

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the Acquisition or the contents of this letter or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

All words and expressions defined in the scheme document dated 8 March 2021 (the "Scheme Document") have the same meaning in this letter unless otherwise stated. Please read the terms and conditions of the Scheme, as set out in the Scheme Document, the terms of which are incorporated into and form part of this letter.

In the event of a conflict between this letter and the rules of the Dialog Share Plans or any relevant legislation, the rules or the legislation will prevail.

8 March 2021



To: Participants in the Dialog Employee Share Plan 2013 (the "ESP"), the Dialog Deferred Bonus Plan 2013 (the "DBP") and the Dialog Long Term Incentive Plan 2015 (the "LTIP"), incorporating the California addenda where applicable, together the "Dialog Share Plans" – unvested (time-based) awards

Dear Participant

### **Renesas Electronics Corporation's offer for Dialog Semiconductor Plc**

On 8 February 2021, Dialog Semiconductor Plc ("Dialog") and Renesas Electronics Corporation ("Renesas") announced that they had reached agreement on the terms of a recommended cash offer to be made by Renesas for the entire issued and to be issued share capital of Dialog (the "Acquisition").

As you hold one or more unvested time-based awards under the Dialog Share Plans ("Awards"), we are writing to you to explain how the Acquisition affects these Awards and the actions you need to take.

<b><u>What it means for you in summary:</u></b>	<b><u>For more information please see...</u></b>
<ul style="list-style-type: none"><li>You are receiving this letter because you hold unvested time-based Awards under the Dialog Share Plans.</li></ul>	Paragraph 1
<ul style="list-style-type: none"><li>Under the Acquisition, Renesas will acquire all of the shares in Dialog ("<b>Dialog Shares</b>"). Each Dialog shareholder will receive €67.50 in cash for each Dialog Share they hold (the "<b>Cash Consideration</b>").</li></ul>	Paragraph 2
<ul style="list-style-type: none"><li>As a result of the Acquisition, part of your Awards will vest early. This means if you hold conditional share awards / RSUs ("<b>RSUs</b>") or Options that are automatically exercised on vesting, you will receive the relevant Dialog Shares automatically. If you hold Options that are not automatically exercised on vesting, you need to take action if you wish to exercise your Options and receive Dialog Shares.</li></ul>	Paragraph 3

<p>The Dialog Shares will then be acquired by Renesas and you will receive €67.50 for each Dialog Share. This will be paid to you through payroll (or the normal pay method in your location) subject to required deductions.</p> <ul style="list-style-type: none"> <li>• Renesas will replace the part of your Award that does not vest early with a Rollover Award. The Rollover Awards will be in respect of Renesas shares, and further information on the terms of these awards is included in this letter.</li> <li>• If you hold Options that are not automatically exercised on vesting, <b><u>you need to take action on your EquatePlus account to make sure you do not lose your Options</u></b>. Information on the action you can take is set out below and in paragraph 5. The Dialog Directors have made a recommendation you should read in paragraph 6.</li> <li>• If you hold RSUs or Options that are automatically exercised on vesting, you do not need to take any action: the treatment of your Awards as set out in this letter is automatic.</li> </ul>	<p>Paragraph 4</p> <p>Paragraphs 5 and 6</p>
<p>The above is a brief summary of the information set out in this letter. <u>However, the full detail in this letter is important and you should read it in full.</u> We have also included further information, including examples, in the Appendices to this letter.</p>	

## 1 What Awards do I hold?

You can find full details of the Awards you hold by referring to your **EquatePlus account**, on the bottom of the Home Page, in the relevant plans sections. Select **Plan Details** for a breakdown.

The impact of the Acquisition is different depending on whether your Awards are “**RSUs**” or “**Options**”. If you are unsure of what type of Awards you hold, please see *Appendix 2 (FAQs)*.

This letter sets out the impact of the Acquisition on unvested time-based Awards. If you also hold other types of Awards, and/or vested Options, then you will receive separate letters in respect of those other Awards or Options. You must also read those letters very carefully.

Please note, this letter does not apply to any Options that you have already exercised, including any Options that you may have exercised recently.

## 2 What is the Acquisition?

Under the Acquisition, Renesas will acquire all of the Dialog Shares. Each Dialog shareholder will receive €67.50 in cash for each Dialog Share they hold.

The Acquisition will take place through what is called a ‘scheme of arrangement’ (the “**Scheme**”). In summary, once the relevant conditions have been met, and if the Acquisition is approved by Dialog shareholders, the Court will be asked to sanction the Scheme (known as “**Court Sanction**”). The Acquisition is then expected to complete within a few days of Court Sanction.

The timing of the Acquisition is not yet fixed but it is expected to occur in the second half of 2021. For details on how you can access further information on the Acquisition, please see *Appendix 2 (FAQs)*.

### 3 What will happen to my unvested time-based Awards?

As a result of the Acquisition, your unvested time-based Awards will vest in part on the date of Court Sanction as set out below. The portion of your Award that does not vest will lapse.

#### How much of my Award will vest?

The proportion of your Award which will vest is calculated based on how many whole months have elapsed between the grant date and the date of Court Sanction as a proportion of the applicable vesting period (known as time pro-ration).

Please see *Appendix 1 (Examples)* for examples of how the portion which vests will be calculated.

Under the rules of the Dialog Share Plans, a portion of the unvested part of your Award would normally be exchanged for Awards over shares in Renesas, and Dialog and Renesas have agreed to satisfy this obligation as follows. Renesas will replace the portion of the unvested part of your Award by granting you a “**Rollover Award**”. This is explained in further detail at paragraph 4.

#### I hold RSUs or Options which are automatically exercised on my behalf on vesting - what happens when my Awards vest?

When your Awards vest and, in the case of Options, are automatically exercised, on Court Sanction you will automatically receive the relevant number of Dialog Shares.

Those Dialog Shares will be automatically acquired by Renesas and you will receive the Cash Consideration for each Dialog Share. The Cash Consideration will be converted to your payroll currency, and it will be paid to you through payroll (or the normal pay method in your location) subject to required tax deductions.

Further details on how you will receive this Cash Consideration are set out in *Appendix 2 (FAQs)*.

#### I hold Options which are not automatically exercised on vesting - what happens when my Awards vest?

When your Options vest on Court Sanction you will become able to exercise them for a period of three months.

- If you exercise your Options, you will receive the relevant number of Dialog Shares.

Those Dialog Shares will be automatically acquired by Renesas and you will receive the Cash Consideration for each Dialog Share.

The Cash Consideration will be converted to your payroll currency, and it will be paid to you through payroll (or the normal pay method in your location) subject to required tax deductions.

As usual, you have to pay the exercise price of your Options to exercise them. However, if you exercise your Options as set out in this letter this will be automatically deducted from the Cash Consideration, so you will not need to pay the exercise price from your own funds.

Further details on how you will receive this Cash Consideration are set out in *Appendix 2 (FAQs)*.

- If you do not exercise your Options and the Acquisition goes ahead, then your Options will lapse (at the latest) three months after the date of Court Sanction and you will receive no consideration for them.

**If you hold Options which are not automatically exercised on vesting, you need to take action to exercise your Options in order to realise value from them.**

**The action you can take is explained in paragraph 5.**

#### **4 Rollover Awards**

The rules of the Dialog Share Plans state that a replacement award should normally be provided in respect of your unvested Award. If you hold unvested Awards on the date of Court Sanction, Renesas will grant you a Rollover Award to replace the part of your Awards that does not vest. The Rollover Awards will be granted under the Renesas share plans.

The Rollover Awards will have the same vesting schedule as your original Awards, will not be subject to performance conditions, and will be subject to rules that govern what happens if you leave employment that are no less favourable than the rules under the Dialog Share Plans.

Further information on the key terms of the Rollover Awards is set out in *Appendix 1 (Examples)*. Renesas will contact you shortly following completion of the Acquisition setting out the full terms of your Rollover Awards.

#### **5 I hold Options – What do I do now?**

**If you hold Options which are not automatically exercised on vesting, you need to take action to exercise your Options in order to realise value from them. The actions you can take are set out below.**

You do not need to take any action in respect of RSUs or Options which are automatically exercised on vesting: the treatment of your Awards set out in this letter is automatic.

#### **Proposal: Choice A – exercise your Options immediately on the Acquisition going ahead**

You can submit a “**Conditional Exercise Instruction**” now if you want to exercise your Options conditional on the Acquisition going ahead (i.e. so your Options are exercised at the earliest possible opportunity).

If the Acquisition goes ahead, all of your Options (including any vested Options you hold but have not exercised by that time) will be exercised on the date of Court Sanction to the fullest extent possible. The Dialog Shares you receive will be acquired by Renesas and the Cash Consideration will be paid to you as set out in this letter.

This means you exercise your Options and receive the Cash Consideration at the earliest possible opportunity.

**You can give a Conditional Exercise Instruction on your EquatePlus account now, by completing the Scheme Exercise Instruction Form (Share Plans) located within your Task Bar**

**If you wish to give a Conditional Exercise Instruction, please complete the Conditional Exercise Instruction through your EquatePlus account by 30 April 2021.**

The terms and conditions which govern the Conditional Exercise Instruction are set out in *Appendix 3 (Terms and Conditions – Conditional Exercise Instruction)* to this letter.

### **Proposal: Choice B – wait and exercise your Options after the Acquisition goes ahead**

You can exercise your Options to the extent they vest on Court Sanction for three months after Court Sanction (or, if earlier, until the Options lapse under the Dialog Share Plan rules).

If you wish to do so, after Court Sanction, you would need to contact [REDACTED], and further information on the exercise process will be provided. Please note that, while you will be able to access the EquatePlus platform for a short time after the Acquisition completes, you will no longer be able to use the EquatePlus platform to exercise your vested Options after the Acquisition completes.

If you exercise your vested Options in this way, the Dialog Shares you receive on exercise will still be acquired by Renesas, for the same Cash Consideration, which will then be paid to you (subject to the required deductions).

If you exercise in this way you would receive the same Cash Consideration as if you completed the Conditional Exercise Instruction, but would receive it at a later time after the Acquisition has completed.

## **6 Recommendation**

The directors of Dialog (the “**Dialog Directors**”), who have been so advised by J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”) and Qatalyst Partners Limited (“**Qatalyst Partners**”) as to the financial terms of the proposal, consider the terms of the proposal set out in this letter to be fair and reasonable in the context of the Acquisition. In providing their financial advice to the Dialog Directors, J.P. Morgan Cazenove and Qatalyst Partners have taken into account the commercial assessments of the Dialog Directors. Qatalyst Partners are providing independent financial advice to the Dialog Directors for the purposes of Rule 15(b) of the Takeover Code.

The Dialog Directors recommend that if you hold Options, you accept the proposal and take action to exercise your Options before they lapse.

## **7 Questions**

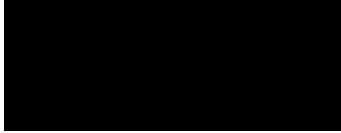
Please refer to *Appendix 2 (FAQs)* for some further details.

Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your Awards or your choices can be provided. If you are in any doubt about the action you should take you are advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition on your Awards.

If you have any other queries on this letter, please contact [REDACTED].

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by contacting [REDACTED], stating your name, and the address to which the hard copy should be sent. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

Yours faithfully



**Dr. Jalal Bagherli**

CEO

For and on behalf of Dialog Semiconductor Plc



**Shuhei Shinkai**

Senior Vice President and CFO

For and on behalf of Renesas Electronics Corporation

## Appendix 1 – Examples

Note these examples are not confirmation of your actual pro-rating and are included for information purposes only.

### 1 Vesting examples

As set out in paragraph 3 of the letter, as a result of the Acquisition, your unvested time-based Awards will vest in part on the date of Court Sanction.

The portion of your Awards that will vest is determined based on the number of whole months that have elapsed as a proportion of the normal vesting period of your Awards as at the date of Court Sanction (known as “time pro-ration”).

Any part of your Awards which lapses on Court Sanction will be replaced with a Rollover Award.

**The following are examples of how many Dialog Shares will vest, assuming Court Sanction occurs on 1 October 2021:**

#### 1.1 ESP Awards

The treatment of Alex’s Awards under the ESP would be as follows.

Grant date	Vesting period	Dialog Shares awarded	Dialog Shares already vested before Court Sanction	Unvested Dialog Shares at Court Sanction	Number of months from date of grant to date of Court Sanction	Pro-rated Dialog Shares vesting at Court Sanction	Dialog Shares to convert to Rollover Award
1 <sup>st</sup> Dec 2018	36 months	300	200	100	34 months	<b>83</b> $\left(\frac{34 \text{ months}}{36 \text{ months}} \times 300 \text{ shares}\right) - 200 \text{ shares already vested}$	17
1 <sup>st</sup> Dec 2019	48 months	500	125	375	22 months	<b>104</b> $\left(\frac{22 \text{ months}}{48 \text{ months}} \times 500 \text{ shares}\right) - 125 \text{ shares already vested}$	271
1 <sup>st</sup> Dec 2020	48 months	600	0	600	10 months	<b>125</b> $\left(\frac{10 \text{ months}}{48 \text{ months}} \times 600 \text{ shares}\right) - 0 \text{ shares already vested}$	475
<b>Totals</b>		<b>1,400</b>	<b>325</b>	<b>1,075</b>		<b>312</b>	<b>763</b>

If Alex’s Awards are in the form of an RSU or an Option which is automatically exercised on vesting, Alex would automatically receive €21,060 (312 x €67.50) when the Dialog Shares received on vesting (and exercise in the case of Options) are purchased by Renesas. This amount would be converted into Alex’s payroll currency, and paid subject to required withholdings for tax or social security (and, if applicable, the exercise price would also be deducted from the consideration payable).

If Alex’s Awards are in the form of an Option which is not automatically exercised on vesting, Alex would need to exercise the Option by choosing either Choice A or Choice B in order to receive this amount (and the exercise price would also be deducted from the consideration payable).

Renesas will grant a Rollover Award to replace the part of Alex’s Awards that does not vest due to time pro-ration (i.e. an equivalent value to 763 Dialog Shares at €67.50).

## 1.2 LTIP Awards

The treatment of Sam's Awards under the LTIP would be as follows:

Grant date	Vesting period	Dialog Shares awarded	Dialog Shares already vested before Court Sanction	Unvested Dialog Shares at Court Sanction	Number of months from date of grant to date of Court Sanction	Pro-rated Dialog Shares vesting at Court Sanction	Dialog Shares to convert to Rollover Award
8 <sup>th</sup> Mar 2019	36 months	300	200	100	30 months	<b>50</b> $\left(\frac{30 \text{ months}}{36 \text{ months}} \times 300 \text{ shares}\right) - 200 \text{ shares already vested}$	50
6 <sup>th</sup> Mar 2020	36 months	600	200	400	18 months	<b>100</b> $\left(\frac{18 \text{ months}}{36 \text{ months}} \times 600 \text{ shares}\right) - 400 \text{ shares already vested}$	300
5 <sup>th</sup> Mar 2021	36 months	900	0	900	6 months	<b>150</b> $\left(\frac{6 \text{ months}}{36 \text{ months}} \times 900 \text{ shares}\right) - 0 \text{ shares already vested}$	750
<b>Totals</b>		<b>1,800</b>	<b>400</b>	<b>1,400</b>		<b>300</b>	<b>1,100</b>

If Sam's Awards are in the form of an RSU or an Option which is automatically exercised on vesting, Sam would automatically receive €20,250 (300 x €67.50) when the Dialog Shares received on vesting (and exercise in the case of Options) are purchased by Renesas. This amount would be converted into Sam's payroll currency, and paid subject to required withholdings for tax or social security (and, if applicable, the exercise price would also be deducted from the consideration payable).

If Sam's Awards are in the form of an Option which is not automatically exercised on vesting, Sam would need to exercise the Option by choosing either Choice A or Choice B in order to receive this amount (and the exercise price would also be deducted from the consideration payable).

Renesas will grant a Rollover Award to replace the part of Sam's Awards that does not vest due to time pro-ration (i.e. an equivalent value to 1,100 Dialog Shares at €67.50).

## 1.3 DBP Awards

The treatment of Jamie's Awards under the DBP would be as follows:

Grant date	Vesting period	Dialog Shares awarded	Dialog Shares already vested before Court Sanction	Unvested Dialog Shares at Court Sanction	Number of months from date of grant to date of Court Sanction	Pro-rated Dialog Shares vesting at Court Sanction	Dialog Shares to convert to Rollover Award
8 <sup>th</sup> Mar 2019	36 months	180	0	180	30 months	<b>150</b> $\left(\frac{30 \text{ months}}{36 \text{ months}} \times 180 \text{ shares}\right) - 0 \text{ shares already vested}$	30
6 <sup>th</sup> Mar 2020	36 months	400	0	400	18 months	<b>200</b> $\left(\frac{18 \text{ months}}{36 \text{ months}} \times 400 \text{ shares}\right) - 0 \text{ shares already vested}$	200
5 <sup>th</sup> Mar 2021	36 months	600	0	600	6 months	<b>100</b> $\left(\frac{6 \text{ months}}{36 \text{ months}} \times 600 \text{ shares}\right) - 0 \text{ shares already vested}$	500
<b>Totals</b>		<b>1,180</b>	<b>0</b>	<b>1,180</b>		<b>450</b>	<b>730</b>

If Jamie's Awards are in the form of an RSU or an Option which is automatically exercised on vesting, Jamie would automatically receive €30,375 (450 x €67.50) when the Dialog



Shares received on vesting (and exercise in the case of Options) are purchased by Renesas. This amount would be converted into Jamie's payroll currency, and paid subject to required withholdings for tax or social security (and, if applicable, the exercise price would also be deducted from the consideration payable).

If Jamie's Awards are in the form of an Option which is not automatically exercised on vesting, Jamie would need to exercise the Option by choosing either Choice A or Choice B to receive this amount (and the exercise price would also be deducted from the consideration payable).

Renesas will grant a Rollover Award to replace the part of Jamie's Awards that does not vest due to time pro-ration (i.e. an equivalent value to 730 Dialog Shares at €67.50).

## **2 Number of Renesas shares subject to Rollover Awards**

Under the rules of the Dialog Share Plans, a portion of the unvested part of your Award would normally be exchanged for Awards over shares in Renesas, and Dialog and Renesas have agreed to satisfy this obligation as follows.

The number of shares in Renesas ("**Renesas Shares**") over which Renesas will grant you Rollover Awards will be calculated by reference to the Cash Consideration (less, the exercise price of €0.15 in the case of LTIP and ESP Options, and €0.01 in the case of DBP Options) divided by the average of the closing price of a Renesas Share over the 10 business days prior to the date the Acquisition completes (for which purpose the Renesas Share price will be converted into Euro at the Wall Street Journal Telegraphic Transfer Middle exchange rate applicable on each such day).

The number of Renesas Shares in respect of which Renesas will grant you Rollover Awards will also need to be rounded because Renesas is only able to grant awards over blocks of 100 Renesas Shares. This rounding will be applied so that the total number of Renesas Shares you will receive across all of your Rollover Awards will be rounded up to the next block of 100 Renesas Shares. Because of this rounding, the number of Renesas Shares which vest on each vesting date of your Rollover Awards will vary slightly from the proportions of your existing Awards which would have vested on those dates, but this will be calculated in accordance with the principle that on each vesting date you will always have received a total number of Renesas Shares (on a cumulative basis) that is at least equal to the number of Renesas Shares you would have received but for this rounding.

You will be sent further details of this calculation ahead of completion of the Acquisition in a further joint letter from Renesas and Dialog.

## **3 Terms of the Rollover Awards**

The Rollover Awards will be granted under Renesas' standard equity incentive arrangements and will have the same vesting schedule as your original Awards, save that the vesting dates of your Rollover Awards will be aligned so that there is a single vesting date of the first day of the relevant month for all Awards granted in March, June, September and December. For example, if you have two Awards with vesting dates of 6 March 2022 and 5 March 2022, which convert to Rollover Awards, your Rollover Awards will have a single vesting date of 1 March 2022.

Rollover Awards will be subject to leaver conditions that are no less favourable than under the Dialog Share Plans. Your Rollover Awards will not be subject to any performance conditions. Where a Rollover Award partly replaces an Award that was subject to malus and

clawback conditions, any such conditions applicable to the Rollover Award will be no more onerous than those that applied to the Award.

**4 Do I need to do anything to receive my Rollover Award?**

No, if you hold an Award on the date of Court Sanction, you will be granted a Rollover Award with effect from the Effective Date.

**5 Further details**

Renasas will contact you shortly following completion of the Acquisition setting out the full terms of your Rollover Award.

## Appendix 2 – FAQs

### 1 What Awards do I hold?

You can find full details of the Awards you hold by referring to your **EquatePlus account**, on the bottom of the Home Page, in the relevant plans sections. Select **Plan Details** for a breakdown.

Awards take one of two forms:

- Conditional share awards / restricted stock units (“**RSUs**”) – under which Dialog Shares are delivered automatically when the RSU vests; or
- “**Options**” – under which, once the Option vests, either (i) the participant becomes able to exercise the Option, by submitting an exercise instruction and paying the exercise price; or (ii) the exercise price is paid and the Option is exercised immediately on behalf of the participant.

The impact of the Acquisition on each is different, so you should check which type(s) of Award you hold before reading the letter. If you do not know which type of Award you hold you can check within the Plan Details section of your EquatePlus account.

### 2 Further details of the Acquisition

Full details of the Acquisition and the Scheme are set out in the Scheme Document. Copies of the Scheme Document and this letter are available on Dialog’s website [Dialog Semiconductor – Takeover Offer | Dialog Semiconductor \(dialog-semiconductor.com\)](#) and on the Renesas website [Offer for Dialog | Renesas](#).

### 3 I hold Options which are not automatically exercised on vesting – Do I need to seek share dealing clearance to exercise my Options?

If you are a PDMR, an insider or have been notified that you hold Inside Information under Dialog’s Code of Dealing Policy, you need to seek permission from the CEO to deal before you exercise your Options, including before you submit a Conditional Exercise Instruction.

Permission can be sought via email in the normal way.

If there is a closed period or other restriction on dealing during the election window, this may mean you are not able to submit an exercise instruction at that time. If this means you are unable to exercise prior to the Acquisition going ahead, you will be able to exercise in the three-month window following Court Sanction (see Choice B).

### 4 How will I receive the Cash Consideration?

For any Dialog Shares that you acquire pursuant to the vesting and/or exercise of your Awards and which are then acquired by Renesas, you will receive €67.50 in cash for each Dialog Share. You will ultimately receive this amount (subject to any withholdings for tax and social security contributions and, for Options, a deduction to pay the exercise price) through payroll (or the normal pay method in your location) following the Acquisition being completed (or, if you exercise an Option at a later time, following exercise) in your local payroll currency.

This will be achieved by the proceeds due to you for those Dialog Shares, which under the Scheme are payable in Euros, being received by the trustee of Dialog’s employee benefit trust on your behalf, who will then transfer the proceeds to Dialog on your behalf. Dialog will then convert the Euros into your local currency (if applicable) at the prevailing exchange rate

at the time Dialog makes this conversion, which will be delivered to you, through payroll (or the normal pay method in your location) and subject to the deductions referred to above, on the next practicable payroll date.

Dialog will make the conversion from Euros into your local currency (if applicable) on the first practicable date following receipt of funds from Renesas.

The amount per Dialog Share that you ultimately receive in your local currency may therefore vary, depending on the prevailing exchange rate.

The process for the payment of the consideration set out above will only apply to Dialog Shares you acquire pursuant to the vesting and/or exercise of Awards on or after Court Sanction. If you hold any other Dialog Shares (including any Dialog Shares that you previously acquired or acquire before Court Sanction pursuant to the vesting of RSUs or exercise of vested options under any of the Dialog share plans) please refer to the Scheme Document.

## **5 What happens if the Acquisition does not go ahead?**

If the Acquisition does not happen for any reason, your Awards would continue as normal, subject to the rules of the applicable Dialog Share Plan. You will not receive a Rollover Award.

If you have completed the Conditional Exercise Instruction, it would be of no effect.

## **6 I hold Options – what if I do nothing?**

If you hold Options which are automatically exercised on your behalf on vesting you do not need to take any action: the treatment of your Options as set out in this letter is automatic.

If you hold Options which are not automatically exercised on your behalf on vesting and you do nothing and the Acquisition goes ahead, then your Options will lapse (at the latest) three months after the date of Court Sanction and you will receive no consideration for them.

## **7 I also have vested options – what do I do?**

If you hold options under any of the Dialog Share Plans which have already vested, we have written to you separately about those vested options.

If you complete the Conditional Exercise Instruction referred to in this letter (i.e. Choice A) it will be effective to exercise all of the options you hold at Court Sanction to the fullest extent possible. This means that if you still hold vested options at that time, and you complete a Conditional Exercise Instruction, then they would be exercised at the same time as your unvested Options.

## **8 Tax**

The tax treatment of the vesting of your RSUs and/or the exercise of your Options will depend on the country in which you are resident and working for Dialog. Please see the separate tax summaries that have been provided in connection with the Dialog share plans, which are available on the Dialog Intranet Page (DIP) by clicking [\[REDACTED\]](#).

In many countries, Dialog will be required to deduct tax and/or social security (or similar) when you receive Dialog Shares on vesting or exercise. As set out in this letter, where this is the case, these amounts will be deducted from the Cash Consideration payable to you.

This information is intended as a general guide only and does not constitute tax advice to any individual participant. As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends upon where you are resident for tax purposes, and we strongly recommend that if you are unsure how your Awards will be taxed, you seek relevant advice from an independent financial or tax adviser in your country.

## **9 What if I leave the Dialog group?**

### **9.1 Leaving Dialog before Court Sanction**

If you cease employment with Dialog before the time of Court Sanction, the treatment will be governed by the leaver provisions under the Dialog Share Plans and other applicable agreements will apply in the normal way. In summary, subject to the terms of any other applicable agreement, this would normally mean the following:

If you leave due to:

- injury, ill-health or disability;
- redundancy;
- retirement by agreement with your employer; or
- death (although special rules apply on death),

#### DBP

- Your unvested Awards will vest and, in the case of Options, become exercisable in full immediately. If you hold Options which are not automatically exercised on vesting, you can then exercise your Options until the earlier of six months after the date you cease employment and three months from the date of Court Sanction. If the Acquisition has not occurred by the end of that six month period any Conditional Exercise Instruction would cease to be effective, and if you wish to exercise your Option you would need to do so before the end of this period through your EquatePlus account.

#### LTIP and ESP

- Subject to the exercise of the discretion of the Dialog remuneration committee, a proportion of your unvested Awards will vest and, in the case of Options, become exercisable immediately. The proportion of Awards that will vest will normally be reduced pro rata to reflect the number of whole months from the date of grant of your Award until cessation of employment as a proportion of the original vesting period of your Award, less (where applicable) any portion of your Award that has already vested. If you hold Options which are not automatically exercised on vesting, you can then exercise your Options until the earlier of six months after the date you cease employment and three months from the date of Court Sanction. If the Acquisition has not occurred by the end of that six month period any Conditional Exercise Instruction would cease to be effective, and if you wish to exercise your Option you would need to do so before the end of this period through your EquatePlus account.

#### Other

- If you leave for any other reason, then your Awards will normally lapse on the date your employment ends. This means you would not receive Dialog Shares and this

letter would no longer apply to you. If you have already returned a Conditional Exercise Instruction it would cease to be valid.

In either case you will not receive a Rollover Award.

## **9.2 Leaving Dialog after Court Sanction**

### Your Awards

#### RSUs

If you hold RSUs, a portion of your RSUs will have already vested on Court Sanction and would be unaffected if you were to subsequently cease employment.

#### Options

If you hold Options which are automatically exercised on vesting or you complete a Conditional Exercise Instruction (Choice A), then your Options will already have been exercised and would be unaffected if you were to subsequently cease employment.

If you hold Options which are not automatically exercised on vesting and do not complete a Conditional Exercise Instruction and then exercise after Court Sanction but before you leave (Choice B), then similarly you would have exercised before you leave so your Options would be unaffected.

If you hold Options which are not automatically exercised on vesting and do not complete a Conditional Exercise Instruction and then leave before you have exercised your Options then if you leave due to:

- injury, ill-health or disability;
- redundancy;
- retirement by agreement with your employer; or
- death (although special rules apply on death),

your Options will remain exercisable until three months from the date of Court Sanction.

If you leave for any other reason you will have thirty days in which to exercise your Options, after which time they will lapse. You will be contacted with the actions you need to take if this occurs.

### Your Rollover Awards

The leaver provisions that will apply to the Rollover Awards will be no less favourable than those that currently apply to your Awards.

#### DBP Rollover Awards

If you leave due to:

- injury, ill-health or disability;
- redundancy;
- retirement by agreement with your employer; or
- death (although special rules apply on death),

your unvested Rollover Awards will vest in full immediately.

If you leave for any other reason, then your Rollover Awards may lapse on the date your employment ends.

#### LTIP and ESP Rollover Awards

If you leave due to:

- injury, ill-health or disability;
- redundancy;
- retirement by agreement with your employer; or
- death (although special rules apply on death),

your unvested Rollover Awards will vest immediately as to at least a proportion calculated based on the number of whole months that have elapsed to the date of leaving since the date of grant of the Rollover Awards as compared to the period from the date of grant of the Rollover Awards to the end of the vesting period (less any portion of the Rollover Awards that has already vested).

If you leave for any other reason, then your Rollover Awards may lapse on the date your employment ends.

## Appendix 3 – Terms and Conditions – Conditional Exercise Instruction

These Terms & Conditions accompany the letter from Dialog and Renesas sent to you on 8 March 2021 (the “**Letter**”) and the Conditional Exercise Instruction referred to in the Letter which you can access through your EquatePlus account at [REDACTED].

These Terms & Conditions should be read together with those documents. Terms defined or used in the Letter have the same meaning when used in these Terms & Conditions.

### Your confirmation and agreement

By completing and submitting the Conditional Exercise Instruction to exercise your Options as set out in the Letter, you:

1. confirm that you have received the Letter and have been recommended to read it carefully, and also understand how you can access the Scheme Document if you wish;
2. agree to these Terms & Conditions;
3. acknowledge that the Conditional Exercise Instruction is conditional on Court Sanction being granted and that if Court Sanction is not granted your Conditional Exercise Instruction will be of no effect;
4. agree that your Conditional Exercise Instruction will have no effect unless it is effectively submitted through the EquatePlus platform by 5:00pm on 30 April 2021, and you understand that Dialog reserves the right in its discretion to treat as effective any Conditional Exercise Instruction incorrectly completed or received after 5:00pm on 30 April 2021;
5. irrevocably direct, agree and authorise that:
  - a. all your options granted under any of the Dialog Share Plans (including any vested options that are unexercised at Court Sanction) (your “**Outstanding Options**”) will be exercised on Court Sanction to the maximum extent possible in accordance with your Conditional Exercise Instruction;
  - b. the Dialog Shares you receive on exercise will be bought by Renesas under the Acquisition and you will receive the Cash Consideration (subject to any necessary deductions as described below);
  - c. whilst beneficial title will at all times be held by you, the Dialog Shares in respect of which you exercise your Outstanding Options will be retained and held on your behalf by the trustee of Dialog’s employee benefit trust (the “**EBT Trustee**”) (or such other entity as Dialog may specify at its discretion) as your nominee to be held on your behalf until they are transferred to Renesas in accordance with the Scheme;
  - d. the EBT Trustee and/or Dialog may do (or procure to be done) such acts or things which it considers necessary or desirable to ensure that the Dialog Shares acquired on exercise of your Outstanding Options are transferred in accordance with the Scheme;
  - e. the EBT (or such other entity referred to above) shall pay the Cash Consideration to Dialog and/or your employing company on your behalf, to be paid to you after Dialog and/or your employing company have (if applicable) made such currency conversion as is referred to below and subject to: (i) any necessary deductions and less any required local law deductions for taxation and/or social security contributions; and (ii) a deduction to pay the exercise price in respect of your Outstanding Options;
  - f. where applicable, Dialog will convert the Cash Consideration into your payroll currency, in such manner and at such rate as is reasonably available to Dialog; and
  - g. except if your employer has an obligation to account for such liabilities following exercise, you will be responsible for payments owed to any tax authorities of any income tax, social security obligations and capital gains tax liabilities arising in connection with your Outstanding Options;
6. acknowledge that if an Outstanding Option has lapsed or lapses before Court Sanction, the Conditional Exercise Instruction will be of no effect in relation to that Outstanding Option;
7. acknowledge that if you hold Options that are automatically exercised on your behalf on vesting, the Conditional Exercise Instruction will be of no effect in relation to that Option and such Options would be exercised on your behalf immediately on vesting;
8. if applicable, agree that the currency conversion undertaken as referred to above is undertaken entirely at your risk, and that neither Dialog nor any other person will be responsible for any loss in any way arising in relation to such conversion, including without limitation in any currency movements in the period between Court Sanction and any time at which the conversion is undertaken;
9. confirm, if applicable to you, that you have sought and received clearance under Dialog’s Code of Dealing Policy (or any other code notified to you) to undertake the dealings constituted by your Conditional Exercise Instruction and understand that your Conditional Exercise Instruction will not be effective if clearance has not been given or has expired by the time you submit your Conditional Exercise Instruction;
10. acknowledge that neither Dialog nor any other person will be responsible for any consequential loss if your Conditional Exercise Instruction is incorrectly completed or where it has not been possible to obtain clarification of your Conditional Exercise Instruction;
11. appoint Dialog, or any person nominated by Dialog, as your agent and authorise such agent to execute, complete and sign and submit any document and to do anything on your behalf as necessary or desirable to give effect to the exercise of your Outstanding Options in accordance with your Conditional Exercise Instruction;
12. agree that neither Dialog nor any other person is under any duty to give notice of any defect or irregularity in any Conditional Exercise Instruction or incur any liability for failure to give any such notification;
13. agree that your Conditional Exercise Instruction is irrevocable (unless Dialog in its discretion determines otherwise) and, where relevant, only effective once dealing clearance has been given;
14. agree that these Terms & Conditions and any non-contractual obligations arising out of or in connection with these Terms & Conditions are subject to English law and the jurisdiction of the courts of England and Wales;



15. acknowledge that if there is any difference between the Letter and the rules of the relevant Dialog Share Plan or applicable legislation, the rules of the relevant Dialog Share Plan or applicable legislation (as appropriate) apply; and
16. agree and consent to the collection, use and processing of your personal data (within or outside the European Economic Area) as appropriate for the purposes of administering the Plan, and discharging any related legal obligations and acknowledge and agree that such permissions now extend to the collection, use and processing of your personal data by Renesas and its affiliates, as appropriate for legal and Plan-related administrative and compliance purposes.

Qatalyst Partners Limited (“**Qatalyst Partners**”), which is authorised in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to Dialog and no one else in connection with the matters set out in this letter and will not regard any other person as its client in relation to the Acquisition and shall not be responsible to anyone other than Dialog for providing the protections afforded to clients of Qatalyst Partners or for providing advice in connection with the Acquisition or any matter referred to herein.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, (“**J.P. Morgan Cazenove**”) and which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority, is acting exclusively as financial adviser to Dialog and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and shall not be responsible to anyone other than Dialog for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in connection with the Acquisition or any matter or arrangement referred to herein.

Each of Qatalyst Partners and J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this letter with the inclusion of references to its name in the form and context in which they are included.

The directors of Dialog (the “**Dialog Directors**”), whose names are set out in paragraph 2.1 of Part VII Additional Information of the Scheme Document, accept responsibility for the information (and expressions of opinion) contained in this letter, except for that information for which the Renesas Directors accept responsibility. To the best of the knowledge and belief of the Dialog Directors (who have taken all reasonable care to ensure that such is the case), the information (and expressions of opinion) contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information (and expressions of opinion).

The directors of Renesas (the “**Renesas Directors**”), whose names are set out in paragraph 2.2 of Part VII Additional Information of the Scheme Document, accept responsibility for the information (and expressions of opinion) contained in this letter relating to Renesas, and the Renesas Directors, their immediate families, related trusts and other connected persons and persons acting in concert with Renesas (including, without limitation, all information in respect of Renesas which has been incorporated by reference into this letter/the Appendices). To the best of the knowledge and belief of the Renesas Directors (who have taken all reasonable care to ensure that such is the case), the information (and expressions of opinion) contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information (and expressions of opinion).

Accidental omission to dispatch this letter to, or failure to receive the same by, any person shall not invalidate anything set out in this letter.

Receipt of documents will not be acknowledged. All documents sent by or to a participant in the Dialog Share Plans will be sent at the individual's own risk.

The release, publication or distribution of this letter and any accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom, Germany or Japan may be restricted by the laws and regulations of those jurisdictions and therefore any persons who are not resident in the United Kingdom, Germany or Japan should inform themselves about, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom, Germany or Japan to participate in the Acquisition may be affected by the laws of the relevant jurisdictions in which they are located. To the fullest extent permitted by applicable law, the companies and other persons involved in the Acquisition disclaim any responsibility or liability for any violation of such restrictions by any person.

This letter has been prepared for the purposes of complying with applicable English law and will be subject to the applicable requirements of the Takeover Code and the Takeover Panel. The information disclosed may not be the same as that which would have been disclosed if this letter had been prepared in accordance with the laws of jurisdictions outside England and Wales.

This letter is made pursuant to Rule 15 of the Takeover Code and is provided for information purposes only. It is not intended to, and does not constitute, nor form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of, any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise nor will there be any sale, issuance, exchange or transfer of securities of Renesas or Dialog in any jurisdiction in contravention of applicable law.