

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH THE COMPANIES ACT 2006.**

This document relates to a proposal which, if implemented, will result in the cancellation of the listing and trading of Dialog Shares on the Frankfurt Stock Exchange.

If you are in any doubt about the Acquisition or the contents of this document 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 authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred all of your Dialog Shares, please send this document, together with any accompanying documents (**but not the accompanying personalised Forms of Proxy / Instruction**) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from a jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred only part of your holding of Dialog Shares, you should retain these documents and please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom or Germany may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable laws of any such jurisdiction.

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Recommended Cash Acquisition  
of  
**DIALOG SEMICONDUCTOR PLC**  
by  
**RENESAS ELECTRONICS CORPORATION**  
to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006

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You should carefully read the whole of this document and the accompanying Forms of Proxy / Instruction. Your attention is drawn, in particular, to the letter from the Chairman of Dialog in Part I (*Letter from the Chairman of Dialog Semiconductor Plc*) of this document, which contains the unanimous recommendation of the Dialog Directors that you vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the Dialog General Meeting. A letter from J.P. Morgan Cazenove and Qatalyst Partners explaining the Scheme in greater detail is set out in Part II (*Explanatory Statement*) of this document.

**Notices of the Court Meeting and the Dialog General Meeting, both of which will be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA on 9 April 2021, are set out in Parts IX (*Notice of Court Meeting*) and X (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 2.00 p.m. (London time) and the Dialog General Meeting at 2.15 p.m. (London time) (or as soon thereafter as the Court Meeting has concluded or been adjourned).**

The action to be taken by Dialog Shareholders in respect of the Meetings is set out on pages 9 to 11 and paragraph 18 of Part II (*Explanatory Statement*) of this document. Dialog Shareholders are asked to complete and return the enclosed blue and white Forms of Proxy / Instruction in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Dialog Semiconductor Plc c/o Art-of-Conference — Martina Zawadzki not later than 48 hours before the relevant Meeting (excluding any part of such 48 hour period falling on a non-working day) (or in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned meeting). If the Blue Form of Proxy / Instruction for the Court Meeting is not lodged by the relevant time, it may be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting.

## COVID-19 Restrictions

Notices of the Court Meeting and the Dialog General Meeting, both of which will be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA on 9 April 2021 are set out in Parts IX (*Notice of Court Meeting*) and X (*Notice of General Meeting*) respectively of this document. The Court Meeting will start at 2.00 p.m. (London time) on that date and the Dialog General Meeting at 2.15 p.m. (London time) or as soon thereafter as the Court Meeting concludes or is adjourned.

The Dialog Board notes the measures issued by the UK Government in view of the ongoing COVID-19 pandemic. At the time of publication of this document, the UK Government has prohibited large public gatherings, save in certain limited circumstances. In light of these measures, together with the uncertainty as to any additional and/or alternative measures that may be put in place by the UK Government, and in order to protect the health and safety of the Company's shareholders and directors, we hope that shareholders will understand that Dialog Shareholders and other attendees will not be permitted to attend the Court Meeting or the Dialog General Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum.

Dialog Shareholders are strongly encouraged to appoint / instruct "the Proxy Agent for the Company" to effect their votes. If any other person is appointed as proxy, he or she will not be permitted to attend the relevant meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the relevant meeting remotely via the Virtual Meeting Platform, further details of which are set out below and in the Virtual Meeting Guide (included with this document).

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the Court Meeting and the Dialog General Meeting will be communicated to Dialog Shareholders before the Meetings, including through the Company's website <https://www.dialog-semiconductor.com/investor-relations> and by announcement through a Regulatory Information Service.

## Instructions for accessing the Virtual Meeting Platform

Dialog Shareholders will be given the opportunity to remotely attend, submit written questions and vote at the Court Meeting and the Dialog General Meeting via a virtual meeting platform provided by Lumi (the "**Virtual Meeting Platform**").

Dialog Shareholders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To remotely attend, submit written questions and/or vote using this method, please go to <https://web.lumiagm.com>.

Once you have accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 196-498-742. You will then be prompted to enter your unique Shareholder Reference Number ("**SRN**") and PIN. These can be found printed on the Forms of Proxy / Instruction. Please note that only one person will be able to access the Virtual Meeting Platform per SRN. Access to the Meetings via the website will be available from 1.45 p.m. (London time) on 9 April 2021, as further detailed below. If you are unable to access your SRN and PIN, please call Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Access to the Meetings will be available from 1.45 p.m. (London time) on 9 April 2021, although the voting functionality will not be enabled until the Chair of the relevant Meeting declares the poll open. Dialog Shareholders will be permitted to submit written questions (via the Virtual Meeting Platform) to the Dialog Directors during the course of the relevant meeting. Dialog Shareholders can use the same function to submit any written objections they may have to the Scheme at the Court Meeting. The Chair of the relevant meeting will ensure that all such questions and/or any objections (in the case of the Court Meeting) relating to the formal business of the meeting are addressed during the meeting,

unless no response is required to be provided under the Companies Act 2006 or the provision of a response would, at the Chair's discretion, otherwise be undesirable in the interests of the Company or the good order of the meeting.

During the relevant meeting, you must ensure you are connected to the internet at all times in order to submit written questions and/or any objections (in the case of the Court Meeting) and vote when the Chair commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the relevant meeting via your wireless or other internet connection. The Virtual Meeting Guide (included with this document) contains further information on remotely accessing and participating in the Meetings via the Virtual Meeting Platform and is available on Dialog's website at [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition).

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of Dialog Shareholders. Whether or not you intend to remotely attend and/or vote at the Meetings, you are therefore strongly advised to sign and return your Blue Form of Proxy / Instruction (by post, email or fax) for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy / Instruction (by post, email or fax) will not prevent you from remotely attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the Dialog General Meeting, in each case via the Virtual Meeting Platform as described above and in the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.

If the Blue Form of Proxy / Instruction for the Court Meeting is not lodged by the relevant time, it may be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting. However, if the White Form of Proxy / Instruction for the Dialog General Meeting is not lodged by the relevant time, it will be invalid.

Certain terms used in this document are defined in Part VIII (*Definitions*). References to times in this document are to London, United Kingdom time unless otherwise stated.

If you have any questions about this document, the Court Meeting or the Dialog General Meeting, or are in any doubt as to how to complete the Forms of Proxy / Instruction, please call Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

## **Important Notices**

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 matters set out in this document 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 nor for providing advice in connection with the Acquisition or any matter referred to herein.

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 document 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.

Nomura International plc (“**Nomura**”), which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting as financial adviser exclusively to Renesas and no one else in connection with the Acquisition and this document and Nomura, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Renesas for providing the protections afforded to clients of Nomura nor for providing advice in relation to the matters in the Acquisition, this document or any matter referred to herein. Neither Nomura nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Nomura in connection with the Acquisition, this document or any matter referred to herein.

The contents of this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document will not give rise to any implication that there has been no change in the facts set out in this document since such date.

No person has been authorised to make any representations on behalf of Dialog or Renesas concerning the Acquisition which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

## **Overseas Shareholders**

**THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR WILL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS DOCUMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

## **Restricted Jurisdictions**

The release, publication or distribution of this document in jurisdictions other than the United Kingdom or Germany may be restricted by the laws and regulations of those jurisdictions and therefore any persons who are not resident in the United Kingdom or Germany 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 or Germany 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 document has been prepared for the purposes of complying with applicable laws in England and Wales 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 document had been prepared in accordance with the laws of jurisdictions outside England and Wales.

Unless otherwise determined by Renesas or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Dialog Shareholders in that jurisdiction (“**Restricted Jurisdiction**”), if to do so would constitute a violation of law in that jurisdiction. Accordingly, copies of this document and any formal documentation relating to the Acquisition or the Scheme are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Acquisition or the Scheme (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from Restricted Jurisdictions, where to do so would violate the laws and regulations in that jurisdiction.

### **Additional information for US investors in Dialog**

The Acquisition relates to shares in an English company and is proposed to be made by means of a scheme of arrangement under company law of England and Wales. US holders of Dialog Shares should note that the Scheme relates to the shares of an English company that is a “foreign private issuer” as defined under Rule 3b-4 of the US Securities Exchange Act of 1934 (the “**US Exchange Act**”) and will be governed by the laws of England and Wales. Neither the US proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Acquisition and the Scheme. Moreover, the Acquisition and the Scheme are subject to the disclosure requirements and practices applicable in England and Wales to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules.

Financial information included in this document has been prepared in accordance with accounting standards applicable in the United Kingdom and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP. If Renesas were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with all applicable United States laws and regulations, including any applicable exemptions under Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such a takeover would be made in the United States by Renesas and no one else.

Neither the US SEC nor any securities commission of any state of the United States nor any other US regulatory authority has approved the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Renesas or its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of Dialog outside of the United States, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, J.P. Morgan Cazenove will continue to act as a connected exempt principal trader in Dialog Shares on the Frankfurt Stock Exchange. If such purchases or arrangements to purchase were to be made they would occur either via the stock market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in Germany.

The receipt of consideration by a US holder for the transfer of its Dialog Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and may be a taxable transaction under applicable US state and local, as well as foreign and other, tax laws. Each Dialog Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

It may be difficult for US holders of Dialog Shares to enforce their rights and any claim arising out of the US federal securities laws, since Dialog and Renesas are each located primarily in a non-US jurisdiction, and some or all of their officers and directors are residents of non-US jurisdictions. US holders of Dialog Shares may not be able to sue a non-US company or its officers or directors in a

non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Dialog or Renesas except where otherwise stated.

### **Cautionary note regarding forward-looking statements**

The document may contain certain statements that are, or may be deemed to be, forward-looking statements with respect to the financial condition, results of operations and business of Dialog and/or Renesas and/or the Combined Group and certain plans and objectives of Dialog and/or Renesas and/or the Combined Group with respect thereto. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements also often use words such as 'anticipate', 'target', 'continue', 'estimate', 'expect', 'forecast', 'intend', 'may', 'plan', 'goal', 'believe', 'hope', 'aims', 'continue', 'could', 'project', 'should', 'will' or other words of similar meaning. These statements are based on assumptions and assessments made by Dialog and/or Renesas (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will provide to be correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document.

Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. Neither Dialog nor Renesas undertakes any obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by the Takeover Panel, the Takeover Code or by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

No member of the Renesas Group or the Dialog Group nor any of their respective associates, directors, officers, employers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Except as expressly provided in this document, no forward-looking or other statements have been reviewed by the auditors of the Renesas Group or the Dialog Group. All subsequent oral or written forward-looking statements attributable to any member of the Renesas Group or the Dialog Group, or any of their respective associates, directors, officers, employers or advisers, are expressly qualified in their entirety by the cautionary statement above.

## **No profit forecasts, quantified financial benefit statements or estimates**

Unless expressly stated otherwise, no statement in this document (including any statement of estimated synergies) is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period.

## **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period or the announcement in which any securities exchange offeror is first identified. If a person required to make an Opening Position Disclosure under Rule 8.3(a) deals in the relevant securities of the offeree company or of a securities exchange offeror before midnight on the day before the Opening Position Disclosure deadline, he must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror during an offer period. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (a) the offeree company and (b) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at <http://www.thetakeoverpanel.org.uk>, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Takeover Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

## **Publication on Website and Availability of Hard Copies**

This document and the other documents required to be published pursuant to Rule 26.3 of the Takeover Code will be made available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, will be available on Renesas' and Dialog's websites at <https://www.renesas.com/us/en/about/investor-relations/offer-for-dialog> and [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition) respectively on the day of this document. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this document.

In accordance with Rule 30.3 of the Takeover Code, a person so entitled may request a hard copy of this document by contacting FTI Consulting by email to [dialog@fticonsulting.com](mailto:dialog@fticonsulting.com) or

on + 44 203 727 1000 or by submitting a request in writing to Dialog Semiconductor Plc, c/o FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. Dialog Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form. If you have received this document in electronic form, copies of this document and any document or information required to be incorporated by reference into this document will not be provided unless such a request is made.

### **Electronic Communications**

Please be aware that addresses, electronic addresses and certain information provided by Dialog Shareholders, persons with information rights and other relevant persons for the receipt of communications from Dialog may be provided to Renesas during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

### **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

This document is dated: 8 March 2021



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## ACTION TO BE TAKEN

### VOTING AT THE COURT MEETING AND THE DIALOG GENERAL MEETING

The Scheme will require approval at a meeting of Dialog Shareholders convened pursuant to an order of the Court to be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA at 2.00 p.m. (London time) on 9 April 2021. Implementation of the Scheme will also require the passing of the Special Resolution by Dialog Shareholders relating to the Acquisition to be proposed at the Dialog General Meeting. The Dialog General Meeting will be held at the same venue as the Court Meeting at 2.15 p.m. (London time) on 9 April 2021 (or as soon thereafter as the Court Meeting concludes or is adjourned).

As set out in the opening pages of this document and in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*), Dialog Shareholders and other attendees will not be permitted to attend the Court Meeting and the Dialog General Meeting in person, but can remotely attend, submit written questions and/or any objections (in the case of the Court Meeting) and vote at the Court Meeting or the Dialog General Meeting via the Virtual Meeting Platform, as described in the opening pages of this document and the Virtual Meeting Guide (included with this document).

Please check that you have received the following with this document:

- a Blue Form of Proxy / Instruction for use at the Court Meeting on 9 April 2021;
- a White Form of Proxy / Instruction for use at the Dialog General Meeting on 9 April 2021;
- the Virtual Meeting Guide prepared by Lumi explaining how Dialog Shareholders can remotely access and participate in the Meetings via the Virtual Meeting Platform; and
- a return envelope.

If you have not received all of these documents, please contact the Shareholder Helpline operated by Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

### FORMS OF PROXY / INSTRUCTION FOR VOTING AT THE COURT MEETING AND GENERAL MEETING

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of shareholder opinion. Therefore, you are strongly encouraged to complete, sign and return both your Forms of Proxy / Instruction by post, email or fax (or transmit a voting instruction by email) in accordance with the instructions thereon, as soon as possible.**

#### **Sending Forms of Proxy / Instruction by post, by email or by fax**

Dialog Shareholders will receive a Blue Form of Proxy / Instruction for the Court Meeting and a White Form of Proxy / Instruction for the Dialog General Meeting. Please complete and sign the Forms of Proxy / Instruction in accordance with the instructions printed on them and return them to Dialog Semiconductor Plc c/o Art-of-Conference — Martina Zawadzki, either (i) by post to Postfach 11 06, D-71117 Grafenau, (ii) by emailing a scanned copy to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de), or (iii) by fax to +49 711 470 9713 so as to be received as soon as possible and in any event not later than the relevant times set out below:

Blue Forms of Proxy / Instruction for the Court Meeting	2.00 p.m. (London time) on 7 April 2021
White Forms of Proxy / Instruction for the Dialog General Meeting	2.15 p.m. (London time) on 7 April 2021

or, if in either case the meeting is adjourned, the relevant Form of Proxy / Instruction should be received not later than 48 hours (excluding any part of such 48 hours period falling on a non-working day) before the time fixed for the adjourned meeting.

If the Blue Form of Proxy / Instruction for the Court Meeting is not lodged by the relevant time, it may be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting. However, if the White Form of Proxy / Instruction for the Dialog General Meeting is not lodged by the relevant time, it will be invalid.

**The completion and return of the Forms of Proxy / Instruction by post, email or fax (or transmission of a voting instruction by email) will not prevent you from remotely attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the Dialog General Meeting, in each case via the Virtual Meeting Platform as described in the opening pages of this document and the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.**

### **Email instructions**

As an alternative to completing and returning the printed Forms of Proxy / Instruction, Dialog Shareholders may also give instructions as to how they would like some or all of their Dialog Shares to be voted at the Court Meeting or the Dialog General Meeting by email. Any such email instruction must set out the Dialog Shareholder's unique Shareholder Reference Number or SRN (which can be found printed on the Forms of Proxy / Instruction), the number of Dialog Shares to which the instruction relates (failing which it will be deemed to relate to the entire holding to which the SRN relates) and the way in which such Dialog Shares are to be voted. Any such email instruction must be received at the following email address [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant meeting or any adjournment thereof. If the email instruction is not received by this time, the Blue Form of Proxy / Instruction (or an email instruction in accordance with this paragraph) may still be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting or any adjournment thereof.

### **Partial and multiple voting instructions**

As a Dialog Shareholder, you are entitled to appoint a proxy / give a voting instruction in respect of some or all of your shares. A space has been included in the Forms of Proxy / Instruction to allow you to specify the number of shares in respect of which that proxy / instruction is made. Forms of Proxy / Instruction duly executed but which leave this space blank shall be deemed to have made their proxy appointment / instruction in respect of all shares.

You may instruct the appointment of the proxy agent appointed by the Company ("**Proxy Agent**"). The Proxy Agent will be Martina Zawadzki, the attorney for Martina Zawadzki or such other person appointed as the Proxy Agent by the Company from time to time.

If you wish to instruct the appointment of more than one proxy in respect of your shareholding you should contact Martina Zawadzki by email at [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) for further Forms of Proxy / Instruction. You should also read the information regarding the appointment of multiple proxies set out in the Forms of Proxy.

### **Further information about proxies and voting**

Further information in relation to the appointment / instruction of proxies for and voting at the Meetings is set out in paragraph 18 of Part II (*Explanatory Statement*) of this document, in the notice of the Court Meeting set out in Part IX (*Notice of Court Meeting*) of this document, in the notes to the notice of the Dialog General Meeting set out in Part X (*Notice of General Meeting*) of this document, and in the instructions printed on the Forms of Proxy / Instruction.

If you hold Dialog Shares indirectly, you must rely on the procedures of the bank, broker, financial institution, share plan administrator or share plan nominee or other securities intermediary through which you hold Dialog Shares. You should contact such intermediary for further instructions on how you can instruct that intermediary to vote on your behalf at the Meetings and the date by which you must provide such instructions to the intermediary.

## **Dialog Share Plans**

Participants in the Dialog Share Plans will be written to separately to inform them of the effect of the Scheme on their rights under the Dialog Share Plans.

Participants in the Dialog Share Plans should refer to paragraph 15 of Part II (*Explanatory Statement*) of this document for information relating to the effect of the Acquisition on their rights under the Dialog Share Plans.

## **Shareholder Helpline**

If you have any questions about this document, the Court Meeting or the Dialog General Meeting, or are in any doubt as to how to complete the Forms of Proxy / Instruction or to submit your proxies or voting instructions, please contact the Shareholder Helpline operated by Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>Event</u>	<u>Time<sup>1</sup> and/or date</u>
Publication of this document .....	8 March 2021
Latest time for lodging Blue Forms of Proxy / Instruction for Court Meeting .....	2.00 p.m. (London time) on 7 April 2021 <sup>2</sup>
Latest time for lodging White Forms of Proxy / Instruction for Dialog General Meeting .....	2.15 p.m. (London time) on 7 April 2021 <sup>3</sup>
Voting Record Time .....	6.30 p.m. (London time) on 7 April 2021 <sup>4</sup>
<b>Court Meeting</b> .....	2.00 p.m. (London time) on 9 April 2021
<b>General Meeting</b> .....	2.15 p.m. (London time) on 9 April 2021 <sup>5</sup>

*The following dates and times associated with the Scheme are subject to change and will depend on, among other things, the date on which Conditions to the Scheme are satisfied or, if capable of waiver, waived, the date on which the Court sanctions the Scheme and ongoing discussions with Clearstream and the FSE. Dialog will give adequate notice of all of these dates and times, when known, by issuing an announcement through a Regulatory Information Service, with such announcement being made available on Dialog's website at <https://www.dialog-semiconductor.com/>. Further updates and changes to these times will, at Dialog's discretion, be notified in the same way. See also note (1).*

Court Sanction Hearing .....	a date expected to be no later than 14 days after the satisfaction (or, if applicable, waiver) of Conditions 2(a) to (k) (inclusive) set out in Part A of Part IV ( <i>Conditions and Further Terms of the Scheme and the Acquisition</i> ) of this document ("D")
Last day for dealings in, and for registration of transfers of, Dialog Shares .....	D+1 Business Day
Suspension of dealings in Dialog Shares .....	After end of trading hours of the FSE on D+1 Business Day
Scheme Record Time .....	6.30 p.m. (London time) on D+1 Business Day
<b>Effective Date of the Scheme</b> .....	<b>After 6.30 p.m. (London time) on D+1 Business Day</b>
Record date for payments in respect of Clearstream Interests ..	D+3 at the earliest
Latest date for despatch of electronic payments (and, if relevant, cheques) for cash consideration due under the Scheme .....	Within 14 days of the Effective Date
Cancellation of listing of Dialog Shares on the Frankfurt Stock Exchange .....	In due course
Long Stop Date .....	21 January 2022 <sup>6</sup>

<sup>1</sup> The dates and times given are indicative only and are based on current expectations and are subject to change (including as a result of changes to the regulatory timetable). References to

times are to London, United Kingdom time unless otherwise stated. If any of the times and/or dates above change, the revised times and/or dates will be notified to Dialog Shareholders by announcement through a Regulatory Information Service.

- <sup>2</sup> It is requested that the Blue Forms of Proxy / Instruction for the Court Meeting be lodged not later than 48 hours prior to the time appointed for the Court Meeting or, if the Court Meeting is adjourned, the time fixed for any adjourned Court Meeting (excluding any part of such 48 hour period falling on a non-working day). If the Blue Form of Proxy / Instruction is not lodged by this time, it may be emailed to Martina Zawadzki by email at [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting.
- <sup>3</sup> In order to be valid, the White Forms of Proxy / Instruction for the Dialog General Meeting must be received by Dialog Semiconductor Plc c/o Art-of-Conference — Martina Zawadzki, by 2.15 p.m. (London time) on 7 April 2021 or, if the Dialog General Meeting is adjourned, 48 hours prior to the time fixed for the adjourned Dialog General Meeting (excluding any such 48 hour period falling on a non-working day). If the White Form of Proxy / Instruction is not lodged by the relevant time, it will be invalid.
- <sup>4</sup> If either the Court Meeting or the Dialog General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.30 p.m. (London time) on the day which is two Business Days prior to the date of the adjourned meeting.
- <sup>5</sup> To commence at 2.15 p.m. (London time) or as soon thereafter as the Court Meeting concludes or is adjourned.
- <sup>6</sup> This is the last date by which the Scheme may become Effective. However, the Long Stop Date may be extended to such later date as may be agreed by Dialog and Renesas (with the Takeover Panel's consent and as the Court may approve (if such approval(s) are required)).

**PART I**  
**LETTER FROM THE CHAIRMAN OF DIALOG SEMICONDUCTOR PLC**

Dialog Semiconductor Plc  
Tower Bridge House,  
St Katharine's Way,  
London, E1W 1AA  
United Kingdom

*(Registered in England & Wales with registered number 03505161)*

*Directors:*

Rich Beyer(*Chairman*)  
Dr Jalal Bagherli (*Chief Executive Officer*)  
Alan Campbell (*Non-executive Director*)  
Mike Cannon (*Non-executive Director*)  
Mary Chan (*Non-executive Director*)  
Joanne Curin (*Non-executive Director*)  
Nick Jeffery (*Non-executive Director*)  
Eamonn O'Hare (*Non-executive Director*)

8 March 2021

*To all Dialog Shareholders and, for information only, to holders of awards and options under the Dialog Share Plans and persons with information rights*

Dear Shareholders,

**RECOMMENDED CASH ACQUISITION OF DIALOG SEMICONDUCTOR PLC BY RENESAS ELECTRONICS CORPORATION**

**1 Introduction**

On 8 February 2021, the boards of Dialog and Renesas announced that they had reached agreement on the terms of a recommended cash acquisition by Renesas of the entire issued and to be issued share capital of Dialog. The Acquisition is to be implemented by means of a Court-approved scheme of arrangement under Part 26 of the Companies Act 2006.

**I am writing to you on behalf of the Dialog Board to set out a summary of the terms of the Acquisition and to explain why the Dialog Board considers the terms of the Acquisition to be fair and reasonable and why it unanimously recommends that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolution at the Dialog General Meeting, both of which will be held on 9 April 2021 at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA. The Court Meeting will start at 2.00 p.m. (London time) and the Dialog General Meeting will start at 2.15 p.m. (London time) (or as soon thereafter as the Court Meeting has concluded or been adjourned).**

This letter also explains the actions you are now asked to take. Further details of the Scheme are set out in the Explanatory Statement in Part II (*Explanatory Statement*) of this document.

In light of the current COVID-19 Restrictions, attendance and voting in person at the Meetings will not be permitted, but Dialog Shareholders are reminded that they can remotely attend, submit written questions and/or any objections (in the case of the Court Meeting) and vote at the Court Meeting or the Dialog General Meeting via the Virtual Meeting Platform, as described in the opening pages of this document and the Virtual Meeting Guide (included with this document).

Dialog Shareholders are strongly encouraged to submit proxy appointments or voting instructions for the Court Meeting and the Dialog General Meeting as soon as possible, using any of the methods (by post, by email or by fax) set out in this document. Dialog Shareholders are also strongly encouraged to appoint or instruct "the Proxy Agent of the Company" to effect their votes. If any other person is appointed, he or she will not be permitted to attend the relevant meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the relevant meeting remotely via the Virtual Meeting Platform.

## 2 Summary of the terms of the Acquisition

Under the terms of the Acquisition, and which is subject to the Conditions and further terms set out in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document, if the Acquisition becomes Effective, holders of Dialog Shares will receive:

### for each Dialog Share €67.50 in cash

The Acquisition values the entire issued and to be issued share capital of Dialog at approximately €4,886 million. The price of €67.50 in cash per Dialog Share represents a premium of approximately:

- 20.3 per cent. to the Closing Price of €56.12 for each Dialog Share on 5 February 2021 (being the last Business Day before the Announcement);
- 51.7 per cent. to the daily volume weighted average price of €44.50 for each Dialog Share for the three-month period ended 5 February 2021 (being the last Business Day before the Announcement); and
- 61.5 per cent. to the daily volume weighted average price of €41.79 for each Dialog Share for the six-month period ended 5 February 2021 (being the last Business Day before the Announcement).

The Acquisition represents a compelling opportunity for all Dialog Shareholders to realise their full investment in cash at a substantial upfront premium to the daily volume weighted average price for each Dialog Share for the three-month period ended 5 February 2021 (being the last Business Day before the Announcement).

If any dividend, other distribution or return of capital is declared, made or paid in respect of the Dialog Shares on or after the date of the Announcement and prior to the Effective Date, Renesas reserves the right to reduce the consideration payable in respect of each Dialog Share by the amount of all or part of any such dividend, other distribution or return of capital, except where Dialog Shares are or will be acquired pursuant to the Scheme on a basis which entitles Renesas to receive such dividend, other distribution or return of capital and retain it. If Renesas exercises this right or makes such a reduction in respect of a dividend or other distribution, Dialog Shareholders will be entitled to receive and retain that dividend, other distribution or return of capital. For further details, please refer to paragraph 2 of Part II (*Explanatory Statement*) and paragraph 8 of Part B of Part IV (*Conditions and Certain Further Terms of the Scheme and the Acquisition*).

Further information about the Acquisition is provided in Part II (*Explanatory Statement*) of this document.

## 3 Background to and reasons for the Dialog Board's recommendation

The Dialog Board is pleased with the progress that the Company has made in the last few years, in particular since completion of the Apple strategic partnership and licensing deal in April 2019. This transaction delivered greater certainty regarding Dialog's business model and its relationship with a key customer and provided capital which enabled Dialog to invest in new products and business lines. Since that time, the Company has made significant progress in diversifying its sources of revenue and profit across multiple technologies and end-markets as a result of the investments made in the organic expansion of its product portfolio as well as selected inorganic additions.

The Company's share price has risen by 238.6 per cent. from the Closing Price of €16.58 per Dialog Share on 10 October 2018 (being the last Business Day prior to the announcement of the Apple strategic partnership and licensing deal) to the Closing Price of €56.12 per Dialog Share on 5 February 2021 (being the last Business Day before the Announcement).

The Dialog Board remains confident in Dialog's standalone strategy to continue the transition to a diversified multi-industry analog/mixed-signal semiconductor business with innovative franchises in power management, IoT and Industry 4.0. Whilst there are risks inherent in the transition, including the ability to successfully grow existing business lines and develop new products in highly competitive markets, building the relevant distribution channels in new end-markets, the ability to further reduce Dialog's customer concentration, the increasing emergence of credible



new competitors in China, and the potential for future disruptions to the global supply chain for the semiconductor industry, the Dialog Board is confident that Dialog will continue to execute the strategy and deliver significant shareholder value over time.

Notwithstanding the current strong trading conditions for the semiconductor sector and for Dialog's products, particularly in consumer applications, the Dialog Board recognises the benefits, in an increasingly consolidated and scaled market, of a combination with a global market participant such as Renesas. The Acquisition can help to accelerate growth in its highly complementary core intellectual property (IP) portfolio, de-risk the execution of Dialog's more nascent products and advance Dialog's go-to-market capabilities with access to Renesas' significant set of customer relationships, broad distribution network and position in the automotive market. The Acquisition also provides a compelling opportunity for Dialog shareholders to immediately realise the value of their holdings in cash.

Renesas' all cash offer followed extended discussions between Dialog and Renesas as well as discussions with a number of other potentially interested parties.

In considering the terms of the Acquisition, the Dialog Directors have taken into account a number of factors, including those mentioned above and that the cash value of the offer of €67.50 per Dialog Share represents a significant premium of approximately:

- 20.3 per cent. to the Closing Price of €56.12 for each Dialog Share on 5 February 2021 (being the last Business Day before the Announcement);
- 51.7 per cent. to the daily volume weighted average price of €44.50 for each Dialog Share for the three-month period ended 5 February 2021 (being the last Business Day before the Announcement); and
- 61.5 per cent. to the daily volume weighted average price of €41.79 for each Dialog Share for the six-month period ended 5 February 2021 (being the last Business Day before the Announcement).

The Dialog Directors have also taken into account Renesas' intentions for the business, management, employees and locations of business of Dialog. The Dialog Directors note the great importance attached by Renesas to the skills, knowledge and expertise of Dialog's management and employees and its intention to ensure strong business momentum through employee retention, and its recent history of successful acquisitions. The Dialog Directors have given due consideration to the assurances given to employees within the Dialog Group including the arrangements outlined in the Co-operation Agreement.

#### **4 Background to and reasons for the Acquisition**

Dialog provides highly-integrated and power-efficient mixed-signal integrated circuits (ICs) for a broad array of customers within internet of things (IoT), consumer electronics and high-growth segments of automotive and industrial IoT. Centred around its power efficient mixed-signal expertise, Dialog brings a wide range of product offerings including battery and power management, power conversion, configurable mixed-signal, LED drivers, custom mixed-signal ICs (ASICs) and automotive power management ICs (PMICs). Dialog also offers Bluetooth<sup>®</sup> Low Energy (BLE), WiFi and audio system-on-chips (SoCs) that deliver low power connectivity for a wide range of applications from smart home/building automation, wearables, to connected medical.

All these systems complement and expand Renesas' portfolio in delivering comprehensive solutions to improve performance and efficiency in high-computing electronic systems.

The Acquisition demonstrates Renesas' continued and unwavering commitment to further advance its solution offering. The complementary nature of the companies' technological assets and the scale of the combined portfolios will enable Renesas to build more robust and comprehensive solutions to serve high-growth segments of the IoT, industrial and automotive markets. Renesas believes there is a compelling strategic and financial rationale for the Acquisition because it:

#### **Scales Renesas' IoT sector capabilities with Dialog's low-power technologies**

Dialog has a differentiated portfolio of low-power mixed-signal products, decades of experience in developing custom and configurable solutions for the world's largest customers and expertise in low-power connectivity that are highly complementary to Renesas. The acquisition of these low-power

technologies enhances Renesas' product portfolio and expands horizons in addressing high-growth markets in the IoT field.

### **Unlocks further differentiation to Renesas' system solution with connectivity**

Bringing together Renesas and Dialog will extend the Combined Group's reach to a broader customer base and open up additional growth potential in the key growth segments: industrial, infrastructure, IoT and automotive. Dialog's BLE, WiFi and audio SoCs are highly complementary to Renesas' MCU-based solutions. Combining Dialog's innovative low-power Wi-Fi and Bluetooth® SoCs and expertise with Renesas' technologies will enable Renesas to further differentiate its system solution offering and extend its footprint in high-growth segments, including contact-less IoT applications for smart home/building automation and healthcare. Renesas' automotive solutions will also be enriched with connectivity for a wide range of security and safety applications.

### **Adds engineering and design scale and more effective go-to-market initiatives**

The past acquisitions brought diverse talent and management capabilities to expand Renesas' global operations. The transaction extends this effort and enables Renesas to add engineering and design scale in low-power analog and mixed signal. The addition of Dialog's strong R&D and geographical presence will also allow Renesas to expand its "Winning Combinations" line up of innovative solutions and make its go-to-market initiatives more effective to provide seamless and borderless services to customers around the globe.

In 2017 and 2019, Renesas acquired Intersil Corporation and Integrated Device Technology, Inc. ("IDT") to expand its analog solution line up and to strengthen its kit solution offerings that combine its MCUs, SoCs and analog products. At the same time as the closing of the IDT acquisition, Renesas began capitalizing on the integration by offering compelling Analog + Power + Embedded Processing product combinations that help customers accelerate their designs and get to market at a faster rate. These combinations now add up to more than 210 solutions, focusing on verticals including industrial, infrastructure, automotive, and consumer.

### **Delivers earnings accretion and cost savings**

Renesas anticipates incremental revenue growth of approximately US\$200 million (non-GAAP operating income, approximately 21 billion yen), from cross-selling and access to fast-growing industries alongside continued innovation of solution offerings; and expects cost savings from operational efficiencies to result in a financial impact of approximately US\$125 million (non-GAAP operating income per year on a run rate basis, approximately 13.1 billion yen). Renesas anticipates the cost savings to be fully realised in approximately three years after the Effective Date, and revenue growth to be fully realised in approximately four to five years after the Effective Date. Dialog's Underlying EBITDA (non-IFRS measure) for the financial year ended 31 December 2020 was equivalent to 38.6 billion yen. Had the transaction been effective throughout that period, Renesas' non-GAAP gross margin would have been approximately 0.6 percentage points higher.

## **5 Strategic plans and intentions with regard to Dialog's business**

Details of Renesas' strategic plans and intentions with regard to Dialog's business are set out in detail in paragraph 3 of Part II (*Explanatory Statement*) of this document.

## **6 Dialog current trading**

Dialog's Q4 and FY 2020 trading statement released on 3 March 2021, stated that for the financial year ended 31 December 2020, Dialog had revenue of US\$1.38 billion, underlying gross margin of 50.6 per cent. and underlying operating profit of US\$297.4 million.

Dialog's annual report and account 2020 will be available on 30 March 2021 and can be accessed from Dialog's website at <https://www.dialog-semiconductor.com/investor-relations>.

## **7 Dialog Share Plans**

Details of the impact of the Acquisition on participants in the Dialog Share Plans are set out in paragraph 15 of Part II (*Explanatory Statement*) of this document.

## 8 Conditions

The Conditions to the Acquisition are set out in full in Part IV (*Conditions and Certain Further Terms of the Scheme and the Acquisition*) of this document and are further summarised at paragraph 11 of Part II (*Explanatory Statement*) of this document. The Conditions provide that the Acquisition is conditional, among other things, on the receipt of certain anti-trust and foreign investment clearances, including in, *inter alia*, Germany, the People's Republic of China, Taiwan and the United States.

## 9 The Scheme and the Meetings

In light of the current COVID-19 Restrictions, attendance and voting in person at the Meetings will not be permitted, but Dialog Shareholders are reminded that they can remotely attend, submit written questions and/or any objections (in the case of the Court Meeting) and vote at the Court Meeting or the Dialog General Meeting via the Virtual Meeting Platform, as described in the Virtual Meeting Guide (included with this document).

Dialog Shareholders are strongly encouraged to submit proxy appointments or voting instructions for the Court Meeting and the Dialog General Meeting as soon as possible, using any of the methods (by post, by email or by fax) set out in this document. Dialog Shareholders are also strongly encouraged to appoint or instruct "the Proxy Agent for the Company" to effect their votes. If any other person is appointed, he or she will not be permitted to attend the relevant Meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the relevant Meeting remotely via the Virtual Meeting Platform, further details of which are set out in the Virtual Meeting Guide (included with this document).

The Scheme requires the approval of Dialog Shareholders by the passing of a resolution at the Court Meeting to be held on 9 April 2021. The resolution must be approved by a majority in number of those Dialog Shareholders who are present and vote (and who are entitled to vote), either in person or by proxy, and who represent not less than 75 per cent. in value of the Dialog Shares voted by such Dialog Shareholders.

Implementation of the Scheme will also require the passing of the Special Resolution (requiring the approval of Dialog Shareholders representing not less than 75 per cent. of the votes cast either in person or by proxy) at the Dialog General Meeting, which will be held immediately after the Court Meeting. Following the Meetings, the Scheme must be sanctioned by the Court and will only become Effective upon delivery of the Scheme Court Order to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all Dialog Shareholders irrespective of whether or not they attended or voted at the Court Meeting or the Dialog General Meeting (and, if they attended and/or voted, whether or not they voted in favour of the Scheme).

Your attention is drawn to paragraph 18 of Part II (*Explanatory Statement*) of this document which contains further information with respect to the Meetings.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of shareholder opinion. You are therefore strongly urged to complete, sign and return the Forms of Proxy / Instruction as soon as possible.**

## 10 Taxation

Your attention is drawn to Part VI (*Taxation*) of this document, which contain a summary of limited aspects of the UK and German tax treatment of the Scheme. This summary relates only to the position of certain categories of Dialog Shareholders (as explained further in Part VI (*Taxation*) of this document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK and German tax consequences of the Scheme.

You are strongly advised to contact an appropriate independent professional adviser immediately to discuss the tax consequences of the Scheme on your particular circumstances, in particular if you are in any doubt about your own taxation position or you are subject to taxation in a jurisdiction other than the United Kingdom or Germany.

## 11 Overseas Shareholders

Overseas Shareholders of Dialog should refer to paragraph 16 of Part II (*Explanatory Statement*) of this document, which contains important information relevant to such holders.

## 12 Action to be taken by Dialog Shareholders

Notices convening the Court Meeting and the Dialog General Meeting are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*), respectively, of this document. You will find accompanying this document a Blue Form of Proxy / Instruction for use for the Court Meeting and a White Form of Proxy / Instruction for use for the Dialog General Meeting. Dialog Shareholders are strongly encouraged to appoint / instruct “the Proxy Agent for the Company” to effect their votes. If any other person is appointed, he or she will not be permitted to attend the relevant meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the relevant meeting remotely via the Virtual Meeting Platform, further details of which are set out in the Virtual Meeting Guide (included with this document).

If you have any further questions about this document, the Court Meeting, the Dialog General Meeting or the Acquisition, including in relation to the completion and return of the Forms of Proxy / Instruction or submitting your proxy appointments or instructions, please call the Shareholder Helpline on 06196 8870 555 (from within Germany) or on +49 (0) 6196 8870 555 (if calling from outside Germany). Lines are open from 9.00 a.m. to 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany). Calls to the Shareholder Helpline from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored for security and training purposes. Please note that the Shareholder Helpline operators cannot provide advice on the merits of the Scheme, nor give any financial, tax, investment or legal advice.

Your attention is drawn to pages 9 to 11 of this document which set out in detail the action you should take in relation to the Acquisition and the Scheme.

**If you are in any doubt as to the action you should take, you are recommended to seek your own independent advice immediately.**

## 13 Further Information

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

Your attention is further drawn to the information contained in Part II (*Explanatory Statement*), Part III (*The Scheme of Arrangement*), Part IV (*Conditions and Certain Further Terms of the Scheme and the Acquisition*), Part V (*Financial and Ratings Information*), Part VI (*Taxation*) and Part VII (*Additional Information*) of this document, and to the expected timetable of principal events set out on page 12 of this document.

## 14 Recommendation

**The Dialog Directors, who have been so advised by J.P. Morgan Cazenove and Qatalyst Partners as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable.**

**In providing their financial advice to the Dialog Directors, each of J.P. Morgan Cazenove and Qatalyst Partners have taken into account the commercial assessments of the Dialog Directors. Qatalyst Partners is providing independent financial advice to the Dialog Directors for the purposes of Rule 3 of the Takeover Code.**

**Accordingly, the Dialog Directors recommend unanimously that Dialog Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution relating to the Acquisition to be proposed at the Dialog General Meeting, as they have irrevocably undertaken to do in respect**

of their own beneficial holdings of 602,055 Dialog Shares (representing in aggregate approximately 0.845 per cent. of the Dialog Shares in issue on the Latest Practicable Date).

Yours faithfully

**Rich Beyer**  
*Chairman*  
Dialog Semiconductor Plc

**PART II**  
**EXPLANATORY STATEMENT**

*(in compliance with section 897 of the Companies Act 2006)*

J.P. Morgan Cazenove

Qatalyst Partners

8 March 2021

*To all Dialog Shareholders and, for information only, to participants in the Dialog Share Plans and persons with information rights*

Dear Shareholders,

**RECOMMENDED CASH ACQUISITION OF DIALOG SEMICONDUCTOR PLC BY RENESAS ELECTRONICS CORPORATION**

**1 Introduction**

On 8 February 2021, the boards of Dialog Semiconductor Plc (“**Dialog**”) and Renesas Electronics Corporation (“**Renesas**”) announced that they had reached agreement on the terms of a recommended cash acquisition by Renesas of the entire issued and to be issued share capital of Dialog to be implemented by means of a Court-approved scheme of arrangement between Dialog and Dialog Shareholders under Part 26 of the Companies Act 2006. The Scheme requires, among other things, the approval of the Dialog Shareholders and the sanction of the Court.

Your attention is drawn to the letter from the Chairman of Dialog, Rich Beyer, set out in Part I (*Letter from the Chairman of Dialog Semiconductor Plc*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the unanimous recommendation by the Dialog Directors to Dialog Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolution at the Dialog General Meeting.

We have been authorised by the Dialog Directors to write to you to explain the terms of the Acquisition and to provide you with other relevant information. This Explanatory Statement contains a summary of the terms of the Acquisition, which is to be implemented by way of the Scheme. The terms of the Scheme are set out in full in Part III (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the other parts of this document, which are deemed to form part of this Explanatory Statement, including the letter from the Chairman of Dialog in Part I (*Letter from the Chairman of Dialog Semiconductor Plc*), the Conditions and certain further terms in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) and the additional information in Part VII (*Additional Information*) of this document.

If you wish to vote in favour of the Scheme and the Resolution, please take the actions described on pages 9 to 11 (inclusive) of this document within the time frames stipulated.

**2 Summary of the terms of the Acquisition**

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act 2006. Following the Scheme becoming Effective, the entire issued share capital of Dialog will be held by Renesas.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document, if the Acquisition becomes Effective, holders of Dialog Shares will receive:

<b>for each Dialog Share</b>	<b>€67.50 in cash</b>
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The Acquisition values the entire issued and to be issued share capital of Dialog at approximately €4,886 million. The price of €67.50 in cash per Dialog Share represents a premium of approximately:

- 20.3 per cent. to the Closing Price of €56.12 for each Dialog Share on 5 February 2021 (being the last Business Day before the Announcement);

- 51.7 per cent. to the daily volume weighted average price of €44.50 for each Dialog Share for the three-month period ended 5 February 2021 (being the last Business Day before the Announcement); and
- 61.5 per cent. to the daily volume weighted average price of €41.79 for each Dialog Share for the six-month period ended 5 February 2021 (being the last Business Day before the Announcement).

The Dialog Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, in each case, by reference to a record date falling on or after the Effective Date.

If any dividend, other distribution or return of capital is declared, made or paid in respect of the Dialog Shares on or after the date of the Announcement and prior to the Effective Date, Renesas reserves the right to reduce the consideration payable in respect of each Dialog Share by the amount of all or part of any such dividend, other distribution or return of capital, except where Dialog Shares are or will be acquired pursuant to the Scheme on a basis which entitles Renesas to receive such dividend, other distribution or return of capital and retain it. If Renesas exercises this right or makes such a reduction in respect of a dividend or other distribution, Dialog Shareholders will be entitled to receive and retain that dividend, other distribution or return of capital.

### **3 Strategic plans and intentions with regard to Dialog's business**

As part of its long-term global strategy, Renesas intends to leverage Dialog's expertise in designing high-performance analog and mixed-signal semiconductor devices and its strong customer relationships into a centre of excellence of the Combined Group, focused on innovation and development in Europe and the United States.

The Renesas Board believes that there is a strong strategic fit between Dialog's business and Renesas' business. Dialog's product offerings and technological assets are highly complementary to Renesas' existing portfolio and the scale of the combined portfolios will enable the Combined Group to deliver better and more comprehensive solutions for various markets and applications.

Prior to the Announcement, consistent with UK market practice, Renesas has been granted access to Dialog's senior management team for the purpose of undertaking confirmatory due diligence into Dialog's business and operations. This has enabled Renesas to develop a preliminary strategy for the combined business, however it has not yet had access to sufficiently detailed information to formulate detailed plans or intentions regarding the impact of the Acquisition on Dialog.

Upon completion of the Acquisition, Renesas will initiate a detailed review of the operations of Dialog to assess how Dialog's business, product offerings and technologies can be integrated with the Renesas business most effectively and efficiently. The scope of this review will include an evaluation of business expansion opportunities (including by application, customer, region and channels), establishment of preliminary ideas for joint development programs and embedded solution offerings, a review of supply chain modelling and an analysis of duplicated areas and functions where Renesas may be able to streamline and implement 'best in class' practices in the Combined Group. Renesas expects to complete the review within three to six months of completion of the Acquisition.

Renesas expects the Acquisition to give rise to operational economies of scale and commercial synergy opportunities. These would include, in addition to joint product development, cross-selling opportunities, supply chain, manufacturing and R&D efficiencies and the potential rationalisation of overlapping functions and locations.

#### ***Research and development***

The Renesas Board believes the combination of Dialog's strong R&D capabilities for analog and mixed-signal products with Renesas' existing R&D capabilities mainly for digital signal processing

products will enable the Combined Group to accelerate innovation to offer a wide range of high performing electronic systems and solutions for the benefit of customers around the world.

The Renesas Board believes that it is important for the long-term success of the Combined Group to continue to develop innovative and competitive products and intends to continue to invest in research and development following completion of the Acquisition.

Following completion of the Acquisition, Renesas will perform a full review of Dialog's R&D functions. This may lead to the identification of business areas where investment can be increased or a product development roadmap be accelerated or prioritised, and/or it may lead to the identification of certain areas of similar research and development, where operational efficiencies can be achieved across combined R&D functions working on combined R&D projects. Based on preliminary diligence, whilst Renesas anticipates R&D savings, it does not expect the Acquisition to result in a material impact on the research and development functions of either Dialog or Renesas.

### ***Employees and management***

Renesas attaches tremendous importance to the skill, knowledge and expertise of Dialog's employees and management and recognises their important contribution to Dialog's success.

Renesas confirms that following completion of the Acquisition, the existing contractual and statutory employment rights of Dialog's employees will be fully observed in accordance with applicable law. Furthermore, until 31 December 2022, Renesas will maintain base salary or wage rates and cash allowances, provide substantially comparable cash incentive compensation and long-term incentive compensation opportunities, and provide a benefits package which is at least substantially comparable in the aggregate to existing benefits arrangements.

Following completion of the Acquisition, Renesas intends to carry out a detailed review of Dialog's business and operations, to identify any areas of duplication or overlap and to optimize the structure of the merged business units of the Combined Group in order to achieve the anticipated benefits of the Acquisition. In identifying any areas of duplication or overlap, Renesas expects to review the merged business units of the Combined Group as a whole, and implement the best practices which Renesas and Dialog can learn from each other. Based on its experience from previous acquisitions, Renesas expects the Acquisition to result in limited headcount reductions across the Combined Group, with no more than a single digit percentage headcount reduction impacting the Dialog business. From its initial analysis, Renesas expects the majority of these synergies to be in the sales, general and administrative business functions of the Combined Group, although a greater proportion are likely to be in Dialog's head office, corporate and support functions which overlap with Renesas' existing functions. Renesas also expects to streamline the management structure where there is overlap in title and function across the Combined Group.

Renesas will only develop and implement such proposals once the detailed review and integration planning referred to above has been completed and discussions have been undertaken with the people concerned. Dialog will assist with integration planning, as appropriate. The finalisation and implementation of any workforce reductions and, where applicable, other impacts of such proposals on Dialog's employees (including for example, the impact on daily commute), will be subject to comprehensive planning, appropriate engagement with relevant stakeholders (including affected employees), and consultation with employees and employee representatives, if required by applicable local law. Where any employee of Dialog is made redundant (or similar concept under applicable law) prior to the earlier of the first anniversary of completion of the Acquisition and 31 December 2022, Renesas agrees to apply Dialog's existing severance arrangements and thereafter to offer severance terms that are at least as good as Renesas' severance practices in the relevant countries.

Renesas does not intend to make any material changes to the balance of skills and functions of employees and management of the Combined Group.

It is expected that upon completion of the Acquisition, each of the Dialog Directors (including Mr Bagherli) will resign from their directorships.



### ***Headquarters, locations and fixed assets***

Renasas intends to maintain Dialog's corporate headquarters in Reading and its head office functions, subject to the changes identified above with respect to those head office, corporate and support functions which overlap with Renesas' existing functions. Upon completion of the Acquisition, Renesas will perform a full review of all of Dialog's sites, offices and places of business. Where overlap and duplication are identified, locations of business may be consolidated or repurposed to allow for better amalgamation of Dialog and Renesas into the Combined Group and to facilitate the integration of Renesas employees and Dialog employees. Beyond the potential changes identified above in connection with the review of locations of business, Renesas does not intend to redeploy any material fixed assets of Dialog.

### ***Pension schemes***

Renasas recognises the importance of Dialog's pension obligations and of ensuring that employees' existing contractual and statutory rights regarding pensions are fully safeguarded in accordance with applicable local laws. The Renesas Board does not intend to make any changes with regard to employer contributions into Dialog's existing pension schemes or the accrual of benefits to existing members or the admission of new members to such pension schemes. Renesas intends that following completion of the Acquisition, Dialog will continue to comply with its existing defined benefit pensions obligations, including commitments to make any previously agreed deficit contributions and contractually required contributions.

Following completion of the Acquisition, Renesas intends to review and evaluate Dialog's existing defined contribution pension schemes and its defined benefit pension plan in South Korea and, after consideration of possible options, including local standards, policies and practices of both Dialog and Renesas, may integrate with Renesas' pension schemes at the local level. Until such integration occurs, Renesas intends to maintain Dialog's existing pension schemes (including the defined benefit pension plan in South Korea) in accordance with applicable law and existing contractual terms.

### ***Retention arrangements***

Renasas attaches great importance to the skill and experience of Dialog's management and employees and wishes to ensure strong business momentum through employee retention.

Renasas believes that Dialog's employees will benefit from enhanced career and opportunities as part of the larger business platform. Renesas acknowledges that Dialog intends to put in place cash retention and incentivisation arrangements for certain key employees (excluding Dialog's executive director) following the Announcement.

Renasas intends to review the management, governance and incentive structure of Dialog, and separate proposals regarding incentivisation arrangements for certain management and key employees of Dialog may be considered as part of such review. Renesas may put such incentivisation arrangements in place following completion of the Acquisition; however, as at the date of this document, Renesas has not entered into and has not had discussions on proposals to enter into, any new incentivisation arrangements with members of Dialog's management or any of its employees.

### ***Existing trading facilities***

Dialog Shares are currently listed on the Frankfurt Stock Exchange. As further detailed in paragraph 12 of this Part II (*Explanatory Statement*), a request will be made by Dialog to the FSE to cancel the listing of Dialog Shares on the FSE at some point shortly after the Effective Date.

No statements in this paragraph 3 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

### ***Views of the Dialog Board***

In considering the recommendation of the Acquisition to Dialog Shareholders, the Dialog Directors have given due consideration to the assurances given to employees within the Dialog Group including the arrangements outlined in the Co-operation Agreement. The Dialog Board welcomes Renesas' intentions with respect to the future operations of the business and its employees, in

particular, the commitments made in relation to pay (including bonus and long term incentives) and benefits in the period to 31 December 2022. The Dialog Board also notes that Renesas has agreed to honour any change of control agreements with Dialog employees.

The Dialog Board notes that Renesas expects the Acquisition to result in limited headcount reductions across the Combined Group, with no more than a single digit percentage headcount reduction impacting the Dialog business. The Dialog Board notes that in connection with any headcount reduction Renesas has agreed that where any Dialog employees becomes redundant before 31 December 2022 (or, if earlier, the first anniversary of completion of the Acquisition), it will honour the severance practices of Dialog and thereafter will offer severance terms that are at least as good as Renesas' severance practices in the relevant countries.

#### **4 Information relating to Dialog**

Dialog is an innovative provider of integrated circuits (ICs) that power mobile devices, consumer Internet of Things and Industry 4.0. Dialog's technologies include battery and power management, AC/DC power conversion, custom mixed-signal ICs, Bluetooth low energy ICs and low-power Wi-Fi, and non-volatile flash memory. Dialog's solutions are integral to some of today's leading mobile devices and the enabling element for increasing performance and productivity on the go. From making smartphones more power efficient and shortening charging times, enabling home appliances to be controlled from anywhere to connecting the next generation of wearable devices, Dialog's decades of experience and world-class innovation help manufacturers get to what's next.

Dialog operates a fabless business model and is a socially responsible employer pursuing many programs to benefit the employees, community, other stakeholders and the environment it operates in. Dialog's power saving technologies deliver high efficiency and enhance the consumer's user experience by extending battery lifetime and enabling faster charging of their portable devices.

Dialog is headquartered in the United Kingdom with a global sales, R&D and marketing organisation. It currently has approximately 2,300 employees worldwide and for the year ended 31 December 2020, Dialog reported revenue of US\$1.38 billion and underlying operating profit of US\$297.4 million. Dialog is listed on the Frankfurt Stock Exchange with a market capitalisation of €4,553 million as at the Latest Practicable Date.

Financial and ratings information on Dialog is set out in Part V (*Financial and Ratings Information*) of this document.

#### **5 Financial and trading prospects of Dialog**

Dialog's Q4 and FY 2020 trading statement released on 3 March 2021, stated that for the financial year ended 31 December 2020, Dialog had revenue of US\$1.38 billion, underlying gross margin of 50.6 per cent. and underlying operating profit of US\$297.4 million.

#### **6 Information relating to Renesas**

Renesas was formed in April 2010 through the integration of NEC Electronics Corporation and Renesas Technology Corp. and delivers trusted embedded design innovation with complete semiconductor solutions that enable billions of connected, intelligent devices to enhance the way people work and live — securely and safely. With an extensive portfolio of microcontrollers, analog, power, and SoC products, Renesas provides the expertise, quality, and comprehensive solutions for a broad range of Automotive, Industrial, Home Electronics (HE), Office Automation (OA) and Information Communication Technology (ICT) applications to help shape a limitless future.

Headquartered in Tokyo Japan, Renesas has approximately 19,000 employees with 14 manufacturing sites and 38 sales offices operating in more than 20 countries worldwide. For the financial year ended 31 December 2020, Renesas' revenue was 715.7 billion yen. Renesas' shares are quoted on the Tokyo Stock Exchange, and as at the Latest Practicable Date, the company had a market capitalization of approximately 1,990 billion yen.

Financial and ratings information on Renesas is set out in Part V (*Financial and Ratings Information*) of this document.

## **7 Financial effects of the Acquisition**

The Acquisition would result in the earnings, assets and liabilities of Renesas incorporating the consolidated earnings, assets and liabilities of Dialog. Renesas' consolidated earnings, assets and liabilities would therefore be altered accordingly. In addition, Renesas' consolidated liabilities would also be increased to reflect the borrowings incurred to fund the Acquisition (plus any related accrued interest payable). Further details of the financing of the Acquisition are set out in paragraph 10 of this Part II (*Explanatory Statement*) and paragraph 8.2 of Part VII (*Additional Information*).

As at 31 December 2020, Dialog had consolidated assets of approximately US\$2.12 billion and consolidated liabilities of approximately US\$467 million. Dialog's Underlying EBITDA (non-IFRS measure) for the financial year ended 31 December 2020 was US\$357 million (equivalent to 38.6 billion yen). Had the transaction been effective throughout that period, Renesas' non-GAAP gross margin would have been approximately 0.6 percentage points higher. On this basis, the Renesas Directors expect that the Acquisition will have a positive impact on Renesas' earnings following completion of the Acquisition.

## **8 Offer-related arrangements**

### **8.1 Confidentiality agreement**

Renesas and Dialog have entered into a mutual Confidentiality Agreement dated 20 January 2021 pursuant to which each of Renesas and Dialog has undertaken, among other things, to keep confidential information relating to the other party and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation.

This agreement also contains undertakings from Renesas that for a period of 12 months, subject to certain exceptions, Renesas will not solicit or employ any person employed by the Dialog Group who participated in negotiations concerning the Acquisition or holds an executive or managerial position in the Dialog Group.

### **8.2 Confidentiality and Joint Defense Agreement**

Renesas, Dialog and their respective legal counsels have also entered into a Confidentiality and Joint Defense Agreement dated 28 January 2021, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the competition workstream only takes place between their respective legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

### **8.3 Clean Team Confidentiality Agreement**

Renesas and Dialog have entered into a Clean Team Confidentiality Agreement dated 28 January 2021, which sets out how any confidential information that is competitively sensitive can be disclosed, used or shared for the purposes of due diligence, synergies evaluation, planning and integration and anti-trust/regulatory analysis and communications with anti-trust/regulatory authorities. Such commercially sensitive information must only be made available to the party receiving information through designated persons removed from day-to-day commercial/strategic operations and decisions in competing business segments and external professional advisers. The conclusions/findings of such designated persons and the external advisers may only be reported for the specified purposes and provided that report does not disclose such sensitive confidential information or enable the recipient to deduce such information.

### **8.4 Co-operation Agreement**

Renesas and Dialog have entered into a Co-operation Agreement dated 8 February 2021, pursuant to which:

- Renesas has agreed to certain undertakings in connection with securing the regulatory clearances and authorisations necessary to satisfy the Conditions set out in paragraphs 2(a) to (k) (inclusive) of Part A of Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document, as promptly as reasonably practicable; and

- Renesas and Dialog have agreed to certain undertakings to co-operate in relation to such regulatory clearances and authorisations.

The Co-operation Agreement also contains provisions that will apply in respect of the Dialog Share Plans and certain other arrangements regarding employment matters and employee incentives.

The Co-operation Agreement can be terminated, *inter alia*, if: (i) Renesas and Dialog so agree in writing; (ii) the Acquisition, with the permission of the Takeover Panel (where required), is withdrawn, terminated or lapses in accordance with its terms (other than in certain limited circumstances); (iii) the Dialog Board announces that it shall not convene the Dialog General Meeting or the Court Meeting or that it does not intend to publish the Scheme Document; (iv) the Dialog Board announces that it no longer intends to recommend the Acquisition to Dialog Shareholders or otherwise modifies or qualifies its recommendation in a manner adverse to the completion of the Acquisition; (v) prior to the Long Stop Date, a third party competing proposal for Dialog is completed, becomes effective or otherwise is declared or becomes unconditional in all respects; (vi) any Condition is invoked by Renesas prior to the Long Stop Date (where such invocation has been specifically permitted by the Takeover Panel); (vii) after the Scheme has been approved by Dialog Shareholders, the Dialog Board announces that it will not implement the Scheme (other than in connection with a Takeover Offer by Renesas) or a third party announces a competing proposal under the Takeover Code that is recommended by the Dialog Board; or (viii) unless otherwise agreed by Renesas and Dialog in writing or required by the Takeover Panel, if the Effective Date has not occurred by the Long Stop Date.

## **9 Dialog Directors and the effect of the Scheme on their interests**

The Dialog Shares held by the Dialog Directors will be subject to the Scheme. Details of the interests of the Dialog Directors in Dialog Shares and awards and options under the Dialog Share Plans are set out in paragraph 6 of Part VII (*Additional Information*) of this document.

The Dialog Directors have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the Resolution at the Dialog General Meeting in respect of their beneficial holdings of 602,055 Dialog Shares (representing, in aggregate, approximately 0.845 per cent. of the Dialog Shares in issue as at the Latest Practicable Date).

These irrevocable undertakings also extend to any shares acquired by the Dialog Directors as a result of the vesting of awards or the exercise of options under the Dialog Share Plans (after any sales permitted to fund tax or exercise price liabilities).

These irrevocable undertakings remain binding in the event a higher competing offer is made for Dialog. The irrevocable undertakings given by the Dialog Directors will cease to be binding *inter alia* if:

- the Acquisition becomes Effective;
- Renesas publicly announces that it does not intend to proceed with the Acquisition;
- the Acquisition has not become Effective in accordance with the requirements of the Takeover Code by the Long Stop Date;
- the Scheme has lapsed or been withdrawn (save for where (i) the Scheme lapses or is withdrawn solely as a result of Renesas exercising its right to implement the Acquisition by way of a Takeover Offer rather than a Scheme; or (ii) the reason for the lapse of the Scheme is as a result of the Dialog Director's breach of the irrevocable undertaking) and no new, revised or replacement Scheme or Takeover Offer has been announced by Renesas on or prior to the date of the lapse or withdrawal; or
- a third party competing proposal for Dialog becomes effective or otherwise is declared unconditional in all respects.

The effect of the Scheme on awards and options held by Dialog Directors in common with those held by other participants in the Dialog Share Plans is described in paragraph 15 of this Part II (*Explanatory Statement*).

Particulars of the service contracts (including termination provisions and change in control arrangements) and letters of appointment of the Dialog Directors are described in paragraph 7 of Part VII (*Additional Information*) of this document.

It is expected that, upon completion of the Acquisition, each of the Dialog Directors (including Mr Bagherli) will resign from their directorships. It is also expected that Mr Bagherli will resign his employment shortly before completion of the Acquisition, in which case Mr Bagherli and Dialog have agreed that his employment will terminate at such time and that all of his outstanding equity awards will immediately vest in full pursuant to his change in control rights described in paragraph 7 of Part VII (*Additional Information*) of this document.

Save as set out in this document, the effect of the Scheme on the interests of the Dialog Directors does not differ from its effect on the like interests of any other Dialog Shareholder.

## 10 Financing

Renesas intends to finance the cash consideration payable to the Dialog Shareholders pursuant to the Acquisition from third party debt. Renesas has entered into a bridge facilities agreement dated 8 February 2021 with MUFG Bank, Ltd. and Mizuho Bank, Ltd. for ¥735.4 billion (the “**Bridge Facilities Agreement**”). Given that the third party debt is denominated in JPY and the cash consideration payable to Dialog Shareholders in connection with the Acquisition is to be denominated in EUR, Renesas has specific measures in place to mitigate against JPY/EUR currency fluctuations between the date of the Bridge Facilities Agreement and the time of payment of the cash consideration. While the Bridge Facilities Agreement includes a buffer facility, sized to mitigate potential JPY/EUR foreign exchange rate movements, Renesas is also in the process of negotiating contingent foreign exchange forward transactions (the “**Trades**”) with a number of financial institutions, pursuant to which Renesas would exchange, as required, a certain amount of JPY (at rates to be determined according to the settlement date(s) of the Trades) into fixed amounts of EUR in order to match the currency requirements of the cash consideration payable to Dialog Shareholders in connection with the Acquisition.

The Bridge Facilities Agreement is described in greater detail in paragraph 8.2 of Part VII (*Additional Information*) of this document.

Renesas has filed a shelf registration statement with the Kanto Finance Bureau to provide it with the flexibility to issue new shares of common stock. The details of the issuance (including the method or structure of the issuance or the expected date of the issuance) are yet to be determined. The proceeds of such issuance may be used to procure funds to satisfy in part the cash consideration payable to Dialog Shareholders under the terms of the Acquisition, thereby reducing the amounts to be drawn under the Bridge Facilities, or for the repayment of borrowings under the Bridge Facilities.

Nomura, in its capacity as financial adviser to Renesas, is satisfied that sufficient resources are available to Renesas to enable it to satisfy in full the cash consideration payable to Dialog Shareholders under the terms of the Acquisition.

## 11 Structure of the Acquisition

### 11.1 The Scheme

The Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement between Dialog and the Dialog Shareholders under Part 26 of the Companies Act 2006. The terms of the Scheme are set out in full in Part III (*The Scheme of Arrangement*) of this document.

The Scheme is a legal process under the Companies Act 2006, the purpose of which is to enable Renesas to become the owner of the entire issued and to be issued share capital of Dialog. To achieve this, it is proposed that the Dialog Shares will be transferred to Renesas in consideration for which the Dialog Shareholders will receive cash consideration.

On the Effective Date, share certificates in respect of Dialog Shares will cease to be valid.

Any Dialog Shares issued at or before the Scheme Record Time will be subject to the terms of the Scheme. Dialog Shareholders whose names appear on the register of members of Dialog at the Scheme Record Time, that is 6:30 p.m. on the Business Day immediately after the date of the

Court Sanction Hearing, will receive €67.50 cash for each Dialog Share held by them. The Scheme will not extend to Dialog Shares issued after the Scheme Record Time.

If the Scheme does not become effective on or before the Long Stop Date (or such later date as Renesas and Dialog may agree with the consent of the Takeover Panel and/or the Court, if such consent is required), it will lapse and the Acquisition will not proceed (unless the Takeover Panel otherwise consents).

## 11.2 Conditions to the Acquisition

The Acquisition and, accordingly, the Scheme remain subject to a number of Conditions set out in full in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document, including, among other things, the following events occurring on or before the Long Stop Date:

- (a) approval of the Scheme at the Court Meeting by a majority in number of those Dialog Shareholders who are present and vote (and who are entitled to vote), either in person or by proxy, and who represent not less than 75 per cent. in value of the Dialog Shares voted by such Dialog Shareholders;
- (b) approval of the Special Resolution at the Dialog General Meeting by Dialog Shareholders representing not less than 75 per cent. of the votes cast (either in person or by proxy). The Dialog General Meeting will be held on the same day as and immediately following the Court Meeting;
- (c) certain competition and regulatory approvals (including in, *inter alia*, Germany, the People's Republic of China, Taiwan and the United States);
- (d) the satisfaction or (where applicable) waiver, prior to the sanction of the Scheme by the Court, of all the other Conditions;
- (e) the sanction of the Court (with or without modification but subject to any modification being on terms acceptable to Renesas and Dialog); and
- (f) the delivery of a copy of the Court Order to the Registrar of Companies.

The Acquisition can only become effective in accordance with its terms if all the Conditions, including those above, have been satisfied or, if capable of waiver, waived. If any Condition is not capable of being satisfied (or, if capable of waiver, waived) by the date specified therein, Renesas will make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the date so specified, stating whether Renesas has invoked that Condition, waived that Condition or, with the agreement of Dialog, specified a new date by which that Condition must be satisfied.

Renesas may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Renesas in the context of the Acquisition. The Conditions relating to the passing of the resolutions to approve and implement the Acquisition to be proposed at the Meetings, the sanction of the Scheme by the Court, amongst others, are not subject to this requirement.

## 11.3 The Meetings

Before the Court is asked to sanction the Scheme, the Scheme will require the approval of Dialog Shareholders at the Court Meeting and the passing of the Special Resolution by Dialog Shareholders at the Dialog General Meeting, both of which will be held on 9 April 2021 at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA. The Court Meeting is being held with the permission of the Court to seek the approval of Dialog Shareholders for the Scheme. The Dialog General Meeting is being convened to seek the approval of Dialog Shareholders to enable the Dialog Directors to implement the Scheme and to amend the Articles as described in paragraph 11.5 below.

Notices of the Court Meeting and the Dialog General Meeting are set out in Parts IX (*Notice of Court Meeting*) and X (*Notice of General Meeting*) of this document respectively. Entitlement to attend and vote at these meetings and the number of votes which may be cast thereat will be

determined by reference to the register of members (and, as applicable, the CI Register) of Dialog at the Voting Record Time.

In light of the current COVID-19 Restrictions, Dialog Shareholders and other attendees will not be permitted to attend (or vote at) the Court Meeting or the Dialog General Meeting in person, save for the Chair of the relevant meeting and anyone else nominated by the Chair in order to establish a quorum. Dialog Shareholders can remotely attend, submit written questions and/or any objections (in the case of the Court Meeting) and vote at the Court Meeting or the Dialog General Meeting in each case via the Virtual Meeting Platform, as described in the opening pages of this document, the Virtual Meeting Guide (included with this document) and in the notices of the Court Meeting and the Dialog General Meeting (see Parts IX (*Notice of Court Meeting*) and X (*Notice of General Meeting*) respectively of this document).

Access to the Meetings will be available from 1.45 p.m. (London time) on 9 April 2021, although the voting functionality will not be enabled until the Chair of the relevant meeting declares the poll open. Dialog Shareholders will be permitted to submit written questions (via the Virtual Meeting Platform) to the Dialog Directors during the course of the relevant meeting. Dialog Shareholders can use the same function to submit any written objections they may have to the Scheme at the Court Meeting. The Chair of the relevant meeting will ensure that all such questions and/or any objections (in the case of the Court Meeting) relating to the formal business of the meeting are addressed during the meeting, unless no response is required to be provided under the Companies Act 2006 or the provision of a response would, at the Chair's discretion, otherwise be undesirable in the interests of the Company or the good order of the meeting.

If the Scheme becomes effective, it will be binding on all Dialog Shareholders holding Dialog Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the Dialog General Meeting.

### **11.3.1 Court Meeting**

The Court Meeting, which has been convened for 2.00 p.m. (London time) on 9 April 2021, is being held with the permission of the Court to seek the approval of Dialog Shareholders for the Scheme.

At the Court Meeting, voting will be by way of poll and each Dialog Shareholder present in person or by proxy will be entitled to one vote for each Dialog Share held as at the Voting Record Time. The Scheme must be approved at the Court Meeting by a majority in number of those Dialog Shareholders who are present and vote (and who are entitled to vote), in person or by proxy, and who represent not less than 75 per cent. by value of the Dialog Shares voted by such Dialog Shareholders.

Due to the length of time anticipated to be required to calculate the result of the poll, the result may not be announced at the Court Meeting. The result of the vote at the Court Meeting will be publicly announced by Dialog via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. on the Business Day following the Court Meeting.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of shareholder opinion. Whether or not you intend to remotely attend and/or vote at the Meetings, you are therefore strongly advised to sign and return your Blue Form of Proxy / Instruction by post, email or fax or transmit a proxy appointment / voting instruction (by email) for the Court Meeting as soon as possible. The completion and return of the Forms of Proxy / Instruction by post, email or fax (or transmission of a proxy appointment / voting instruction by email) will not prevent you from remotely attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the Dialog General Meeting, in each case via the Virtual Meeting Platform as described in the opening pages of this document and the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.**

You will find the Notice of the Court Meeting in Part IX (*Notice of Court Meeting*) of this document.

### **11.3.2 Dialog General Meeting**

The Dialog General Meeting has been convened for 2.15 p.m. (London time) on 9 April 2021 (the same date as the Court Meeting), or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass a Special Resolution (which requires votes in favour representing not less than 75 per cent. of the votes cast either in person or by proxy):

- (a) to authorise the Dialog Directors to effect the Scheme; and
- (b) to approve certain amendments to Dialog's Articles (as described in paragraph 11.5 below).

Voting at the Dialog General Meeting will be by poll and each Dialog Shareholder present in person or by proxy will be entitled to one vote for each Dialog Share held as at the Voting Record Time.

Due to the length of time anticipated to be required to calculate the result of the poll, the result may not be announced at the Dialog General Meeting. The result of the vote at the Dialog General Meeting will be publicly announced by Dialog via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. on the Business Day following the Dialog General Meeting.

### **11.3.3 Entitlement to vote at the Dialog Meetings**

Each Dialog Shareholder who is entered in Dialog's register of members (or, as applicable CI Register) at the Voting Record Time (expected to be 6.30 p.m. (London time) on 7 April 2021) will be entitled to attend (remotely, via the Virtual Meeting Platform) and vote (remotely, via the Virtual Meeting Platform, or by proxy / voting instruction) at the Court Meeting and the Dialog General Meeting. If either meeting is adjourned, only those Dialog Shareholders on the register of members (or, as applicable CI Register) at 6.30 p.m. (London time) on the day that is two Business Days before the date set for the adjourned meeting(s) will be entitled to attend (remotely, via the Virtual Meeting Platform) and vote (remotely, via the Virtual Meeting Platform, or by proxy). Each eligible Dialog Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote (in each case, remotely, via the Virtual Meeting Platform), instead of him or her. A proxy need not be a Dialog Shareholder.

The completion and return of the Forms of Proxy / Instruction by post, email or fax (or transmission of a proxy / voting instruction by email) will not prevent you from remotely attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the Dialog General Meeting, in each case via the Virtual Meeting Platform as described in the opening pages of this document and the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings (remotely, via the Virtual Meeting Platform, or by appointing a proxy or giving voting instructions), please call Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Further information on the action to be taken is set out on pages 9 to 11 (inclusive) and in paragraph 18 of this Part II (*Explanatory Statement*) of this document.



#### 11.4 Court Sanction Hearing

The Scheme also requires the sanction of the Court. The Court Sanction Hearing to sanction the Scheme is currently expected to be held in 14 days after the satisfaction (or, where applicable, waiver) of Conditions 2(a) to (k) (inclusive) set out in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document. Renesas has confirmed that it will be represented by Counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound by the Scheme.

The Scheme will lapse if:

- the Court Meeting and the Dialog General Meeting are not held by 1 May 2021 (or such later date as may be agreed by Dialog and Renesas and, if needed, the Court may allow);
- the Court Sanction Hearing is not held on or before the 22nd day after the expected date for such hearing, which is expected to be no later than 14 days following the satisfaction (or, where applicable, waiver) of Conditions 2(a) to (k) (inclusive) set out in Part A of Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document (or such later date as may be agreed by Dialog and Renesas); or
- the Scheme does not become Effective by the Long Stop Date,

provided, however, that the deadlines for the timing of the Court Meeting, the Dialog General Meeting and the Court Sanction Hearing as set out above may be waived by Renesas and the deadline for the Scheme to become effective may be extended by agreement between Renesas and Dialog.

If physical Court hearings have resumed by that time, the Court Sanction Hearing is expected to be held at The Royal Courts of Justice, The Rolls Building, Fetter Lane, London, EC4A 1NL. All Dialog Shareholders are entitled to attend the Court Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme. If physical attendance at the Court Sanction Hearing is not practicable due to COVID-19 Restrictions (or related guidelines) in place at the time, the hearing will proceed by means of video-conference, in which case details will be announced in due course.

Following sanction of the Scheme by the Court, the Scheme will become effective in accordance with its terms as soon as a copy of the Court Order has been delivered to the Registrar of Companies. This is presently expected to occur in the evening of the first Business Day after the date of the Court Sanction Hearing, subject to satisfaction (or, where applicable, waiver) of the Conditions. Upon the Scheme becoming effective, Dialog will become a subsidiary of Renesas and Renesas will seek to have Dialog re-registered as a private limited company under the relevant provisions of the Companies Act 2006.

**If the Scheme becomes Effective, it will be binding on all Dialog Shareholders irrespective of whether or not they attended the Meetings or voted in favour of the Scheme at the Court Meeting or in favour of the Special Resolution at the Dialog General Meeting.**

**If the Scheme is not implemented by the Long Stop Date (or such later date (if any) as Renesas and Dialog may agree and (if required) the Takeover Panel and the Court may allow), the Scheme will not be implemented and the Acquisition will not proceed.**

#### 11.5 Amendments to the Articles

The Special Resolution to be proposed at the Dialog General Meeting relating to the Scheme will contain provisions to amend the Articles to:

- (i) ensure that any Dialog Shares which are issued after the Articles are amended and before the Scheme Record Time (other than to Renesas and/or its nominees) will be issued subject to the terms of the Scheme and the holders of such shares will be bound by the terms of the Scheme; and
- (ii) ensure that, subject to the Scheme becoming Effective, any Dialog Shares issued at or after the Scheme Record Time (other than to Renesas and/or its nominees) will be compulsorily acquired by Renesas, in consideration of the holder receiving €67.50 per Dialog Share so acquired, representing the same cash consideration per Dialog Share as will be received by holders of Dialog Shares pursuant to the Scheme.

These provisions will avoid any person (other than Renesas and/or its nominees) being left with Dialog Shares after the Scheme becomes Effective.

The proposed amendments to the Articles referred to above are set out in the Notice of the General Meeting in Part X (*Notice of General Meeting*) of this document.

#### **11.6 Modifications to the Scheme**

The Scheme contains a provision for Dialog and Renesas jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which would be material to the interests of the Dialog Shareholders unless Dialog Shareholders were informed of any such modification, addition or condition and given the opportunity to vote on that basis. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Dialog Shareholders should be held in these circumstances.

#### **11.7 Alternative means of implementing the Acquisition**

Renasas reserves the right to elect (with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Acquisition will be implemented on substantially the same terms and subject to substantially the same Conditions as those applying to the Scheme, so far as applicable and subject to appropriate amendments. The acceptance condition would be set at 90 per cent. of the shares to which such Takeover Offer relates (or such other lesser percentage as the Takeover Panel may require or as Renesas may decide with the consent of the Takeover Panel provided that if it became or was declared unconditional in all respects, the Takeover Offer would result in Renesas holding Dialog Shares carrying greater than 50 per cent. of the voting rights in Dialog). Further, if sufficient acceptances of the Takeover Offer were received and/or sufficient Dialog Shares were otherwise acquired, it would be the intention of Renesas to apply the provisions of the Companies Act 2006 to compulsorily acquire any outstanding Dialog Shares to which such Takeover Offer relates.

#### **12 Cancellation of listing of Dialog Shares and re-registration**

On completion of the Acquisition, Dialog will become a wholly owned subsidiary of Renesas. A request will be made by Dialog in due course to the Frankfurt Stock Exchange (FSE) to cancel the listing of Dialog Shares on the FSE at some point shortly after the Effective Date.

The last day of dealings in, and registration of transfers of, the Dialog Shares (other than the registration of the transfer of the Dialog Shares to Renesas pursuant to the Scheme and the ordinary settlement of already executed trades within Clearstream) on the FSE is expected to be the Business Day after the date of the Court Sanction Hearing.

Share certificates in respect of the Dialog Shares will cease to be valid and, as set out in paragraph 13 below, CIs will be transferred or cancelled in exchange for payment. It is also intended that shortly after the Effective Date, Dialog will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.

#### **13 Settlement**

Subject to the Scheme becoming Effective, settlement of the consideration to which any Dialog Shareholder is entitled under the Scheme will be effected in the manner set out below:

##### **13.1 Clearstream settlement**

It is intended that the cash consideration due for Scheme Shares that are represented by CIs will be transferred to the relevant CI Holders entitled to it by Renesas instructing or procuring the instruction of a duly appointed paying agent that is a participating member of Clearstream to implement payment through Clearstream and the CI Holders' respective depository banks and to make arrangements for the cancellation or transfer of the relevant CIs to such paying agent. Such arrangements will be implemented after trades entered into prior to the suspension of dealings in

Dialog Shares have settled within Clearstream. Accordingly, it is expected that such settlement will occur between four and ten Business Days after the Effective Date of the Scheme.

### **13.2 Mailing of cheques**

Renasas reserves the right to pay all, or any part of, the cash consideration due to all or any CI Holder(s) (and any cash consideration due to any Dialog Shareholders whose Dialog Shares are not represented by a CI at the Scheme Record Time) as set out below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with paragraph 13.1 above:

- (a) by first class post, by cheque drawn on a branch of a German / UK clearing bank; or
- (b) by such other method as may be approved by the Panel.

All such cash payments will be made in Euro and drawn on a German / UK clearing bank. Payments made by cheque will be payable to the Dialog Shareholder(s) concerned and the encashment of any such cheque shall be a complete discharge of Renesas' obligation under the Scheme to pay the monies represented thereby. Renesas shall despatch or procure the despatch of cheques within 14 days of the Effective Date to the person entitled thereto at the address as appearing in the register of members of Dialog at the Scheme Record Time (or, as applicable, the CI Register following settlement of any trades entered into prior to the suspension of dealings in Dialog Shares) except that, in the case of joint holders, Renesas reserves the right to make such cheques payable to the joint holder whose name stands first in the relevant register in respect of such holding. None of Dialog, Renesas, any nominee(s) of Dialog or Renesas, or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person or persons entitled thereto.

If any Dialog Shareholders have not encashed the cheques within six months of the Effective Date, Renesas and the Company shall procure that the cash consideration due to such Dialog Shareholders under the Scheme shall be held on trust for such Dialog Shareholders for a period of 12 years from the Effective Date, and such Dialog Shareholders may claim the consideration due to them (plus any interest accrued thereon, but net of any expenses and taxes) by written notice to the Company in a form which the Company determines evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date.

### **13.3 General**

All documents and remittances sent to, or from, by or on behalf of Dialog Shareholders will be sent entirely at their own risk.

On the Effective Date, each certificate representing a holding of Dialog Shares will cease to be a valid document of title and should be destroyed or, at the request of Dialog, delivered to Dialog or to any person appointed by Dialog to receive the same. Entitlements to Dialog Shares held within Clearstream will be disabled and all such CIs will be removed from Clearstream upon settlement of the cash consideration due in respect of such shares.

Except with the consent of the Takeover Panel, settlement of the cash consideration due under the Scheme to which any Dialog Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Renesas might otherwise be, or claim to be, entitled against such Dialog Shareholder.

### **13.4 Dialog Share Plans**

In the case of Dialog Shares issued or transferred pursuant to the Dialog Share Plans after the Court Sanction Hearing and prior to the Scheme Record Time, the cash consideration due under the Scheme in respect of those Dialog Shares will be settled by such method as shall be determined by Dialog (including, but not limited to, procuring that payments are made through payroll as soon as possible subject to the deduction of applicable income taxes and social security contributions).

## 14 Taxation

Your attention is drawn to Part VI (*Taxation*) of this document, which contain a summary of limited aspects of the UK and German tax treatment of the Scheme. This summary relates only to the position of certain categories of Dialog Shareholders (as explained further in Part VI (*Taxation*) of this document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK and German tax consequences of the Scheme.

You are strongly advised to contact an appropriate independent professional adviser immediately to discuss the tax consequences of the Scheme on your particular circumstances, in particular if you are in any doubt about your own taxation position or you are subject to taxation in a jurisdiction other than the United Kingdom or Germany.

## 15 Dialog Share Plans

Details of the effect of the Acquisition on Awards and of the choices available to participants and the proposals being made to them will be set out in full in separate letters to participants (the “**Share Plan Letters**”).

A summary of the effect of the Acquisition on Awards is set out below. In the event of any conflict between the summary and the rules of the relevant Dialog Share Plan and/or the Share Plan Letters, the rules of the relevant Dialog Share Plan or the terms of the Share Plan Letters (as the case may be) will prevail.

### Performance Awards

Unvested Performance Awards will vest and/or become exercisable in accordance with the rules of the LTIP on the Court Order being granted subject to (i) assessment of applicable performance targets and (ii) time pro-rating (calculated based on the number of whole months that have elapsed as a proportion of the applicable vesting period). The balance of the unvested Performance Awards will be partially rolled over into new awards over Renesas’ shares on the Effective Date (as explained below) and otherwise lapse.

### Other Awards

Unvested Awards that do not carry performance conditions will vest and/or become exercisable in accordance with the rules of the relevant Dialog Share Plan on the Court Order being granted subject to time pro-rating (calculated based on the number of whole months that have elapsed as a proportion of the applicable vesting period). The balance of the unvested Award will be rolled over into new awards over Renesas’ shares on the Effective Date (as explained below).

### General

Vested Awards in the form of options may be exercised at any time prior to their lapse date (subject to normal dealing restrictions, where applicable).

All vested but unexercised Awards will lapse (to the extent not already settled) no later than three months after the date Court Order is granted (unless lapsing earlier in accordance with their terms).

All Dialog Shares issued to satisfy the vesting and/or exercise of Awards on or before the Scheme Record Time will be Dialog Shares subject to the terms of the Scheme. The Scheme will not extend to Dialog Shares issued after the Scheme Record Time and the proposed form of the amended Articles provides that, if the Scheme becomes Effective, any Dialog Shares issued after the Scheme Record Time will be automatically transferred to Renesas in consideration of the holder receiving €67.50 in cash for each Dialog Share so transferred, representing the same cash consideration per Dialog Share as will be received by holders of Dialog Shares.

Further information in respect of the proposed amendments to the Dialog’s Articles is contained in paragraph 11.5 above and in the Notice of General Meeting in Part X (*Notice of General Meeting*) of this document.

## **Rolled-Over Awards**

Renasas has agreed to grant share-based awards to all Dialog employees who hold unvested Awards when the Court Order is granted (“**Rolled-Over Awards**”).

The Rolled-Over Awards:

- (a) will be granted under Renesas’ standard employee incentive arrangements on terms that are no less favourable than those generally offered to other Renesas employees;
- (b) will replace employees’ unvested Awards lapsing on the Court Order being granted (except that Performance Awards will be replaced at 50% of the portion of the awards which are unvested due to time (as calculated before the assessment of applicable performance targets));
- (c) will replicate the vesting schedule of the awards they replace;
- (d) will vest based on continued employment only (no further performance conditions will apply); and
- (e) will be subject to leaver provisions no less favourable than those in the Dialog Share Plans.

As required by, and solely for the purposes of Rule 16.2 of the Takeover Code, J.P. Morgan Cazenove and Qatalyst Partners have reviewed the terms of the Rolled-Over Awards and advised the Dialog Directors that the Rolled-Over Awards are fair and reasonable so far as Dialog Shareholders are concerned. In providing their advice, J.P. Morgan Cazenove and Qatalyst Partners have taken into account the commercial assessments of the Dialog Directors. Qatalyst Partners is providing independent financial advice to the Dialog Directors for the purposes of Rule 3 of the Takeover Code.

Except as described above, Renesas has not entered into and has not had discussions on proposals to enter into, any new incentivisation arrangements with members of Dialog’s management.

## **16 Overseas Shareholders**

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Scheme. Overseas Shareholders should inform themselves about and observe all applicable legal requirements. Dialog Shareholders (including Overseas Shareholders) should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of the jurisdiction in which they are situated in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom or Germany may be restricted by the laws and regulations of those jurisdictions and therefore any persons who are not resident in the United Kingdom or Germany should inform themselves about, and observe, any such restrictions. Any failure to comply with the applicable requirements 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 or Germany 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 document has been prepared for the purposes of complying with applicable laws in England and Wales 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 document had been prepared in accordance with the laws of jurisdictions outside England and Wales. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

Nothing in this document or the accompanying documents should be relied upon for any other reason or purpose. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful.

Unless otherwise determined by Renesas or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction, if to do so would constitute a violation of law in that jurisdiction. Accordingly, copies of this document and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from Restricted Jurisdictions, where to do so would violate the laws and regulations in that jurisdiction.

US holders of Dialog Shares should note that the Scheme relates to the shares of an English company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act and will be governed by laws of England and Wales. Neither the proxy solicitation rules nor the tender offer rules under the US Exchange Act will apply to the Acquisition and to the Scheme. Moreover, the Acquisition and the Scheme will be subject to the disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this document has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable with the accounting standards applicable to financial statements of US companies whose financial statements are prepared in accordance with US GAAP. If Renesas were to elect to implement the acquisition of the Dialog Shares by way of a Takeover Offer, the offer will be made in compliance with applicable US securities laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder.

Neither the US SEC nor any securities commission of any state of the United States nor any other US regulatory authority has approved the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In accordance with normal UK practice, Renesas or its nominees, or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Dialog Shares outside the United States, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn, in compliance with applicable law, including the US Exchange Act. These purchases may occur either via the stock market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the United Kingdom and Germany.

The receipt of cash pursuant to the Acquisition by a US holder of Dialog Shares as consideration for the transfer of its Dialog Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and may also be a taxable transaction under US applicable state and local tax laws, as well as foreign and other tax laws. Each US holder of Dialog Shares is strongly advised to consult an appropriately qualified independent professional tax adviser immediately with respect to the tax consequences of the Scheme applicable to them.

## **17 Further Information**

The terms of the Scheme are set out in full in Part III (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information set out in this document, all of which forms part of this Explanatory Statement, and, in particular the Conditions set out in Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*), and the additional information set out in Part VII (*Additional Information*) of this document.

## 18 Action to be taken

### **Sending Forms of Proxy / Instruction by post, by email or by fax**

Dialog Shareholders will receive a Blue Form of Proxy / Instruction for the Court Meeting and a White Form of Proxy / Instruction for the Dialog General Meeting. Please complete and sign the Forms of Proxy / Instruction in accordance with the instructions printed on them and return them to Dialog Semiconductor Plc c/o Art-of-Conference — Martina Zawadzki, either (i) by post to Postfach 11 06, D-71117 Grafenau, (ii) by emailing a scanned copy to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de), or (iii) by fax to +49 711 470 9713, so as to be received as soon as possible and in any event not later than the relevant times set out below:

Blue Forms of Proxy / Instruction for the Court Meeting	2.00 p.m. (London time) on 7 April 2021
White Forms of Proxy / Instruction for the Dialog General Meeting	2.15 p.m. (London time) on 7 April 2021

or, if in either case the meeting is adjourned, the relevant Form of Proxy / Instruction should be received not later than 48 hours (excluding any part of such 48 hours period falling on a non-working day) before the time fixed for the adjourned meeting.

If the Blue Form of Proxy / Instruction for the Court Meeting is not lodged by the relevant time, it may be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting. However, if the White Form of Proxy / Instruction for the Dialog General Meeting is not lodged by the relevant time, it will be invalid.

### **Email instructions**

As an alternative to completing and returning the printed Forms of Proxy / Instruction, Dialog Shareholders may also give instructions as to how they would like some or all of their Dialog Shares to be voted at the Court Meeting or the Dialog General Meeting by email. Any such email instruction must set out the Dialog Shareholder's unique Shareholder Reference Number or SRN (which can be found printed on the Forms of Proxy / Instruction), the number of Dialog Shares to which the instruction relates (failing which it will be deemed to relate to the entire holding to which the SRN relates) and the way in which such Dialog Shares are to be voted. Any such email instruction must be received at the following email address [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant meeting or any adjournment thereof. If the email instruction is not received by this time, the Blue Form of Proxy / Instruction (or an email instruction in accordance with this paragraph) may still be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting or any adjournment thereof.

### **Partial and multiple voting instructions**

As a Dialog Shareholder, you are entitled to appoint a proxy / give a voting instruction in respect of some or all of your shares. A space has been included in the Forms of Proxy / Instruction to allow you to specify the number of shares in respect of which that proxy / instruction is made. Forms of Proxy / Instruction duly executed but which leave this space blank shall be deemed to have made their appointment / instruction in respect of all shares.

If you wish to instruct the appointment of more than one proxy in respect of your shareholding you should contact Martina Zawadzki by email at [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) for further Forms of Proxy / Instruction. You should also read the information regarding the appointment of multiple proxies set out in the Forms of Proxy.

### **Remote Attendance at the Meetings**

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of shareholder opinion. Whether or not you intend to remotely attend and/or vote at the Meetings, you are therefore strongly advised to sign and return both your Forms of Proxy / Instruction (by post, email or fax) or transmit voting instructions (by email) for the Meetings as soon as possible. The completion and return of the Forms of Proxy / Instruction by post, email or fax (or transmission of a voting instruction, by email)

will not prevent you from remotely attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the Dialog General Meeting, in each case via the Virtual Meeting Platform as described in the opening pages of this Document and the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.

### **Shareholder Helpline**

If you have any questions about this document, the Court Meeting or the Dialog General Meeting, or are in any doubt as to how to complete the Forms of Proxy / Instruction or to submit your proxies or voting instructions, please contact the Shareholder Helpline operated by Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Overseas Shareholders should refer to paragraph 16 above. Details relating to settlement are included in paragraph 13 above.

Notices convening the Court Meeting and General Meeting are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document.

Yours faithfully

Bill Hutchings

For and on behalf of J.P. Morgan Securities plc acting through its UK investment business as J.P. Morgan Cazenove

Jason DiLullo

For and on behalf of Qatalyst Partners Limited



**PART III  
THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS  
OF ENGLAND AND WALES  
COMPANIES COURT (ChD)**

**CR-2021-000231**

**IN THE MATTER OF DIALOG SEMICONDUCTOR PLC**

- and -

**IN THE MATTER OF THE COMPANIES ACT 2006**

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SCHEME OF ARRANGEMENT  
*(under Part 26 of the Companies Act 2006)*

BETWEEN

DIALOG SEMICONDUCTOR PLC

AND

THE SCHEME SHAREHOLDERS  
*(as hereinafter defined)*

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**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

<b>“Act”</b> . . . . .	the UK Companies Act 2006 (as amended)
<b>“Business Day”</b> . . . . .	a day (other than a Saturday, Sunday or public holiday in London or Frankfurt) on which banks are open for business in London and Frankfurt
<b>“CI Holders”</b> . . . . .	holders of Clearstream Interests
<b>“Clearstream”</b> . . . . .	the Cascade electronic clearing and settlement system operated by Clearstream Banking AG facilitating the trading, clearing and settlement of securities traded on the FSE and any successor to such system and/or operator
<b>“Clearstream Interests”</b> . . . . .	Interests in Dialog Shares which are traded and settled through Clearstream
<b>“Court”</b> . . . . .	the High Court of Justice in England and Wales
<b>“Court Meeting”</b> . . . . .	the meeting of the Scheme Shareholders to be convened pursuant to an order of the Court pursuant to section 896 of the Act for the purpose of considering and, if thought fit, approving this Scheme and any adjournment of such meeting
<b>“Court Order”</b> . . . . .	the order of the Court sanctioning this Scheme under section 899 of the Act
<b>“DBP”</b> . . . . .	the Dialog Deferred Bonus Plan 2013
<b>“Dialog” or “Company”</b> . . . . .	Dialog Semiconductor Plc, incorporated in England and Wales with registered number 03505161
<b>“Dialog Shares”</b> . . . . .	ordinary shares of £0.10 each in the capital of Dialog, and Dialog Share means any one of them
<b>“Dialog Share Plans”</b> . . . . .	the DBP, ESP and LTIP

<b>"Effective Date"</b> . . . . .	the date on which this Scheme becomes effective in accordance with Clause 6
<b>"ESP"</b> . . . . .	the Dialog Employee Share Plan 2013, incorporating the California addendum where applicable
<b>"Excluded Shares"</b> . . . . .	any Dialog Shares which are: <ul style="list-style-type: none"> <li>(a) registered in the name of, or beneficially owned by, Renesas or any member of the Renesas Group; or</li> <li>(b) held by Dialog in treasury,</li> </ul> in each case at any relevant date or time
<b>"FSE"</b> . . . . .	the Frankfurt Stock Exchange (also known as the <i>Frankfurter Wertpapierbörse</i> )
<b>"holder"</b> . . . . .	a registered holder and includes any person(s) entitled by transmission
<b>"Latest Practicable Date"</b>	5 March 2021, being the latest practicable date prior to the date of this Scheme
<b>"LTIP"</b> . . . . .	the Dialog Long Term Incentive Plan 2015, incorporating the California addendum where applicable
<b>"Registrar of Companies"</b>	the registrar of companies in England and Wales
<b>"Renesas"</b> . . . . .	Renesas Electronics Corporation, incorporated in Japan
<b>"Renesas Group"</b> . . . . .	Renesas and its subsidiaries and subsidiary undertakings
<b>"Scheme"</b> . . . . .	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Renesas
<b>"Scheme Record Time"</b> .	6.30 p.m. on the Business Day immediately after the date on which the Court makes the Court Order
<b>"Scheme Shareholders"</b> .	holders of Scheme Shares
<b>"Scheme Shares"</b> . . . . .	Dialog Shares: <ul style="list-style-type: none"> <li>(a) in issue as the date of this Scheme;</li> <li>(b) (if any) issued after the date of this Scheme and prior to the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the holder thereof will be bound by this Scheme, or in respect of which the original or any subsequent holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> and in each case (where the context requires) remaining in issue at the Scheme Record Time, but excluding any Excluded Shares
<b>"subsidiary" and "subsidiary undertaking"</b> . . . . .	have the meanings given in the Act
<b>"Takeover Code"</b> . . . . .	the UK City Code on Takeovers and Mergers issued from time to time by the Takeover Panel
<b>"Takeover Panel"</b> . . . . .	the UK Panel on Takeovers and Mergers, or any successor thereto

**“United Kingdom”**  
or **“UK”** . . . . . the United Kingdom of Great Britain and Northern Ireland

**“Voting Record Time”** . . . 6.30 p.m. on the day which is two Business Days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before the date of such adjourned meeting

References to Clauses are to clauses of this Scheme, references to time are to London time, and references to £ and pence are to the lawful currency of the United Kingdom.

- (B) The issued share capital of the Company as at the close of business on the Latest Practicable Date was 76,682,139 ordinary shares of £0.10 each, all of which were credited as fully paid up and 5,413,452 of which were held in treasury.
- (C) As at the close of business on the Business Day prior to the Latest Practicable Date, options and awards which could require the issue of up to 4,473,263 Dialog Shares had been granted pursuant to the Dialog Share Plans.
- (D) As at the close of business on the Latest Practicable Date, no Dialog Shares were registered in the name of or beneficially owned by Renesas and/or other members of the Renesas Group.
- (E) Renesas has agreed to appear by Counsel at the hearing to sanction this Scheme and to submit to be bound by and to undertake to the Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## **THE SCHEME**

### **1 Transfer of the Scheme Shares**

- 1.1 On the Effective Date, Renesas (and/or its nominee(s)) shall acquire all of the Scheme Shares fully paid, with full title guarantee, and free from all liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other third party rights or other interests of any nature whatsoever and together with all rights attaching or accruing to such Scheme Shares at the Effective Date, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any return of capital (whether by reduction of share capital or share premium account or otherwise) made by the Company, in each case, by reference to a record date falling on or after the Effective Date.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred to Renesas and/or its nominee(s) and such transfer shall be effected by means of a form or forms of transfer or other instrument or instruction of transfer, and any person may be appointed by the Company as attorney and/or agent and shall be authorised as such attorney and/or agent on behalf of the holder concerned to execute and deliver as transferor such form or forms of transfer or other instrument or instruction of transfer (whether as a deed or otherwise) of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

### **2 Consideration for the transfer of the Scheme Shares**

- 2.1 In consideration for the transfer of the Scheme Shares, Renesas shall (subject to the remaining provisions of this Clause 2), pay or procure the payment of cash to or for the account of: (i) the holders of Clearstream Interests (as appearing in the register of Clearstream Interests at the record time set for such payment) in the case of Scheme Shares which at the Scheme Record Time are represented by Clearstream Interests; and (ii) the Scheme Shareholders (as appearing in the register of members of the Company at the Scheme Record Time) in the case of Scheme Shares which at the Scheme Record Time are not represented by Clearstream Interests, in each case on the following basis:

<b>for each Scheme Share</b>	<b>€67.50 in cash</b>
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- 2.2 If any dividend, other distribution or return of capital is declared, made or paid in respect of the Dialog Shares prior to the Effective Date, Renesas reserves the right to reduce the consideration

payable in respect of each Dialog Share by the amount of all or part of any such dividend, other distribution or return of capital, except where Dialog Shares are or will be acquired pursuant to the Scheme on a basis which entitles Renesas to receive such dividend, other distribution or return of capital and retain it. If Renesas exercises this right or makes such a reduction in respect of a dividend, other distribution or return of capital, the relevant holders of Dialog Shares shall be entitled to receive and retain that dividend, other distribution or return of capital in respect of the Scheme Shares they hold.

### **3 Settlement of consideration**

- 3.1 As soon as practicable on or after the Effective Date, and in any event no later than 14 days after the Effective Date (unless the Takeover Panel consents otherwise), Renesas shall satisfy the consideration due to Scheme Shareholders pursuant to Clause 2 by instructing, or procuring the instruction of, a duly appointed paying agent that is a participating member of Clearstream to implement payment through Clearstream and the relevant CI Holders' respective depository banks of the sums payable in accordance with Clause 2 of this Scheme in respect of all Scheme Shares which at the Scheme Record Time are represented by Clearstream Interests, to the holders of those Clearstream Interests as set out in the register of Clearstream Interests at the record time set for such payment.
- 3.2 If, for reasons outside of its reasonable control, Renesas is not able to effect settlement of consideration in accordance with Clause 3.1 above, Renesas reserves the right to pay all, or any part of, the consideration due (and in the case of any Scheme Shares which at the Scheme Record Time are not represented by Clearstream Interests, shall satisfy the consideration due) by despatch, or procuring the despatch of, cheques for the sums payable the persons entitled thereto no later than 14 days after the Effective Date (unless the Takeover Panel consents otherwise).
- 3.3 All deliveries of notices or cheques required to be made pursuant to this Scheme shall be effected by sending the same by first class post or international standard post if overseas (or by such method as may be approved by the Takeover Panel) in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company (or, as applicable, the register of Clearstream Interests) except that, in the case of joint holders, Renesas reserves the right to make cheques payable to the joint holder whose name stands first in such register in respect of such joint holding. None of the Company, Renesas or their respective nominees or agents shall be responsible for any loss or delay in the transmission or delivery of any notices or cheques sent in accordance with this Clause 3.3 which shall be sent at the risk of the persons entitled thereto.
- 3.4 All cheques shall be in Euro drawn on a German or UK clearing bank and shall be made payable to the Scheme Shareholder or holder of Clearstream Interests concerned (except that, in the case of joint holders, Renesas reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the relevant register in respect of such joint holding), and the encashment of any such cheque shall be a complete discharge of Renesas' obligations under this Scheme to pay the monies represented thereby.
- 3.5 If any Scheme Shareholders or holders of Clearstream Interests have not encashed any cheques within six months of the date of such cheques, Renesas and the Company shall procure that the cash consideration due to such persons under this Scheme shall be held on trust for such persons for a period of 12 years from the Effective Date in a separate interest-bearing bank account established solely for that purpose, and such persons may claim the consideration due to them (plus any interest accrued thereon, but net of any expenses and taxes) by written notice to Renesas and the Company in a form which Renesas and the Company determine evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date.
- 3.6 The provisions of this clause 3 shall be subject to any condition or prohibition imposed by law.

### **4 Share certificates and transfer of entitlements**

With effect from, or as soon as practicable after, the Effective Date:

- 4.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every Scheme Shareholder shall be bound at the request

of the Company to deliver up their share certificate(s) to the Company (or any person appointed by the Company to receive the same) or to destroy the same;

- 4.2 the paying agent instructed by Renesas to effect payments in accordance with clause 3.1 shall be entitled to make arrangements for the cancellation or transfer of the relevant Clearstream Interests to such paying agent or as it may direct; and
- 4.3 subject to the completion of such forms of transfer or other instruments or instructions of transfer as may be required in accordance with Clause 1 of this Scheme and the payment of any UK stamp duty thereon, the Company shall make or procure to be made the appropriate entries in the register of members of the Company to reflect the transfer of the Scheme Shares to Renesas.

## **5 Authority pending registration of transfer**

With effect from the Effective Date and until the register of members of the Company is updated to reflect the transfer of the Scheme Shares to Renesas (and/or its nominee(s)) pursuant to Clause 1.2:

- 5.1 Renesas or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of the Company or of any class of its shareholders) attaching to any Scheme Shares;
- 5.2 each Scheme Shareholder irrevocably authorises the Company and/or its agents to send any notice, circular, warrant, document or other communication which may be required to be sent to such Scheme Shareholder as a member of the Company in respect of their Scheme Shares (including any share certificate(s) to Renesas at its registered office;
- 5.3 each Scheme Shareholder irrevocably appoints Renesas and/or any one or more of its directors or agents to sign on behalf of such Scheme Shareholder such documents, and do such things, as may in the opinion of Renesas and/or any one or more of its directors or agents be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the relevant Scheme Shares (including without limitation, an authority to sign any consent to short notice of a general or separate class meeting of the Company as attorney or agent for, and on behalf of, such Scheme Shareholder and/or to attend and/or execute a form of proxy in respect of such Scheme Shares appointing any person nominated by Renesas and/or any one or more of its directors or agents to attend general and separate class meetings of the Company (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf); and
- 5.4 each Scheme Shareholder irrevocably undertakes: (i) not to exercise any votes or any other rights attaching to the relevant Scheme Shares without the consent of Renesas; and (ii) not to appoint a proxy or representative for or to attend any general meeting or separate class meeting of the Company.

## **6 Scheme Effective Date**

- 6.1 This Scheme shall become effective upon a copy of the Court Order sanctioning this Scheme under section 899 of the Act being delivered to the Registrar of Companies.
- 6.2 Unless this Scheme has become effective on or before 21 January 2022 or such later date, if any, as the Company and Renesas may agree (with the Takeover Panel's consent) and the Court may allow, this Scheme shall never become effective.

## **7 Modification**

The Company and Renesas may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

## **8 Governing law**

This Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the courts of England and Wales. The rules of the Takeover Code apply to this Scheme.

Dated 8 March 2021

**PART IV**  
**CONDITIONS AND FURTHER TERMS OF THE SCHEME AND THE ACQUISITION**

**Part A: Conditions to the Scheme and the Acquisition**

The Acquisition shall be conditional upon the Scheme becoming unconditional and effective, subject to the Takeover Code, by no later than the Long Stop Date.

**1** The Scheme shall be subject to the following conditions:

(a)

- (i) its approval by a majority in number of Scheme Shareholders who are present and vote (and who are entitled to vote), whether in person or by proxy, at the Court Meeting and who represent not less than 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders; and
- (ii) the Court Meeting being held on or before 1 May 2021 (or such later date as may be agreed by Dialog and Renesas and as the Court may allow);

(b)

- (i) the Resolutions being duly passed by the requisite majority at the Dialog General Meeting; and
- (ii) the Dialog General Meeting being held on or before 1 May 2021 (or such later date as may be agreed by Dialog and Renesas and as the Court may allow);

(c)

- (i) the sanction of the Scheme by the Court (with or without modification, but subject to any such modification being on terms reasonably acceptable to Dialog and Renesas); and
- (ii) the Court Sanction Hearing being held on or before the 22nd day after the expected date of the Court Sanction Hearing which is expected to be no later than 14 days after the satisfaction (or, where applicable, waiver) of Conditions 2(a) to (k) (inclusive) (or such later date as may be agreed by Dialog and Renesas and as the Court may allow); and

(d) the delivery of a copy of the Court Order to the Registrar of Companies.

**2** In addition, subject as stated in Part B below and to the requirements of the Takeover Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

**Merger control and foreign investment conditions**

**Germany**

- (a) notification having been received from the German Federal Cartel Office (FCO) that, with respect to the Acquisition, the requirements for the prohibition of a merger set out in Section 36(1) GWB (*Gesetz gegen Wettbewerbsbeschränkungen*, Act against Restraints of Competition) are not fulfilled, or notification not having been received from the FCO within one month of receipt of a completed filing that it intends to open an investigation (Section 40(1) GWB), or the FCO not having delivered a decision pursuant to Section 40(2)(1) GWB within the period defined in Section 40(2) GWB, or the FCO having cleared the Acquisition within the period defined in Section 40(2) GWB, or the FCO having declared in writing that the Acquisition does not fall within the scope of the German merger control regime;
- (b) (following notification to the German Ministry of Economics and Energy (*Bundesministerium für Wirtschaft und Energie* — “**BMWi**”); (i) the Acquisition having been cleared by the BMWi under the current or amended provisions of the German Foreign Trade and Payments Act (*Außenwirtschaftsgesetz* — “**AWG**”) and the Foreign Trade and Payments Ordinance (*Außenwirtschaftsverordnung* — “**AWV**”) as applicable to the Acquisition; (ii) a certificate of non-objection having been granted; (iii) the applicable review periods having expired or

elapsed without the BMWi having delivered a decision under the current or amended provisions of the AWG and the AWW; or (iv) the BMWi having declared in writing that the Acquisition does not fall within the scope of the German foreign investment regime stipulated in the AWG and AWW;

#### ***People's Republic of China***

- (c) (i) notification having been accepted by the State Administration for Market Regulation (“**SAMR**”) pursuant to the Anti-Monopoly Law of the People's Republic of China (“**Anti-Monopoly Law**”), and (ii) SAMR having cleared the Acquisition for purposes of the Anti-Monopoly Law or SAMR having failed to make a written decision within the period of time defined in Article 25 and Article 26 of the Anti-Monopoly Law;
- (d) any other Relevant Authority in the People's Republic of China that has commenced consideration of, or has been requested in writing to consider, the Acquisition after the date of the Announcement (including but not limited to, following a reference of, or recommendation to consider, the Acquisition by SAMR), having cleared the Acquisition;

#### ***South Korea***

- (e) if, in the reasonable opinion of Dialog, approval from the Korean Ministry of Trade, Industry and Energy (“**MOTIE**”) is required for the Acquisition (or any matter arising from or related to the Acquisition), and the corresponding filing(s) has/have been made, receipt of either: (i) a copy of the letter issued by MOTIE that the Company does not own any technology that can be deemed as a national core technology (“**NCT**”) (as defined under the Act on Prevention of Leakage and Protection of Industrial Technology); or (ii) in the event MOTIE determines that the Company owns NCT, a copy of a clearance letter approving the consummation of the transactions contemplated hereby or the applicable review period having expired or lapsed;

#### ***Taiwan***

- (f) the Taiwan Fair Trade Commission (“**TFTC**”) having made no objection to the Acquisition during the 30 day waiting period (or plus an additional up to 60 day waiting period if so extended by the TFTC) after its receipt of a complete combination notification from Renesas pursuant to Article 11 of the Fair Trade Act of Taiwan;

#### ***United Kingdom***

- (g) if:
  - (i) a public interest intervention notice relating to the Acquisition is issued under Section 42(2) of the Enterprise Act 2002 (“**EA**”), a UK Secretary of State having taken a decision to approve the Acquisition (by a decision not to make a reference under Section 45 EA or otherwise); or
  - (ii) any new or amended national security, public interest or foreign investment laws, rules or regulations (including the proposed National Security and Investment Bill) become effective in the United Kingdom after the date of the Announcement that make it legally required to notify the Acquisition, either (i) the Relevant Authority indicating that it has determined to approve the Acquisition or (ii) all applicable review periods having expired or elapsed;

#### ***United States***

- (h) all necessary notifications and filings having been made pursuant to the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations promulgated thereunder; and all applicable waiting periods (including any extensions thereof) relating to the Acquisition have expired, lapsed or been terminated; and no judgment, order or injunction having been made by a court of competent jurisdiction in the United States that prohibits the consummation of the Acquisition;
- (i) in the event that the parties have filed a joint voluntary notice with the Committee on Foreign Investment in the United States (and each member agency thereof, acting in such capacity) (“**CFIUS**”) pursuant to 31 C.F.R. § 800.501 in relation to the Acquisition, that (i) CFIUS has

issued a written notice to the parties that it has concluded all action pursuant to section 721 of the United States Defense Production Act of 1950, as amended and codified at 50 U.S.C. Section 4565 and has determined that there are no unresolved national security concerns with respect to Acquisition; or (ii) CFIUS has sent a report to the President of the United States (the “**President**”) requesting the President’s decision and either (A) the President has announced a decision not to take any action to suspend or prohibit the Acquisition or (B) the President has not taken any action within 15 days from the earlier of the date CFIUS completed its investigation of the Acquisition or the date CFIUS sent its report to the President;

#### **Notifications, filings and authorisations**

- (j) and other than in relation to matters referred to in the Conditions set out in paragraphs 2(a) to (i) above and except as may be required pursuant to any acquisition of shares, other securities (or the equivalent) or interest in, or control or management of, Dialog pursuant to Chapter 3 of Part 28 of the Companies Act 2006:
- (i) all material notifications, filings or applications which are necessary in connection with the Acquisition having been made;
  - (ii) all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated in respect of any such notifications, filings or applications specified in paragraph 2(j)(i) above;
  - (iii) all material statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition;
  - (iv) all Authorisations necessary in any jurisdiction for or in respect of the Acquisition or the acquisition or proposed acquisition of any shares, other securities (or the equivalent) or interest in, any member of the Wider Dialog Group having been obtained from any Relevant Authority;
  - (v) all such Authorisations necessary for any member of the Wider Dialog Group or of the Wider Renesas Group to carry on any business now carried on by it having been obtained from any Relevant Authority; and
  - (vi) all such Authorisations referred to in paragraphs 2(j)(iv) and (v) remaining in full force and effect, and no notice having been given or threatened to revoke, suspend or not renew any such Authorisations;

#### **Other regulatory conditions**

- (k) other than in relation to the matters referred to in the Conditions set out in paragraphs 2(a) to (i) above, no Relevant Authority having instituted, implemented or threatened or having announced its intention to institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or enacted, made or proposed any statute, regulation, decision or order (and in each case, not having withdrawn the same), or having required any action to be taken, or otherwise having taken any other steps which would, in each case to an extent or in a manner which is or would be material in the context of the Acquisition, the Wider Dialog Group or the Wider Renesas Group (as the case may be) taken as a whole:
- (i) make the Scheme, the Acquisition, or the acquisition or proposed acquisition of any shares, other securities (or the equivalent) or interest in, or control or management of any member of the Wider Dialog Group by Renesas, or the implementation of any of the foregoing, void, illegal or unenforceable under the laws of any jurisdiction or otherwise directly or indirectly prevent, prohibit, or materially restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose additional material conditions or obligations with respect to, or otherwise challenge, the Scheme, the Acquisition, or the acquisition or proposed acquisition of any shares, other securities (or the equivalent) or interest in, or control or management of any member of the Wider Dialog Group by Renesas;



- (ii) require, prevent or materially delay the divestiture or alter the terms envisaged for any divestiture by any member of the Wider Renesas Group or the Wider Dialog Group of all or any material part of their respective businesses, assets or properties, or impose any material limitation on the ability of any of them to conduct all or any part of their respective businesses and to own, control or manage any of their respective assets or properties;
- (iii) impose any material limitation on, or result in a delay in, the ability of Renesas to acquire or hold or exercise effectively, directly or indirectly, all rights of ownership of the Dialog Shares (whether acquired pursuant to the Scheme or otherwise) and all rights of ownership of shares, other securities (or the equivalent) or interest in any member of the Wider Dialog Group or on the ability of any member of the Wider Dialog Group to hold or exercise effectively, directly or indirectly, any rights of ownership of shares, other securities (or the equivalent) or interest in, or to exercise management control over, any other member of the Wider Dialog Group;
- (iv) except pursuant to Chapter 3 of Part 28 of the Companies Act 2006, in the event that Renesas elects to implement the Acquisition by way of a Takeover Offer, require any member of the Wider Renesas Group or of the Wider Dialog Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Dialog Group (other than in connection with the implementation of the Acquisition);
- (v) require or prevent any material divestiture by any member of the Wider Renesas Group of any shares, other securities (or the equivalent) or interest in any member of the Wider Dialog Group;
- (vi) result in any member of the Wider Renesas Group or the Wider Dialog Group ceasing to be able to carry on their respective businesses under any name under which it is presently carried on;
- (vii) impose any material limitation on, or result in any delay in, the ability of any member of the Wider Dialog Group or of the Wider Renesas Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Renesas Group or the Wider Dialog Group;
- (viii) result in the refusal, withholding, suspension, withdrawal, cancellation, termination or modification in whole or in part of any material licence, authority, permission or privilege held or enjoyed by any member of the Wider Renesas Group or of the Wider Dialog Group which is necessary for the proper carrying on of its business as carried on as at the date hereof or the imposition of any material conditions, restrictions or limitations upon such licence, authority, permission or privilege which would materially inhibit the exercise thereof; or
- (ix) otherwise adversely affect the business, assets, financial or trading position or profits or prospects of any member of the Wider Renesas Group or of the Wider Dialog Group to an extent which would have a material adverse effect on the Wider Dialog Group, taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any Relevant Authority could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Scheme, the Acquisition or the acquisition or proposed acquisition of any Dialog Shares having expired, lapsed or been terminated;

**Certain matters arising from any agreement, arrangement, etc.**

- (l) except as Disclosed, there being no provision of any agreement, arrangement, lease, licence, franchise, permit or other instrument to which any member of the Wider Dialog Group is a party, or in or from which any such member may be interested or be entitled to benefit, or by or to which any such member or any of its assets may be bound or subject which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Renesas Group of any shares or other securities in Dialog or because of a

change in the control or management of any member of the Wider Dialog Group, could or might reasonably be expected to result in, and in each case to the extent material in the context of the Wider Dialog Group as a whole:

- (i) any monies borrowed by, or any other indebtedness (actual or contingent) of, or any grant available to, any such member of the Wider Dialog Group, being or becoming repayable, or capable of being declared repayable, immediately or earlier than its or their stated repayment or maturity date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or restricted, or being or becoming capable of being withdrawn or restricted;
- (ii) the creation or enforcement of any mortgage, charge or other security interest of any kind whatsoever over the whole or any part of the business, property, assets of any such member or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
- (iii) any such agreement, arrangement, lease, licence, franchise, permit or instrument being terminated or the rights, liabilities, obligations or interests of any such member being modified or affected, or any obligation or liability arising or any action being taken or arising thereunder;
- (iv) the rights, liabilities, obligations or interests of any such member of the Wider Dialog Group in or in respect of any such agreement, arrangement, lease, licence, franchise, permit or instrument, or the business of any such member with any person, firm or company (or any arrangement relating to any such interests or business) being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (v) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers;
- (vi) any such member ceasing to be able to carry on business under any name under which it currently does so;
- (vii) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected; or
- (viii) the creation or acceleration of any liability (actual or contingent) by any such member other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any agreement, arrangement, lease, licence, franchise, permit or other instrument to which any member of the Wider Dialog Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could result in the occurrence of any of the events or circumstances described or referred to in the Conditions set out in sub-paragraphs (i) to (viii) above;

#### **Certain events occurring since 31 December 2019**

- (m) except as Disclosed, no member of the Wider Dialog Group having, since 31 December 2019:
  - (i) issued or agreed to issue or authorised or announced its intention to issue or authorise the issue of additional shares of any class, or securities convertible into, or exchangeable for, shares of any class, or rights, warrants or options to subscribe for, or acquire, any such shares, securities or convertible securities (except, as between Dialog and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Dialog, and except for the issue or transfer out of treasury of Dialog Shares (or interests therein) on the exercise of options or vesting of share awards in the ordinary course under the Dialog Share Plans);
  - (ii) transferred or sold or agreed to transfer or sell, or authorised the transfer or sale of, Dialog Shares (or interests therein) out of treasury (except for the transfer of Dialog

Shares out of treasury on the exercise of options or vesting of share awards in the ordinary course under the Dialog Share Plans);

- (iii) purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities, or reduced or made any other change (excepting any change referred to in sub-paragraph (i) above) to any part of its share capital;
- (iv) recommended, declared, paid or made or authorised the recommendation, declaration, payment or making of any bonus, dividend or other distribution (whether payable in cash or otherwise), other than bonuses, dividends or other distributions, whether payable in cash or otherwise, lawfully paid or made by any wholly-owned subsidiary of Dialog to Dialog or any of its wholly-owned subsidiaries;
- (v) other than pursuant to the Acquisition, implemented, effected, authorised or announced its intention to implement, effect or authorise any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement with a substantially equivalent effect (except as between Dialog and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Dialog), in each case to an extent which is material in the context of the Wider Dialog Group;
- (vi) acquired or disposed of or transferred, mortgaged or charged or created any security interest of any kind whatsoever over any assets or any right, title or interest in any asset (including shares and trade investments), or authorised or announced any intention to transfer, mortgage, charge or create any security interest of any kind whatsoever (except as between Dialog and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Dialog), in each case to an extent which is material in the context of the Wider Dialog Group;
- (vii) made or authorised, or announced a proposal to make, any change in its loan capital or the issue of any debentures (except as between Dialog and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Dialog), in each case to an extent which is material in the context of the Wider Dialog Group;
- (viii) other than trade creditors or other liabilities incurred in the ordinary course of business, and in each case to an extent which is material in the context of the Wider Dialog Group, incurred or increased any indebtedness or become subject to any guarantee or contingent liability (except as between Dialog and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Dialog or otherwise in the ordinary course of business);
- (ix) been unable, or admitted in writing that it is unable, to pay its debts, or having commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened in writing to stop or suspend) payment of its debts generally, or (other than in respect of a member of the Wider Dialog Group which is dormant and solvent at the relevant time) having ceased, or having threatened in writing to cease, carrying on all or a substantial part of its business;
- (x) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Dialog Group other than as contemplated in the Co-operation Agreement and except for salary increases, bonuses or variations of terms in respect of executives of any member of the Wider Dialog Group, in each case otherwise than in the ordinary course of business;
- (xi) entered into, or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider Dialog Group, other than as contemplated in the Co-operation Agreement and except for salary increases, bonuses or variations of terms in respect of executives of any member of the Wider Dialog Group, in each case otherwise than in the ordinary course of business;

- (xii) entered into or varied or authorised or announced its intention to enter into, vary or authorise any material contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude, or which involves or could reasonably be expected to involve an obligation of such a nature or magnitude, or which is or could reasonably be expected to be (in a manner or to an extent abnormal in the context of the business concerned) materially restrictive on any business of any member of the Wider Dialog Group, in each case otherwise than in the ordinary course of business;
- (xiii) other than in respect of a member of the Wider Dialog Group which is dormant and solvent at the relevant time, taken or proposed any corporate action or had any legal proceedings instituted or threatened in writing against it for its winding-up (voluntary or otherwise), dissolution, reorganisation or any analogous proceedings in any jurisdiction, or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xiv) save as required in connection with the Acquisition, made any material amendment to its memorandum, articles of association or other incorporation or constitutional documents;
- (xv) other than in accordance with applicable law, made or agreed or consented to any change to:
  - a) the terms of any trust deed constituting any pension scheme established by any member of the Wider Dialog Group for its directors, employees and/or their dependents;
  - b) the contributions payable to any such scheme, or the benefits which accrue or the pensions which are payable thereunder;
  - c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined, or
  - d) the basis upon which the liabilities (including pensions) of any such pension schemes are funded, valued, made agreed or consented to; or
- (xvi) in connection with any of the transactions, matters or events referred to in this Condition 2(m), entered into, or varied the terms of, any contract, commitment, arrangement or agreement, or passed any resolution or made any offer (which remains open for acceptance) with respect to, or announced any intention or proposal to effect;

**No adverse change, litigation, etc.**

- (n) except as Disclosed, since 31 December 2019, there having been:
  - (i) no adverse change and no circumstance having arisen which would, or might reasonably be expected to, result in any adverse change in the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Dialog Group which is material in the context of the Wider Dialog Group;
  - (ii) no litigation, arbitration or mediation proceedings, prosecution or other legal proceedings having been instituted, announced or threatened or remaining outstanding by or against any member of the Wider Dialog Group (whether as a claimant, defendant or otherwise), and no investigation by any Relevant Authority against or in respect of any member of the Wider Dialog Group remaining outstanding, or having been instituted, announced or threatened by or against any member of the Wider Dialog Group, in each case which would have a material adverse effect on the Wider Dialog Group taken as a whole;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Dialog Group having been

threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Dialog Group, in each case which would have a material adverse effect on the Wider Dialog Group taken as a whole;

- (iv) no contingent or other liability of any member of the Wider Dialog Group having arisen, which would, or would reasonably be expected to, adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Dialog Group to an extent which is material in the context of the Wider Dialog Group taken as a whole; or
- (v) no steps having been taken and no omissions having been made which would, or would reasonably be expected to, result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Dialog Group which is necessary for the proper carrying on of its business as carried on as at the date hereof and the withdrawal, cancellation, termination or modification of which would have a material adverse effect on the Wider Dialog Group taken as a whole;

#### **No discovery of adverse information, liabilities and environmental issues**

- (o) except as Disclosed, Renesas not having discovered in relation to any member of the Wider Dialog Group, in each case to an extent which is material in the context of the Wider Dialog Group as a whole:
  - (i) that any financial, business or other information concerning the Wider Dialog Group as contained in the information publicly announced prior to the date of the Announcement by or on behalf of any member of the Wider Dialog Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading;
  - (ii) any member of the Wider Dialog Group has failed to comply with any and/or all applicable legislation or regulation in any jurisdiction, with regard to the use, storage, transport, treatment, handling, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters, or that there has been any such disposal, spillage, release, discharge, leak or emission (whether or not the same constituted non-compliance by any person with any such legislation or regulation, wherever the same may have taken place), where any such non-compliance or any such disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider Dialog Group; or
  - (iii) there is, or is likely to be, for any reason linked to the matters referred to in sub-paragraph (ii), any liability (actual or contingent) of any member of the Wider Dialog Group to make good, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such member of the Wider Dialog Group, under any environmental legislation, regulation, notice, circular or order of any Relevant Authority;

#### **Anti-corruption, sanctions and criminal property**

- (p) except as Disclosed, Renesas not having discovered that:
  - (i) any member of the Wider Dialog Group or any past or present director, officer or employee of the Wider Dialog Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 (in all cases, as amended) or any other applicable anti-corruption legislation;
  - (ii) any asset of any member of the Wider Dialog Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
  - (iii) any member of the Wider Dialog Group or any past or present director, officer or employee of the Wider Dialog Group has engaged in any business with, made any

investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states, in each case to an extent which is material in the context of the Wider Dialog Group taken as a whole, and save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; or

- (iv) no member of the Wider Dialog Group being engaged in any transaction which would cause Renesas to be in breach of any law or regulation upon its acquisition of Dialog, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states, and save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; and
- (v) for the purposes of this Condition 2(p), "**Blocking Law**" means: (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union); or (ii) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

#### **Part B: Certain further terms of the Acquisition**

- 1 Subject to the requirements of the Takeover Panel, Renesas reserves the right in its sole and absolute discretion to (if capable of waiver) waive:
  - (a) the deadline set out in the Condition requiring the Scheme to become unconditional and effective, subject to the Takeover Code, by no later than the Long Stop Date or any of the deadlines set out in the Conditions in paragraph 1 in Part A above for the timing of the Court Meeting, General Meeting, and the Court Sanction Hearing. If any such deadline is not met, Renesas shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Dialog to extend the deadline in relation to the relevant Condition; and
  - (b) in whole or in part all or any of the above Conditions set out in paragraph 2 in Part A above.
- 2 Renesas shall be under no obligation to waive, to determine to be or remain fulfilled or to treat as fulfilled any of the Conditions set out in paragraph 2 of Part A above by a date earlier than the latest date specified above for the fulfilment of that Condition, notwithstanding that any such Condition or the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any such Condition may not be capable of fulfilment.
- 3 Under Rule 13.5 of the Takeover Code, Renesas may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Renesas in the context of the Acquisition. The Conditions set out in paragraph 1 of Part A above (and, if applicable, any acceptance condition adopted on the basis specified in paragraph 5 below in relation to any Takeover Offer) are not subject to this provision of the Takeover Code.
- 4 If Renesas is required by the Takeover Panel to make a mandatory offer for Dialog Shares under Rule 9 of the Takeover Code, Renesas may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

- 5** Renesas reserves the right to elect (with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Acquisition will be implemented on substantially the same terms and subject to substantially the same Conditions as those applying to the Scheme, so far as applicable and subject to appropriate amendments. The acceptance condition would be set at 90 per cent. of the shares to which such Takeover Offer relates (or such lesser percentage as the Takeover Panel may require or as Renesas may decide with the consent of the Takeover Panel provided that if it became or was declared unconditional in all respects, the Takeover Offer would result in Renesas holding Dialog Shares carrying greater than 50 per cent. of the voting rights in Dialog). Further, if sufficient acceptances of the Takeover Offer were received and/or sufficient Dialog Shares were otherwise acquired, it would be the intention of Renesas to apply the provisions of the Companies Act 2006 to compulsorily acquire any outstanding Dialog Shares to which such Takeover Offer relates.
- 6** The Acquisition will lapse (unless otherwise agreed with the Takeover Panel) if, in each case before the date of the Court Meeting:

  - (a) in so far as the Acquisition or any matter arising from or relating to the Acquisition constitutes a concentration with an EU dimension within the scope of the EU Merger Regulation, the European Commission initiates proceedings under Article 6(1)(c) of the EU Merger Regulation in relation to the Acquisition; or
  - (b) the Acquisition or any matter arising from or relating to the Acquisition becomes subject to a CMA Phase 2 Reference.
- 7** The Scheme Shares shall be acquired by Renesas fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the Effective Date or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Effective Date in respect of the Scheme Shares.
- 8** If any dividend, distribution and/or return of capital in respect of the Scheme Shares is declared, paid (or is payable) or made on or after the date of the Announcement but on or prior to the Effective Date (and with a record date on or prior to the Effective Date), Renesas reserves the right to reduce the consideration payable for each Scheme Share under the terms of the Acquisition by the amount per Scheme Share of such dividend, distribution and/or return of capital, in which case any reference in the Announcement or in this document to the offer consideration for the Scheme Shares will be deemed to be a reference to the offer consideration as so reduced. Any exercise by Renesas of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition. If Renesas exercises the right to reduce the consideration payable under the Acquisition by the amount of a dividend, distribution and/or return of capital that has not been paid or made, Scheme Shareholders will be entitled to receive and retain the amount of that dividend, distribution and/or return of capital. To the extent that such a dividend, distribution and/or return of capital has been declared or announced but not paid or made or is not payable by reference to a record date on or prior to the Effective Date or shall be transferred pursuant to the Scheme on a basis which entitles Renesas to receive the dividend, distribution and/or return of capital and to retain it or otherwise cancelled, the consideration payable under the Scheme will not be subject to change in accordance with this paragraph.
- 9** The implications of the Acquisition for Scheme Shareholders not resident in the United Kingdom or Germany may be affected by the laws of relevant overseas jurisdictions. Such persons should inform themselves about and observe any applicable legal requirements.
- 10** Unless otherwise determined by Renesas or required by the Takeover Code and permitted by applicable law and regulation, the Acquisition is not being, and will not be, made available, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction where

to do so would violate the laws in that jurisdiction, and persons receiving the Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from Restricted Jurisdictions, where to do so would violate the laws and regulations in that jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Germany should inform themselves about and observe any applicable legal and regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.

- 11** Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.
- 12** The Announcement, the Acquisition and the Scheme shall be governed by and construed in accordance with the laws of England and Wales and will be subject to the jurisdiction of the court of England and Wales. The Acquisition shall also be subject to the applicable requirements of the Takeover Code and the Takeover Panel.



## **PART V FINANCIAL AND RATINGS INFORMATION**

### **Part A: Financial information relating to Dialog**

The following sets out financial information in respect of Dialog as required by Rule 24.3(e) of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited accounts of Dialog for the financial year ended 31 December 2018 are set out on pages 87 to 161 (both inclusive) of Dialog's Annual Report and Accounts 2018 available from Dialog's website at <https://www.dialog-semiconductor.com/investor-relations>;
- the audited accounts of Dialog for the financial year ended 31 December 2019 are set out on pages 108 to 189 (both inclusive) of Dialog's Annual Report and Accounts 2020 available from Dialog's website at <https://www.dialog-semiconductor.com/investor-relations>; and
- the unaudited trading update in respect of the 13 week period to 31 December 2020 and for the financial year ended 31 December 2020 is set out in the Dialog Q4 and FY 2020 trading statement available from Dialog's website at <https://www.dialog-semiconductor.com/investor-relations>.

The information is available in "read-only" format and can be printed from the web address detailed above.

Please see paragraph 11 of Part VII (*Additional Information*) of this document for details of obtaining hard copies of documents incorporated by reference into this document.

### **No incorporation of website information**

Neither the content of Dialog's website, nor the content of any website accessible from hyperlinks on Dialog's website, is incorporated into, or forms part of, this document.

### **Part B: Dialog ratings and outlook information**

There are no current ratings or outlooks publicly accorded to Dialog by ratings agencies.

### **Part C: Financial information relating to Renesas**

The following sets out financial information in respect of Renesas as required by Rule 24.3(a) and (b) of the Takeover Code. The documents referred to below, the contents of which have previously been announced through the Business Wire service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the consolidated audited financial statements of Renesas for the financial year ended 31 December 2018 are set out on pages 12 to 114 (inclusive) of the financial report of Renesas for the financial year ended 31 December 2018 available from Renesas' website at <https://www.renesas.com/br/en/document/rep/financial-report-2018?language=en>;
- the consolidated audited financial statements of Renesas for the financial year ended 31 December 2019 are set out on pages 12 to 94 (inclusive) of the financial report of Renesas for the financial year ended 31 December 2019 available from Renesas' website at <https://www.renesas.com/br/en/document/rep/financial-report-2019?language=en>;
- the consolidated unaudited financial statements of Renesas for the three months ended 31 March 2020 are set out in Renesas' announcement dated 27 April 2020 reporting its financial results for the first quarter ended 31 March 2020 available from Renesas' website at <https://www.renesas.com/document/rep/earnings-report-1st-quarter-ended-march-31-2020?language=en>;
- the consolidated unaudited financial statements of Renesas for the three months ended 30 June 2020 are set out in Renesas' announcement dated 30 July 2020 reporting its financial results for the second quarter ended 30 June 2020 available from Renesas' website at <https://www.renesas.com/br/en/document/rep/earnings-report-2nd-quarter-ended-june-30-2020?language=en>;

- the consolidated unaudited financial statements of Renesas for the three months ended 30 September 2020 are set out in Renesas' announcement dated 29 October 2020 reporting its financial results for the third quarter ended 30 September 2020 available from Renesas' website at <https://www.renesas.com/br/en/document/rep/earnings-report-3rd-quarter-ended-september-30-2020?language=en>; and
- the consolidated unaudited financial statements of Renesas for the financial year ended 31 December 2020 are set out in Renesas' announcement dated 10 February 2021 reporting its financial results for the financial year ended 31 December 2020 available from Renesas' website at <https://www.renesas.com/br/en/document/rep/earnings-report-year-ended-december-31-2020>.

The information is available in "read-only" format and can be printed from the web address detailed above.

Please see paragraph 11 of Part VII (*Additional Information*) of this document for details of obtaining hard copies of documents incorporated by reference into this document.

#### **No incorporation of website information**

Neither the content of Renesas' website, nor the content of any website accessible from hyperlinks on Renesas' website, is incorporated into, or forms part of, this document.

#### **Part D: Renesas ratings and outlook information**

Prior to the Offer Period, Renesas had been assigned issuer credit ratings of BBB- from Fitch and BBB- from Standard & Poor's. Since the Offer Period began, Fitch has placed Renesas' credit rating on Rating Watch Negative ("**RWN**") and Standard & Poor's has placed Renesas' credit rating on CreditWatch Negative ("**CWN**") based on the expected increase in financial leverage which may result from the Acquisition. The RWN and CWN may be resolved when Renesas' financing strategy is decided and any equity issuance is underwritten.

## **PART VI TAXATION**

### **United Kingdom Taxation**

The comments set out below are based on current UK tax law as applied in England & Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) in each case as at the Latest Practicable Date before the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment under the Scheme and apply only to Dialog Shareholders resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom and to whom “split year” treatment does not apply, who hold Scheme Shares or CIs as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to the Scheme. Certain categories of Dialog Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with the Company and those for whom the shares are employment related securities may be subject to special rules and this summary does not apply to such Dialog Shareholders.

Dialog Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately. In particular, Dialog Shareholders should be aware that the tax legislation of any jurisdiction where a Dialog Shareholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of the transaction for such Dialog Shareholders.

#### **(a) UK Capital Gains Tax**

Where a Dialog Shareholder receives cash in exchange for their Dialog Shares under the Scheme, that Dialog Shareholder will be treated as disposing of Dialog Shares which may, depending on the Dialog Shareholder’s individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on capital gains.

#### **(b) UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No UK stamp duty or SDRT will be payable by Dialog Shareholders as a result of the transfer of their Dialog Shares under the Scheme.

### **Germany Taxation**

*The following section presents a number of key German taxation principles which generally are or can be relevant to the transfer of Scheme Shares by a Dialog Shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany). The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for the Dialog Shareholders. In particular, this summary does not provide a comprehensive overview on tax considerations that may be relevant to a Dialog Shareholder that is a tax resident of a jurisdiction other than Germany. The information is based on the tax laws in force in Germany as of the date of the Scheme Arrangement (and their interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change—sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.*

*This section cannot serve as a substitute for tailored tax advice to the Dialog Shareholders. Dialog Shareholders are therefore advised to consult their tax advisers regarding the individual tax implications of the transfer of Scheme Shares. Only such advisors are in a position to take the specific tax relevant circumstances of the individual Dialog Shareholders into due account.*

#### **(a) Taxation of Capital Gains of Dialog Shareholders with a tax domicile in Germany**

This section “*Taxation of Capital Gains of Dialog Shareholders with a tax domicile in Germany*” refers to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

### **Scheme Shares held as non-business assets (*Privatvermögen*)**

Capital gains on the disposal of Scheme Shares acquired after December 31, 2008 by a Dialog Shareholder with a tax domicile in Germany and held as non-business assets (*Privatvermögen*) are generally—regardless of the holding period—subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, i.e., 26.375% in total plus any church tax if applicable).

The taxable capital gain is computed from the difference between (i) the proceeds of the disposal and (ii) the acquisition costs of the Scheme Shares and the expenses related directly and materially to the disposal. Only an annual lump sum deduction of €801 (€1,602 for married couples and registered partners assessed jointly) may be deducted from the entire capital investments income. It is generally not possible to deduct income related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains and the aforementioned annual lump sum deduction. Losses from the sale of Scheme Shares can only be used to offset capital gains from the disposal of shares in stock corporations during the same year or in subsequent years.

If the Scheme Shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions (a “**Domestic Paying Agent**”), the tax on the capital gains will in general be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the Dialog Shareholder. If the Scheme Shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the Scheme Shares. However, the withholding tax rate of 26.375% (including the solidarity surcharge), will be applied to 30% of the gross sales proceeds if the Scheme Shares were not administered by the same custodian bank since acquisition and the original cost of the Scheme Shares cannot be verified or such verification is not admissible. In this case, the Dialog Shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the Scheme Shares in his or her annual tax return.

The Dialog Shareholder can apply for his total capital investment income together with his other taxable income to be subject to progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability (*Günstigerprüfung*). This request may only be exercised consistently for all capital investment income and be exercised jointly in case of married couples and registered partners assessed jointly. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded.

If no or not sufficient withholding tax is withheld, the Dialog Shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

Pursuant to the current view of the German tax authorities (which has been confirmed by a decision of the German Federal Tax Court (*Bundesfinanzhof*)), also in case of an income tax assessment income related expenses are non-deductible, except for the annual lump sum deduction. The same applies concerning the limitations on offsetting losses.

An automatic procedure for deducting church tax applies unless the Dialog Shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern Hauptdienstszitz Bonn-Beuel, An der Kuppe 1, 53225 Bonn, Germany*) and, church tax on capital gains is withheld by the Domestic Paying Agent and is deemed to have been paid when the tax is deducted. A deduction of the withheld church tax as a special expense is not permissible, but the withholding tax to be withheld (including the solidarity surcharge) is reduced by 26.375% of the church tax to be withheld on the capital gains.

Regardless of the holding period and the time of acquisition, gains from the disposal of Scheme Shares are not subject to a uniform withholding tax but to progressive income tax in case the Dialog Shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the Scheme Shares have been gratuitously transferred several times in succession, one of his legal predecessors at any

point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1% of the share capital of the Company (“**Qualified Holding**”). In this case the partial income method applies to gains on the disposal of Scheme Shares, which means that only 60% of the capital gains are subject to tax (which does not apply to church tax, and 100% of the capital gains will remain subject to church tax) and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the Dialog Shareholder. Consequently, a Dialog Shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the Dialog Shareholder’s income tax on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

### **Scheme Shares held as business assets (*Betriebsvermögen*)**

Capital gains from the sale of Scheme Shares held as business assets are generally not subject to German withholding tax (i) in the case of a corporate shareholder, or (ii) if the shareholder holds the Scheme Shares as assets of a business in Germany and certifies this on an officially prescribed form to the German Disbursing Agent, even if the Scheme Shares are held in a custodial account with a German Disbursing Agent. If withholding tax, however, is withheld, it is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the Dialog Shareholder’s individual or corporate income tax liability and any amounts withheld in excess of such individual or corporate income tax liability will be refunded.

The taxation of the capital gains depends on whether the Dialog Shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship).

#### *Corporations*

If the Dialog Shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of Scheme Shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as non deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between approximately 7% and 18%). As a rule, losses on disposals and other profit reductions in connection with Scheme Shares (e.g., from a write down) cannot be deducted as business expenses.

#### *Sole Proprietors (individuals)*

If the Scheme Shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the Scheme Shares are taxed at the individual income tax rate (plus solidarity surcharge and, if applicable, church tax (which applies to 100% of the gains)). Correspondingly, only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. If the Scheme Shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the Scheme Shares are, in addition, subject to trade tax. Correspondingly, subject to general restrictions, only 60% of the business expenses resulting from a sale of Scheme Shares may generally be deducted for trade tax purposes.

Trade tax can be credited towards the Dialog Shareholder’s personal income tax, either in full or in part, by means of a lump sum tax credit method—depending on the level of the municipal trade tax multiplier and certain individual tax relevant circumstances of the taxpayer.

#### *Partnerships*

If the Dialog Shareholder is a commercially active or commercially tainted partnership (co-entrepreneurship) with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the Scheme Shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see above under “(a) *Taxation of Capital*”).

*Gains of Dialog Shareholders with a tax domicile in Germany—Scheme Shares held as Business Assets (Betriebsvermögen)—Corporations*). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (see above under “(a) *Taxation of Capital Gains of Dialog Shareholders with a tax domicile in Germany—Scheme Shares held as Business Assets (Betriebsvermögen)—Sole Proprietors*”).

In addition, gains on the disposal of Scheme Shares are subject to trade tax at the level of the partnership, if the Scheme Shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, 60% of a capital gain attributable to an individual partner and 5% of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the Scheme Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual. The trade tax paid by the partnership and attributable to the individual’s general profit share is completely or partially credited against the Dialog Shareholder’s individual income tax in accordance with such lump-sum method.

Special rules apply to credit institutions (*Kreditinstitute*), financial services institutions (*Finanzdienstleistungsinstitute*), financial enterprises (*Finanzunternehmen*), life insurance and health insurance companies and pension funds.

#### **(b) Taxation of Capital Gains of Dialog Shareholders without a tax domicile in Germany**

Capital gains from the disposal of Scheme Shares by a Dialog Shareholder without a tax domicile in Germany are only taxable in Germany if the selling Dialog Shareholder holds the Scheme Shares through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany. In such a case, the description above for Dialog Shareholders with a tax domicile in Germany holding their Scheme Shares as business assets applies accordingly (see in this respect above under “(a) *Taxation of Capital Gains of Dialog Shareholders with a tax domicile in Germany—Scheme Shares held as Business Assets (Betriebsvermögen)*”).

#### **(c) Other Taxes**

No German capital transfer taxes, value added tax, stamp duties or similar taxes are currently levied on the disposal of the Scheme Shares. However, an entrepreneur may opt to subject disposals of Scheme Shares, which are in principle exempt from value added tax, to value added tax if the sale is made to another entrepreneur for the entrepreneur’s business. Wealth tax is currently not levied in Germany.

## PART VII ADDITIONAL INFORMATION

### 1 Responsibility

- 1.1 The Dialog Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document (including any expressions of opinion) other than (i) information for which responsibility is taken by the Renesas Directors pursuant to paragraph 1.2 below; and (ii) information contained in the Employee Representatives' Opinion which is set out in the Appendix to this document. 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 contained in this document (including any expressions of opinion) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Renesas Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document (including any expressions of opinion) relating to Renesas, the Renesas Group and the Renesas Directors and their immediate families, related trusts and persons connected with them, and any person acting in concert with Renesas (as such term is defined in the Takeover Code). 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 contained in this document (including any expressions of opinion) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2 Directors

- 2.1 The Dialog Directors and their respective functions are as follows:

Richard Beyer	Chairman
Jalal Bagherli	Chief Executive Officer
Alan Campbell	Independent Non-Executive Director
Michael Cannon	Independent Non-Executive Director
Mary Chan	Independent Non-Executive Director
Joanne Curin	Independent Non-Executive Director
Nicholas Jeffery	Independent Non-Executive Director
Eamonn O'Hare	Independent Non-Executive Director

The registered office of Dialog and the business address of each of the Dialog Directors is Tower Bridge House, St Katharine's Way, London, E1W 1AA, United Kingdom.

- 2.2 The Renesas Directors and their respective functions are:

Tetsuya Tsurumaru	Chairman
Hidetoshi Shibata	President and CEO
Tetsuro Toyoda	Director
Jiro Iwasaki	Director
Arunjai Mittal	Director
Selena Loh LaCroix	Director

The registered office of Renesas and the business address of each of the Renesas Directors is Toyosu Foresia, 3-2-24 Toyosu, Koto-ku, Tokyo 135-0061, Japan.

### 3 Market Quotations

Set out below are the Closing Prices of Dialog Shares as derived from the Frankfurt Stock Exchange on:

- (a) the first Business Day of each of the six months immediately prior to the date of this document;
- (b) 5 February 2021 (being the last Business Day before the start of the Offer Period); and

(c) the Latest Practicable Date: 5 March 2021.

<u>Date</u>	<u>Dialog Shares</u> (euros)
1 October 2020 . . . . .	39.65
2 November 2020 . . . . .	33.30
1 December 2020 . . . . .	42.00
4 January 2021 . . . . .	44.97
1 February 2021 . . . . .	52.78
5 February 2021 . . . . .	56.12
1 March 2021 . . . . .	64.28
5 March 2021 . . . . .	63.88

#### 4 Substantial Shareholders of Renesas

4.1 The following Renesas Shareholders have pre-existing interests in Renesas which would create potential indirect interests of 5 per cent. or more in the capital of Dialog following the implementation of the Acquisition:

<u>Name</u>	<u>Number of Renesas Shares held</u>	<u>% of existing share capital of Renesas</u>
INCJ, Ltd. . . . .	556,842,175	32.15
DENSO Corporation . . . . .	153,143,625	8.84

4.2 INCJ, Ltd. (“**INCJ**”) is a Japanese entity which is wholly owned by Japan Investment Corporation (“**JIC**”), a Japanese corporation 96.19 per cent. of whose outstanding shares are held directly by the Government of Japan, through the Ministry of Finance, and a further 0.42 per cent. of whose outstanding shares are held by the Development Bank of Japan, Inc. (which is wholly owned by the Government of Japan, through the Ministry of Finance). A representative of INCJ, Tetsuro Toyoda, has been appointed to the Renesas Board.

4.3 DENSO Corporation (“**DENSO**”) is an independent Japanese entity whose securities are listed on the Tokyo Stock Exchange and which is classified as a Fortune 500 company. DENSO’s largest shareholder is Toyota Motor Corporation which as of March 31, 2020 held 188,949 shares in the issued share capital of DENSO, representing 24.38 per cent. of the issued share capital of DENSO.

#### 5 Irrevocable Undertakings

The following Dialog Directors have entered into irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Resolutions relating to the Acquisition to be proposed at the Dialog General Meeting, in respect of their own beneficial holdings of 602,055 Dialog Shares (representing in aggregate approximately 0.845 per cent. of the Dialog Shares as at the Latest Practicable Date).

<u>Name of Dialog Director</u>	<u>Number of Dialog Shares in respect of which undertaking is given</u>	<u>Percentage of Dialog issued share capital (excluding Dialog Shares held in treasury) as at the Latest Practicable Date</u>
Jalal Bagherli . . . . .	511,615	0.718
Richard Beyer . . . . .	19,932	0.028
Alan Campbell . . . . .	14,924	0.021
Michael Cannon . . . . .	15,095	0.021
Mary Chan . . . . .	13,092	0.018
Joanne Curin . . . . .	2,630	0.004
Nicholas Jeffery . . . . .	8,750	0.012
Eamonn O’Hare . . . . .	16,017	0.022
<b>Total</b> . . . . .	<b>602,055</b>	<b>0.845</b>



These irrevocable undertakings also extend to any shares acquired by the Dialog Directors as a result of the vesting of awards or the exercise of options under the Dialog Share Plans (after any sales permitted to fund tax or exercise price liabilities).

These irrevocable undertakings remain binding in the event a higher competing offer is made for Dialog. The irrevocable undertakings given by the Dialog Directors will cease to be binding *inter alia* if:

- (a) the Acquisition becomes Effective;
- (b) Renesas publicly announces that it does not intend to proceed with the Acquisition;
- (c) the Acquisition has not become Effective in accordance with the requirements of the Takeover Code by the Long Stop Date;
- (d) the Scheme has lapsed or been withdrawn (save for where: (i) the Scheme lapses or is withdrawn solely as a result of Renesas exercising its right to implement the Acquisition by way of a Takeover Offer rather than a Scheme; or (ii) the reason for the lapse of the Scheme is as a result of the Dialog Director's breach of the irrevocable undertaking) and no new, revised or replacement Scheme or Takeover Offer has been announced by Renesas on or prior to the date of the lapse or withdrawal; or
- (e) a third party competing proposal for Dialog becomes effective or otherwise is declared unconditional in all respects.

## 6 Interests and Dealings

### (a) Definitions

For the purposes of this paragraph 6:

- (i) "**acting in concert**" with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code;
- (ii) "**dealing**" or "**dealt**" includes the following:
  - (1) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or of general control of securities;
  - (2) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
  - (3) subscribing or agreeing to subscribe for relevant securities;
  - (4) the exercise or conversion, whether in respect of new or existing securities, of any relevant securities carrying conversion or subscription rights;
  - (5) the acquisition or, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - (6) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;
  - (7) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities by Renesas or Dialog; and
  - (8) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (iii) "**Dealing Arrangement**" means an arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the Takeover Code;
- (iv) "**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (v) "**Disclosure Date**" means the close of business on the Latest Practicable Date;

- (vi) “**Disclosure Period**” means the period starting on 7 February 2020 (the date 12 months prior to the date of the start of the Offer Period) and ending on the Disclosure Date;
- (vii) “**Financial Collateral Arrangement**” means an arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code;
- (viii) “**Offer Period**” means, in this context, the period starting on 7 February 2021 and ending on the Disclosure Date;
- (ix) “**relevant Dialog securities**” includes: (1) Dialog Shares and any other securities of Dialog conferring voting rights; (2) equity share capital of Dialog; and (3) any securities convertible into or rights to subscribe for the securities of Dialog, described in (1) and (2) above and securities convertible into, rights to subscribe or, options (including traded options) in respect of and derivatives referenced to any of the foregoing;
- (x) “**relevant Renesas securities**” includes: (1) Renesas Shares and any other securities of Dialog conferring voting rights; (2) equity share capital of Dialog; and (3) any securities convertible into or rights to subscribe for the securities of Dialog, described in (1) and (2) above and securities convertible into, rights to subscribe or, options (including traded options) in respect of and derivatives referenced to any of the foregoing;
- (xi) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery; and
- (xii) a person is treated as “**interested**” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:
  - (1) he owns them;
  - (2) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - (3) by virtue of any agreement to purchase, option or derivative, he:
    - (a) has the right or option to acquire them or call for their delivery; or
    - (b) is under an obligation to take delivery of them,
 whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
  - (4) he is a party to any derivative:
    - (a) whose value is determined by reference to their price; and
    - (b) which results, or may result, in his having a long position in them.

**(b) Interests in relevant Dialog securities**

As at the Disclosure Date:

- (i) The following Dialog Directors and their respective related parties had an interest in, a right to subscribe in or a short position in certain relevant Dialog securities. The nature of the

interests or rights concerned and number of relevant Dialog securities to which these apply are listed below:

<u>Name</u>	<u>Nature of interest or rights concerned</u>	<u>Number of Dialog Shares</u>
Richard Beyer . . . . .	Dialog Shares	19,932
Jalal Bagherli . . . . .	Dialog Shares	584,615 <sup>(1)</sup>
Alan Campbell . . . . .	Dialog Shares	14,924
Michael Cannon . . . . .	Dialog Shares	15,095
Mary Chan . . . . .	Dialog Shares	13,092
Joanne Curin . . . . .	Dialog Shares	2,630
Nicholas Jeffery . . . . .	Dialog Shares	8,750
Eamonn O'Hare . . . . .	Dialog Shares	16,017

(1) This includes 73,000 Dialog Shares held by Pauline Bagherli, which Jalal Bagherli is deemed to have an interest in for Takeover Code purposes, but which are not covered by Jalal Bagherli's irrevocable undertaking because he is not able to control how they are voted.

(ii) The following Dialog Directors held the following Awards set out below:

<u>Name</u>	<u>Share Plan</u>	<u>Number of ordinary shares under option/ award</u>	<u>Vesting date</u>	<u>Exercise price (per share) (Euros)</u>
Jalal Bagherli . . . . .	DBP (vested)	29,913	12 February 2018	0.01
	LTIP Performance Award (vested)	43,001	1 March 2019	0.15
	DBP (vested)	11,772	3 March 2019	0.01
	DBP (vested)	6,514	5 March 2021	0.01
	LTIP Performance Award (vested)	87,753	5 March 2021	0.15
	DBP	3,291	8 March 2022	0.01
	LTIP Performance Award	177,126	8 March 2022	0.15
	LTIP Performance Award	73,254	13 May 2022	0.15
	DBP	20,504	6 March 2023	0.01
	LTIP Performance Award	189,203	6 March 2023	0.15
	DBP	8,253	5 March 2024	0.01
	LTIP Performance Award	113,282	5 March 2024	0.15

**(c) Dealings**

As at the Disclosure Date:

(i) Dialog, the following Dialog Directors, persons acting in concert with Dialog and persons with whom Dialog or any person acting in concert with Dialog has a Dealing Arrangement have dealt in the following relevant Dialog securities in the Offer Period, as listed below:

<u>Name</u>	<u>Date of dealing</u>	<u>Highest price paid</u>	<u>Lowest price paid</u>	<u>Nature of interest in relevant Dialog securities</u>	<u>Number of relevant Dialog securities</u>
Richard Beyer . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of his fees are payable in Dialog Shares	574
Alan Campbell . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of his fees are payable in Dialog Shares	432
Michael Cannon . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of his fees are payable in Dialog Shares	433

<u>Name</u>	<u>Date of dealing</u>	<u>Highest price paid</u>	<u>Lowest price paid</u>	<u>Nature of interest in relevant Dialog securities</u>	<u>Number of relevant Dialog securities</u>
Mary Chan . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of her fees are payable in Dialog Shares	418
Joanne Curin . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of her fees are payable in Dialog Shares	280
Nicholas Jeffery . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of his fees are payable in Dialog Shares	239
Eamonn O'Hare . . . . .	5 March 2021	€64.1398	€64.1398	Beneficial. Purchase of shares by Dialog on behalf of Dialog Director under the arrangement whereby a proportion of his fees are payable in Dialog Shares	352

**(d) Interests and Dealings — General**

Save as disclosed in this document, as at the Disclosure Date,

(i) none of:

(a) Renesas;

(b) the Renesas Directors or their respective related parties; or

(c) any person acting in concert with Renesas,

had an interest in, a right to subscribe in respect of, or any short position in relation to relevant Dialog securities, nor had any of the foregoing dealt in any relevant Dialog securities in the Disclosure Period;

(ii) none of:

(a) Dialog; or

(b) the Dialog Directors or their respective related parties,

had an interest in, a right to subscribe in respect of, or any short position in relation to relevant Renesas securities and none of:

(c) the Dialog Directors or their respective related parties; or

(d) any person acting in concert with Dialog,

(e) had an interest in, a right to subscribe in respect of, or any short position in relation to Dialog relevant securities, in the case of each of Renesas and Dialog relevant securities, nor had any of the foregoing dealt in any Dialog relevant securities in the Offer Period and nor had any of Dialog or the Dialog Directors or their respective related parties dealt in any Renesas relevant securities in the Offer Period;

(iii) none of Dialog or any person acting in concert with Dialog has any Dealing Arrangement;

(iv) none of Renesas or any person acting in concert with Renesas has any Dealing Arrangement;

- (v) none of Dialog or any person acting in concert with Dialog has borrowed or lent any relevant Dialog securities (including for these purposes any Financial Collateral Arrangements) in the Disclosure Period, save for any borrowed shares which have been either on-lent or sold; and
- (vi) none of Renesas or any person acting in concert with Renesas has borrowed or lent any relevant Dialog securities (including for these purposes any Financial Collateral Arrangements) in the Disclosure Period, save for any borrowed shares which have been either on-lent or sold.

## 7 Service Contracts and Letters of Appointment of Dialog Directors

The main terms on which Dialog Directors are employed are set out below:

### 7.1 Chairman and Non-Executive Directors

The Chairman and other Non-Executive Directors have entered into letters of appointment with the Company.

The appointment of each of the Non-Executive Directors is for an initial period of three years, after which time their appointments may be renewed for further three year periods. The Non-Executive Directors are subject to re-election by the Company at its annual general meeting in accordance with the Articles, with 1/3 of the Board standing for re-election each year. Any Non-Executive Director who has been on the Board for more than nine years is subject to annual re-election.

The Chairman and other Non-Executive Directors' appointment can be terminated on one month's notice by either party. The letters of appointment contain the usual summary termination provisions. The Chairman and other Non-Executive Directors have no right to compensation on early termination of their office (save for notice, where due).

The following applies in respect of the Chairman and the Non-Executive Directors:

<u>Name</u>	<u>Original appointment date</u>	<u>Expiry of current term</u>	<u>Annual fee<sup>(2)</sup></u>	<u>Committee fees</u>
Rich Beyer . . . . .	14 February 2013	13 February 2022	£235,000	n/a
Alan Campbell . . . . .	30 April 2015	29 April 2021	£170,000	£20,000
Mike Cannon . . . . .	14 February 2013	13 February 2022	£170,000	£11,000
Mary Chan . . . . .	1 December 2016	30 November 2022	£170,000	£19,000
Joanne Curin . . . . .	1 August 2019	31 July 2022	£170,000	£10,000
Nick Jeffery . . . . .	1 July 2016	30 June 2022	£170,000	£14,000
Eamonn O'Hare . . . . .	7 March 2014	6 March 2023	£170,000	£10,000

(2) The annual fee is paid in quarterly instalments and is satisfied in part in cash and in part in Dialog Shares valued at the then prevailing market price.

Subsequent to his appointment as a Non-Executive Director in February 2013, Mr Rich Beyer was appointed as the Chairman of the Board in July 2013.

The annual fee payable to the Chairman and Non-Executive Directors is delivered in a combination of cash and shares in the Company. They are not eligible to participate in any incentive schemes or receive share options.

The Chairpersons of the Audit Committee, Remuneration Committee and Nomination Committee are entitled to an additional fee of £20,000, £16,000 and £6,000 per annum respectively. The Members of the Audit Committee, Remuneration Committee and Nomination Committee are entitled to an additional fee of £10,000, £8,000 and £3,000 per annum respectively.

Dialog has also put in place deed of indemnity with each non-executive director under which they are indemnified, to the extent permitted by law, in respect of certain liabilities incurred by the Directors as a result of their office. Dialog also maintains director's and officer's liability insurance.

The Company will reimburse each Non-Executive Director for reasonable and properly documented expenses incurred in attending Board meetings. The Non-Executive Directors are each subject to confidentiality undertakings.

## 7.2 Chief Executive Officer — Jalal Bagherli

Jalal Bagherli is employed under a service contract with Dialog dated 21 November 2016 under which his current base salary is £515,040. Under the terms of this agreement, Mr Bagherli is entitled to a range of benefits, including an employer pension contribution of 15% of base salary, a car allowance of £10,200 per annum, medical insurance for him and his immediate family, life and disability insurance, paid holiday and assistance with tax filings.

Each year Mr Bagherli is invited to participate in Dialog's annual bonus plan, with a target opportunity of 125% of base salary and a maximum opportunity of 250% of base salary. Any bonus award in excess of 100% of base salary is deferred into shares in Dialog (in the form of nominal-cost options) which normally vest after three years.

Mr Bagherli is also invited to participate in Dialog's Long-Term Incentive Plan under which he is made an annual award of performance shares (in the form of nominal-cost options). The target award is £3 million per annum (with a maximum award of two times target at the date of grant, based on the performance condition). Performance is measured over three years based on performance metrics selected by the Dialog remuneration committee to support Dialog's business strategy. A holding period normally applies to any shares received on exercise for two years from vesting.

The employment may be terminated by either party on not less than 12 months' notice. In the event of termination, the maximum payment due under the service contract is a sum representing base salary, pension contributions and other contractual benefits for the 12 month notice period. At Dialog's discretion, such a payment could be made in lieu of the relevant notice period. In addition, Mr Bagherli would be eligible for a bonus for the period worked to the termination date, subject to performance.

## 7.3 Mr Bagherli's change of control rights

In the event of Mr Bagherli's termination of employment in connection with a change of control in various "good reason" circumstances (for example, the occurrence, without his express written consent, of: a significant reduction of duties, position or responsibilities; a material reduction in his salary or benefits; relocation of his current place of employment by more than 30 miles other than in accordance with his service agreement; any material breach of his service agreement; or any successor corporation's failure to assume the service agreement), Mr Bagherli becomes entitled to the immediate vesting of all outstanding unvested equity based awards in Dialog (or any rolled-over or replacement awards following the change of control). This treatment applies where Mr Bagherli's termination occurs in the period of six months before and two years after a change of control and it will also apply in the event that Dialog terminates his employment without cause during the same period.

7.4 None of the Dialog Directors' service contracts or letters of appointment have been entered into or amended within the six months preceding the date of this document.

## 8 Material Contracts

### 8.1 Dialog material contracts

In addition to the Co-operation Agreement (described in paragraph 9 below), the following contracts have been entered into by Dialog or its subsidiaries otherwise than in the ordinary course of business since 7 February 2019 (being the date two years prior to the start of the Offer Period) and are or may be material:

#### (a) Adesto acquisition

On 20 February 2020, Dialog and Adesto Technologies Corporation ("**Adesto**") entered into an agreement for Dialog to acquire all outstanding shares of Adesto, a leading provider of innovative custom integrated circuits and embedded systems for the Industrial Internet of Things market.

The agreement provided that, among other things and subject to the terms and conditions therein, Dialog would acquire Adesto for US\$12.55 per share in cash, representing an

enterprise value of approximately US\$500 million, funded from Dialog's existing cash balances. The transaction is expected to be EPS accretive<sup>1</sup> for Dialog within the first calendar year following close. Dialog expects annual cost synergies of approximately US\$20 million within the first calendar year of close across the combined company. Dialog also anticipates considerable additional revenue synergies given the complementary nature of the product portfolios and technology.

The Committee on Foreign Investment in the United States completed its review of the transaction on 22 June 2020. The acquisition completed on 29 June 2020.

#### **(b) Creative Chips acquisition**

On 7 October 2019, Dialog and Creative Chips GmbH ("**Creative Chips**") entered into an agreement for Dialog to acquire all outstanding shares of Creative Chips, a supplier of integrated circuits to the Industrial Internet of Things market based in Germany.

The agreement provided that, among other things and subject to the terms and conditions therein, Dialog would acquire Creative Chips for US\$80.0 million in cash and additional consideration of up to US\$23.0 million in cash may be payable contingent on Creative Chips' revenue for 2020 and 2021. On completion, Dialog paid consideration of US\$83.7 million in cash, including US\$3.7 million in respect of Creative Chips' estimated cash, debt and working capital levels in completion. In February 2020, Dialog paid a purchase price adjustment of US\$0.1 million to the sellers reflecting the actual amounts on completion.

The acquisition completed on 31 October 2019.

### **8.2 Renesas material contracts**

In addition to the Co-operation Agreement (described in paragraph 9 below), the following contracts have been entered into by Renesas or its subsidiaries otherwise than in the ordinary course of business since 7 February 2019 (being the date two years prior to the start of the Offer Period) and are or may be material:

#### **(a) Commitment Line Agreement**

Renesas is party to an unsecured and unguaranteed commitment line agreement with MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited. and Resona Bank, Ltd dated 13 July 2020, pursuant to which, the financial institutions agreed to provide a loan to Renesas in the maximum amount of 75 billion yen. The objective of the agreement was to provide Renesas with flexible financing to enable it to meet funding requirements for future business developments and to secure working capital, as well as to improve the stability of Renesas' financial base. Renesas has terminated this agreement with effect from 2 March 2021.

#### **(b) Bridge Facilities Agreement**

Under the terms of the Bridge Facilities Agreement, MUFG Bank, Ltd. and Mizuho Bank, Ltd, have agreed to make available to Renesas a bridge term loan facility in an aggregate amount equal to ¥735,400,000,000 (the "**Bridge Facilities**").

The Bridge Facilities are divided into 4 tranches (Facility A, Facility B, Facility C and Facility D). Facility A, Facility B and Facility C are the main acquisition facilities (with Facility C cash collateralised, to reduce overall interest rate costs) and Facility D is intended as a buffer facility to mitigate potential JPY/EUR foreign exchange rate movements between the date of the Bridge Facilities Agreement and the date of payment of the cash consideration for the Acquisition (given that the Bridge Facilities are denominated in JPY and the cash consideration for the Acquisition is payable in EUR). To provide additional and/or alternative mitigation to any JPY/EUR foreign exchange rate movements, Renesas intends to enter into JPY/EUR foreign exchange rate hedging products on a certain funds basis. Entry into such hedging may allow Renesas to cancel all or part of Facility D.

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<sup>1</sup> Financial performance measures are underlying

The proceeds of loans under the Bridge Facilities are to be applied by Renesas, among other things, towards financing the cash consideration payable by Renesas pursuant to the Acquisition.

The Bridge Facilities are available to be drawn, subject to satisfaction of the conditions precedent set out in the Bridge Facilities Agreement, from the date of the Bridge Facilities Agreement to the last day of the Certain Funds Period (as defined below).

Under the Bridge Facilities Agreement the “**Certain Funds Period**” is defined as meaning the period from (and including) the date of the Bridge Facilities Agreement to and including the earliest to occur of:

- (i) if the Acquisition is intended to be completed pursuant to the Scheme, 11.59 p.m. in London on the date on which the Scheme lapses or is withdrawn in writing, in each case, in accordance with its terms in the Announcement or this document and with the consent of the Takeover Panel (other than (i) where such lapse or withdrawal is as a result of the exercise of Renesas’ right to effect a switch from the Scheme to a contractual offer or (ii) it is otherwise to be followed within ten (10) Business Days (as defined in the Bridge Facilities Agreement, being a day (other than a Saturday or Sunday) on which banks are open for general business in Tokyo) by an announcement by Renesas and/or Renesas to implement the Acquisition by a different contractual offer or scheme of arrangement (as applicable) in accordance with the terms of the Bridge Facilities Agreement);
- (ii) if the Acquisition is intended to be completed pursuant to a contractual offer, 11.59 p.m. in Frankfurt on the date on which the offer lapses, terminates or is withdrawn, in each case, in accordance with its terms in the Announcement or the offer document and with the consent of the Takeover Panel (other than (i) where such lapse or withdrawal is as a result of the exercise of Renesas’ right to effect a switch from the offer to a scheme of arrangement under Part 26 of the Companies Act 2006 proposed by Dialog to its shareholders or (ii) it is otherwise to be followed within ten (10) Business Days (as defined in the Bridge Facilities Agreement, being a day (other than a Saturday or Sunday) on which banks are open for general business in Tokyo) by an announcement by Renesas and/or Renesas to implement the Acquisition by a different contractual offer or scheme of arrangement (as applicable) in accordance with the Bridge Facilities Agreement);
- (iii) the date on which each of the commitments under the Bridge Facilities Agreement have been utilised in full or cancelled in full by Renesas; and
- (iv) 11.59 p.m. in London on the day falling 14 days after the Long Stop Date),

or, in each case, such later time as agreed by Renesas and MUFG Bank, Ltd. and Mizuho Bank, Ltd, (acting reasonably and in good faith).

The Bridge Facilities Agreement contains financial covenants as follows:

- (i) Renesas’ consolidated net worth for any financial year shall be greater than or equal to seventy five (75) per cent. of its consolidated net worth on the previous financial year’s financial year end; and
- (ii) Renesas shall not have negative consolidated operating income or negative consolidated net income for any two consecutive financial years.

The Bridge Facilities Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of security, disposals, merger, change of business, anti-social activities and conduct of any contractual offer and/or scheme of arrangement), indemnities, mandatory prepayments and events of default, each with appropriate carve-outs and materiality thresholds.

The rate of interest payable on each loan drawn under the Bridge Facilities is the aggregate of TIBOR plus:

- (iii) for any loan under Facility A, Facility B or Facility D, 0.75 per cent. per annum, or (for any interest period other than the first interest period) if Renesas’ long-



term credit rating publicized by S&P Global Ratings Japan Inc. or Fitch Ratings Japan Ltd. (whichever is higher) is BB+ or lower) 1.00 per cent per annum; and

- (iv) for any loan under Facility C, 0.03 per cent. per annum.

Arrangement fees, among other fees, are also payable under the terms of the Bridge Facilities Agreement and ancillary documentation.

The maturity date of the Bridge Facilities is the Business Day (as defined in the Bridge Facilities Agreement, being a day (other than a Saturday or Sunday) on which banks are open for general business in Tokyo) immediately prior to 8 February 2022, or such later time as agreed by Renesas and MUFG Bank, Ltd. and Mizuho Bank, Ltd, (acting reasonably and in good faith and taking into account their agreement on an extension of the Certain Funds Period, if applicable), by which date, the Bridge Facilities would need to be replaced and refinanced to the extent not repaid. It is currently contemplated that the amount of the Bridge Facilities outstanding under the Bridge Facilities Agreement will be reduced or refinanced with long-term debt or equity. The Bridge Facilities may also be voluntarily prepaid and/or cancelled at any time on not less than 5 Business Days' (as defined in the Bridge Facilities Agreement, being a day (other than a Saturday or Sunday) on which banks are open for general business in Tokyo) notice (subject to Renesas' obligations to maintain certain funds).

As a condition subsequent under the Bridge Facilities Agreement, Renesas is required to provide security over the shares that it acquires in Dialog pursuant to the Acquisition and to procure that Dialog provides a guarantee of the Bridge Facilities, once it has delisted following the Acquisition.

## **9 Offer-related arrangements**

### **9.1 Confidentiality Agreement**

Renesas and Dialog have entered into a mutual Confidentiality Agreement dated 20 January 2021 pursuant to which each of Renesas and Dialog has undertaken, among other things, to keep confidential information relating to the other party and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation.

This agreement also contains undertakings from Renesas that for a period of 12 months, subject to certain exceptions, Renesas will not solicit or employ any person employed by the Dialog Group who participated in negotiations concerning the Acquisition or holds an executive or managerial position in the Dialog Group.

### **9.2 Confidentiality and Joint Defense Agreement**

Renesas, Dialog and their respective legal counsels have also entered into a Confidentiality and Joint Defense Agreement dated 28 January 2021, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the anti-trust workstream only takes place between their respective legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

### **9.3 Clean Team Confidentiality Agreement**

Renesas and Dialog have entered into a Clean Team Confidentiality Agreement dated 28 January 2021, which sets out how any confidential information that is competitively sensitive can be disclosed, used or shared for the purposes of due diligence, synergies evaluation, planning and integration and anti-trust/regulatory analysis and communications with anti-trust/regulatory authorities. Such commercially sensitive information must only be made available to the party receiving information through designated persons removed from day-to-day commercial/strategic operations and decisions in competing business segments and external professional advisers. The conclusions/findings of such designated persons and the external advisers may only be reported for the specified purposes and provided that report does not disclose such sensitive confidential information or enable the recipient to deduce such information.

#### 9.4 Co-operation Agreement

Renesas and Dialog have entered into a Co-operation Agreement dated 8 February 2021, pursuant to which:

- (a) Renesas has agreed to certain undertakings in connection with securing the regulatory clearances and authorisations necessary to satisfy the Conditions set out in paragraphs 2(a) to (k) (inclusive) of Part IV (*Conditions and Further Terms of the Scheme and the Acquisition*) of this document, as promptly as reasonably practicable; and
- (b) Renesas and Dialog have agreed to certain undertakings to co-operate in relation to such regulatory clearances and authorisations.

The Co-operation Agreement also contains provisions that will apply in respect of the Dialog Share Plans and certain other arrangements regarding employment matters and employee incentives.

The Co-operation Agreement can be terminated, *inter alia*, if: (i) Renesas and Dialog so agree in writing; (ii) the Acquisition, with the permission of the Takeover Panel (where required), is withdrawn, terminated or lapses in accordance with its terms (other than in certain limited circumstances); (iii) the Dialog Board announces that it shall not convene the Dialog General Meeting or the Court Meeting or that it does not intend to publish the Scheme Document; (iv) the Dialog Board announces that it no longer intends to recommend the Acquisition to Dialog Shareholders or otherwise modifies or qualifies its recommendation in a manner adverse to the completion of the Acquisition; (v) prior to the Long Stop Date, a third party competing proposal for Dialog is completed, becomes effective or otherwise is declared or becomes unconditional in all respects; (vi) any Condition is invoked by Renesas prior to the Long Stop Date (where such invocation has been specifically permitted by the Takeover Panel); (vii) after the Scheme has been approved by Dialog Shareholders, the Dialog Board announces that it will not implement the Scheme (other than in connection with a Takeover Offer by Renesas) or a third party announces a competing proposal under the Takeover Code that is recommended by the Dialog Board; or (viii) unless otherwise agreed by Renesas and Dialog in writing or required by the Takeover Panel, if the Effective Date has not occurred by the Long Stop Date.

#### 10 Sources and bases of information

- 10.1 Unless otherwise stated, the financial information on Dialog is extracted from Dialog's annual report and accounts for the financial year to 31 December 2019 and from the unaudited trading update of Dialog in respect of the 13 week period to 31 December 2020 and for the financial year ended 31 December 2020.
- 10.2 As at the Latest Practicable Date, Dialog had in issue 71,268,687 Dialog Shares (which excludes Dialog Shares held in treasury). The International Securities Identification Number for the Dialog Shares is GB0059822006.
- 10.3 The value attributed to Dialog's entire issued and to be issued ordinary share capital as implied by the price of €67.50 per Dialog Share is based on the issued ordinary share capital as at the Latest Practicable Date adjusted for the dilutive effect of options and awards under the Dialog Share Plans and adjusted for the shares held by Dialog's employee benefit trusts (each as at the Business Day prior to the Latest Practicable Date), being:
  - 10.3.1 Dialog's existing issued share capital of Dialog Shares as described in paragraph 10.2 above;
  - 10.3.2 plus a maximum of 4,473,263 Dialog Shares which may be issued on or after the date of this document on the exercise of options and or vesting of awards under the Dialog Share Plans; and
  - 10.3.3 less 3,423,136 Dialog Shares currently held in Dialog's employee benefit trusts and included in the existing issued share capital which may be utilized to satisfy awards under the Dialog Share Plans.

The number of Dialog Shares which may be issued on or after the date of this document on the exercise of options and or vesting of awards under the Dialog Share Plans referred to in paragraph 10.3.2 above excludes approximately 480,000 Dialog Shares in respect of further ordinary course awards granted on or around the Latest Practicable Date (the detailed

calculations in respect of which were not completed on the Latest Practicable Date), and any further ordinary course awards thereafter but prior to completion of the Acquisition.

- 10.4 Unless otherwise stated, all prices quoted for Dialog Shares are Closing Prices and have been derived from FSE.
- 10.5 Volume-weighted average prices have been derived from Bloomberg and have been rounded to the nearest two decimal places.
- 10.6 Exchange rates have been derived from FactSet and have been rounded to the nearest two decimal places.
- 10.7 In this document, the percentage of Dialog Shares that comprise beneficial holdings in Dialog Shares subject to irrevocable undertakings by Dialog Directors in favour of Renesas exclude any Dialog Shares held in treasury.
- 10.8 Underlying EBITDA is a non-IFRS measure that makes certain adjustments to reported EBITDA, including licence and asset transfers to Apple, share-based compensation and related expenses, acquisition-related costs, consumption of the fair value uplift of acquired inventory, consideration accounted for as compensation expense, forfeiture of deferred consideration, corporate transaction costs and integration costs.
- 10.9 Dialog's Underlying EBITDA (non-IFRS measure) for the 12-month period to 31 December 2020 and pro-forma financial metrics, including Renesas' pro-forma non-GAAP gross margin, are based on Dialog's unaudited report for the quarter ending 31 December 2020, Renesas' unaudited report for the quarter ending 31 December 2020 and analysis by Renesas' management.
- 10.10 The exchange rate used for the conversion of USD into JPY is 108.26, derived from FactSet, as at 4.00 p.m. on the Latest Practicable Date.
- 10.11 The exchange rate used for the conversion of USD into GBP is 0.72, derived from FactSet, as at 4.00 p.m. on the Latest Practicable Date.
- 10.12 The exchange rate used for the conversion of EUR into GBP is 0.86, derived from FactSet, as at 4.00 p.m. on the Latest Practicable Date.
- 10.13 The exchange rate used for the conversion of GBP into JPY is 149.56, derived from FactSet, as at 4.00 p.m. on the Latest Practicable Date.

## **11 Incorporation by reference**

- 11.1 Parts of other documents are incorporated by reference in, and form part of, this document.
- 11.2 Part V (*Financial and Ratings Information*) of this document sets out the financial information incorporated by reference into this document.
- 11.3 Any person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference in this document will not be sent to such persons unless requested from Dialog's Registrar, Link Market Services (Frankfurt) GmbH at Mergenthalerallee 15-21, 65760 Eschborn, Germany or by calling the Shareholder Helpline on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Lines are open from 9.00 a.m. to 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany). Calls to the Shareholder Helpline from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. If requested, copies will be provided, free of charge, within two Business Days of request.

## **12 Consent**

Each of J.P. Morgan Cazenove, Qatalyst Partners and Nomura has given and not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.

## **13 Other information**

- 13.1 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangements) between Renesas or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Dialog

or any person interested or recently interested in Dialog Shares, having any connection with or dependence on or which is conditional upon the outcome of the Acquisition.

- 13.2 Except with the consent of the Takeover Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which Renesas may otherwise be or claim to be, entitled against any such Scheme Shareholder.
- 13.3 Save as disclosed in this document, there is no agreement to which Renesas is a party which relates to the circumstances in which it may, or may not, involve a condition to the Scheme.

#### **14 Arrangements**

Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Dialog Shares to be acquired by Renesas will be transferred to any other person, save that Renesas reserves the right to transfer any such shares to any member of the Renesas Group.

#### **15 Fees and expenses**

- 15.1 The aggregate fees and expenses which are expected to be incurred by Renesas in connection with the Acquisition are estimated to amount to between £49,200,000 and £54,400,000 excluding any applicable VAT. This aggregate number consists of the following categories:

15.1.1 financing arrangements: between £19,800,000 and £22,400,000 with the exact fee being dependent on the Effective Date and when drawdown under the Bridge Facilities Agreement is made. Further details relating to the financing of the Acquisition are set out in paragraph 10 of Part II (*Explanatory Statement*) of this document;

15.1.2 financial and corporate broking advice: between £3,700,000 and £5,000,000, the variable component of these fees comprises a success fee payable by Renesas at its discretion;

15.1.3 legal advice: between £3,700,000 and £4,900,000<sup>2</sup>;

15.1.4 accounting advice: approximately £500,000; and

15.1.5 other costs and expenses: approximately £21,600,000 (including stamp duty).

Where fees, costs and expenses are payable in EUR, USD or JPY, they have been converted to sterling for the purposes of this paragraph 15.1 at the exchange rate referred to in paragraph 10 of this Part VII (*Additional Information*).

- 15.2 The aggregate fees and expenses which are expected to be incurred by Dialog in connection with the Acquisition are estimated to amount to between £71,500,000 and £74,000,000 excluding applicable VAT. This aggregate number consists of the following categories:

15.2.1 financial and corporate broking advice: approximately £65,000,000;

15.2.2 legal advice: between £5,500,000 and £7,500,000<sup>3</sup>;

15.2.3 public relations advice: approximately £250,000;

15.2.4 other professional services: between £500,000 and £750,000; and

15.2.5 other costs and expenses: between £250,000 and £500,000.

Where fees, costs and expenses are payable in USD and EUR, they have been converted to sterling for the purposes of this paragraph 15.2 at the exchange rate referred to in paragraph 10 of this Part VII (*Additional Information*).

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<sup>2</sup> Legal fees are estimated as a range as they are charged by reference to hourly rates and, at the Latest Practicable Date, include an estimate of the residual amount of legal work required, *inter alia*, in connection with anti-trust and regulatory filings.

<sup>3</sup> Legal fees are estimated as a range as they are charged by reference to hourly rates and, at the Latest Practicable Date, include an estimate of the residual amount of legal work required, *inter alia*, in connection with anti-trust and regulatory filings.

## **16 No significant change**

Save as disclosed in this document, the Dialog Directors are not aware of any significant change in the financial or trading position of Dialog which has occurred since 31 December 2019, being the date to which Dialog's last audited financial information was published.

## **17 Persons acting in concert**

- 17.1 The persons (other than the Renesas Directors and members of the Renesas Group) who, for the purposes of the Takeover Code, are acting in concert with Renesas are Nomura of 1 Angel Lane, London, EC4R 3AB (connected adviser). Renesas also considers INCJ, Ltd ("**INCJ**") of 21st Floor, Marunouchi Eiraku Building 1-4-1, Marunouchi, Chiyoda-ku Tokyo 100-0005, Japan to be an associated company and, for the purposes of the Takeover Code, INCJ is presumed to be acting in concert with Renesas. Information concerning INCJ is set out in paragraph 4.2 of this Part VII (*Additional Information*).
- 17.2 The persons (other than the Dialog Directors and members of the Dialog Group) who, for the purposes of the Takeover Code, are acting in concert with Dialog are J.P. Morgan Cazenove of 25 Bank Street, Canary Wharf, London, E14 5HP, United Kingdom (connected adviser) and Qatalyst Partners of 52 Conduit Street, London, W1S 2YX, United Kingdom (connected adviser).

## **18 Documents available on website**

Copies of the following documents will be available, free of charge, on Renesas' and Dialog's websites at <https://www.renesas.com/us/en/about/investor-relations/offer-for-dialog> and [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition) respectively during the period up to and including the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is the earlier:

- 18.1 this document;
- 18.2 the Forms of Proxy / Instruction;
- 18.3 the Virtual Meeting Guide;
- 18.4 the memorandum and articles of association of Dialog;
- 18.5 the articles of incorporation of Renesas;
- 18.6 a copy of the articles of association of Dialog as proposed to be amended at the Dialog General Meeting;
- 18.7 the Announcement;
- 18.8 the financial information relating to Dialog referred to in Part A of Part V (*Financial and Ratings Information*) of this document;
- 18.9 the financial information relating to Renesas referred to in Part C of Part V (*Financial and Ratings Information*) of this document;
- 18.10 the material contracts entered into in connection with the Acquisition referred to in paragraph 8.2(b) of this Part VII (*Additional Information*) (being the documents relating to the financing arrangements for the Acquisition);
- 18.11 the irrevocable undertakings referred to in paragraph 5 of this Part VII (*Additional Information*);
- 18.12 the written consents referred to in paragraph 12 of this Part VII (*Additional Information*);
- 18.13 copies of the offer-related arrangements referred to paragraph 9 of this Part VII (*Additional Information*);
- 18.14 template forms of the Rule 15 Letters.

The content of the websites referred to in this document is not incorporated into and does not form part of this document.

## PART VIII DEFINITIONS

<b>Acquisition</b> . . . . .	the proposed all-cash acquisition of the entire issued, and to be issued, share capital of Dialog by Renesas to be effected by means of the Scheme on the terms and subject to the conditions set out in the Announcement and set out in this document or (should Renesas so elect, subject to the consent of the Takeover Panel) by way of the Takeover Offer, and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>Announcement</b> . . . . .	the announcement made by Renesas pursuant to Rule 2.7 of the Takeover Code in connection with the Acquisition dated 8 February 2021
<b>Articles</b> . . . . .	the articles of association of Dialog (as amended)
<b>Authorisations</b> . . . . .	regulatory authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, certifications, permissions or approvals, in each case from, to or with any Relevant Authority
<b>Awards</b> . . . . .	outstanding awards and options granted under the Dialog Share Plans
<b>Blue Form of Proxy / Instruction</b> . . . . .	the blue form of proxy / instruction for use by Dialog Shareholders in relation to the Court Meeting
<b>Bridge Facilities Agreement</b> . . . . .	the bridge facilities agreement between MUFG Bank, Ltd. and Mizuho Bank, Ltd entered into on 8 February 2021
<b>Business Day</b> . . . . .	a day (other than Saturday, Sunday or public holiday in London or Frankfurt) on which banks are open for business in London and Frankfurt
<b>CI or Clearstream Interest</b> . . . . .	an interest in Dialog Shares which is traded and settled through Clearstream
<b>CI Holder</b> . . . . .	the holder of a CI
<b>CI Register</b> . . . . .	the electronic register of CI Holders established and maintained by or on behalf of the Company
<b>Clean Team Confidentiality Agreement</b> . . . . .	the clean team confidentiality agreement between Dialog and Renesas entered into on 28 January 2021
<b>Clearstream</b> . . . . .	the Cascade electronic clearing and settlement system operated by Clearstream Banking AG facilitating the trading, clearing and settlement of securities traded on the FSE and any successor to such system and/or operator
<b>Closing Price</b> . . . . .	the closing middle market price of a Dialog Share on a particular trading day
<b>CMA Phase 2 Reference</b> . . . . .	a reference of the Acquisition to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>Combined Group</b> . . . . .	the enlarged group comprising the Renesas Group and the Dialog Group following completion of the Acquisition
<b>Companies Act 2006</b> . . . . .	the UK Companies Act 2006, as amended from time to time

<b>Conditions</b> . . . . .	the conditions to the Scheme set out in Appendix 1 of the Announcement and Part IV of this document, and <b>Condition</b> means any one of them
<b>Confidentiality Agreement</b> . . . . .	the non-disclosure agreement between Dialog and Renesas entered into on 20 January 2021
<b>Confidentiality and Joint Defense Agreement</b> . . . . .	the confidentiality and joint defense agreement between Dialog and Renesas entered into on 28 January 2021
<b>Co-operation Agreement</b> . . . . .	the co-operation agreement between Dialog and Renesas dated 8 February 2021
<b>Court</b> . . . . .	the High Court of Justice in England and Wales
<b>Court Meeting</b> . . . . .	the meeting(s) of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act 2006, notice of which is set out in Part IX ( <i>Notice of Court Meeting</i> ) in this document, for the purpose of considering and, if thought fit, approving the Scheme and any adjournment of such meeting
<b>Court Order</b> . . . . .	the order of the Court sanctioning the Scheme under section 899 of the Companies Act 2006
<b>Court Sanction Hearing</b> . . . . .	the hearing by the Court to sanction the Scheme at which the Court Order is expected to be granted, or any adjournment thereof
<b>COVID-19 Restrictions</b> . . . . .	the measures implemented by the UK Government from time to time in order to address the COVID-19 pandemic, and which, at the time of publication of this document, include a prohibition on large public gatherings save in certain limited circumstances, together with the associated uncertainty as to any additional and/or alternative measures that may be put in place by the UK Government
<b>Data Room</b> . . . . .	the virtual data room maintained by Datasite and titled “Project Danube”, containing documents and information relating to the Wider Dialog Group
<b>DBP</b> . . . . .	the Dialog Deferred Bonus Plan 2013
<b>Dealing Arrangement</b> . . . . .	an arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the Takeover Code
<b>Dealing Disclosure</b> . . . . .	has the same meaning given to it in Rule 8 of the Takeover Code
<b>Dialog or the Company</b> . . . . .	Dialog Semiconductor Plc
<b>Dialog General Meeting</b> . . . . .	the general meeting of Dialog Shareholders convened in connection with the Scheme, notice of which is set out in Part X ( <i>Notice of General Meeting</i> ) of this document, for the purpose of considering and if thought fit approving the Resolutions, and any adjournment, postponement or reconvention thereof
<b>Dialog Group</b> . . . . .	Dialog and its subsidiaries and subsidiary undertakings
<b>Dialog Shares</b> . . . . .	ordinary shares of £0.10 each in the capital of Dialog (including, where the context requires, CIs), and Dialog Share means any one of them
<b>Dialog Shareholders</b> . . . . .	holders of Dialog Shares (including, where the context requires, CI Holders)
<b>Dialog Share Plans</b> . . . . .	the DBP, ESP and LTIP
<b>Disclosed</b> . . . . .	the information fairly disclosed by, or on behalf of Dialog: (i) in its published annual report and accounts for the period ended 31 December 2019 or in its interim results for the nine month period ended 25 September 2020; (ii) in the Announcement; (iii) in

any other announcement to a regulatory information service (including DGAP being a service of EQS Group AG) by, or on behalf of, Dialog prior to the publication of the Announcement; (iv) in writing prior to the date of the Announcement to Renesas or Renesas' financial, accounting, tax or legal advisers (in their capacity as such); or (v) as otherwise fairly disclosed (including via the Data Room or by granting a right of inspection of a relevant document and whether or not in response to any specific request for information made by any person) to Renesas (or its respective officers, employees, agents or advisers in their capacity as such) prior to the date of the Announcement

<b>Disclosure Period</b> . . . . .	the period commencing 7 February 2020 (being the date 12 months prior to the date of the start of the Offer Period) and ending on the Latest Practicable Date
<b>Effective</b> . . . . .	in the context of the Acquisition: <ul style="list-style-type: none"> <li>(a) if the Acquisition is implemented by way of the Scheme, the Scheme becoming effective in accordance with its terms; or</li> <li>(b) if the Acquisition is implemented by way of a Takeover Offer, such Takeover Offer becoming or being declared unconditional in all respects in accordance with its terms</li> </ul>
<b>Effective Date</b> . . . . .	the date on which the Scheme becomes effective in accordance with its terms
<b>Employee Representatives' Opinion</b> . . . . .	the opinion from the Works Council of Dialog Semiconductor B.V. set out in in the Appendix to this document
<b>ESP</b> . . . . .	the Dialog Employee Share Plan 2013, incorporating the California addendum where applicable
<b>EU Merger Regulation</b> . . . . .	Council Regulation (EC) No 139/2004 (as amended)
<b>Excluded Shares</b> . . . . .	any Dialog Shares which are: <ul style="list-style-type: none"> <li>(a) registered in the name of, or beneficially owned by, Renesas or any member of the Renesas Group; or</li> <li>(b) held by Dialog in treasury,</li> </ul> in each case at any relevant date or time
<b>Financial Conduct Authority or FCA</b> . . . . .	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>Forms of Proxy / Instruction</b>	the Blue Form of Proxy / Instruction and the White Form of Proxy / Instruction
<b>FSE</b> . . . . .	the Frankfurt Stock Exchange (also known as the <i>Frankfurter Wertpapierbörse</i> )
<b>IFRS</b> . . . . .	International Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board (or a predecessor body) and related interpretations issued by the IFRS Interpretations Committee (or a predecessor body)
<b>Latest Practicable Date</b> . . . . .	5 March 2021, being the latest practicable date prior to the date of this document
<b>Long Stop Date</b> . . . . .	21 January 2022 (or such later date as Dialog and Renesas may agree and the Court and the Takeover Panel may allow)



<b>LTIP</b> . . . . .	the Dialog Long Term Incentive Plan 2015, incorporating the California addendum where applicable
<b>Lumi</b> . . . . .	Lumi AGM UK Limited
<b>Meetings</b> . . . . .	the Court Meeting and the Dialog General Meeting
<b>Offer Period</b> . . . . .	the offer period beginning on 7 February 2021 and ending on the earlier of the date on which the Scheme becomes effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Takeover Code may provide or the Takeover Panel may decide)
<b>Opening Position Disclosure</b>	has the same meaning given to it in Rule 8 of the Takeover Code
<b>Overseas Shareholders</b> . . . . .	Dialog Shareholders (or nominees of, or custodians or trustees for Dialog Shareholders) who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or Germany
<b>Performance Awards</b> . . . . .	Awards granted under the LTIP that are subject to performance conditions
<b>Registrar</b> . . . . .	Link Market Services (Frankfurt) GmbH
<b>Registrar of Companies</b> . . . . .	the registrar of companies in England and Wales
<b>Regulatory Information Service</b> . . . . .	DGAP, a service of EQS Group AG, RNS, the news service of London Stock Exchange, or such other regulatory information service that is authorised, approved or otherwise permitted by the German Federal Financial Supervisory Authority (BaFin) from time to time;
<b>Relevant Authority</b> . . . . .	any central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative or fiscal body, authority or court whatsoever in any jurisdiction
<b>Renesas</b> . . . . .	Renesas Electronics Corporation
<b>Renesas Directors or Renesas Board</b> . . . . .	the directors of Renesas at the date of this document
<b>Renesas Group</b> . . . . .	Renesas and its subsidiaries and subsidiary undertakings
<b>R&amp;D</b> . . . . .	research and development
<b>Restricted Jurisdiction</b> . . . . .	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Dialog Shareholders in that jurisdiction
<b>Resolutions</b> . . . . .	the shareholder resolutions to approve the implementation of the Scheme and the amendment of the Articles to be considered at the Dialog General Meeting
<b>Rule 15 Letters</b> . . . . .	the letters to be sent (as a joint communication between Renesas and Dialog) to participants in the Dialog Share Plans in connection with the Acquisition
<b>Scheme</b> . . . . .	the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between Dialog and Dialog Shareholders as set out in Part III ( <i>The Scheme of Arrangement</i> ) of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Dialog and Renesas
<b>Scheme Record Time</b> . . . . .	6.30 p.m. on the Business Day immediately after the date on which the Court makes the Court Order

<b>Scheme Shareholders</b> . . . . .	holders of Scheme Shares whose names appear in the register of members of Dialog at the Scheme Record Time
<b>Scheme Shares</b> . . . . .	Dialog Shares: <ul style="list-style-type: none"> <li>(a) in issue as the date of this document;</li> <li>(b) (if any) issued after the date of this document and prior to the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the holder thereof will be bound by the Scheme, or in respect of which the original or any subsequent holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> and in each case (where the context requires) remaining in issue at the Scheme Record Time, but excluding any Excluded Shares
<b>Significant Interest</b> . . . . .	in relation to an undertaking, a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act 2006) or equivalent, of such undertaking
<b>subsidiary, subsidiary undertaking, associated undertaking and undertaking</b> . . . . .	have the meanings given by the Companies Act 2006
<b>Takeover Code</b> . . . . .	the UK City Code on Takeovers and Mergers issued from time to time by the Takeover Panel
<b>Takeover Offer</b> . . . . .	if (subject to the consent of the Takeover Panel and the terms of this document) the Acquisition is effected by way of a takeover offer as defined in Part 28 of the Companies Act 2006, the offer to be made by or on behalf of Renesas to acquire the issued and to be issued share capital of Dialog on the terms and subject to the conditions to be set out in the related offer document
<b>Takeover Panel</b> . . . . .	the UK Panel on Takeovers and Mergers, or any successor thereto
<b>Third Party</b> . . . . .	any Relevant Authority or professional association, investigative body, works council, employee representative body, or any subdivision, agency, commission or other authority of any of the foregoing or any other equivalent body or person whatsoever in any jurisdiction
<b>Tokyo Stock Exchange</b> . . . . .	Tokyo Stock Exchange, Inc.
<b>UK or United Kingdom</b> . . . . .	the United Kingdom of Great Britain and Northern Ireland
<b>Underlying EBITDA</b> . . . . .	a non-IFRS measure comprising adjustments to reported EBITDA including licence and asset transfers to Apple, share-based compensation and related expenses, acquisition-related costs, consumption of the fair value uplift of acquired inventory, consideration accounted for as compensation expense, forfeiture of deferred consideration, corporate transaction costs and integration costs
<b>US or United States</b> . . . . .	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political subdivision thereof
<b>US Exchange Act</b> . . . . .	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
<b>US GAAP or GAAP</b> . . . . .	Generally Accepted Accounting Principles (United States)

<b>VAT</b> . . . . .	means (i) any value added tax imposed by the VAT Act 1994; (ii) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (iii) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (i) or (ii) above, or imposed elsewhere
<b>Virtual Meeting Guide</b> . . . . .	the guide prepared by Lumi explaining how Dialog Shareholders can remotely access and participate in the Meetings via the Virtual Meeting Platform, which is included with this document and available on Dialog’s website at <a href="http://www.dialog-semiconductor.com/acquisition">www.dialog-semiconductor.com/acquisition</a>
<b>Virtual Meeting Platform</b> . . . . .	the Lumi virtual meeting platform
<b>Voting Record Time</b> . . . . .	the time and date to be specified as such in this document by reference to which entitlement to vote at the Court Meeting or the Dialog General Meeting will be determined
<b>White Form of Proxy / Instruction</b> . . . . .	the white form of proxy / instruction for use by Dialog Shareholders in relation to the Dialog General Meeting
<b>Wider Dialog Group</b> . . . . .	Dialog and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Dialog and all such undertakings (aggregating their interests) have a Significant Interest
<b>Wider Renesas Group</b> . . . . .	Renesas and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Renesas and all such undertakings (aggregating their interests) have a Significant Interest

All references to “Euro” or “€” mean the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty Establishing the European Community, as amended by the Treaty on the European Union.

All references to “£”, “pence”, “penny” and “p” are to the lawful currency of the United Kingdom.

All reference to “JPY”, “JP¥”, “¥” and “yen” are to the lawful currency of Japan.

All references to “US\$”, “\$” and “US Dollars” are to the lawful currency of the United States.

**PART IX  
NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS  
OF ENGLAND AND WALES  
COMPANIES COURT (ChD)  
DEPUTY ICC JUDGE AGNELLO QC**

**CR-2021-000231**

**IN THE MATTER OF DIALOG SEMICONDUCTOR PLC**

—and—

**IN THE MATTER OF THE COMPANIES ACT 2006**

NOTICE IS HEREBY GIVEN that by an Order dated 5 March 2021 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between Dialog Semiconductor Plc (the “**Company**”) and the Scheme Shareholders, and that such meeting shall be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine’s Way, London, E1W 1AA on 9 April 2021 at 2.00 p.m. (London time).

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this Notice forms part. Capitalised terms not otherwise defined in this Notice have the meanings given to them in the document of which this Notice forms part.

Voting on the resolution to approve the Scheme shall be by poll, which shall be conducted as the Chair of the Court Meeting may determine.

**COVID-19 Restrictions**

At the time of publication of this Notice, the UK Government has prohibited large public gatherings, save in certain limited circumstances. In light of these measures, together with the uncertainty as to any additional and/or alternative measures that may be put in place by the UK Government, and in order to protect the health and safety of the Company’s shareholders and directors, we hope that shareholders will understand that Scheme Shareholders, holders of interests in Scheme Shares which are traded and settled through Clearstream (“**CI Holders**”) and other attendees will not be permitted to attend the Court Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum.

Scheme Shareholders and CI Holders are strongly encouraged to instruct the appointment of “the Proxy Agent for the Company” (being Martina Zawadzki, the attorney for Martina Zawadzki or such other person appointed as Proxy Agent by the Company from time to time) as proxy. If any other person is appointed as proxy, he or she will not be permitted to attend the Court Meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the Court Meeting remotely via a virtual meeting platform provided by Lumi AGM UK Limited (the “**Virtual Meeting Platform**”), further details of which are set out below.

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the Court Meeting will be communicated to Scheme Shareholders and CI Holders before the Court Meeting, including through the Company’s website <https://www.dialog-semiconductor.com/investor-relations> and by announcement through a Regulatory Information Service.

**Instructions for accessing the Virtual Meeting Platform**

Scheme Shareholders and CI Holders will be given the opportunity to remotely attend, submit written questions and/or objections and vote at the Court Meeting via the Virtual Meeting Platform.

Scheme Shareholders and CI Holders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefly, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To attend remotely, submit written questions and/or vote using this method, please go to <https://web.lumiagm.com>.

Once you have accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 196-498-742. You will then be prompted to enter your unique Shareholder Reference Number (“**SRN**”) and PIN. These can be found printed on the Forms of Proxy / Instruction enclosed with this Notice. Please note that only one person will be able to access the Virtual Meeting Platform per SRN. Access to the Court Meeting via the website will be available from 1.45 p.m. (London time) on 9 April 2021, as further detailed below. If you are unable to access your SRN and PIN, please call Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Access to the Court Meeting will be available from 1.45 p.m. (London time) on 9 April 2021, although the voting functionality will not be enabled until the Chair of the Court Meeting declares the poll open. Scheme Shareholders and CI Holders will be permitted to submit written questions (via the Virtual Meeting Platform) to the Dialog Directors during the course of the Court Meeting and can use the same function to submit any written objections they may have to the Scheme. The Chair of the Court Meeting will ensure that all such questions and/or any objections relating to the formal business of the Court Meeting are addressed during the Court Meeting, unless no response is required to be provided under the Companies Act 2006 or the provision of a response would, at the Chair’s discretion, otherwise be undesirable in the interests of the Company or the good order of the Court Meeting.

During the Court Meeting, you must ensure you are connected to the internet at all times in order to submit written questions and/or any objections and vote when the Chair commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the Court Meeting via your wireless or other internet connection. The Virtual Meeting Guide (included with this document) contains further information on remotely accessing and participating in the Court Meeting via the Virtual Meeting Platform and is available on Dialog’s website at [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition).

### **Right to and Procedure for Appointment of Proxy**

Scheme Shareholders and CI Holders are strongly encouraged to submit proxy appointments and instructions for the Court Meeting as soon as possible, using any of the methods set out below. Scheme Shareholders and CI Holders are also strongly encouraged to appoint or instruct “the Proxy Agent for the Company” (being Martina Zawadzki, the attorney for Martina Zawadzki or such other person appointed as Proxy Agent by the Company from time to time) to effect their votes. If any other person is appointed as proxy, he or she will not be permitted to attend the Court Meeting in person, but will be able to attend, submit written questions and/or any objections and vote at the Court Meeting remotely via the Virtual Meeting Platform as described above.

The completion and return of the Blue Form of Proxy / Instruction by post, by email or by fax (or transmission of voting instructions by email) will not prevent you from remotely attending, submitting written questions and/or any objections and voting at the Court Meeting, in each case via the Virtual Meeting Platform, if you are entitled to and wish to do so.

### **(c) Sending Blue Form of Proxy / Instruction by post, by email or by fax**

A Blue Form of Proxy / Instruction for use in connection with the Court Meeting is enclosed with this Notice. Instructions for its use are set out on the form. It is requested that the Blue Form of Proxy / Instruction (together with any power of attorney or authority, if any, under which it is signed, or a duly certified copy thereof) be returned to: (i) by post to Dialog Semiconductor Plc, c/o Art of Conference — Martina Zawadzki, Postfach 11 06, D-71117 Grafenau, (ii) by emailing a scanned copy to: [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de), or (iii) by fax to +49 711 470 9713, so as to be received as soon as possible and ideally no later than 2.00 p.m. (London time) on 7 April

2021 (or, in the case of an adjournment of the Court Meeting, 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time of the adjourned meeting).

If the Blue Form of Proxy / Instruction for the Court Meeting is not lodged by the relevant time, it may be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting.

#### **(d) Email instructions**

As an alternative to completing and returning the printed Forms of Proxy / Instruction, CI Holders may also give instructions as to how they would like some or all of the Scheme Shares to which their CIs relate voted at the Court Meeting by email. Any such email instruction must set out the CI Holder's unique SRN, the number of Scheme Shares to which the instruction relates (failing which it will be deemed to relate to the entire holding to which the SRN relates) and the way in which such Scheme Shares are to be voted. Any such email instruction must be received at the following email address [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant meeting or any adjournment thereof. If the email instruction is not received by this time, the Blue Form of Proxy / Instruction (or an email instruction in accordance with this paragraph) may still be emailed to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) any time prior to the commencement of the Court Meeting or any adjournment thereof.

Scheme Shareholders and CI Holders are entitled to appoint a proxy / give a voting instruction in respect of some or all of their shares. A space has been included in the Blue Form of Proxy / Instruction to allow Scheme Shareholders and CI Holders to specify the number of shares in respect of which that proxy / instruction is given. Scheme Shareholders and CI Holders who return the Blue Form of Proxy / Instruction duly executed but which leave this space blank shall be deemed to have provided their instruction in respect of all their Scheme Shares (or, as the case may be CIs).

Scheme Shareholders and CI Holders who wish to instruct the appointment of more than one proxy in respect of their shareholding should contact Martina Zawadzki by email at [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) for further Blue Forms of Proxy / Instruction. Such Scheme Shareholders should also read the information regarding the appointment of multiple proxies set out on the Blue Form of Proxy / Instruction.

#### **Voting Record Time**

Entitlement to attend (remotely, via the Virtual Meeting Platform) and vote (remotely, via the Virtual Meeting Platform, or by proxy / instruction) at the Court Meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members and register of CI Holders of the Company at 6.30 p.m. (London time) on the day which is two business days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded.

#### **Joint Holders**

In the case of joint holders of Scheme Shares or joint CI Holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members or of CI Holders of the Company in respect of the joint holding (the first-named being the most senior).

By the said Order, the Court has appointed Jalal Bagherli or, failing him, any other director of the Company, or, failing them, the Company Secretary, to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement shall be subject to the subsequent sanction of the Court.

Dated 8 March 2021

LINKLATERS LLP  
One Silk Street  
London EC2Y 8HQ  
*Solicitors for the Company*

### **Nominated Persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights ("**Nominated Person**") may have a right, under an agreement between them and the shareholder by whom they were nominated, to be appointed (or to have someone else appointed) as a proxy for the Court Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

**PART X**  
**NOTICE OF GENERAL MEETING**  
**DIALOG SEMICONDUCTOR PLC**

*(Registered in England and Wales with registered number 03505161)*

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company shall be held at Reynolds Porter Chamberlain LLP, Tower Bridge House, St Katharine's Way, London, E1W 1AA on 9 April 2021 at 2.15 p.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

**SPECIAL RESOLUTION**

THAT:

- (1) for the purpose of giving effect to the scheme of arrangement dated 8 March 2021 (the "**Scheme**") between the Company and its Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman thereof, in its original form or subject to any modification, addition or condition agreed by the Company and Renesas Electronic Corporation ("**Renesas**") and approved or imposed by the Court, the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (2) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 167:

**"167 SCHEME OF ARRANGEMENT**

- (a) In this Article, the "**Scheme**" means the scheme of arrangement dated 8 March 2021 between the Company and its Scheme Shareholders (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and Renesas Electronics Corporation ("**Renesas**") and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (b) Notwithstanding any other provision of these Articles or the terms of any other resolution passed by the Company in any general meeting, if the Company issues or transfers out of treasury any Ordinary Shares (other than to Renesas or its nominee(s)) on or after the adoption of this Article and before the Scheme Record Time, such shares shall be issued or transferred subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the holders of such shares shall be bound by the Scheme accordingly.
- (c) Subject to the Scheme becoming Effective, if any Ordinary Shares are issued or transferred out of treasury to any person (a "**New Member**") (other than to Renesas or its nominee(s)) on or after the Scheme Record Time (the "**Post-Scheme Shares**"), they shall be immediately transferred to Renesas (or as it may direct) in consideration of the payment to the New Member of an amount in cash for each Post-Scheme Share equal to the cash consideration per Scheme Share payable pursuant to the Scheme.
- (d) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) effected after the Scheme Effective Date, the value of the cash payment per share to be paid under paragraph (c) of this Article may be adjusted by the Directors in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to Ordinary Shares shall, following such adjustment, be construed accordingly.
- (e) To give effect to any transfer of Post-Scheme Shares, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to Renesas and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Post-Scheme Shares in Renesas or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as Renesas may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in



accordance with the directions of Renesas) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by Renesas. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member in favour of Renesas and/or its nominee(s) and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register Renesas and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. Renesas shall send a cheque in Euro drawn on a German / UK clearing bank in favour of the New Member for the consideration for such Post-Scheme Shares to the New Member within ten business days of the issue or transfer of the Post-Scheme Shares to the New Member.

- (f) Notwithstanding any other provision of these Articles, neither the Company nor the Directors shall register the transfer of any Scheme Shares between the Scheme Record Time and the Effective Date.”.

By order of the Board

8 March 2021

Colin Sturt  
*General Counsel*

*Registered office*  
Tower Bridge House,  
St Katharine's Way,  
London, E1W 1AA,  
United Kingdom

## Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at the Dialog General Meeting or to appoint someone else to vote on your behalf.

### 1. COVID-19 Restrictions

The Dialog Board notes the measures issued by the UK Government in view of the ongoing COVID-19 pandemic. At the time of publication of this document, the UK Government has prohibited large public gatherings, save in certain limited circumstances. In light of these measures, together with the uncertainty as to any additional and/or alternative measures that may be put in place by the UK Government, and in order to protect the health and safety of the Company's shareholders and directors, we hope that shareholders will understand that Dialog Shareholders and other attendees will not be permitted to attend the Dialog General Meeting in person, save for the Chair and anyone else nominated by the Chair in order to establish a quorum.

Dialog Shareholders are strongly encouraged to appoint / instruct "the Proxy Agent for the Company" to effect their votes. If any other person is appointed as proxy, he or she will not be permitted to attend the Dialog General Meeting in person, but will be able to attend, submit written questions and vote at the Dialog General Meeting remotely via a virtual meeting platform provided by Lumi AGM UK Limited (the "**Virtual Meeting Platform**"), further details of which are set out below and in the Virtual Meeting Guide (included with this document).

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of shareholder meetings during the affected period. Any changes to the arrangements for the Dialog General Meeting will be communicated to Dialog Shareholders before the Dialog General Meeting, including through the Company's website <https://www.dialog-semiconductor.com/investor-relations> and by announcement through a Regulatory Information Service.

### 2. Instructions for accessing the Virtual Meeting Platform

Dialog Shareholders will be given the opportunity to remotely attend, submit written questions and vote at the Dialog General Meeting via the Virtual Meeting Platform.

Dialog Shareholders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer v. 10 and below are not supported), Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To remotely attend, submit written questions and/or vote using this method, please go to <https://web.lumiagm.com>.

Once you have accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 196-498-742. You will then be prompted to enter your unique Shareholder Reference Number ("**SRN**") and PIN. These can be found printed on the Forms of Proxy / Instruction. Please note that only one person will be able to access the Virtual Meeting Platform per SRN. Access to the Dialog General Meeting via the website will be available from 1.45 p.m. (London time) on 9 April 2021, as further detailed below. If you are unable to access your SRN and PIN, please call Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Access to the Dialog General Meeting will be available from 1.45 p.m. on 9 April 2021, although the voting functionality will not be enabled until the Chair of the Dialog General Meeting declares the poll open. Dialog Shareholders will be permitted to submit written questions (via the Virtual Meeting Platform) to the Dialog Directors during the course of the Dialog General Meeting. The Chair of the Dialog General Meeting will ensure that all such questions relating to the formal business of the Dialog General Meeting are addressed during the Dialog General Meeting, unless no response is required to be provided under the Companies Act 2006 or the provision of a response would, at the Chair's discretion, otherwise be undesirable in the interests of the Company or the good order of the Dialog General Meeting.

During the Dialog General Meeting, you must ensure you are connected to the internet at all times in order to submit written questions and vote when the Chair commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the Dialog General Meeting via your wireless or other internet connection. The Virtual Meeting Guide (included with this document) contains further information on remotely accessing and participating in the Dialog General Meeting via the Virtual Meeting Platform and is available on Dialog's website at [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition).

### **3. Entitlement to attend and vote**

Entitlement to attend (remotely, via the Virtual Meeting Platform) and vote (remotely, via the Virtual Meeting Platform, or by proxy / instruction) at the Dialog General Meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members and register of CI Holders of the Company at 6.30 p.m. (London time) on the day which is two days before the date of the Dialog General Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded.

### **4. Appointment of proxies**

Dialog Shareholders are strongly encouraged to submit proxy appointments and instructions for the Dialog General Meeting as soon as possible, using any of the methods (by post, by email or by fax) set out below. Dialog Shareholders are also strongly encouraged to instruct the appointment of "the Proxy Agent of the Company" as their proxy. If any other person is appointed as proxy, he or she will not be permitted to attend the Dialog General Meeting in person, but will be able to attend, submit written questions vote at the Dialog General Meeting remotely via the Virtual Meeting Platform as described above.

The completion and return of the White Form of Proxy / Instruction by post, email or fax (or transmission of a voting instruction by email) will not prevent you from remotely attending, submitting written questions and voting at the Dialog General Meeting via the Virtual Meeting Platform as described above and the Virtual Meeting Guide (included with this document), if you are entitled to and wish to do so.

#### **(a) Sending Forms of Proxy / Instruction by post, by email or by fax**

Dialog Shareholders will receive a White Form of Proxy / Instruction for the Dialog General Meeting. Please complete and sign the White Form of Proxy / Instruction in accordance with the instructions printed on them and return them to Dialog Semiconductor Plc c/o Art-of-Conference — Martina Zawadzki, either (i) by post to Postfach 11 06, D-71117 Grafenau, (ii) by emailing a scanned copy to [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de), or (iii) by fax to +49 711 470 9713, so as to be received as soon as possible and in any event not later than 2.00 p.m. (London time) on 7 April 2021 or, if the Dialog General Meeting is adjourned, not later than 48 hours (excluding any part of such 48 hours period falling on a non-working day) before the time fixed for the adjourned meeting.

If the White Form of Proxy / Instruction for the Dialog General Meeting is not lodged by the relevant time, it will be invalid.

#### **(b) Email instructions**

As an alternative to completing and returning the printed White Form of Proxy / Instruction, Dialog Shareholders may also instruct how they would like some or all of their Dialog Shares to be voted at the Dialog General Meeting by email. Any such email instruction must set out the Dialog Shareholder's unique Shareholder Reference Number or SRN (which can be found printed on the White Form of Proxy / Instruction), the number of Dialog Shares to which the instruction relates (failing which it will be deemed to relate to the entire holding to which the SRN relates) and the way in which such Dialog Shares are to be voted. Any such email instruction must be received at the following email address [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) not later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the Dialog General Meeting or any adjournment thereof.

## **Partial and multiple voting instructions**

As a Dialog Shareholder, you are entitled to appoint a proxy / give a voting instruction in respect of some or all of your shares. A space has been included in the White Form of Proxy / Instruction to allow you to specify the number of shares in respect of which that proxy / instruction is made. White Forms of Proxy / Instruction duly executed but which leave this space blank shall be deemed to have made their appointment / instruction in respect of all shares.

You may instruct the appointment of the proxy agent appointed by the Company (“**Proxy Agent**”). The Proxy Agent will be Martina Zawadzki, the attorney for Martina Zawadzki or such other person appointed as the Proxy Agent by the Company from time to time.

If you wish to instruct the appointment of more than one proxy in respect of your shareholding you should contact Martina Zawadzki by email at [dialog\\_cm\\_gm@art-of-conference.de](mailto:dialog_cm_gm@art-of-conference.de) for further White Forms of Proxy / Instruction.

## **5. Joint Holders**

In the case of joint holders of shares or joint CI Holders, the vote of the senior who tenders a vote, whether remotely or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members or of CI Holders of the Company in respect of the joint holding (the first-named being the most senior).

## **6. Votes to be taken by a poll and results**

At the Dialog General Meeting voting on the Special Resolution will be by poll. The results of the polls will be announced through a Regulatory Information Service and published on the Company’s website as soon as reasonably practicable following the conclusion of the Dialog General Meeting.

## **7. Nominated Persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (“**Nominated Person**”) may have a right, under an agreement between them and the shareholder by whom they were nominated, to be appointed (or to have someone else appointed) as a proxy for the Dialog General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 4 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

## **8. Website providing information regarding the Dialog General Meeting**

Information regarding the Dialog General Meeting, including information required by section 311A of the Act, and a copy of this Notice may be found on the Company’s website at [www.dialog-semiconductor.com/acquisition](http://www.dialog-semiconductor.com/acquisition).

## **9. Issued share capital and total voting rights**

As at 5 March 2021 (being the Latest Practicable Date prior to the publication of this Notice) the Company’s issued share capital consisted of 71,268,687 ordinary shares of 10 pence each, carrying one vote each (excluding 5,413,452 shares held in treasury). Therefore, the total voting rights in the Company as at 5 March 2021 were 71,268,687 votes.

## **10. Further questions and communication**

Under section 319(a) of the Companies Act 2006, any shareholder attending the Dialog General Meeting has the right to ask questions. As set out in paragraph 1 above, Dialog Shareholders will be permitted to submit written questions (via the Virtual Meeting Platform) to the Dialog Directors during the course of the Dialog General Meeting. The Chair of the Dialog General Meeting will ensure that all such questions relating to the formal business of the Dialog General Meeting are addressed during the Dialog General Meeting, unless no response is required to be provided under the Companies

Act 2006 or the provision of a response would, at the Chair's discretion, otherwise be undesirable in the interests of the Company or the good order of the Dialog General Meeting.

Dialog Shareholders who have any queries about the Dialog General Meeting should contact the Shareholder Helpline operated by Link Market Services (Frankfurt) GmbH between 9.00 a.m. and 5.00 p.m. (Frankfurt time) Monday to Friday (except public holidays in Germany) on 06196 8870 555 (from within Germany) or +49 (0) 6196 8870 555 (if calling from outside of Germany). Calls from outside Germany will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that Link Market Services (Frankfurt) GmbH cannot provide advice on the merits of the Acquisition or the Scheme or give any financial, legal or tax advice.

Dialog Shareholders may not use any electronic address or fax number provided in this Notice or in any related documents to communicate with the Company for any purpose other than those expressly stated. Any electronic communications, including the lodgement of any electronic proxy form, received by the Company, or its agents, that is found to contain any virus will not be accepted.

## **APPENDIX EMPLOYEE REPRESENTATIVES' OPINION**

The following has been provided pursuant to Rule 25.9 of the U.K. City Code on Takeovers and Mergers (“**Code**”).

This document represents the opinion of the Works Council (“**WC**”) of Dialog Semiconductor B.V. in The Netherlands, a wholly owned subsidiary of Dialog Semiconductor Plc. (“**Dialog Semiconductor**”) on the announcement dated 8 February 2021 (“**Announcement**”) of the recommended cash acquisition by Renesas Electronics Corporation (“**Renesas**”) of the entire issued and to be issued share capital of Dialog (“**Acquisition**”), to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006 (“**Offer**”).

### ***Introduction***

The WC of Dialog Semiconductor B.V. is set up under Dutch law (Wet op de ondernemingsraden, WOR) and is an appropriate representative body in accordance with Rule 25.9 of the Code.

The purpose of this document is for the WC to provide an opinion to Dialog Semiconductor shareholders on the potential effect of the Acquisition on the employment of Dialog Semiconductor employees.

The WC’s opinion is based solely on information provided in the Announcement and internal discussions with the Dialog Semiconductor Executive Team. There has not yet been any contact with representatives from Renesas.

### ***Summary***

The WC is not opposed to the Acquisition in principle and advises positively on the Announcement in that:

- It is stated that “As part of its long-term global strategy, Renesas intends to leverage Dialog’s expertise in designing high-performance analog and mixed-signal semiconductor devices and its strong customer relationships into a center of excellence of the Combined Group, focused on innovation and development in Europe and the United States.” and that Renesas “does not expect the Acquisition to result in a material impact on the research and development functions of either Dialog or Renesas.”
- It is stated that “Renesas attaches tremendous importance to the skill, knowledge and expertise of Dialog’s employees and management and recognises their important contribution to Dialog’s success.” and that “...existing contractual and statutory employment rights of Dialog’s employees will be fully observed in accordance with applicable law.”
- Although Renesas expects “...limited headcount reductions ..., with no more than a single digit percentage headcount reduction impacting the Dialog business”, the WC appreciates the upfront clarity on this. We trust Renesas’ high standards and culture of respect, and its commitment to a comprehensive, careful, fair and respectful approach to this (including appropriate engagement and consultation with employees and employee representatives), as well as its commitment to severance arrangements and terms.

### ***Opinion***

#### ***Employee Representative Bodies***

The WC would like to emphasise the constructive and productive relationship that it has with both the local Dialog Semiconductor senior leadership, as well as the Dialog Semiconductor Executive Team. The WC is hopeful that Renesas understands the very positive nature of this relationship and hopes this positive relationship will be maintained.

#### ***Headcount***

The WC welcomes Renesas’ recognition that “Renesas attaches tremendous importance to the skill, knowledge and expertise of Dialog’s employees and management and recognises their important contribution to Dialog’s success.” and that “Renesas does not intend to make any material changes to the balance of skills and functions of employees and management of the Combined Group” and that

“Based on preliminary diligence, whilst Renesas anticipates R&D savings, it does not expect the Acquisition to result in a material impact on the research and development functions of either Dialog or Renesas.”.

The WC does raise a concern about Renesas’ statement that “Renesas expects the Acquisition to result in limited headcount reductions across the Combined Group, with no more than a single digit percentage headcount reduction impacting the Dialog business” and that “Renesas expects the majority of these synergies to be in the sales, general and administrative business functions of the Combined Group, although a greater proportion are likely to be in Dialog’s head office, corporate and support functions which overlap with Renesas’ existing functions.” In this respect the WC would like to call on Renesas to avoid dismissals or forced redundancies to the greatest extent possible.

Finally, where dismissals or forced redundancies might be unavoidable, the WC acknowledges the comprehensive, careful and diligent approach to this as voiced by Renesas, including the commitment to appropriate engagement and consultation with employees and employee representatives, as well as the commitment to severance arrangements and terms.

#### *Terms and Conditions*

The WC finds it reassuring that Renesas has confirmed that “following completion of the Acquisition, the existing contractual and statutory employment rights of Dialog’s employees will be fully observed in accordance with applicable law”.

On the statement “Furthermore, until 31 December 2022, Renesas will maintain base salary or wage rates and cash allowances, provide substantially comparable cash incentive compensation and long-term incentive compensation opportunities, and provide a benefits package which is at least substantially comparable in the aggregate to existing benefits arrangements.”, the WC would like to voice its expectation that the company would continue to do so and continue to offer an attractive and market-conform compensation and benefits package also after the aforementioned date.

#### *Shares and incentives*

In relation to the statement that “Renesas has not entered into and has not had discussions on proposals to enter into, any new incentivisation arrangements with members of Dialog’s management or any of its employees”, the WC has found it hard to comment on the impact to the existing Dialog Semiconductor share plans until the details of the upcoming proposals are known. The WC hopes that Renesas understands the importance of the existing schemes and plans to Dialog Semiconductor employees and their anticipation of upcoming proposals from Renesas.

#### *Continuing Process*

Finally, the WC looks forward to continuing its constructive and positive relationship on topics directly concerning employees as well as business-related and organisational matters with company management at all levels under the Renesas family of companies.

The Works Council of Dialog Semiconductor B.V.

25 February 2021