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Renesas Reports Financial Results for the Second Quarter Ended June 30, 2024

TOKYO, Japan, July 25, 2024 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the three and six months ended June 30, 2024.

Summary of Consolidated Financial Results (Note 1)
Summary of Consolidated Financial Results (Non-GAAP basis) (Note 2)

	Three months ended June 30, 2024		Six months ended June 30, 2024	
	Billion yen	% of Revenue	Billion yen	% of Revenue
Revenue	358.8	100.0	710.6	100.0
Gross profit	203.6	56.7	402.9	56.7
Operating profit	110.6	30.8	224.1	31.5
Profit attributable to owners of parent	96.7	26.9	202.5	28.5
EBITDA (Note 3)	132.8	37.0	266.6	37.5

Summary of Consolidated Financial Results (IFRS basis)

	Three months ended June 30, 2024		Six months ended June 30, 2024	
	Billion yen	% of Revenue	Billion yen	% of Revenue
Revenue	358.8	100.0	710.6	100.0
Gross profit	200.9	56.0	398.4	56.1
Operating profit	69.7	19.4	147.6	20.8
Profit attributable to owners of parent	59.8	16.7	139.6	19.6
EBITDA (Note 3)	120.6	33.6	246.3	34.7

Reconciliation of Non-GAAP gross profit to IFRS gross profit and Non-GAAP operating profit to IFRS operating profit

(Billion yen)

	Three months ended June30, 2024	Six months ended June 30, 2024
Non-GAAP gross profit Non-GAAP gross margin	203.6 56.7%	402.9 56.7%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(0.3)	(0.5)
Stock-based compensation	(0.8)	(1.2)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	(1.6)	(2.7)
IFRS gross profit IFRS gross margin	200.9 56.0%	398.4 56.1%
Non-GAAP operating profit Non-GAAP operating margin	110.6 30.8%	224.1 31.5%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(28.7)	(56.3)
Stock-based compensation	(9.2)	(14.8)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	(2.9)	(5.4)
IFRS operating profit IFRS operating margin	69.7 19.4%	147.6 20.8%

Note 1: All figures are rounded to the nearest 100 million yen.

Note 2: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS) figures following a certain set of rules. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results.

Note 3: Operating profit + Depreciation and amortization.

Note 4: "Other reconciliation items in non-recurring expenses and adjustments" includes the non-recurring items related to acquisitions and other adjustments as well as non-recurring profits or losses the Group believes to be applicable.

RENESAS ELECTRONICS CORPORATION
Consolidated Financial Results for the Second Quarter Ended June 30, 2024
English translation from the original Japanese-language document



July 25, 2024

Company name : **Renesas Electronics Corporation**
Stock exchanges on which the shares are listed : Tokyo Stock Exchange, Prime Market
Code number : 6723
URL : <https://www.renesas.com>
Representative : Hidetoshi Shibata, President and CEO
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Filing date of Hanki Hokokusho (scheduled) : August 1, 2024

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the six months ended June 30, 2024

1.1 Consolidated financial results (% of change from corresponding period of the previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2024	710,597	(2.4)	147,565	(33.1)	166,042	(31.0)	139,788	(28.7)	139,632	(28.7)	496,736	25.1
Six months ended June 30, 2023	728,091	0.7	220,492	—	240,581	—	196,019	—	195,775	—	396,968	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	78.28	77.23
Six months ended June 30, 2023	109.94	107.87

Note: The Group finalized the provisional accounting treatment for the business combination at the end of December 31, 2023, and each figure for the six months ended June 30, 2023 reflects the details of the finalization of the provisional accounting treatment.

1.2 Consolidated financial position

	Total assets	Total equity	Equity attributable to owners	Ratio of equity attributable to owners
	Million yen	Million yen	Million yen	%
June 30, 2024	3,661,634	2,467,762	2,463,184	67.3
December 31, 2023	3,167,003	2,005,588	2,001,553	63.2

2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
Year ended December 31, 2023	Yen ---	Yen 0.00	Yen ---	Yen 28.00	Yen 28.00
Year ending December 31, 2024	0.00	0.00			
Year ending December 31, 2024 (forecast)			---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: No

3. Forecast of consolidated results for the nine months ending September 30, 2024

	Non-GAAP Revenue		Non-GAAP Gross Margin		Non-GAAP Operating Margin	
	Million yen	%	%	%pts	%	%pts
Nine months ending September 30, 2024	1,051,097 to 1,066,097	(5.1) to (3.8)	56.3	(0.9)	30.2	(4.6)

Note 1: The Group reports its consolidated forecast on a quarterly basis (cumulative quarters) as substitute for a yearly forecast in a range format. The non-GAAP gross margin and the non-GAAP operating margin forecasts are provided assuming the midpoint in the non-GAAP revenue forecast.

Note 2: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS) figures following a certain set of rules. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore forecasts are provided on a non-GAAP basis.

4. Others

- 4.1 Changes in significant subsidiaries for the six months ended June 30, 2024: No
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- 4.2 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors
 1. Changes in accounting policies with revision of accounting standard: No
 2. Changes in accounting policies except for 4.2.1: No
 3. Changes in accounting estimates: No
- 4.3 Number of shares issued and outstanding (common stock)
 1. Number of shares issued and outstanding (including treasury stock)

As of June 30, 2024:	1,870,614,885 shares
As of December 31, 2023:	1,958,454,023 shares
 2. Number of treasury stock

As of June 30, 2024:	80,009,054 shares
As of December 31, 2023:	181,369,882 shares
 3. Average number of shares issued and outstanding

Six months ended June 30, 2024:	1,783,808,662 shares
Six months ended June 30, 2023:	1,780,764,049 shares

(Note) Information regarding the implementation of audit procedures: These financial results are not subject to interim review procedures by the independent auditor.

Cautionary Statement

The Group will hold an earnings conference for institutional investors and analysts on July 25, 2024. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

The statements with respect to the financial outlook of Renesas Electronics Corporation (hereinafter "the Company") and its consolidated subsidiaries (hereinafter "the Group") are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to changes in several important factors.

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1. Condensed Consolidated Financial Statements

1.1 Condensed Consolidated Statement of Financial Position

(In millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	434,681	288,358
Trade and other receivables	168,991	202,865
Inventories	163,054	178,060
Other current financial assets	4,660	33,772
Income taxes receivable	7,495	16,305
Other current assets	21,792	23,036
Total current assets	800,673	742,396
Non-current assets		
Property, plant and equipment	266,139	337,498
Goodwill	1,362,131	1,602,820
Intangible assets	421,847	456,226
Investments accounted for using the equity method	—	50
Other non-current financial assets	255,230	468,126
Deferred tax assets	43,385	39,986
Other non-current assets	17,598	14,532
Total non-current assets	2,366,330	2,919,238
Total assets	3,167,003	3,661,634

	(In millions of yen)	
	As of December 31, 2023	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	243,192	285,665
Bonds and borrowings	425,312	131,488
Other current financial liabilities	24,311	38,870
Income taxes payable	41,414	39,225
Provisions	11,215	9,089
Other current liabilities	83,281	82,614
Total current liabilities	828,725	586,951
Non-current liabilities		
Trade and other payables	4,140	32,701
Bonds and borrowings	225,636	468,657
Other non-current financial liabilities	11,371	13,605
Income taxes payable	2,757	2,938
Retirement benefit liability	24,598	24,749
Provisions	3,265	3,147
Deferred tax liabilities	53,528	51,717
Other non-current liabilities	7,395	9,407
Total non-current liabilities	332,690	606,921
Total liabilities	1,161,415	1,193,872
Equity		
Share capital	153,209	153,209
Capital surplus	359,398	268,892
Retained earnings	1,157,236	1,232,734
Treasury shares	(217,691)	(97,071)
Other components of equity	549,401	905,420
Total equity attributable to owners of parent	2,001,553	2,463,184
Non-controlling interests	4,035	4,578
Total equity	2,005,588	2,467,762
Total liabilities and equity	3,167,003	3,661,634

1.2 Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss
(Six months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Revenue	728,091	710,597
Cost of sales	(316,811)	(312,203)
Gross profit	411,280	398,394
Selling, general and administrative expenses	(221,659)	(250,983)
Other income	34,919	8,275
Other expenses	(4,048)	(8,121)
Operating profit	220,492	147,565
Finance income	23,230	25,003
Finance costs	(3,141)	(6,526)
Profit before tax	240,581	166,042
Income tax expense	(44,562)	(26,254)
Profit	196,019	139,788
Profit attributable to		
Owners of parent	195,775	139,632
Non-controlling interests	244	156
Profit	196,019	139,788
Earnings per share		
Basic earnings per share (yen)	109.94	78.28
Diluted earnings per share (yen)	107.87	77.23

Condensed Consolidated Statement of Comprehensive Income
(Six months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	196,019	139,788
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(58)	(223)
Equity instruments measured at fair value through other comprehensive income	(464)	(3,215)
Total of items that will not be reclassified to profit or loss	(522)	(3,438)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	223,550	350,781
Cash flow hedges	(23,500)	15,106
Cost of hedges	1,421	(5,501)
Total of items that may be reclassified subsequently to profit or loss	201,471	360,386
Total other comprehensive income	200,949	356,948
Total comprehensive income	396,968	496,736
Comprehensive income attributable to		
Owners of parent	396,620	496,185
Non-controlling interests	348	551
Total comprehensive income	396,968	496,736

Condensed Consolidated Statement of Profit or Loss
(Three months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	368,717	358,807
Cost of sales	(157,548)	(157,876)
Gross profit	211,169	200,931
Selling, general and administrative expenses	(114,036)	(131,114)
Other income	2,380	5,751
Other expenses	(2,286)	(5,839)
Operating profit	97,227	69,729
Finance income	16,965	7,713
Finance costs	(1,373)	(3,152)
Profit before tax	112,819	74,290
Income tax expense	(22,071)	(14,540)
Profit	90,748	59,750
Profit attributable to		
Owners of parent	90,564	59,766
Non-controlling interests	184	(16)
Profit	90,748	59,750
Earnings per share		
Basic earnings per share (yen)	51.36	33.41
Diluted earnings per share (yen)	50.39	33.04

Condensed Consolidated Statement of Comprehensive Income
(Three months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	90,748	59,750
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(24)	(145)
Equity instruments measured at fair value through other comprehensive income	(163)	(1,101)
Total of items that will not be reclassified to profit or loss	(187)	(1,246)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	206,701	178,739
Cash flow hedges	(21,258)	23,563
Cost of hedges	1,485	(4,999)
Total of items that may be reclassified subsequently to profit or loss	186,928	197,303
Total other comprehensive income	186,741	196,057
Total comprehensive income	277,489	255,807
Comprehensive income attributable to		
Owners of parent	277,223	255,567
Non-controlling interests	266	240
Total comprehensive income	277,489	255,807

1.3 Condensed Consolidated Statement of Changes in Equity

(Six months ended June 30, 2023)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2023	153,209	348,446	828,582	(192,171)	7,602	—	(1,976)
Profit	—	—	195,775	—	—	—	—
Other comprehensive income	—	—	—	—	—	(58)	(464)
Total comprehensive income	—	—	195,775	—	—	(58)	(464)
Purchase and disposal of treasury shares	—	2,531	—	(39,608)	—	—	—
Dividends of surplus	—	—	—	—	—	—	—
Share-based payment transactions	—	(1,189)	—	—	(632)	—	—
Transfer to retained earnings	—	2,755	(3,421)	—	603	58	5
Total transactions with owners	—	4,097	(3,421)	(39,608)	(29)	58	5
Balance as of June 30, 2023	153,209	352,543	1,020,936	(231,779)	7,573	—	(2,435)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2023	395,907	(12,364)	6,500	395,669	1,533,735	3,728	1,537,463
Profit	—	—	—	—	195,775	244	196,019
Other comprehensive income	223,446	(23,500)	1,421	200,845	200,845	104	200,949
Total comprehensive income	223,446	(23,500)	1,421	200,845	396,620	348	396,968
Purchase and disposal of treasury shares	—	—	—	—	(37,077)	—	(37,077)
Dividends of surplus	—	—	—	—	—	(6)	(6)
Share-based payment transactions	—	—	—	(632)	(1,821)	—	(1,821)
Transfer to retained earnings	—	—	—	666	—	—	—
Total transactions with owners	—	—	—	34	(38,898)	(6)	(38,904)
Balance as of June 30, 2023	619,353	(35,864)	7,921	596,548	1,891,457	4,070	1,895,527

(Six months ended June 30, 2024)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2024	153,209	359,398	1,157,236	(217,691)	3,106	—	(2,311)
Profit	—	—	139,632	—	—	—	—
Other comprehensive income	—	—	—	—	—	(223)	(3,215)
Total comprehensive income	—	—	139,632	—	—	(223)	(3,215)
Purchase and disposal of treasury shares	—	15,036	—	16,091	—	—	—
Cancellation of treasury shares	—	(104,529)	—	104,529	—	—	—
Dividends of surplus	—	—	(49,758)	—	—	—	—
Share-based payment transactions	—	(14,544)	—	—	(1,379)	—	—
Transfer to retained earnings	—	13,531	(14,376)	—	(30)	223	652
Total transactions with owners	—	(90,506)	(64,134)	120,620	(1,409)	223	652
Balance as of June 30, 2024	153,209	268,892	1,232,734	(97,071)	1,697	—	(4,874)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2024	564,215	(19,379)	3,770	549,401	2,001,553	4,035	2,005,588
Profit	—	—	—	—	139,632	156	139,788
Other comprehensive income	350,386	15,106	(5,501)	356,553	356,553	395	356,948
Total comprehensive income	350,386	15,106	(5,501)	356,553	496,185	551	496,736
Purchase and disposal of treasury shares	—	—	—	—	31,127	—	31,127
Cancellation of treasury shares	—	—	—	—	—	—	—
Dividends of surplus	—	—	—	—	(49,758)	(8)	(49,766)
Share-based payment transactions	—	—	—	(1,379)	(15,923)	—	(15,923)
Transfer to retained earnings	—	—	—	845	—	—	—
Total transactions with owners	—	—	—	(534)	(34,554)	(8)	(34,562)
Balance as of June 30, 2024	914,601	(4,273)	(1,731)	905,420	2,463,184	4,578	2,467,762

1.4 Condensed Consolidated Statement of Cash Flows

	(In millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	240,581	166,042
Depreciation and amortization	90,445	98,773
Impairment losses	823	965
Finance income and finance costs	(8,598)	(8,487)
Share-based payment expenses	11,083	14,818
Insurance claim income	(30,621)	(1)
Foreign exchange loss (gain)	(7,165)	(3,763)
Loss (gain) on sales of property, plant and equipment, and intangible assets	(679)	(120)
Decrease (increase) in inventories	15,754	(5,639)
Decrease (increase) in trade and other receivables	177	(16,650)
Decrease (increase) in other financial assets	(7,574)	(3,006)
Increase (decrease) in trade and other payables	(8,953)	(6,280)
Increase (decrease) in retirement benefit liability	(406)	(832)
Increase (decrease) in provisions	(771)	(3,016)
Increase (decrease) in other current liabilities	(11,911)	(11,376)
Increase (decrease) in other financial liabilities	(890)	(1,126)
Other	3,272	3,488
Subtotal	284,567	223,790
Interest received	9,174	18,199
Dividends received	269	294
Proceeds from insurance income	17,288	1
Income taxes paid	(82,328)	(40,386)
Net cash flows from operating activities	228,970	201,898
Cash flows from investing activities		
Purchase of property, plant and equipment	(39,204)	(68,839)
Proceeds from sales of property, plant and equipment	746	702
Purchase of intangible assets	(12,341)	(18,650)
Purchase of other financial assets	(1,081)	(1,433)
Proceeds from sales of other financial assets	359	907
Payments for acquisitions of subsidiaries	(9,822)	(52,697)
Proceeds from insurance income	13,333	—
Proceeds from government grant income	1,088	4,298
Payments of long-term loans receivable	—	(155,220)
Other	(5,380)	3,871
Net cash flows from investing activities	(52,302)	(287,061)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	30,000
Repayments of short-term borrowings	—	(30,000)
Proceeds from long-term borrowings	—	250,000
Repayments of long-term borrowings	(60,010)	(329,584)
Purchase of treasury shares	(50,000)	—
Dividends paid	—	(49,702)
Repayments of lease liabilities	(2,876)	(2,977)
Interest paid	(2,658)	(3,959)
Other	(17)	(3)
Net cash flows from financing activities	(115,561)	(136,225)

	(In millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Effect of exchange rate changes on cash and cash equivalents	60,908	75,065
Net increase (decrease) in cash and cash equivalents	122,015	(146,323)
Cash and cash equivalents at beginning of the period	336,068	434,681
Cash and cash equivalents at end of the period	<u>458,083</u>	<u>288,358</u>

1.5 Notes to Condensed Consolidated Financial Statements

(Notes about Going Concern Assumption)
Not applicable

(Basis for Preparation)

(1) Compliance with IFRS

Because the Group meets the requirements for “Specified Companies Complying with Designated International Accounting Standards” stated in Article 1-2-2 of Ordinance on Consolidated Financial Statements, the Group has adopted the provisions of Article 312 of the Ordinance. The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” (hereinafter “IAS 34”).

The condensed consolidated financial statements do not contain all of the information that would be required on consolidated financial statements for a fiscal year. Therefore, the condensed consolidated financial statements should be used with the consolidated financial statements for the prior fiscal year.

(2) Basis of measurement

In the condensed consolidated financial statements of the Group, assets and liabilities are measured at a historical cost basis except for items such as financial instruments measured at fair value.

(3) Functional currency and presentation currency

The condensed consolidated financial statements are presented in Japanese yen (rounded to the nearest million yen), which is the functional currency of the Company.

(Basis of Condensed Consolidated Financial Statements)

Scope of consolidation

- (1) Renesas Engineering Services Co.,Ltd. has been excluded from the scope of consolidation as a result of business combination on April 1, 2024.
- (2) With the completion of the acquisition of Transphorm,Inc.(hereinafter “Transphorm”) on June 20, 2024, seven companies including the affiliated companies of the company have been newly included in the scope of consolidation.
- (3) Two companies have been newly included in the scope of consolidation due to establishment.
- (4) Two companies have been excluded from the scope of consolidation due to extinction by liquidation.

(Material Accounting Policies)

Except as stated below, the material accounting policies for the condensed consolidated financial statements of the Group are the same with the accounting policies applied in preparing the Group's consolidated financial statements for the prior fiscal year.

In addition, income taxes for the six months ended June 30, 2024 are calculated using the estimated annual effective tax rate.

(Business Segments)

(1) Overview of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available that is evaluated regularly by the Board of Directors to determine the allocation of management resources and assess performance.

The Group mainly consists of "Automotive Business" and "Industrial/Infrastructure/IoT Business" and those are the Group's reportable segments. The Automotive Business includes the product categories "Automotive control," comprising semiconductor devices for controlling automobile engines and bodies, and "Automotive information," comprising of semiconductor devices used in sensing systems for detecting environments inside and outside the vehicle as well as automotive information devices such as IVI (In-Vehicle Infotainment) and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies MCUs (microcontrollers), SOC (System-On-Chips), analog semiconductor devices and power semiconductor devices in each of these categories. The Industrial/Infrastructure/IoT Business includes the product categories "Industrial," "Infrastructure" and "IoT" which support the smart society. The Group mainly supplies MCUs, SoC, analog semiconductor devices and power semiconductor devices in each of these categories. Additionally, commissioned development and manufacturing from the Group's design and manufacturing subsidiaries are categorized as "Other."

(Change of the method for aggregating Reportable Segments)

Due to the Group's organizational changes in the six months ended June 30, 2024, the methodology for aggregating revenue for reportable segments changed from the use of product axis to the use of customer axis. Accordingly, the previously reported segment information for the six months ended June 30, 2023 has been revised using the new methodology in order to be comparable with the segment information for the six months ended June 30, 2024.

(2) Information on reportable segments

The accounting treatment for the reportable segments is same as described in "Significant Accounting Policies." As for information on the reportable segments, the Group discloses revenue from external customers, segment gross profit, and segment operating profit.

Segment gross profit and segment operating profit are internal key performance indicators which are used by management when making decisions and are calculated by excluding the following items from IFRS revenue, gross profit and operating profit (Adjustments 2): amortization of certain tangible and intangible assets related to business combinations; certain share-based payment expenses; and other non-recurring items. Other non-recurring items include costs related to acquisitions and gains and losses the Group believes to be appropriate for deduction. However, certain other non-recurring items the Group believes to be covered by each reportable segment are included in segment gross profit and segment operating profit of each reportable segment (Adjustments 1). The Group's Executive Officers assess the performance after eliminating intragroup transactions, and therefore, there are no transfers between the reportable segments included within the segment results.

Information on reportable segments is as follows.

(Six months ended June 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	320,265	402,674	5,444	—	728,383	(292)	728,091
Segment gross profit	168,617	242,619	2,294	(23)	413,507	(2,227)	411,280
Segment operating profit	114,351	138,170	2,294	(990)	253,825	(33,333)	220,492
Finance income							23,230
Finance costs							(3,141)
Profit before tax							240,581
(Other items) Depreciation and amortization	18,399	21,056	—	—	39,455	50,990	90,445

(Six months ended June 30, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	368,558	337,768	4,271	—	710,597	—	710,597
Segment gross profit	195,799	205,810	1,286	—	402,895	(4,501)	398,394
Segment operating profit	120,018	102,766	1,288	—	224,072	(76,507)	147,565
Finance income							25,003
Finance costs							(6,526)
Profit before tax							166,042
(Other items) Depreciation and amortization	24,039	18,440	—	—	42,479	56,294	98,773

(Three months ended June 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	161,055	204,844	2,818	—	368,717	—	368,717
Segment gross profit	83,886	126,340	1,257	(2)	211,481	(312)	211,169
Segment operating profit	56,668	71,934	1,257	(804)	129,055	(31,828)	97,227
Finance income							16,965
Finance costs							(1,373)
Profit before tax							112,819
(Other items) Depreciation and amortization	9,198	10,713	—	—	19,911	25,514	45,425

(Three months ended June 30, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	190,404	166,193	2,210	—	358,807	—	358,807
Segment gross profit	102,434	100,200	925	—	203,559	(2,628)	200,931
Segment operating profit	62,666	46,963	927	—	110,556	(40,827)	69,729
Finance income							7,713
Finance costs							(3,152)
Profit before tax							74,290
(Other items) Depreciation and amortization	12,807	9,391	—	—	22,198	28,721	50,919

(3) Information on products and services

Information on products and services is the same with information on the reportable segments and therefore, omitted from this section.

(4) Information on regions and countries

The components of revenue from external customers by region and country are as follows.

(Six months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
China	171,630	184,383
Asia (Excluding Japan and China)	149,470	163,783
Japan	201,661	157,016
Europe	128,620	121,661
North America	73,834	82,536
Others	2,876	1,218
Total	728,091	710,597

(Three months ended June 30, 2023 and June 30, 2024)

	(In millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
China	81,021	99,284
Asia (Excluding Japan and China)	77,767	82,014
Japan	103,946	76,252
Europe	64,729	59,890
North America	39,623	40,801
Others	1,631	566
Total	368,717	358,807

(Note) Revenues are categorized into the country or region based on the location of the customers.

(Business Combinations)

Business combinations that occurred during the six months ended June 30, 2023 and the six months ended June 30, 2024 are as follows. Immaterial business combinations are not included in this disclosure.

Six months ended June 30, 2023

(Celeno Communications Inc.)

Contingent consideration includes at most \$45 million which will be paid based on the contract when several certain conditions (milestones) related to Celeno Communications Inc.'s future product development and mass production progress are met.

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Celeno, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is Level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below.

	(In millions of yen)
	Six months ended June 30, 2023
Beginning balance	1,265
Settlement	(40)
Changes in fair value	(1,235)
Exchange differences	10
Ending balance	—

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "Finance costs," and the fluctuated amount due to factors other than the time value of money is recorded in "Other income" or "Other expenses." For the six months ended June 30, 2023, other income of 1,242 million yen and finance costs of 7 million yen were recorded for the change of fair value.

Celeno changed its company name from Celeno Communications Inc. to Renesas Semiconductor Design US Inc. on September 29, 2023.

(Steradian Semiconductors Private Limited)

As of December 31, 2022, the acquisition was accounted for using provisional amounts determined based on reasonable information available at the time of preparing consolidated financial statements. Since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date had not been finalized, the purchase price allocation was provisionally accounted for. For the three months ended March 31, 2023, the Group has completed the purchase price allocation and revised the goodwill amount as follows. Adjustment in consideration for the acquisition is reflected for the three months ended March 31, 2023.

Fair value of assets acquired, liabilities assumed on the acquisition date (October 17, 2022)

	(In millions of yen)
Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note)	7,609
Intangible assets	(1,593)
Deferred tax liabilities	264
Adjustment in consideration for the acquisition	88
Total adjustments	(1,241)
Goodwill (after adjustment) (Note)	6,368

(Note) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Steradian Semiconductors Private Limited (hereinafter "Steradian"). No amount of goodwill is expected to be deductible for tax purposes.

(Panthronics AG)

a. Overview of business combination

On June 30, 2023, the Company completed the acquisition of Panthronics AG (hereinafter "Panthronics"), a semiconductor company headquartered in Austria. Following the completion of the acquisition, Panthronics has become a wholly-owned subsidiary of the Company.

1) Name and overview of the acquiree

Name of the acquiree: Panthronics AG

Business overview: Development and sales of semiconductor solutions such as Near-Field Communication (NFC)

2) Date of the acquisition

June 1, 2023. (Central European Summer Time)

3) Purpose of the acquisition

Headquartered in Austria, Panthronics has been offering advanced NFC chipsets and software. NFC has emerged as a de facto standard in the digital economy and touches many aspects of daily life. Fintech, such as mobile point-of-sale (mPoS) terminals and contactless payment, IoT, asset tracking, and wireless charging are highlights of NFC's increasing presence. Acquiring Panthronics' competitive NFC technology will provide Renesas with in-house capability to instantly capture growing and emerging market opportunities for NFC.

Combining Panthronics' NFC technology with Renesas' broad product portfolio and security functions in microcontrollers (MCU) / microprocessors (MPU) will provide Renesas' wide customer base with a multitude of options to create innovative, ready-to-market NFC system solutions.

4) Acquisition Method

Acquisition of shares for cash consideration.

b. Consideration for the acquisition and its breakdown

		(In millions of yen)
	Consideration	Amount
Cash		9,801
Contingent consideration		2,794
Total	A	12,595

Expenses related to the acquisition were 194 million yen, which were recorded in "Selling, general and administrative expenses" for the six months ended June 30, 2023.

c. Fair value of assets acquired, liabilities assumed and goodwill

		(In millions of yen)
		Date of acquisition (June 1, 2023)
Current assets		
Cash and cash equivalents		63
Trade and other receivables (Note 2)		662
Inventories		152
Other		44
Total current assets		921
Non-current assets		
Property, plant and equipment		35
Intangible assets		20
Other financial assets		9
Total non-current assets		64
Total assets		985
Current liabilities		
Trade and other payables		360
Bonds and borrowings		1,893
Other		1,210
Total current liabilities		3,463
Non-current liabilities		
Total non-current liabilities		—
Total liabilities		3,463
Net assets	B	(2,478)
Goodwill (Note 3)	A-B	15,073

(Note 1) As of June 30, 2023, the acquisition was accounted for using provisional amounts determined based on reasonable information currently available, and since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date have not been finalized, the purchase price allocation is still preliminary. Currently the valuation of property, plant and equipment and additional recognition of intangible assets, among other assets and liabilities, have not been completed. As a result, goodwill was provisionally recognized as the total amount of the excess of the consideration transferred over the net amount of the assets acquired and liabilities assumed. The identifiable intangible assets are tentatively recorded at the book value as carried by Panthronics.

(Note 2) The total contract amount is the same as the fair value, and there are no receivables that are expected to be unrecoverable.

(Note 3) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Panthronics. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

(In millions of yen)	
Item	Amount
Consideration for acquisition in cash	9,801
Cash and cash equivalents held by the acquiree at the time of obtaining control	(63)
Amount of cash paid for the acquisition of subsidiaries (net amount)	9,738

The acquisition consideration may change due to price adjustments in response to changes in working capital.

e. Impact on revenue and profit as though the date of the acquisition had been as of the beginning of the fiscal year (unaudited information)

Assuming that the date of the acquisition of Panthronics was at the beginning of the fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for six months ended June 30, 2023 would not be material.

f. Revenue and profit / loss of the acquired company

For six months ended June 30, 2023, the revenue and profit of Panthronics from the acquisition date to June 30, 2023 had no significant impact on the consolidated financial statements.

g. Contingent consideration

Contingent consideration includes \$61 million which will be paid when certain conditions related to Panthronics's future product development and mass production progress are met.

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Panthronics, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below.

(In millions of yen)	
	Six months ended June 30, 2023
Beginning balance	—
Increase due to the business combination	2,794
Exchange differences	116
Ending balance	2,910

Six months ended June 30, 2024

(Steradian Semiconductors Private Limited)

Contingent consideration includes at most \$11 million which will be paid based on the contract when several certain conditions (milestones) related to Steradian's future product development and mass production progress are met.

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Steradian, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is Level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below.

(in millions of yen)		
	Six months ended June 30, 2023	Six months ended June 30, 2024
Beginning balance	1,078	586
Changes in the fair value	—	(606)
Exchange differences	100	20
Ending balance	1,178	—

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "Finance costs," and the fluctuated amount due to factors other than the time value of money is recorded in "Other income" or "Other expenses." For the six months ended June 30, 2024, other income of 606 million yen was recorded for the change of fair value.

Steradian changed its company name from Steradian Semiconductors Private Limited to Renesas Design India Private Limited on March 26, 2024.

(Panthronics AG)

Contingent consideration includes at most \$61 million which will be paid when several certain conditions related to Panthronics's future product development and mass production progress are met.

The fair value of the contingent consideration is calculated as the present value of the amount that may be paid to Panthronics, with consideration of the probability of occurrence.

The level of the fair value hierarchy for the contingent consideration is Level 3. The reconciliation table of the change for the contingent consideration classified in Level 3 from the beginning balance to the ending balance is as described below

	(in millions of yen)	
	Six months ended June 30, 2023	Six months ended June 30, 2024
Beginning balance	—	2,711
Increase due to the business combination	2,794	—
Exchange differences	116	265
Ending balance	2,910	2,976

Panthronics changed its company name from Panthronics AG to Renesas Design Austria GmbH on October 12, 2023.

(Transphorm, Inc.)

a. Overview of business combination

On June 20, 2024, the Company completed the acquisition of Transphorm, a semiconductor company headquartered in Goleta, California, USA through the wholly-owned subsidiary of the Company. Following the completion of the acquisition, Transphorm has become a wholly-owned subsidiary of the Company.

1) Name and overview of the acquiree

Name of the acquiree: Transphorm, Inc.

Business overview: Development and sales of gallium nitride ("GaN") power semiconductors

2) Date of the acquisition

June 20, 2024

3) Purpose of the acquisition

The Company now aims to further expand its wide bandgap portfolio with Transphorm's expertise in GaN, an emerging material that enables higher switching frequency, lower power losses, and smaller form factors. These benefits empower customers' systems with greater efficiency, smaller and lighter composition, and lower overall cost. As such, demand for GaN is predicted to grow by more than 50 percent annually, according to an industry study. The Company will implement Transphorm's auto-qualified GaN technology to develop new enhanced power solution offerings, such as X-in-1 powertrain solutions for EVs, along with computing, energy, industrial and consumer applications.

4) Acquisition Method

Acquisition of shares for cash consideration through the wholly-owned subsidiary of the Company.

b. Consideration for the acquisition and its breakdown

Consideration	(In millions of yen)	
	Amount	
Cash		53,533
Acquisition consideration from Restricted Stock Unit		386
Total	A	53,919

Expenses related to the acquisition were 309 million yen, which were recorded in "Selling, general and administrative expenses" for the six months ended June 30, 2024.

c. Fair value of assets acquired, liabilities assumed and goodwill

		(In millions of yen)
		Date of acquisition (June 20, 2024)
Current assets		
Cash and cash equivalents		836
Trade and other receivables (Note 2)		478
Inventories		1,555
Other		63
Total current assets		2,932
Non-current assets		
Property, plant and equipment		1,543
Investments accounted for using the equity method		49
Other financial assets		25
Other		56
Total non-current assets		1,673
Total assets		4,605
Current liabilities		
Trade and other payables		1,909
Bonds and borrowings		332
Other financial liabilities		59
Other		1,019
Total current liabilities		3,319
Non-current liabilities		
Bonds and borrowings		2,423
Other		288
Total non-current liabilities		2,711
Total liabilities		6,030
Net assets	B	(1,425)
Goodwill (Note 3)	A-B	55,344

(Note 1) As of June 30, 2023, the acquisition was accounted for using provisional amounts determined based on reasonable information currently available, and since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date have not been finalized, the purchase price allocation is still preliminary. Currently the valuation of property, plant and equipment and additional recognition of intangible assets, among other assets and liabilities, have not been completed. As a result, goodwill was provisionally recognized as the total amount of the excess of the consideration transferred over the net amount of the assets acquired and liabilities assumed. The identifiable intangible assets are tentatively recorded at the book value as carried by Transphorm.

(Note 2) The total contract amount is the same as the fair value, and there are no receivables that are expected to be unrecoverable.

(Note 3) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Transphorm. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

(In millions of yen)	
Item	Amount
Consideration for acquisition in cash	53,533
Cash and cash equivalents held by the acquiree at the time of obtaining control	(836)
Amount of cash paid for the acquisition of subsidiaries (net amount)	52,697

e. Impact on revenue and profit as though the date of the acquisition had been as of the beginning of the fiscal year (unaudited information)

Assuming that the date of the acquisition of Transphorm was at the beginning of the fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for six months ended June 30, 2024 would not be material.

f. Revenue and profit / loss of the acquired company

For six months ended June 30, 2024, the revenue and profit of Transform from the acquisition date to June 30, 2024 had no significant impact on the consolidated financial statements.

(Trade and Other Receivables)

The components of trade and other receivables are as follows.

(In millions of yen)		
	As of December 31, 2023	As of June 30, 2024
Notes and trade receivables	160,590	196,164
Other receivables	8,838	7,151
Loss allowance	(437)	(450)
Total	168,991	202,865

(Note) Trade and other receivables are classified as financial assets measured at amortized cost.

(Trade and Other Payables)

The components of trade and other payables are as follows.

(In millions of yen)		
	As of December 31, 2023	As of June 30, 2024
Trade payables	99,957	100,731
Other payables	51,878	113,000
Electronically recorded obligations	15,332	21,814
Refund liabilities	80,165	82,821
Total	247,332	318,366
Current liabilities	243,192	285,665
Non-current liabilities	4,140	32,701

(Note) Trade and other payables are classified as financial liabilities measured at amortized cost.

(Bonds and Borrowings)

a. Bonds

Six months ended June 30, 2023
Not applicable.

Six months ended June 30, 2024
Not applicable.

b. Borrowings

Six months ended June 30, 2023
Not applicable.

Six months ended June 30, 2024

In March 2024, the Company has executed a short-term borrowing of 30,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. under a commitment line agreement dated January 15, 2019. The borrowing has been fully repaid in June 2024.

The Company has entered into a term loan agreement dated June 25, 2024 (Loan amount: 250,000 million yen, Borrowing date: June 28, 2024, Repayment date: June 29, 2029, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited.) and has borrowed 250,000 million yen.

(Equity and Other Equity Items)

Six months ended June 30, 2023

Based on the resolution at the Board of Directors' meeting held on February 9, 2023, the Company conducted a tender offer to acquire its own shares and purchased 40,453,107 shares from February 10, 2023 to March 10, 2023. As a consequence, treasury shares increased by 50,000 million yen for the six months ended June 30, 2023. The number of treasury shares decreased by 8,733,135 shares, due to disposals of treasury shares based on the exercise of stock options and the vesting of Restricted Stock Unit (RSU) for the six months ended June 30, 2023. As a consequence, treasury shares decreased by 10,392 million yen for the six months ended June 30, 2023.

As a result, the treasury shares was 231,779 million yen as of June 30, 2023..

Six months ended June 30, 2024

Based on the resolution at the Board of Directors' meeting held on February 8, 2024, the Company retired its own shares by 87,839,138 shares on February 29, 2024. In addition, the number of treasury shares decreased by 13,521,690 shares, due to disposals of treasury shares and so on based on the exercise of stock options, the vesting of Restricted Stock Unit (RSU) and of Performance Share Unit (PSU) for the six months ended June 30, 2024. As a consequence, treasury shares decreased by 120,620 million yen for the six months ended June 30, 2024.

As a result, the treasury shares was 97,071 million yen as of June 30, 2024.

(Dividends)

(1) Dividend payment amounts

Six months ended June 30, 2023

Not applicable.

Six months ended June 30, 2024

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2024 Annual general meeting of shareholders	Ordinary shares	49,758	28	December 31, 2023	March 29, 2024	Retained earnings

(2) Among dividends with a record date that falls under the six months ended June 30,2024, for those with an effective date is after June 30,2024.

Six months ended June 30, 2023

Not applicable.

Six months ended June 30, 2024

Not applicable.

(Revenue)

All of the revenue arises from contracts with customers. In addition, disaggregation of revenue recognized from contracts with customers are stated in "Business segments, (2) Information on reportable segments and (4) Information on regions and countries."

(Selling, General and Administrative Expenses)

The components of selling, general and administrative expenses are as follows.

(Six months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Research and development expenses	111,462	125,944
Depreciation and amortization	53,689	59,491
Personnel expenses	38,179	43,329
Retirement benefit expenses	1,957	2,198
Other	16,372	20,021
Total	221,659	250,983

(Three months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Research and development expenses	57,953	65,980
Depreciation and amortization	26,784	30,327
Personnel expenses	20,257	22,555
Retirement benefit expenses	1,042	1,084
Other	8,000	11,168
Total	114,036	131,114

(Note) Research and development expenses are included in selling, general and administrative expenses. Related expenses such as outsourcing costs, personnel expenses, depreciation and amortization costs and material costs are mainly included in research and development expenses.

(Other Income)

The components of other income are as follows.

(Six months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Proceeds from subsidy (Note 1)	1,363	5,511
Reversal of impairment losses	—	1,077
Fair value remeasurements on contingent considerations (Note 2)	1,242	606
Insurance claim income (Note 3)	30,621	1
Other	1,693	1,080
Total	34,919	8,275

(Three months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Proceeds from subsidy (Note 1)	1,002	5,116
Gain on sales of property, plant and equipment	246	51
Insurance claim income	1,010	1
Other	122	583
Total	2,380	5,751

(Note 1) Subsidy income has included government grants received for the acquisition of property, plant and equipment for three months and six months ended June 30, 2024.

(Note 2) For details, please refer to "Business Combinations."

(Note 3) Insurance claim income recognized during the six months ended June 30, 2023 is the amount received related to a fire that occurred at Naka Factory of Renesas Semiconductor Manufacturing Co., Ltd, a wholly owned subsidiary of the Company, on March 19, 2021. This insurance payments include the amount for loss of profits due to the fire damage.

(Other Expenses)

The components of other expenses are as follows.
(Six months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Loss on reduction of fixed assets	915	4,755
Business structure improvement expenses	1,170	1,093
Impairment losses	823	965
Other	1,140	1,308
Total	4,048	8,121

(Three months ended June 30, 2023 and June 30, 2024)

(In millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Loss on reduction of fixed assets	915	4,755
Business structure improvement expenses	481	310
Other	890	774
Total	2,286	5,839

(Additional Information)

(Acquisition of Altium Limited)

On February 15, 2024, the Company has reached an agreement with Altium Limited (hereinafter "Altium"), a global leader in electronics design systems, in which the Company will acquire all outstanding shares of Altium, making Altium a wholly-owned subsidiary of the Company (hereinafter "the Acquisition").

(1) Purpose of the Acquisition

Under its Purpose, "To Make Our Lives Easier", the Company has been expanding its product portfolio of embedded processors, analog, power, and connectivity with an aim to becoming a global leader in embedded semiconductor solutions. Furthermore, the Company has been advancing its digitization strategy that enables enhanced user experience (UX) through cloud-based development.

Altium's history began in 1985 from Australia as the world's first printed-circuit board (PCB) design tool provider. The company has grown into a global market leader with the most well-known PCB software tools in use today.

The acquisition enables two industry leaders to join forces and establish an integrated and open "electronics system design and lifecycle management platform" that allows for collaboration across component, subsystem, and system-level design. The transaction strongly aligns with the Company's digitalization strategy and represents the company's first significant step in bringing enhanced user experience and innovation at the system level for electronics system designers.

The Acquisition strengthens the Company's financial profile and provides shareholders significant value by accelerating our digitalization strategy.

(2) Overview of the Company to be acquired

- a. Name: Altium Limited
- b. Address: San Diego, California, USA
- c. Type of business: Development and sales of software tools for PCB design, etc.
- d. Capital: 127,699 thousand US\$ (19,242 million yen, based on an exchange rate of 1 USD = 151 yen)
- e. Established: October 20, 1987

(3) Acquisition Method

Altium is listed on the Australian Securities Exchange. The acquisition will be executed by way of a Scheme of Arrangement (hereinafter "SOA") under the Australian Corporations Act, which is a method of acquiring 100% of the outstanding shares of an Australian listed company and will involve the acquisition of all issued and to be issued common shares of Altium for cash. The companies have entered into a Scheme Implementation Agreement (hereinafter "SIA") which has been unanimously approved by the boards of directors of both companies.

The acquisition will be executed by way of a SOA. Upon approval of the Acquisition Proposal at a shareholder meeting of Altium (approval by a majority of the shareholders present and voting and by a minimum of 75% of votes cast), approval by the Australian courts, and necessary regulatory approvals being obtained from the authorities in relevant countries, and subject to satisfaction of certain other conditions, the Company (or, a wholly owned subsidiary) will acquire all of the outstanding shares of Altium.

The Company will acquire shares of Altium for a cash price of A\$68.50 per share, (total equity value of approximately A\$9.1 billion (approximately ¥887.9 billion at an exchange rate of 97 yen to the A\$). The Company plans to finance the transaction with bank loans and cash on hand.

Additionally, the number of shares acquired, acquisition price and ownership before and after acquisition are as follows.

- a. Shares owned before transfer: 0 shares (Ownership percentage: 0.0%)
- b. Number of shares acquired: 133,279,432 shares (Note) (Percentage of outstanding shares: 100.0%)
- c. Acquisition price: Approximately A\$9.1billion
(approximately ¥887.9 billion at an exchange rate of 97 yen to the A\$)
- d. Shares acquired after transfer: 133,279,432 shares (Note) (Percentage of outstanding shares: 100.0%)
(Note) Based on the number of shares on a fully-diluted basis as of February 15, 2024 (reflecting dilutions, etc., that occurred following the stock-related compensation from the said acquisition.) Above figures have been rounded off to the closest whole number.

(4) Schedule

The acquisition is expected to be completed in the second half of 2024, subject to approval by Altium shareholders, Australian court as well as regulatory and satisfaction of other customary closing conditions.

The Company received notification from the Committee on Foreign Investment in the United States ("CFIUS") on July 1, 2024 (PDT) that the investigation of the companies' proposed merger transaction by way of a scheme of arrangement (the "Scheme") is complete and that there are no unresolved national security concerns with respect to the transaction. The approval by CFIUS was the last outstanding regulatory authorization required to complete the transaction. All regulatory approvals required for the Scheme in Australia, Germany, Turkey and the United States have been satisfied.

(5) Execution of the loan agreement (Facilities Agreement)

To provide a portion of the funds for the Acquisition, the Company has entered into a loan agreement ("Facilities Agreement") on May 30, 2024 as follows.

- a. Borrowing limit: 1 trillion yen
- b. Execution date of agreement: May 30, 2024
- c. Drawdown date: From three business days after the effective date of the Acquisition
- d. Final repayment date: The fifth anniversary of the drawdown date
- e. Major participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Ltd.

(6) Execution of Facilities Agreement

On July 24, 2024, the Company has executed the loan as described below based on the loan agreement described on the above (5).

- a. Total amount of the Loan: 938.0 billion yen
- b. Loan application date: July 19, 2024
- c. Drawdown date: July 24, 2024
- d. Final repayment date: The fifth anniversary of the drawdown date
- e. Major participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Ltd.

(Subsequent Events)

Not applicable

About Renesas Electronics Corporation

Renesas Electronics Corporation ([TSE: 6723](#)) empowers a safer, smarter and more sustainable future where technology helps make our lives easier. A leading global provider of microcontrollers, Renesas combines our expertise in embedded processing, analog, power and connectivity to deliver complete semiconductor solutions. These Winning Combinations accelerate time to market for automotive, industrial, infrastructure and IoT applications, enabling billions of connected, intelligent devices that enhance the way people work and live. Learn more at [renesas.com](#). Follow us on [LinkedIn](#), [Facebook](#), [Twitter](#), [YouTube](#), and [Instagram](#).

(FORWARD-LOOKING STATEMENTS)

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “continue,” “endeavor,” “estimate,” “expect,” “initiative,” “intend,” “may,” “plan,” “potential,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target,” “will” and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information based on our current expectations, assumptions, estimates and projections about our business and industry, our future business strategies and the environment in which we will operate in the future. Known and unknown risks, uncertainties and other factors could cause our actual results, performance or achievements to differ materially from those contained or implied in any forward-looking statement, including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

This press release is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither we nor our advisors or representatives are under an obligation to update, revise or affirm.