



Renesas and Dialog Semiconductor to Join Forces to Advance Global Leadership in Embedded Solutions

Key Transaction Highlights:

- Acquisition of Dialog's low-power technologies and connectivity expertise centered around its mixed-signal integrated circuits (ICs) adds complementary product lines, strengthening Renesas' global footprint across large, high-growth markets in the IoT, industrial and automotive fields,
- Expected to result in incremental revenue growth of approximately 200 million USD (non-GAAP operating income, approximately 21.0 billion yen) from cross selling and access to fast-growing industries alongside continued innovation of solution offerings; expects cost savings from operational efficiencies to result in a financial impact of approximately 125 million USD (non-GAAP operating income per year on a run rate basis, approximately 13.1 billion yen),
- EUR 67.50 per share in cash to be paid for all Dialog outstanding shares (on a fully diluted basis), equivalent to a total equity value of approximately EUR 4.9 billion,
- Expected to be accretive to Renesas' non-GAAP gross margin, and EBITDA after closing and to close by the end of 2021.

TOKYO, Japan, February 8, 2021 JST | LONDON, United Kingdom, February 8, 2021— Renesas Electronics Corporation ("Renesas", TSE: 6723), a supplier of advanced semiconductor solutions, and Dialog Semiconductor Plc ("Dialog", [XETRA:DLG](#)), a provider of power management, charging, AC/DC power conversion, Wi-Fi and Bluetooth® low energy (BLE) technology, today announced they have reached an agreement on the terms of a recommended all-cash acquisition by Renesas of the entire issued and to be issued share capital of Dialog (the "Acquisition") for EUR 67.50 per share, representing a total equity value of approximately EUR 4.9 billion (approximately 615.7 billion yen).

Dialog is an innovative provider of highly-integrated and power-efficient mixed-signal ICs for a broad array of customers within IoT, consumer electronics and high-growth segments of automotive and industrial end-markets. Centered around its low-power and mixed-signal expertise, Dialog brings a wide range of product offerings including battery and power management, power conversion, configurable mixed-signal (CMIC), LED drivers, custom mixed-signal ICs (ASICs), and automotive power management ICs (PMICs), wireless charging technology, and more. Dialog also offers broad and differentiated BLE, WiFi and audio system-on-chips (SoCs) that deliver advanced connectivity for a wide range of applications; from smart home/building automation, wearables, to connected medical. All these systems complement and expand Renesas' leadership portfolio in delivering comprehensive solutions to improve performance and efficiency in high-computing electronic systems.

"The transaction we announced today represents our next important step in catapulting Renesas' growth plan to achieve substantial strategic and financial benefits, following our previous acquisitions," said Hidetoshi Shibata, President and CEO of Renesas. "Dialog has a strong culture of innovation along with excellent customer relationships and serves fast growing areas including IoT, industrial and automotive. By bringing Dialog's talented team and

expertise into Renesas, together, we will accelerate innovation for customers and create sustainable value for our shareholders.”

“For several years, we have successfully executed on a diversification strategy that positions Dialog for high-growth,” said Dr. Jalal Bagherli, CEO of Dialog. “We have built a strong foundation of high-performance analog and power efficient mixed-signal expertise, extended our product portfolio and applied our technologies into markets including 5G, wearables, automotive, smart home, connected medical and industrial IoT. This compelling platform – combined with Renesas’ leading embedded compute, analog and power portfolio – creates even greater growth opportunities in today’s increasingly connected world. The Dialog team is excited to join forces with Renesas. The combined company will be in an even stronger position to provide innovative products for these markets, building on Renesas’ extensive sales, distribution and customer support capabilities.”

Strategic and Financial Rationale

The acquisition announced today 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’ microcontroller (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 contactless 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 announced today 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” lineup 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 lineup and to strengthen its kit solution offerings that combine its MCUs, SoCs and analog products. At the same time as the closing of IDT acquisition, Renesas began capitalizing on the integration by offering “Winning Combinations”, 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 200 million USD (non-GAAP operating income, approximately 21.0 billion yen) from cross selling and access to fast-growing industries alongside continued innovation of solution offerings; expects cost savings from operational efficiencies to result in a financial impact of approximately 125 million USD (non-GAAP operating income per year on a run rate basis, approximately 13.1 billion yen). Renesas anticipates the cost savings to realize in approximately 3 years after closing, and revenue growth to realize in approximately 4 to 5 years after closing. Dialog’s underlying EBITDA (non-IFRS measure) for the 12-month period to 25 September 2020 was equivalent to 35.5 billion yen. Had the transaction been effective throughout that period, Renesas’ non-GAAP gross margin would have been approximately 0.6 percentage points higher.

Additional Transaction Details

Under the terms of the agreement, Renesas will pay EUR 4.9 billion in cash for all the issued and to be issued share capital of Dialog at a price per share of EUR 67.50. The offer price corresponds to a 20.3 percent premium to Dialog’s closing price of EUR 56.12 on February 5, 2021, being the last business day before the date of this announcement. Renesas plans to finance the transaction with bank loans of approximately 735.4 billion yen (Note).

The transaction has been unanimously approved by the boards of directors of both companies and is expected to close by the end of calendar year 2021. The transaction will be structured as a court-approved scheme of arrangement under the UK Companies Act 2006 and Dialog is expected to send the necessary documentation to its shareholders for the purposes of seeking their approval for the transaction within 28 days of this announcement. Completion of the transaction is subject to approval by Dialog shareholders as well as regulatory approvals and other customary closing conditions.

(Note) Renesas plans to raise equity finance by issuing new shares. Depending on the timing or other conditions of the equity finance, it is entirely possible that the portion of the aforementioned bank loans may not take place and instead funds procured through equity finance by way of issuance of new shares may be used as the payment for the Acquisition.

Advisors and counsel

Nomura International Plc. is serving as financial advisors to Renesas; Covington & Burling LLP and Nagashima Ohno & Tsunematsu are serving as Renesas’ legal counsel. J.P. Morgan and Qatalyst Partners are serving as financial advisors to Dialog; Linklaters LLP are serving as Dialog’s legal counsel.

(Note) Figures in this press release are calculated at the rate as of February 3, 2021: 105 yen per dollar and 126 yen per Euro.

Zoom Webcast information

Renesas and Dialog management will host a Zoom webinar to discuss details of the transaction at 9:00 a.m. Greenwich Mean Time / 6:00 p.m. Japan Time today. Shareholders, analysts, investors and media are invited to join the live webcast by registering using the following link: https://zoom.us/webinar/register/WN_yUyW0sO3Ry6gpOKxMYh7FQ. A recording and the accompanying presentation relating to the transaction will be available on the investor relations section of the Renesas website at [After registering](#), you will receive a confirmation email containing details to access the webinar via conference call or webcast.

About Renesas Electronics Corporation

Renesas Electronics Corporation (TSE: 6723) 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. Learn more at [renesas.com](https://www.renesas.com).

About Dialog Semiconductor

Dialog Semiconductor is an innovative provider of integrated circuits (ICs) that power mobile devices, consumer Internet of Things and Industry 4.0 applications. Dialog 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 is headquartered in the United Kingdom with a global sales, R&D and marketing organization. For the year ending 31 December 2019, it reported 1.42 billion USD in revenue and underlying operating profit of 324 million USD. It currently has approximately 2,300 employees worldwide. The company is listed on the Frankfurt Stock Exchange (FWB: DLG). For more information, visit www.dialog-semiconductor.com.

Cautionary note regarding forward-looking statements

This announcement 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 Renesas and/or Dialog and/or the combined group following completion of the Acquisition and certain plans and objectives of Renesas 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 Renesas and/or Dialog (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 announcement 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 prove 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 announcement.

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 announcement. Neither Renesas nor Dialog 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 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 materializes 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 announcement will actually occur.

Except as expressly provided in this announcement, 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.

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