increasing on the other hand, so we should not be so reassured. For the time being, more than 1/3, I think we have an expectation that we will achieve much increases. If I talk about the next quarter, a very high market share will likely be maintained. Beyond that, I think we cannot talk about that until we get into the next quarter. But the demand itself is quite strong. It's all up to us whether we can execute. If we are able to execute properly, we shall be able to secure these.

Q: All right. For the memory interface, recently, the DRAM memory, the outlook for that is quite strong recently. What was the expression you used for the January to March quarter and the April to June quarter? What is the likelihood of increase? What are the requirements or requests coming from the customers for this?

Shibata: Well, it's very difficult to predict up to that point. We don't have a very definitive number for that far out. If you look at the trends, recently, as of September end and also towards the end of October backlog, if you look at the backlog trend, as you mentioned, we are seeing a step increase like a staircase. It's not a crawl. It's a significant sudden increase. That's what we see.

Q: All right. The second question, automotive by region, can you talk about the performance by region? You mentioned a specific customer. I think that is about China. There might be some decline in the October-December period, but it's coming back again in January and beyond. What is the outlook for the major markets like Europe and Japan? What are the inquiries from the customers?

Shibata: To give you a comment on the recent performance, as far as Japan is concerned, because of the cycle, Japan is likely to be very strong. But for Europe, Europe, I think, is relatively weaker. China, for China overall, compared to one time, we have seen a slight slowdown amid that, depending on the customer. There are customers who can expect a further increase or other customers that is going through an adjustment. So a mixed performance depending on the customer for China. Depending on exposure to the customer, the aggregate numbers may be affected. But overall, the market conditions, I would say, is slightly weaker, I think. That's my impression.

Q: If I may supplement, the overall tone, of course, the year-end profit margin may come down because of the expenses. The operating profit bottoming out, do you see signs of that towards the beginning of the year next year? Is that the message that you want to get across, or do you still maintain a cautious forecast? Will that stay flattish? Is that your message, Shibata-san? What is your main message today?

Shibata: Well, that is the point that I find difficulty with. Flattish, slight increase in terms of margin, I think if we can achieve that level, I'll be happy. I do understand the background where your question is coming from. But I myself, we have to accelerate investments for the longer term of the business. If you would consider that rather than continuously increasing the margin, we would like to achieve a gradual increase in line with the revenue. That I think is the best scenario for us.

[Questioner 2]

Q: I would also like to ask a question about the data center. That's my first question. GPU customers, in addition, there will be a custom ASIC increase next year. The 1/3 or higher share and based upon the certain size, non-GPU, is that something that you think you can achieve?

Shibata: Well, that's a very good question. How can I say this? It is yes, but it's a custom. It has to do with our bandwidth. Doing everything is not possible, and if we try to do that, execution will deteriorate. Each one choosing each socket is something that we will be doing. I will not mention the numbers, but in Q4 forecast, custom power number is coming in, and it's going to grow strongly next year. Custom platform for the hyperscalers, we have several different ones. For example, try to do everything, getting 50% or 100%, that is not realistic. Choosing some of them rather than 1/3 or going for higher share, that would be our approach.

Q: Thank you. In that sense, PMIC digital power for different customers, I think that there will be differences.

Shibata: Well, not really, but depending on customers, the architecture that they want is different. The generation change and the timing of that will be different. But having said that, wafers and backend, the production side will be the same. It has to do with the capacity allocation and equipment facilities that we need. Because of those factors, if you look at end-to-end, it's not just making one product and apply it to everything else.

Q: I see. Thank you. The second question is about automotive. In Q3, gross margin is 55%. I think this is the highest level that you achieved based on the disclosure. Do you think that this will go up further? Q3 was high. Is this sustainable? If you can comment on that?

Shibata: Yes. I would ask Shinkai-san to respond.

Shinkai: Yes. 3Q automotive, the utilization rate increase and the production expenses coming down, it has to do with the cost side improvements. Because of those, this is a QoQ increase of 22.8%. Whether it's sustainable or not, it really depends on the utilization rate. Half that will be changing based upon the utilization, and the remaining half will be the cost reduction and the continuous progress of the cost reduction. Based on that, we might be able to continue. Thank you.

[Questioner 3]

Q: My first question is about the progress and approach regarding the reorganization of the non-core business. By the media, there were reports about the sales of timing-related business. If you can comment to the extent possible, that would be appreciated. But rather than these specific names, I would like to talk about the overall progress, how that is positioned, and what kind of actions are being implemented together with the time horizon. That's my first question.

Shibata: Shinkai-san, can you talk about that?

Shinkai: Yes. The product portfolio review, we have an annual cycle, and on a continual basis, we are reviewing this with that approach. In that cycle, we decide whether to focus or which one to go for an alternative approach. At this point of time, we do not have a fixed list of businesses for restructuring, and we are looking at things on a continual basis. The criteria that we apply for that selection is whether that is suited for our core embedded semi. How much they can offer synergistic value inside the Company, we look into that, the contribution to the core, and based on that, we decide whether to focus on the business or not to focus on that particular business.

Q: A follow-up question on that point. If we take the total asset of your company as 100, roughly what proportion do you expect to generate synergistic value?

Shinkai: It's very difficult to give a quantitative number as to this much is the synergistic asset. But we would like to conduct a continuous update and review the product line on a continuous basis because these things change on a relative basis based on these considerations.

Q: All right. Thank you. My second question is relating to Altium and Renesas 365. You said that you are working to expand the user base of Renesas 365. What kind of actions are you implementing in order to expand the user base? And if you can give us some quantitative indication as to the pace of increase of user base. Also, you said that you are taking a Windows-like approach, you're not going to be hasty, but when you launched this system in the end of the year, what are the features to be made available upon the launch? If you can comment on that, that would be appreciated.

Shibata: The user base expansion has just started. It's just early. We cannot comment on the pace of progress. By moving to the cloud, the pricing structure has changed significantly. Compared to before, for small users, I think it's easier to use. We are going to provide an option that will make it easier for use for the smaller scale users. That's one thing. Another thing is that, by region, we will apply more resources such as China and India. For those markets, we will become more full scale in addressing these markets. Those are the two major pillars that we are working on in order to expand the user base of Renesas 365.

For Renesas 365, for one thing, at Embedded World, we have demonstrated something that will serve as a benchmark for you. But beyond that, I think this is more effective and maybe not be clear-cut at site. That is the cloud-embedded nature. Previously, we had provided many different tools. We thought that we had been providing good tools that can be downloaded from the website, but the version management was so complex. We had taken that kind of classic approach. But this time around, everything will be cloud-enabled from this time onwards. When that happens, I'm sure you're using this, but if you use Microsoft Office 365, you don't have to care about the version difference of the software, and all the bug fix will be done automatically. In that way, in that kind of approach, all the latest versions are provided seamlessly through the cloud. That is the state that we would like to realize in this first phase of this product.

The functionality is not going to increase significantly, drastically. Rather, the ease of use compared to before will improve significantly. That is the first focus. Then from there, our philosophy is that we would like to work together with lead partner customers. The number of such customers will be limited. Together with them, we would like to discuss what will be the features that needs to be improved that could be most effective for the customers. We will work on that and then decide on the priority of development. As you may be aware, in the cloud environment, the update cycle will change significantly compared to conventional products. Agile will be the key here. We will constantly upgrade and update the product. The customers will notice that the ease of use has changed dramatically. That is the initiative that we are contemplating.

[Questioner 4]

Q: First, I would like to ask about the gross margin of IIoT, I think that the data center is brisk with a high profitability, but this is not growing as much as expected. 4Q, you mentioned the deterioration of the product mix. Could you elaborate on that? IIoT and automotive, maybe it's for both. So if you can make some additional comments.

Shibata: Yes. Shinkai-san, please.

Shinkai: Well, first of all, 3Q IIoT, there are differences. Gross margin, relatively high. For the data center, the memory interface grew. For example, the same data center segment would have lower profitability. We are trying to drive that mix. Right now, what is growing and among them, they're not always higher than the average gross margin. There are some differences of the gross margin level. IIoT margin changes reflect those differences. For example, high-density power, compared with the average gross margin, is not so high. If it grows, the overall margin will be pushed down. Gross margin growth is muted, so to speak. It appears to be muted. In 4Q, similar reason. 3Q was good. There is a reaction from that. As a whole, the low-margin products will grow, and as a result, the margin would come down. Thank you. That's all.

Q: Thank you very much. Second question is about the industrial prospect. Competitors, of course, they handle the different products, but the industrial, I think there are some conservative or prudent prospects by other companies. For you, what is your prospect? By different regions, do you see the differences of the recovery about the industrial?

Shibata: Yes. Maybe if I can categorize them into three groups. The first is traditional factory automation. Energy management is another. The third is the smart appliance or white goods. If I categorize them into those three, energy management is strong, it appears. Rather than differences by region, it depends on customers who are strong in energy management. Of course, there are regional differences, but regardless of the geography, energy management is strong.

As for white goods, is also quite strong. No differences of the region. China is big in terms of volume. But rather than the regional differences, hitting the bottom and a recovery cycle has already started. As for the hardcore factory automation, there is a mixed view. Japanese customers are not so strong. If you look at the world, they don't really look very strong. In the past, there was a very difficult situation, but that is over. So gradual recovery is something that we expect. By region, as I said, in the short term, Japan, Europe toward 4Q, because of the comparison to 4Q, growth will be driven, but as an overall trend, it is not so strong. Thank you.

[Questioner 5]

Q: This just happened recently. This is about the Nexperia supply issue. I just want you to remind us once again, I'm sure that you are now sorting things out at the customer side. But what is the likely impact on the 4Q performance according to your assumption? What are the potential outcomes that is indicated by the customer? If you can share that with us to the extent possible.

Shibata: Shinkai-san, can you answer that question?

Shinkai: Yes. At this point of time, the current outlook does not factor in this impact. As far as the shipment is concerned, there won't be a significant impact according to our view in relation to the backlog. As far as the sell-through is concerned, we are anticipating a slight impact from this. We cannot rule out that possibility. Sell-through, we are going to ship things based on the sell-through. But if there's any downside to the sell-

through, then the channel inventory may climb up. That's a possibility that we have to foresee. But we don't have the details available. That's the reason why we have not factored this in in the forecast.

Q: Unless there's a major adjustment, the October to December period will be landing as planned. If there's any impact, you're just going to adjust with 1Q in the next year.

Shinkai: Yes. If there's an impact in the October to December quarter, then we'll have to adjust, and there might be a handover effect on the January to March quarter.

Q: Okay. Thank you. The second question is regarding the procurement attitude on the part of customers, if you can comment on that. This year, you received many short-term orders, I believe. But when you look at the overall industry, the inventory level is quite slim. Customers are not increasing their inventory level according to what I see. Have you seen any changes in the customers' procurement attitude? If there's any indication that you can share with us. Towards 2026, what is the direction of customers' purchasing or procurement attitude? If you can share with us, that would be appreciated.

Shibata: A very good question. At this point of time, as a general trend, the inventory buildup trend or increasing lead-time, that's what we do not see at the moment. If you think about the possibility, data center or AI-related components, some components relating to AI, because they use a significant amount of certain components because the device die is so large, therefore, that's an area where we have a shortage in terms of components and then capacity. We cannot rule out the possibility of everybody trying to go secure that. That may result in a longer lead-time. If that is the case, then the inventory buildup trend, and initially, I would say, may be difficult for us to distinguish whether that is a buildup of inventory. We have to make sure that we have close communication with customers and address what is happening where.

At this point of time, I would say we are not seeing any conspicuous changes. For the short term, there might be some customers narrowing down inventory level too much, and therefore increasing, but we don't see a general trend across the board yet.

Moderator [M]: Thank you very much. We are getting close to the end so we'd like to end the Q&A. Lastly, I would like to ask Shibata-san to say the closing remarks.

Shibata: Yes. We'll continue to see that strong AI. And possibly as a derivative of that, energy-related is strong. Also, IoT, part of it, we are gaining market shares, and so it's strong. Those are the major parts. Especially the execution, we want to make sure that we don't make any mistakes. We want to work on internal initiatives. As for automotive, there are various uncertainties. We'd like to be careful, but we want to make sure that we capture the upside. That is the attitude that we have had, and we would like to continue that. I hope that you will continue to support us and thank you for joining us today.

Moderator [M]: With that, I'd like to end the 3Q earnings call of Renesas Electronics. Thank you very much for your participation today.

[END]