

Media Contacts

Kyoko Okamoto
Corporate Communications Office
Renesas Electronics Corporation
+81 3-6773-3001
pr@renesas.com

Investor Contacts

Tomohiko Sato
Investor Relations
Renesas Electronics Corporation
+81 3-6773-3002
ir@renesas.com

Renesas Reports Financial Results for the Third Quarter Ended September 30, 2024

TOKYO, Japan, October 31, 2024 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the nine months ended September 30, 2024.

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

	Three months ended September 30, 2024		Nine months ended September 30, 2024	
	Billion yen	% of revenue	Billion yen	% of revenue
Revenue	345.3	100.0	1,055.9	100.0
Gross profit	192.8	55.9	595.7	56.4
Operating profit	98.4	28.5	322.5	30.5
Profit attributable to owners of parent	86.0	24.9	288.5	27.3
EBITDA (Note 3)	121.4	35.2	388.0	36.7

Summary of Consolidated Financial Results (IFRS basis)

	Three months ended September 30, 2024		Nine months ended September 30, 2024	
	Billion yen	% of revenue	Billion yen	% of revenue
Revenue	345.3	100.0	1,055.9	100.0
Gross profit	192.2	55.7	590.6	55.9
Operating profit	57.2	16.6	204.8	19.4
Profit attributable to owners of parent	60.6	17.6	200.3	19.0
EBITDA (Note 3)	109.0	31.6	355.3	33.7

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

(Billion yen)

	Three months ended September 30, 2024	Nine months ended September 30, 2024
Non-GAAP gross profit Non-GAAP gross margin	192.8 55.9%	595.7 56.4%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(0.2)	(0.8)
Stock-based compensation	(0.8)	(2.1)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	0.4	(2.4)
IFRS gross profit IFRS gross margin	192.2 55.7%	590.6 55.9%
Non-GAAP operating profit Non-GAAP operating margin	98.4 28.5%	322.5 30.5%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(28.7)	(85.0)
Stock-based compensation	(10.0)	(24.9)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	(2.4)	(7.8)
IFRS operating profit IFRS operating margin	57.2 16.6%	204.8 19.4%

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 Third Quarter Ended September 30, 2024
English translation from the original Japanese-language document



October 31, 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
Contact person : Tomohiko Sato, Vice President, Investor Relations
Tel. +81 (0)3-6773-3002

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the nine months ended September 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	%
Nine months ended September 30, 2024	1,055,879	(4.7)	204,794	(35.7)	238,597	(30.5)	200,256	(26.2)	200,261	(26.1)	145,478	(73.6)
Nine months ended September 30, 2023	1,107,482	(0.2)	318,402	—	343,505	—	271,387	—	271,008	—	551,468	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	112.10	110.75
Nine months ended September 30, 2023	152.52	149.59

Note: The Group finalized the provisional accounting treatment for the business combination at the end of December 31, 2023, and each figure for the nine months ended September 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	%
September 30, 2024	4,138,894	2,147,131	2,142,670	51.8
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	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 full year ending December 31, 2024 (% of change from the previous year)

	Non-GAAP revenue		Non-GAAP gross margin		Non-GAAP operating margin	
	Million yen	%	%	%pts	%	%pts
Full year Ending December 31, 2024	1,326,879 to 1,341,879	(9.7) to (8.7)	55.6	(1.4)	28.9	(5.3)

Note 1: The Group reports its consolidated 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 nine months ended September 30, 2024: Yes

New: 29 (Company name) Altium Limited, other 28 companies

Exclusion: 1 (Company name) iWatt B.V.

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 September 30, 2024: 1,870,614,885 shares

As of December 31, 2023: 1,958,454,023 shares

2. Number of treasury stock

As of September 30, 2024: 78,656,037 shares

As of December 31, 2023: 181,369,882 shares

3. Average number of shares issued and outstanding

Nine months ended September 30, 2024: 1,786,450,388 shares

Nine months ended September 30, 2023: 1,776,811,215 shares

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

Cautionary Statement

The Group will hold an earnings conference for institutional investors and analysts on October 31, 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. Business Results

1.1 Analysis of Business Results

The Group discloses consolidated business results in terms of both its internal measures which management relies upon in making decisions (hereinafter “Non-GAAP”) and those under IFRS.

Non-GAAP revenue, Non-GAAP gross profit and Non-GAAP operating profit are revenue, gross profit and operating profit under IFRS (hereinafter “IFRS revenue,” “IFRS gross profit” and “IFRS operating profit”) after excluding or adjusting non-recurring items and other adjustments 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. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other purchase price allocation (hereinafter “PPA”) adjustments and stock-based compensation as well as other non-recurring expenses and income the Group believes to be applicable.

The Group consists of “Automotive Business” and “Industrial/Infrastructure/IoT Business” and those are the Group’s reportable segments. Due to the Group’s organizational changes for the three months ended March 31, 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 nine months ended September 30, 2023, has been revised using the new methodology in order to be comparable with the segment information for the nine months ended September 30, 2024. For details, please refer to “(Business Segments)” in the “2. Condensed Consolidated Financial Statements, 2.5 Notes to Condensed Consolidated Financial Statements”.

Note : For Non-GAAP disclosure, the Group refers to the rules specified by the U.S. Securities and Exchange Commission but does not fully comply with such rules.

1) Summary of Consolidated Financial Results for the Nine Months ended September 30, 2024 (Non-GAAP basis)

	Nine months ended September 30, 2023 (January 1 – September 30, 2023)	Nine months ended September 30, 2024 (January 1 – September 30, 2024)	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Non-GAAP revenue	1,107.8	1,055.9	(51.9)	(4.7%)
Automotive	488.4	554.0	65.6	13.4%
Industrial/Infrastructure/IoT	611.5	496.0	(115.6)	(18.9%)
Non-GAAP gross profit	633.3	595.7	(37.6)	(5.9%)
Non-GAAP gross margin	57.2%	56.4%	(0.7pt)	—
Automotive	258.4 52.9%	292.4 52.8%	34.0 (0.1pt)	13.1% —
Industrial/Infrastructure/IoT	372.2 60.9%	301.6 60.8%	(70.6) (0.0pt)	(19.0%) —
Non-GAAP operating profit	386.1	322.5	(63.7)	(16.5%)
Non-GAAP operating margin	34.9%	30.5%	(4.3pts)	—
Automotive	172.5 35.3%	176.7 31.9%	4.3 (3.4pts)	2.5% —
Industrial/Infrastructure/IoT	211.9 34.6%	144.8 29.2%	(67.1) (5.4pts)	(31.6%) —

Note : For details on the above, please refer to “(Business Segments)” in the “2. Condensed Consolidated Financial Statements, 2.5 Notes to Condensed Consolidated Financial Statements”.

The financial results for the nine months ended September 30, 2024 are as follows:

<Non-GAAP revenue>

Consolidated Non-GAAP revenue for the nine months ended September 30, 2024 was 1,055.9 billion yen, a 51.9 billion yen (4.7%) decrease year on year. This was mainly attributable to the decrease in revenue from the Industrial, Infrastructure, and IoT Business due to the softening of demand and inventory digestion in markets, although revenue from Automotive Business increased due to the effect of yen depreciation and channel inventory expansion.

<Non-GAAP gross profit (margin)>

Non-GAAP gross profit for the nine months ended September 30, 2024 was 595.7 billion yen, a 37.6 billion yen (5.9%) decrease year on year. This was due to the decrease in sales revenue from the Industrial, Infrastructure, and IoT Business as mentioned above and the resulting deterioration in the product mix. As a result, non-GAAP gross margin for the nine months ended September 30, 2024 was 56.4%, a decrease by 0.7 point year on year.

<Non-GAAP operating profit (margin)>

Non-GAAP operating profit for the nine months ended September 30, 2024 was 322.5 billion yen, a 63.7 billion yen (16.5%) decrease year on year. This was mainly due to the above-mentioned decrease in gross profit and increase in

R&D expenses. As a result, Non-GAAP operating margin for the nine months ended September 30, 2024 was 30.5%, a decrease by 4.3 points year on year.

The revenue breakdown of the business segments for the nine months ended September 30, 2024 are as follows:

Automotive Business

The Automotive Business includes the product categories “Automotive Control,” comprising of 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 in-vehicle infotainment (IVI) and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Automotive Business for the nine months ended September 30, 2024 was 554.0 billion yen, a 65.6 billion yen (13.4%) increase year on year. As mentioned above, this was mainly due to the effect of yen depreciation and channel inventory expansion.

Non-GAAP gross profit of the Automotive Business for the nine months ended September 30, 2024 was 292.4 billion yen, a 34.0 billion yen (13.1%) increase year on year. This was due to an increase in revenue.

Non-GAAP operating profit of the Automotive Business for the nine months ended September 30, 2024 was 176.7 billion yen, a 4.3 billion yen (2.5%) increase year on year. This was mainly attributable to the increase in gross profit as mentioned above, although there was an increase in research and development costs.

Industrial/Infrastructure/IoT Business

The Industrial/Infrastructure/IoT Business includes the categories “Industrial,” “Infrastructure” and “IoT” which support a smart society. The Group mainly supplies MCUs, SoCs, analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Industrial/Infrastructure/IoT Business for the nine months ended September 30, 2024 was 496.0 billion yen, a 115.6 billion yen (18.9%) decrease year on year. This was due to a decrease in revenue resulting from the softening of demand and inventory digestion mainly in Industrial market as mentioned above, despite the effect of yen depreciation.

Non-GAAP gross profit of the Industrial/Infrastructure/IoT Business for the nine months ended September 30, 2024 was 301.6 billion yen, a 70.6 billion yen (19.0%) decrease year on year. This was due to a decrease in revenue.

Non-GAAP operating profit of the Industrial/Infrastructure/IoT Business for the nine months ended September 30, 2024 was 144.8 billion yen, a 67.1 billion yen (31.6%) decrease year on year, due to a decrease in gross profit.

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

(Billion yen)

	Nine months ended September 30, 2023 (January 1 – September 30, 2023)	Nine months ended September 30, 2024 (January 1 – September 30, 2024)
Non-GAAP gross profit	633.3	595.7
Non-GAAP gross margin	57.2%	56.4%
Reconciliations in revenue level (Note 1)	(0.3)	—
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(0.7)	(0.8)
Stock-based compensation	(1.1)	(2.1)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(0.4)	(2.4)
IFRS gross profit	630.8	590.6
IFRS gross margin	57.0%	55.9%
Non-GAAP operating profit	386.1	322.5
Non-GAAP operating margin	34.9%	30.5%
Reconciliations in revenue level (Note 1)	(0.3)	—
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(77.8)	(85.0)
Stock-based compensation	(17.3)	(24.9)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	27.7	(7.8)
IFRS operating profit	318.4	204.8
IFRS operating margin	28.8%	19.4%

Note 1: Non-GAAP adjustments have been applied to the revenue following the implementation of PPA.

Note 2: "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.

3) Summary of Consolidated Financial Results for the Nine months ended September 30, 2024 (IFRS basis)

	Nine months ended September 30, 2023 (January 1 – September 30, 2023)	Nine months ended September 30, 2024 (January 1 – September 30, 2024)	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Revenue	1,107.5	1,055.9	(51.6)	(4.7%)
Gross profit	630.8	590.6	(40.3)	(6.4%)
Gross margin	57.0%	55.9%	(1.0 pt)	—
Operating profit	318.4	204.8	(113.6)	(35.7%)
Operating margin	28.8%	19.4%	(9.4 pts)	—

1.2 Consolidated Financial Condition

Assets, Liabilities and Shareholders' Equity

(Billion yen)

	As of December 31, 2023	As of September 30, 2024	Increase (Decrease)
Total assets	3,167.0	4,138.9	971.9
Total equity	2,005.6	2,147.1	141.5
Equity attributable to owners of parent	2,001.6	2,142.7	141.1
Equity ratio attributable to owners of parent (%)	63.2	51.8	(11.4)
Interest-bearing liabilities	667.7	1,511.6	843.9
Debt to equity ratio	0.33	0.71	0.38

Total assets as of September 30, 2024 amounted to 4,138.9 billion yen, a 971.9 billion yen increase from December 31, 2023. This was mainly due to an increase in goodwill by the acquisition of Altium Limited (hereinafter "Altium"). Total equity was 2,147.1 billion yen, a 141.5 billion yen increase from December 31, 2023. Total equity grew mainly due to an increase in retained earnings through quarterly profit.

Equity attributable to owners of the parent increased by 141.1 billion yen from December 31, 2023, and the equity ratio attributable to owners of the parent was 51.8%. In addition, interest-bearing liabilities increased by 843.9 billion yen from December 31, 2023, mainly due to the borrowings to finance the acquisition of Altium. Consequently, the Debt to equity ratio was 0.71.

Cash Flows

(Billion yen)

	Nine months ended September 30, 2023 (January 1 – September 30, 2023)	Nine months ended September 30, 2024 (January 1 – September 30, 2024)
Net cash provided by (used in) operating activities	340.1	237.3
Net cash provided by (used in) investing activities	(218.3)	(1,243.5)
Free cash flows (Note)	121.8	(1,006.1)
Net cash provided by (used in) financing activities	(147.8)	780.6
Cash and cash equivalents at the beginning of period	336.1	434.7
Cash and cash equivalents at the end of period	392.5	239.1

(Note) As defined as a total of net cash flows provided by (used in) operating and investing activities.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the nine months ended September 30, 2024 was 237.3 billion yen. This was mainly due to a recording of 238.6 billion yen in quarterly profit before tax as well as adjustments in non-cash items such as depreciation.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the nine months ended September 30, 2024 was 1,243.5 billion yen. This was mainly due to the acquisition of shares in Altium and Transphorm, Inc. (hereinafter "Transphorm"), the loan to Wolfsped, Inc. and the purchase of property, plant, and equipment as well as intangible assets.

The foregoing resulted in negative free cash flows of 1,006.1 billion yen for the nine months ended September 30, 2024.

(Net cash provided by (used in) financing activities)

Net cash provided by financing activities for the nine months ended September 30, 2024 was 780.6 billion yen. This was mainly due to the execution of new term loan agreements with the main financing banks for the acquisition of Altium.

2. Condensed Consolidated Financial Statements

2.1 Condensed Consolidated Statement of Financial Position

	(In millions of yen)	
	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	434,681	239,130
Trade and other receivables	168,991	187,228
Inventories	163,054	173,071
Other current financial assets	4,660	3,251
Income taxes receivable	7,495	13,116
Other current assets	21,792	21,032
Total current assets	800,673	636,828
Non-current assets		
Property, plant and equipment	266,139	342,048
Goodwill	1,362,131	2,272,413
Intangible assets	421,847	386,308
Investments accounted for using the equity method	—	364
Other non-current financial assets	255,230	411,600
Deferred tax assets	43,385	46,467
Other non-current assets	17,598	42,866
Total non-current assets	2,366,330	3,502,066
Total assets	3,167,003	4,138,894

	(In millions of yen)	
	As of December 31, 2023	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	243,192	248,162
Bonds and borrowings	425,312	214,850
Other current financial liabilities	24,311	19,141
Income taxes payable	41,414	12,981
Provisions	11,215	6,609
Other current liabilities	83,281	90,244
Total current liabilities	828,725	591,987
Non-current liabilities		
Trade and other payables	4,140	24,406
Bonds and borrowings	225,636	1,277,375
Other non-current financial liabilities	11,371	13,639
Income taxes payable	2,757	5,261
Retirement benefit liability	24,598	23,807
Provisions	3,265	3,125
Deferred tax liabilities	53,528	42,153
Other non-current liabilities	7,395	10,010
Total non-current liabilities	332,690	1,399,776
Total liabilities	1,161,415	1,991,763
Equity		
Share capital	153,209	153,209
Capital surplus	359,398	279,827
Retained earnings	1,157,236	1,291,252
Treasury shares	(217,691)	(95,461)
Other components of equity	549,401	513,843
Total equity attributable to owners of parent	2,001,553	2,142,670
Non-controlling interests	4,035	4,461
Total equity	2,005,588	2,147,131
Total liabilities and equity	3,167,003	4,138,894

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

Condensed Consolidated Statement of Profit or Loss

(Nine months ended September 30, 2023 and September 30, 2024)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Revenue	1,107,482	1,055,879
Cost of sales	(476,651)	(465,323)
Gross profit	630,831	590,556
Selling, general and administrative expenses	(342,861)	(384,522)
Other income	36,616	9,523
Other expenses	(6,184)	(10,763)
Operating profit	318,402	204,794
Finance income	31,672	40,426
Finance costs	(6,569)	(6,510)
Share of loss of investments accounted for using equity method	—	(113)
Profit before tax	343,505	238,597
Income tax expense	(72,118)	(38,341)
Profit	271,387	200,256
Profit attributable to		
Owners of parent	271,008	200,261
Non-controlling interests	379	(5)
Profit	271,387	200,256
Earnings per share		
Basic earnings per share (yen)	152.52	112.10
Diluted earnings per share (yen)	149.59	110.75

Condensed Consolidated Statement of Comprehensive Income
(Nine months ended September 30, 2023 and September 30, 2024)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	271,387	200,256
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(114)	(253)
Equity instruments measured at fair value through other comprehensive income	(454)	(2,563)
Total of items that will not be reclassified to profit or loss	(568)	(2,816)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	306,296	(40,835)
Cash flow hedges	(25,323)	(7,922)
Cost of hedges	(324)	(3,205)
Total of items that may be reclassified subsequently to profit or loss	280,649	(51,962)
Total other comprehensive income	280,081	(54,778)
Total comprehensive income	551,468	145,478
Comprehensive income attributable to		
Owners of parent	550,874	145,044
Non-controlling interests	594	434
Total comprehensive income	551,468	145,478

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

	(In millions of yen)	
	Three months ended September 30, 2023	Three months ended September 30, 2024
Revenue	379,391	345,282
Cost of sales	(159,840)	(153,120)
Gross profit	219,551	192,162
Selling, general and administrative expenses	(121,202)	(133,539)
Other income	1,697	1,248
Other expenses	(2,136)	(2,642)
Operating profit	97,910	57,229
Finance income	9,164	22,039
Finance costs	(4,150)	(6,600)
Share of loss of investments accounted for using equity method	—	(113)
Profit before tax	102,924	72,555
Income tax expense	(27,556)	(12,087)
Profit	75,368	60,468
Profit attributable to		
Owners of parent	75,233	60,629
Non-controlling interests	135	(161)
Profit	75,368	60,468
Earnings per share		
Basic earnings per share (yen)	42.53	33.84
Diluted earnings per share (yen)	41.77	33.55

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

	(In millions of yen)	
	Three months ended September 30, 2023	Three months ended September 30, 2024
Profit	75,368	60,468
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(56)	(30)
Equity instruments measured at fair value through other comprehensive income	10	652
Total of items that will not be reclassified to profit or loss	(46)	622
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	82,746	(391,616)
Cash flow hedges	(1,823)	(23,028)
Cost of hedges	(1,745)	2,296
Total of items that may be reclassified subsequently to profit or loss	79,178	(412,348)
Total other comprehensive income	79,132	(411,726)
Total comprehensive income	154,500	(351,258)
Comprehensive income attributable to		
Owners of parent	154,254	(351,141)
Non-controlling interests	246	(117)
Total comprehensive income	154,500	(351,258)

2.3 Condensed Consolidated Statement of Changes in Equity

(Nine months ended September 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	—	—	271,008	—	—	—	—
Other comprehensive income	—	—	—	—	—	(114)	(454)
Total comprehensive income	—	—	271,008	—	—	(114)	(454)
Purchase and disposal of treasury shares	—	(81)	—	(32,421)	—	—	—
Dividends of surplus	—	—	—	—	—	—	—
Share-based payment transactions	—	3,621	—	—	(3,750)	—	—
Transfer to retained earnings	—	3,535	(4,253)	—	592	114	12
Total transactions with owners	—	7,075	(4,253)	(32,421)	(3,158)	114	12
Balance as of September 30, 2023	153,209	355,521	1,095,337	(224,592)	4,444	—	(2,418)

	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	—	—	—	—	271,008	379	271,387
Other comprehensive income	306,081	(25,323)	(324)	279,866	279,866	215	280,081
Total comprehensive income	306,081	(25,323)	(324)	279,866	550,874	594	551,468
Purchase and disposal of treasury shares	—	—	—	—	(32,502)	—	(32,502)
Dividends of surplus	—	—	—	—	—	(6)	(6)
Share-based payment transactions	—	—	—	(3,750)	(129)	—	(129)
Transfer to retained earnings	—	—	—	718	—	—	—
Total transactions with owners	—	—	—	(3,032)	(32,631)	(6)	(32,637)
Balance as of September 30, 2023	701,988	(37,687)	6,176	672,503	2,051,978	4,316	2,056,294

(Nine months ended September 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	—	—	200,261	—	—	—	—
Other comprehensive income	—	—	—	—	—	(253)	(2,563)
Total comprehensive income	—	—	200,261	—	—	(253)	(2,563)
Purchase and disposal of treasury shares	—	16,394	—	17,701	—	—	—
Cancellation of treasury shares	—	(104,529)	—	104,529	—	—	—
Dividends of surplus	—	—	(49,758)	—	—	—	—
Share-based payment transactions	—	(6,012)	—	—	(1,727)	—	—
Transfer to retained earnings	—	14,576	(16,487)	—	(106)	253	1,764
Transfer to non-financial assets	—	—	—	—	—	—	—
Total transactions with owners	—	(79,571)	(66,245)	122,230	(1,833)	253	1,764
Balance as of September 30, 2024	153,209	279,827	1,291,252	(95,461)	1,273	—	(3,110)

	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	—	—	—	—	200,261	(5)	200,256
Other comprehensive income	(41,274)	(7,922)	(3,205)	(55,217)	(55,217)	439	(54,778)
Total comprehensive income	(41,274)	(7,922)	(3,205)	(55,217)	145,044	434	145,478
Purchase and disposal of treasury shares	—	—	—	—	34,095	—	34,095
Cancellation of treasury shares	—	—	—	—	—	—	—
Dividends of surplus	—	—	—	—	(49,758)	(8)	(49,766)
Share-based payment transactions	—	—	—	(1,727)	(7,739)	—	(7,739)
Transfer to retained earnings	—	—	—	1,911	—	—	—
Transfer to non-financial assets	—	19,475	—	19,475	19,475	—	19,475
Total transactions with owners	—	19,475	—	19,659	(3,927)	(8)	(3,935)
Balance as of September 30, 2024	522,941	(7,826)	565	513,843	2,142,670	4,461	2,147,131

2.4 Condensed Consolidated Statement of Cash Flows

(In millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	343,505	238,597
Depreciation and amortization	137,475	150,542
Impairment losses	1,532	1,290
Finance income and finance costs	(11,777)	(26,952)
Share-based payment expenses	17,345	24,863
Insurance claim income	(30,621)	(503)
Foreign exchange loss (gain)	(11,533)	(4,736)
Loss (gain) on sales of property, plant and equipment, and intangible assets	(1,217)	(187)
Decrease (increase) in inventories	18,251	(7,739)
Decrease (increase) in trade and other receivables	(23,291)	(3,886)
Decrease (increase) in other financial assets	(4,541)	2,534
Decrease (increase) in long term prepaid expenses	—	(28,154)
Increase (decrease) in trade and other payables	13,604	(20,443)
Increase (decrease) in retirement benefit liability	(696)	(1,218)
Increase (decrease) in provisions	(525)	(4,777)
Increase (decrease) in other current liabilities	(10,205)	(21,405)
Increase (decrease) in other financial liabilities	(3,474)	1,650
Other	(1,959)	(3,602)
Subtotal	431,873	295,874
Interest received	14,964	23,517
Dividends received	291	327
Proceeds from insurance income	17,288	503
Income taxes paid	(124,302)	(89,144)
Income taxes refund	—	6,260
Net cash flows from operating activities	340,114	237,337
Cash flows from investing activities		
Purchase of property, plant and equipment	(52,132)	(105,714)
Proceeds from sales of property, plant and equipment	1,338	784
Purchase of intangible assets	(25,868)	(24,598)
Purchase of other financial assets	(2,170)	(3,290)
Proceeds from sales of other financial assets	(1,371)	2,008
Payments for acquisitions of subsidiaries	(9,738)	(962,825)
Payments for settlement of contingent consideration of subsidiary shares	(205)	—
Purchase of shares of subsidiaries and associates	—	(338)
Proceeds from insurance income	13,333	—
Proceeds from government grant income	5,493	9,743
Payments for long-term loans receivable	(144,150)	(155,220)
Other	(2,828)	(4,007)
Net cash flows from investing activities	(218,298)	(1,243,457)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	—	180,000
Repayments of short-term borrowings	—	(180,000)
Proceeds from long-term borrowings	—	1,187,000
Repayments of long-term borrowings	(90,015)	(341,844)
Purchase of treasury shares	(50,000)	—
Dividends paid	—	(49,702)
Repayments of lease liabilities	(4,818)	(3,952)
Interest paid	(2,947)	(10,883)
Other	(13)	(4)
Net cash flows from financing activities	(147,793)	780,615
Effect of exchange rate changes on cash and cash equivalents	82,415	29,954
Net increase (decrease) in cash and cash equivalents	56,438	(195,551)
Cash and cash equivalents at beginning of the period	336,068	434,681
Cash and cash equivalents at end of the period	392,506	239,130

2.5 Notes to Condensed Consolidated Financial Statements

(Notes about Going Concern Assumption)

Not applicable

(Basis for Preparation)

(1) Statement of the quarterly condensed consolidated financial statements' compliance with IFRS

The Group prepares its quarterly condensed consolidated financial statements in compliance with Article 5, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc. (applying the omission of the description specified in Article 5, Paragraph 5 of the same standard) issued by Tokyo Stock Exchange, Inc. and omits some disclosure items required by International Accounting Standards (IAS) 34 "Interim Financial Reporting."

(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) One company has been excluded from the scope of consolidation due to extinction by liquidation for the three months ended March 31, 2024.

(2) With the completion of the acquisition of Transphorm, Inc. (hereinafter "Transphorm") on June 20, 2024, six companies including the affiliated companies of the company have been newly included in the scope of consolidation for the three months ended June 30, 2024. In addition, two companies have been newly included in the scope of consolidation due to establishment and two companies have been excluded from the scope of consolidation due to extinction by liquidation as well.

(3) With the completion of the acquisition of Altium Limited (hereinafter "Altium"), twenty-nine companies including the affiliated companies of the company have been newly included in the scope of consolidation for the three months ended September 30, 2024. In addition, one company has been excluded from the scope of consolidation due to extinction by liquidation as well.

Scope of Application of equity method

(1) No change in the scope of application of equity method for the three months ended March 31, 2024.

(2) One company has been newly included in the scope of application of the equity method with the completion of the acquisition of Transphorm for the three months ended June 30, 2024.

(3) No change in the scope of application of equity method for the three months ended September 30, 2024.

(Material Accounting Policies)

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 nine months ended September 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 three months ended March 31, 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 nine months ended September 30, 2023 has been revised using the new methodology.

(2) Information on reportable segments

The accounting treatment for the reportable segments is same as described in "Material 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.

(Nine months ended September 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	488,447	611,541	7,786	—	1,107,774	(292)	1,107,482
Segment gross profit	258,446	372,204	2,842	(177)	633,315	(2,484)	630,831
Segment operating profit	172,459	211,855	2,842	(1,034)	386,122	(67,720)	318,402
Finance income							31,672
Finance costs							(6,569)
Profit before tax							343,505
(Other items) Depreciation and amortization	28,108	31,612	—	—	59,720	77,755	137,475

(Nine months ended September 30, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	554,022	495,966	5,891	—	1,055,879	—	1,055,879
Segment gross profit	292,420	301,636	1,688	—	595,744	(5,188)	590,556
Segment operating profit	176,740	144,803	1,690	(770)	322,463	(117,669)	204,794
Finance income							40,426
Finance costs							(6,510)
Share of loss of investments accounted for using equity method							(113)
Profit before tax							238,597
(Other items) Depreciation and amortization	37,576	27,945	—	—	65,521	85,021	150,542

(Three months ended September 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	168,182	208,867	2,342	—	379,391	—	379,391
Segment gross profit	89,829	129,585	548	(154)	219,808	(257)	219,551
Segment operating profit	58,108	73,685	548	(44)	132,297	(34,387)	97,910
Finance income							9,164
Finance costs							(4,150)
Profit before tax							102,924
(Other items) Depreciation and amortization	9,709	10,556	—	—	20,265	26,765	47,030

(Three months ended September 30, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	185,464	158,198	1,620	—	345,282	—	345,282
Segment gross profit	96,621	95,826	402	—	192,849	(687)	192,162
Segment operating profit	56,722	42,037	402	(770)	98,391	(41,162)	57,229
Finance income							22,039
Finance costs							(6,600)
Share of loss of investments accounted for using equity method							(113)
Profit before tax							72,555
(Other items) Depreciation and amortization	13,537	9,505	—	—	23,042	28,727	51,769

(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.

(Nine months ended September 30, 2023 and September 30, 2024)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
China	266,116	286,976
Asia (Excluding Japan and China)	229,048	235,984
Japan	291,978	227,920
Europe	197,652	181,999
North America	118,269	121,126
Others	4,419	1,874
Total	1,107,482	1,055,879

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

	(In millions of yen)	
	Three months ended September 30, 2023	Three months ended September 30, 2024
China	94,486	102,593
Asia (Excluding Japan and China)	79,578	72,201
Japan	90,317	70,904
Europe	69,032	60,338
North America	44,435	38,590
Others	1,543	656
Total	379,391	345,282

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

(Business Combinations)

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

Nine months ended September 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. (hereinafter "Celeno")'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)
	Nine months ended September 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 nine months ended September 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 1, 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 nine months ended September 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 September 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 the nine months ended September 30, 2023 would not be material.

f. Revenue and profit / loss of the acquired company

For the nine months ended September 30, 2023, the revenue and profit of Panthronics from the acquisition date to September 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)	
	Nine months ended September 30, 2023
Beginning balance	—
Increase due to the business combination	2,794
Exchange differences	208
Ending balance	3,002

Nine months ended September 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)		
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Beginning balance	1,078	586
Changes in the fair value	—	(606)
Exchange differences	137	20
Ending balance	1,215	—

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 nine months ended September 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)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Beginning balance	—	2,711
Increase due to the business combination	2,794	—
Exchange differences	208	(74)
Ending balance	3,002	2,637

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

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

Expenses related to the acquisition were 890 million yen, which were recorded in "Selling, general and administrative expenses" for the nine months ended September 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 September 30, 2024, 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 the nine months ended September 30, 2024 would not be material.

f. Revenue and profit / loss of the acquired company

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

(Altium Limited)

a. Overview of business combination

On August 1, 2024, the Company completed the acquisition of Altium Limited, a global leader company in electronics design systems headquartered in San Diego, California, USA. Following the completion of the acquisition, Altium has become a wholly-owned subsidiary of the Company.

1) Name and overview of the acquiree

Name of the acquiree: Altium Limited

Business overview: Development and sales of software tools for PCB design, etc.

2) Date of the acquisition

August 1, 2024

3) 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 material step in bringing enhanced user experience and innovation at the system level for electronics system designers.

As technology advances, the design and integration of electronic systems become increasingly complex. The current electronics system design flow is a complicated and iterative process that involves multiple stakeholders and design steps, from component selection and evaluation to simulation and PCB physical design. Engineers must be able to design systems that are not only functional but also efficient and cost-effective under shortened development cycles.

Together, Renesas and Altium, under a shared vision, aim to build an integrated and open electronics system design and lifecycle management platform that unifies these steps at a system level. The acquisition brings together Altium's sophisticated cloud platform capabilities with Renesas' strong portfolio of embedded solutions, combining high-performance processors, analog, power and connectivity. The combination will also enable integration with third-party vendors across the ecosystem to execute all electronic design steps seamlessly on the cloud. The electronics system design and lifecycle management platform will deliver integration and standardization of various electronic design data and functions and enhanced component lifecycle management, while enabling seamless digital iteration of design processes to increase overall productivity. This brings significantly faster innovation and lowers barriers to entry for system designers by reducing development resources and inefficiencies.

In addition, the acquisition strengthens Renesas' financial profile and provides shareholders significant value by accelerating Renesas' Digitalization strategy.

The transaction is immediately accretive to earnings without synergies; the combined company expects to achieve earnings impact from revenue and cost synergies after the completion of the transaction.

4) Acquisition Method

Acquisition of shares for cash consideration.

b. Consideration for the acquisition and its breakdown

		(In millions of yen)
Consideration		Amount
Cash		936,874
Acquisition consideration from Restricted Stock Unit and Performance Share Unit		1,110
Other assets recognized prior to the acquisition date		355
Total	A	938,339

Expenses related to the acquisition were 2,052 million yen, which were recorded in "Selling, general and administrative expenses" for the nine months ended September 30, 2024.

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

		(In millions of yen)
		Date of acquisition (August 1, 2024)
Current assets		
Cash and cash equivalents		26,746
Trade and other receivables (Note 2)		12,161
Other		1,617
Total current assets		40,524
Non-current assets		
Property, plant and equipment		2,418
Intangible assets		2,055
Other financial assets		423
Deferred tax assets		8,472
Other		31
Total non-current assets		13,399
Total assets		53,923
Current liabilities		
Trade and other payables		654
Other current financial liabilities		579
Income taxes payable		7,181
Other		21,005
Total current liabilities		29,419
Non-current liabilities		
Trade and other payables		285
Other non-current financial liabilities		2,190
Retirement benefit liability		134
Deferred tax liabilities		1,018
Other		8
Total non-current liabilities		3,635
Total liabilities		33,054
Net assets	B	20,869
Goodwill (Note 3)	A-B	917,470

(Note 1) As of September 30, 2024, 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 Altium.

(Note 2) There are no material 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 Altium. 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	936,874
Cash and cash equivalents held by the acquiree at the time of obtaining control	(26,746)
Amount of cash paid for the acquisition of subsidiaries (net amount)	910,128

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 Altium 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 the nine months ended September 30, 2024 would not be material.

f. Revenue and profit / loss of the acquired company

For the nine months ended September 30, 2024, the revenue and profit of Altium from the acquisition date to September 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 September 30, 2024
Notes and trade receivables	160,590	175,786
Other receivables	8,838	11,873
Loss allowance	(437)	(431)
Total	168,991	187,228

(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 September 30, 2024
Trade payables	99,957	90,048
Other payables	51,878	94,917
Electronically recorded obligations	15,332	15,455
Refund liabilities	80,165	72,148
Total	247,332	272,568
Current liabilities	243,192	248,162
Non-current liabilities	4,140	24,406

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

(Bonds and Borrowings)

a. Bonds

Nine months ended September 30, 2023
Not applicable.

Nine months ended September 30, 2024
Not applicable.

b. Borrowings

Nine months ended September 30, 2023
Not applicable.

Nine months ended September 30, 2024

In March 2024, the Company 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 was fully repaid in June 2024. In addition, in July 2024, the Company executed a short-term borrowing of 150,000 million yen from MUFG Bank, Ltd., and Mizuho Bank, Ltd., under a loan agreement dated May 30, 2024. The borrowing was fully repaid in September, 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. In July 24, 2024, the Company executed a term loan of 788,000 million yen in total, under the loan agreement dated May 30, 2024 (Borrowing date: July 24, 2024, Repayment date: September 28, 2029, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and five other financial institutions). In addition, in September 30, 2024, the Company executed a JBIC loan agreement (Total amount: 149,000 million yen; Borrowing date: September 30, 2024; Repayment date: July 24, 2029; Participating financial institutions: Japan Bank for International Cooperation (JBIC)) and executed borrowing of 149,000 million yen.

(Equity and Other Equity Items)

Nine months ended September 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 result, treasury shares increased by 50,000 million yen for the nine months ended September 30, 2023. The number of treasury shares decreased by 14,772,356 shares, due to disposals of treasury shares based on the exercise of stock options and the vesting of Restricted Stock Unit (RSU) for the nine months ended September 30, 2023. As a consequence, treasury shares decreased by 17,579 million yen for the nine months ended September 30, 2023.

As a result, the treasury shares was 224,592 million yen as of September 30, 2023.

Nine months ended September 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 14,874,707 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 nine months ended September 30, 2024. As a consequence, treasury shares decreased by 122,230 million yen for the nine months ended September 30, 2024.

As a result, the treasury shares was 95,461 million yen as of September 30, 2024.

(Dividends)

(1) Dividend payment amounts

Nine months ended September 30, 2023
Not applicable.

Nine months ended September 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 nine months ended September 30, 2024, for those with an effective date is after September 30, 2024.

Nine months ended September 30, 2023
Not applicable.

Nine months ended September 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.

(Nine months ended September 30, 2023 and September 30, 2024)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Research and development expenses	172,548	189,426
Depreciation and amortization	81,998	89,797
Personnel expenses	58,630	70,251
Retirement benefit expenses	2,772	3,472
Other	26,913	31,576
Total	342,861	384,522

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

	(In millions of yen)	
	Three months ended September 30, 2023	Three months ended September 30, 2024
Research and development expenses	61,086	63,482
Depreciation and amortization	28,309	30,306
Personnel expenses	20,451	26,922
Retirement benefit expenses	815	1,274
Other	10,541	11,555
Total	121,202	133,539

(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.

(Nine months ended September 30, 2023 and September 30, 2024)

	(In millions of yen)	
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Proceeds from subsidy (Note 1)	1,372	5,789
Reversal of impairment losses	—	1,077
Fair value remeasurements on contingent considerations (Note 2)	1,242	606
Insurance claim income (Note 3)	30,621	503
Other	3,381	1,548
Total	36,616	9,523

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

	(In millions of yen)	
	Three months ended September 30, 2023	Three months ended September 30, 2024
Reversal of provision for loss on litigation	—	534
Insurance claim income	—	502
Proceeds from subsidy	9	278
Gain on sales of property, plant and equipment	544	67
Other	1,144	(133)
Total	1,697	1,248

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

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

(Note 3) Insurance claim income recognized during the nine months ended September 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.

(Nine months ended September 30, 2023 and September 30, 2024)

(In millions of yen)		
	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Loss on reduction of fixed assets	915	4,879
Business structure improvement expenses	1,739	2,760
Impairment losses	1,532	1,290
Other	1,998	1,834
Total	6,184	10,763

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

(In millions of yen)		
	Three months ended September 30, 2023	Three months ended September 30, 2024
Business structure improvement expenses	569	1,667
Impairment losses	709	325
Other	858	650
Total	2,136	2,642

(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. The 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](https://www.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.