

## **Renesas Electronics Expects to Record a Loss on the Deposited Receivables—No Immediate Impact on the Rating**

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the projection of Renesas Electronics Corporation (security code: 6723) to record a loss resulting from signing a Restructuring Support Agreement with Wolfspeed, Inc.

- (1) Having entered into the silicon carbide wafer supply agreement with Wolfspeed, Inc. ("Wolfspeed"), Renesas Electronics Corporation (the "Company") has provided a deposit (the "Deposit") of approximately 301.1 billion yen to Wolfspeed. However, in response to Wolfspeed's disclosure that it may implement a transaction through an in-court solution, the Company subsequently entered into the Restructuring Support Agreement among Wolfspeed and Wolfspeed's principal creditors. The Deposit is slated to be converted into convertible notes, common stock and warrants issued by Wolfspeed, as a result of which the Company expects to record a loss on the deposited receivables. The timing and amount of the loss to be recorded are yet to be determined, but the Company has expressed that there is a possibility of recording a loss of approximately 250.0 billion yen in the financial statements for the six months ending June 2025.
- (2) The Company's finances are expected to deteriorate because of the aforementioned loss. However, given that equity attributable to owners of parent as of the end of the first quarter of the fiscal year ending December 2025 (FY2025) amounts to as much as 2,317.5 billion yen, the Company will likely maintain a certain level of financial strength even in the event of incurring the loss at the level it expects. For this reason, JCR considers it not necessary to immediately review the Company's rating. Meanwhile, because of weak demand, the Company's performance is sluggish as of now, as indicated by operating income (IFRS) plunging 72.3% over the year to 21.5 billion yen in the first quarter of FY2025. JCR will thus pay close attention to trends in future performance, including the Wolfspeed-related loss.

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### <Reference>

Issuer: Renesas Electronics Corporation

Long-term Issuer Rating: A+      Outlook: Stable

### **Japan Credit Rating Agency, Ltd.**

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