

# 1Q 2022 PRESENTATION

RENESAS ELECTRONICS CORPORATION  
APRIL 27, 2022

# NON-GAAP BASIS INFORMATION

In this section, Renesas Electronics Group (hereinafter “the Group”) applies non-GAAP financial measures (hereinafter “non-GAAP basis”) used for management’s decision making. Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS: International Financial Reporting Standards) figures following a certain set of rules. The Group believes providing non-GAAP figures will help to better understand the Group’s constant business results.

The Group reports its forecasts on a quarterly basis as a substitute for a yearly forecast.

# DISCLAIMER

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- **Adoption of IFRS:** With the outlook that the Group will continue to expand globally and to provide financial figures that can be compared on a global scale, the Group discloses its consolidated financial statements in accordance with IFRS starting from the annual securities report for FY2018/12.
- **Non-GAAP figures:** 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. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable. However, the figure provided as revenue is based on IFRS and does not include non-GAAP adjustments.
- **Presentation of financial forecasts:** Starting from the consolidated forecasts for the three months ended March 31, 2019, the Group presents its financial forecasts as a range, and gross margin and operating margin figures in the non-GAAP format. The gross margin and operating margin forecasts are given assuming the midpoint in the sales revenue forecast.
- **Start of consolidation of Dialog and Celeno:** The Group completed acquisitions of Dialog Semiconductor Plc. (“Dialog”) on August 31, 2021, and Celeno Communications (“Celeno”) on December 20, 2021. The Group has since begun the consolidation of their financial figures.
- **Purchase Price Allocation (PPA):** The allocation of the acquisition costs for the business combinations with Dialog, which the Group acquired on August 31, 2021, has been revised at the end of the three months ended March 31, 2022. The revised allocation of the acquisition costs (purchase price allocation, hereinafter “PPA”) has been reflected in the consolidated financial results for the year ended December 31, 2021.

# 1Q 2022 FINANCIAL SNAPSHOT

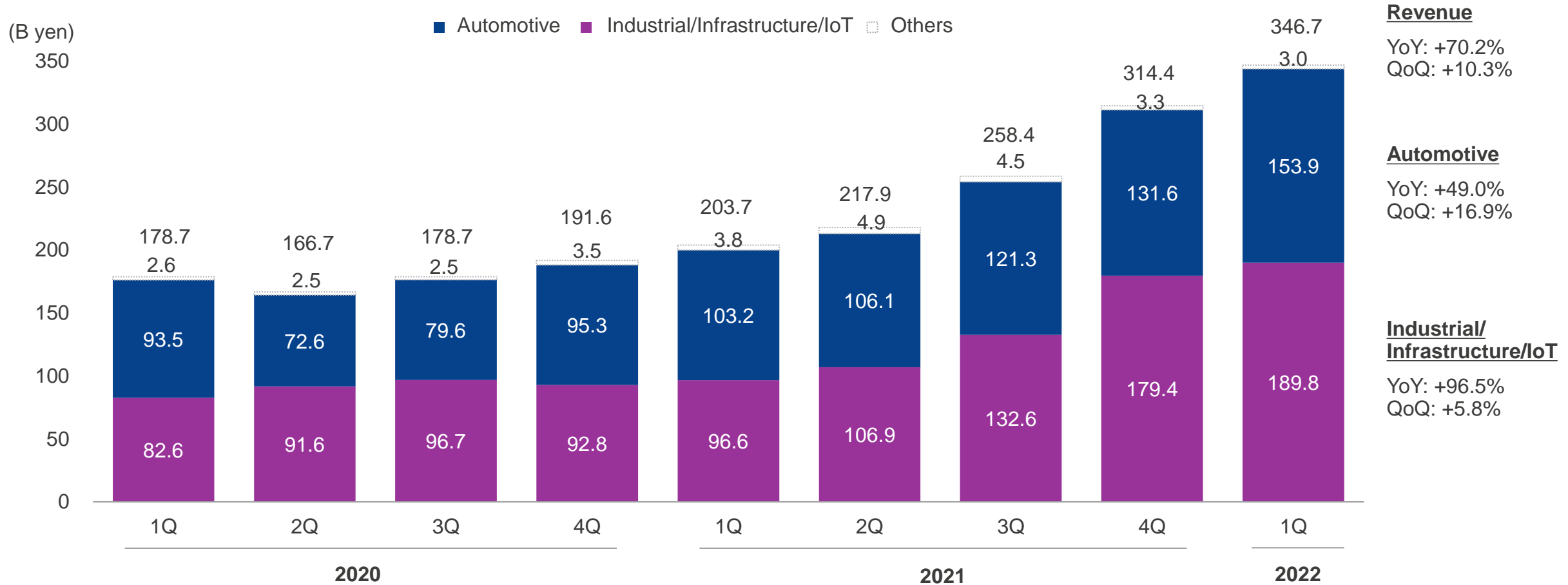
## NON-GAAP

(B yen)	2021		2022				
	1Q (Jan-Mar)	4Q (Oct-Dec)	1Q (Jan-Mar) Forecast	1Q (Jan-Mar) Actual	YoY	QoQ	Change from Feb 9 FCT <sup>*1</sup>
Revenue	203.7	314.4	336.0 (±4.0)	<b>346.7</b>	<b>+70.2%</b>	<b>+10.3%</b>	<b>+3.2%</b>
Gross Margin	50.2%	54.3%	55.5%	<b>58.4%</b>	<b>+8.2pts</b>	<b>+4.1pts</b>	<b>+2.8pts</b>
Operating Profit (Margin)	52.6 (25.8%)	98.7 (31.4%)	115.9 (34.5%)	<b>135.5 (39.1%)</b>	<b>+82.9 (+13.2pts)</b>	<b>+36.8 (+7.7pts)</b>	<b>+19.6 (+4.6pts)</b>
Profit Attributable to Owners of Parent	32.6	80.9	-	<b>90.1</b>	<b>+57.5</b>	<b>+9.2</b>	-
EBITDA <sup>*2</sup>	71.8	119.4	-	<b>155.2</b>	<b>+83.4</b>	<b>+35.9</b>	-
1 US\$=	104 yen	112 yen	113 yen	<b>115 yen</b>	10 yen depreciation	2 yen depreciation	2 yen depreciation
1 Euro=	127 yen	130 yen	129 yen	<b>130 yen</b>	3 yen depreciation	1 yen appreciation	1 yen depreciation

\*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

\*2: Operating profit + Depreciation and amortization

# QUARTERLY REVENUE TRENDS



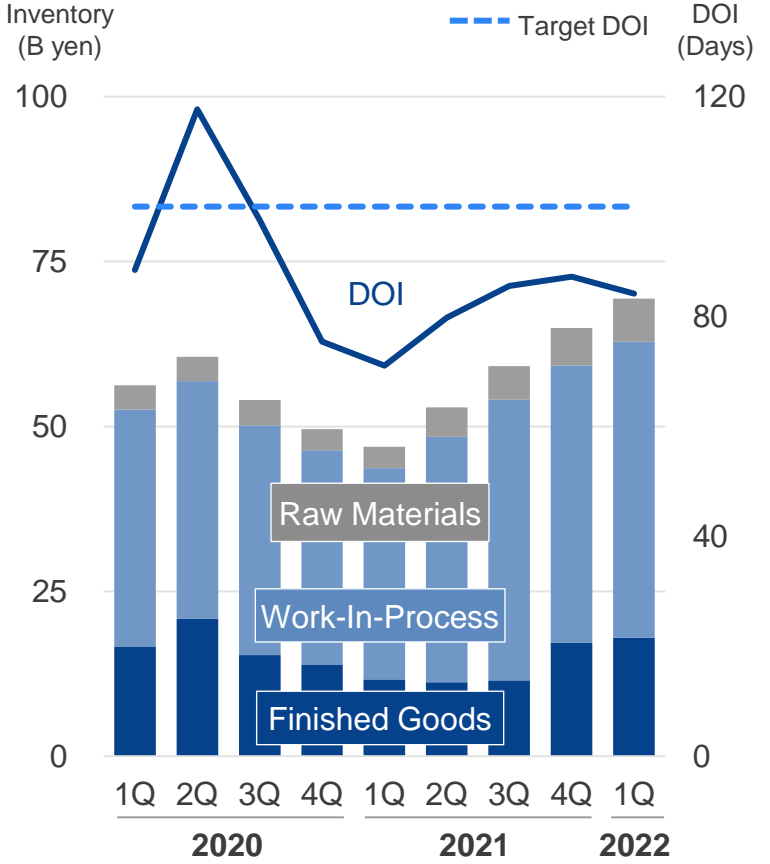
# 1Q 2022 REVENUE AND GROSS/OPERATING MARGIN

NON-GAAP

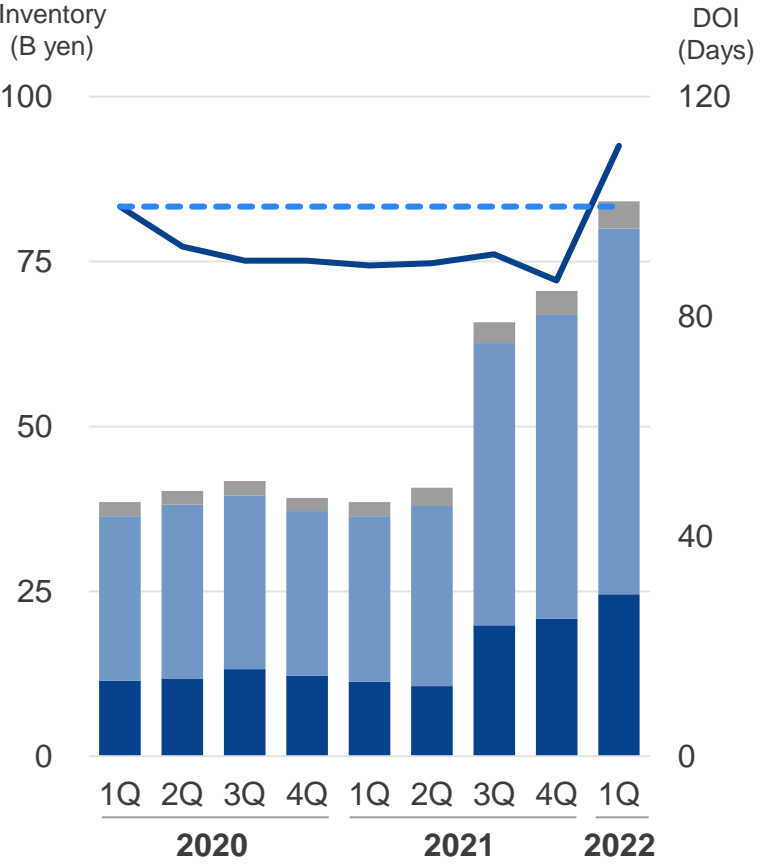
	Automotive	Industrial / Infrastructure / IoT	Company Total	Operating Margin vs FCT + 4.6pts
<b>Revenue</b>	153.9 B yen vs FCT: + QoQ: +16.9%	189.8 B yen vs FCT: + QoQ: +5.8%	346.7 B yen vs FCT: +3.2% QoQ: +10.3%	<ul style="list-style-type: none"> <li>↑ Revenue</li> <li>↑ Gross Margin vs FCT: +2.8pts                             <ul style="list-style-type: none"> <li>↑ Currency Impact</li> <li>↑ Product Mix</li> <li>→ Production Recovery</li> <li>↑ Production Costs, etc.</li> </ul> </li> <li>↓ Operating Expenses</li> </ul>
<b>Gross Margin</b>	51.8% QoQ: +2.7pts	64.1% QoQ: +5.0pts	58.4% vs FCT: +2.8pts QoQ: +4.1pts	<ul style="list-style-type: none"> <li>↑ Revenue</li> <li>↑ Gross Margin QoQ: +4.1pts                             <ul style="list-style-type: none"> <li>↑ Currency Impact</li> <li>↑ Product Mix</li> <li>↓ Production Recovery</li> <li>↑ Production Costs, etc.</li> </ul> </li> <li>↓ Operating Expenses</li> </ul>
<b>Operating Margin</b>	37.4% QoQ: +7.6pts	39.9% QoQ: +6.4pts	39.1% vs FCT: +4.6pts QoQ: +7.7pts	

# IN-HOUSE INVENTORY (FINANCIAL ACCOUNTING BASIS) AND DOI\*1\*2

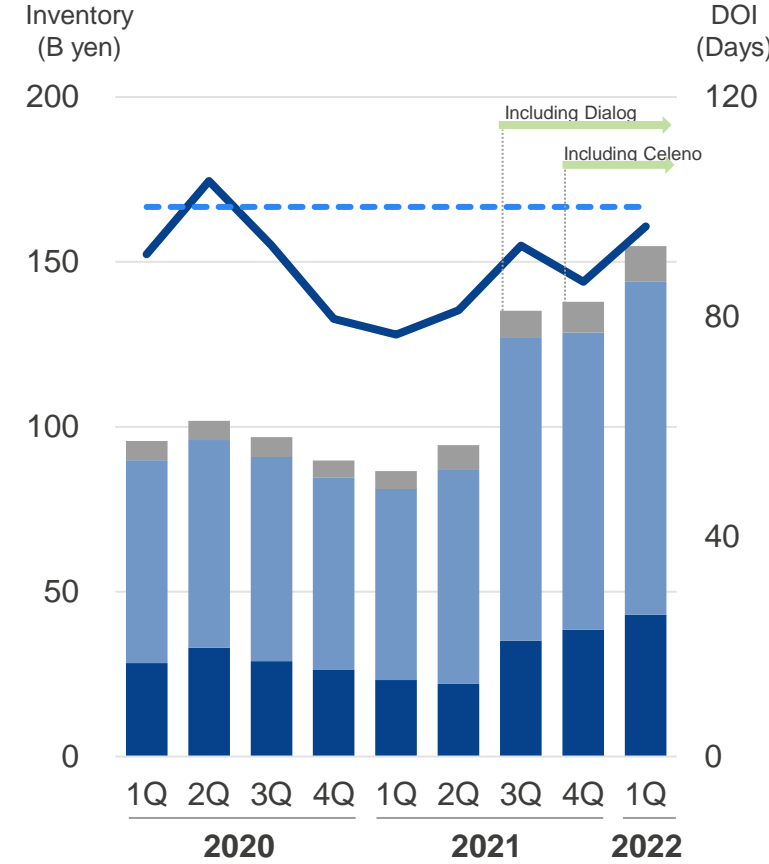
## Automotive



## Industrial/Infrastructure/IoT



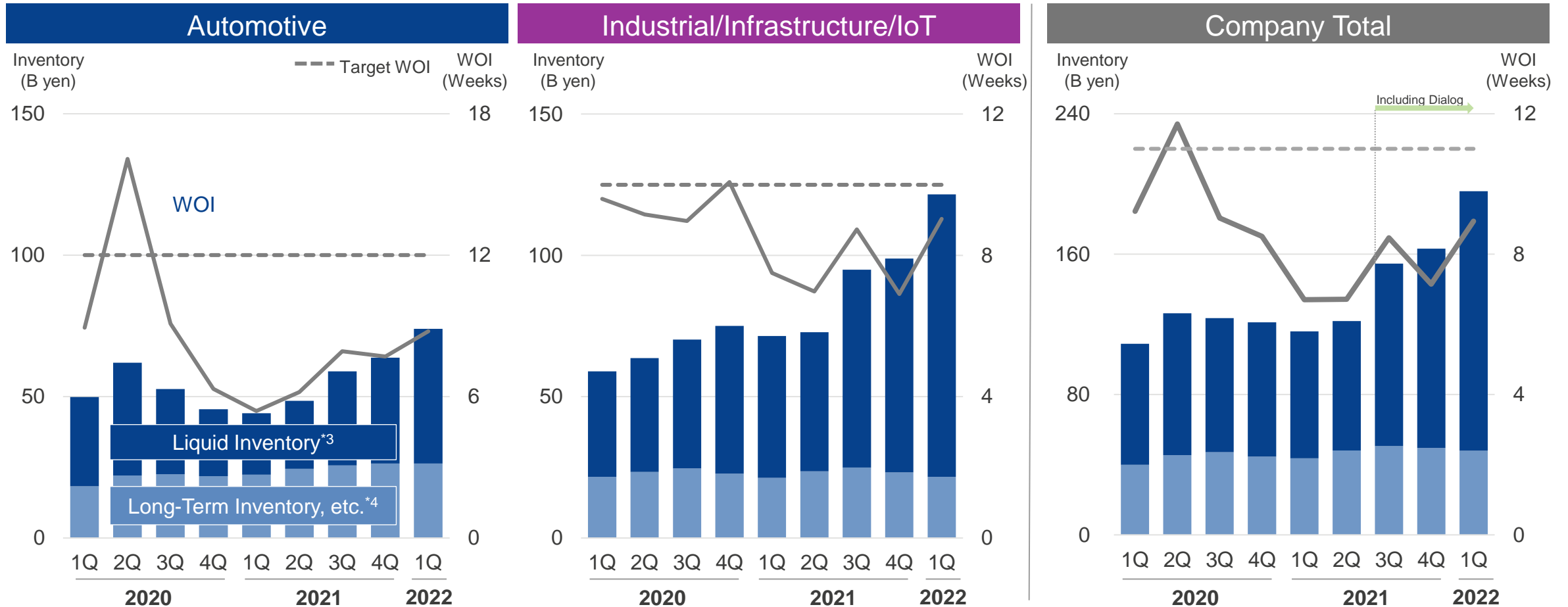
## Company Total



\*1: DOI: Days of Inventory = Inventory valuation balance at the end of the quarter / cost of sales of the quarter (Non-GAAP) × 90.

\*2: The figures include Dialog's inventories from 3Q21 and Celeno's inventories from 4Q21. However, note that Dialog's quarterly cost of sales for 3Q21 is calculated by multiplying Dialog's September costs by 3.

# SALES CHANNEL INVENTORY\*1 (MANAGEMENT ACCOUNTING BASIS) AND WOI\*2



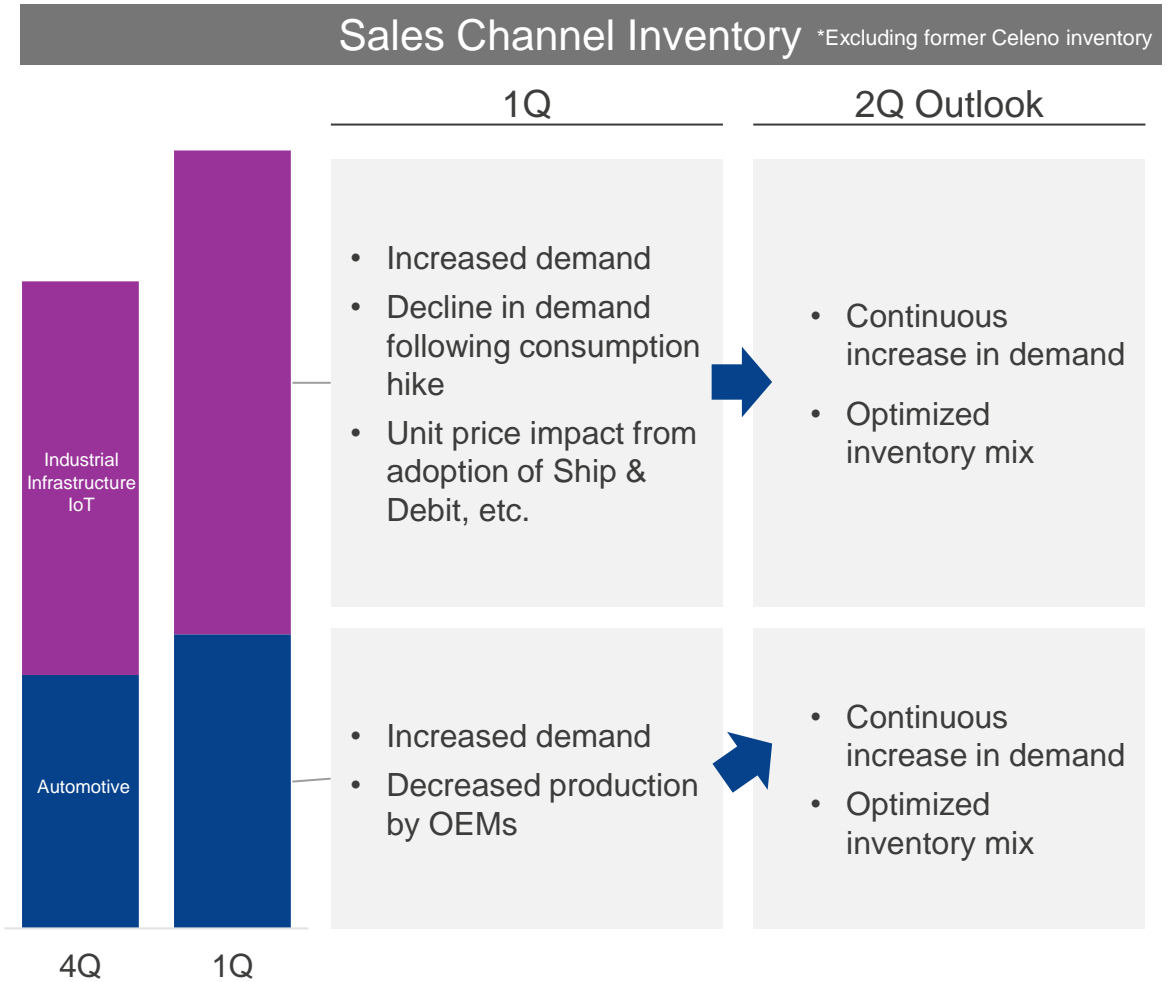
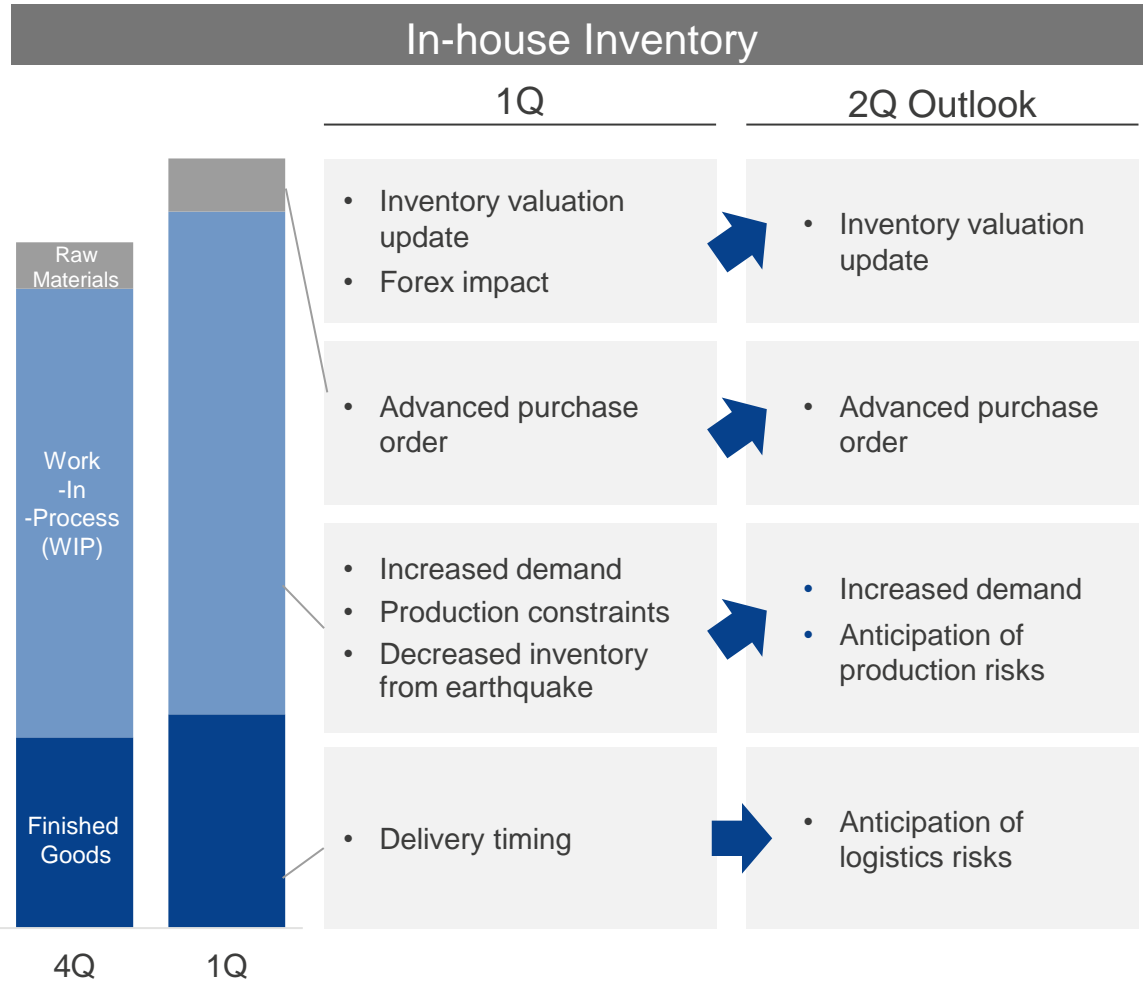
\*1: Channel Inventory: Total inventory amount for Tokuyakutens for Japanese customers and overseas distributors (including channel inventories of Dialog from 3Q21, while excluding those of Celeno)

\*2: WOI: Weeks of Inventory = Channel inventory at the end of the quarter / (cost of channel sales in the quarter / 13 weeks). It should be noted that from the inventory management perspective, to calculate appropriate WOI, certain Long-Term Inventory is excluded from Channel Inventory

\*3: Liquid Inventory: Channel Inventory – Long-Term Inventory, etc. \*4: Long-Term Inventory: Inventory with unique holding periods (End of Life or "EOL" products, e-commerce inventory etc.)

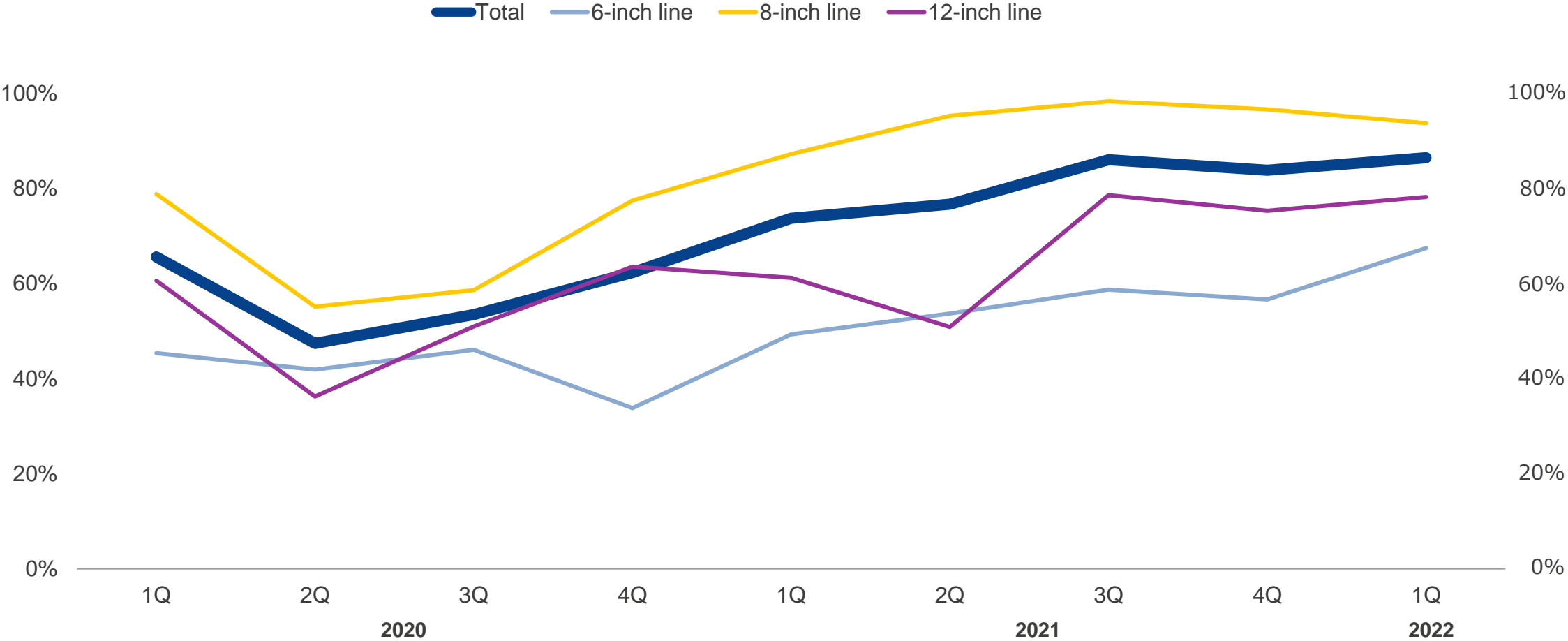


# INVENTORY ANALYSIS



# QUARTERLY TRENDS IN FRONT-END UTILIZATION RATE\*1

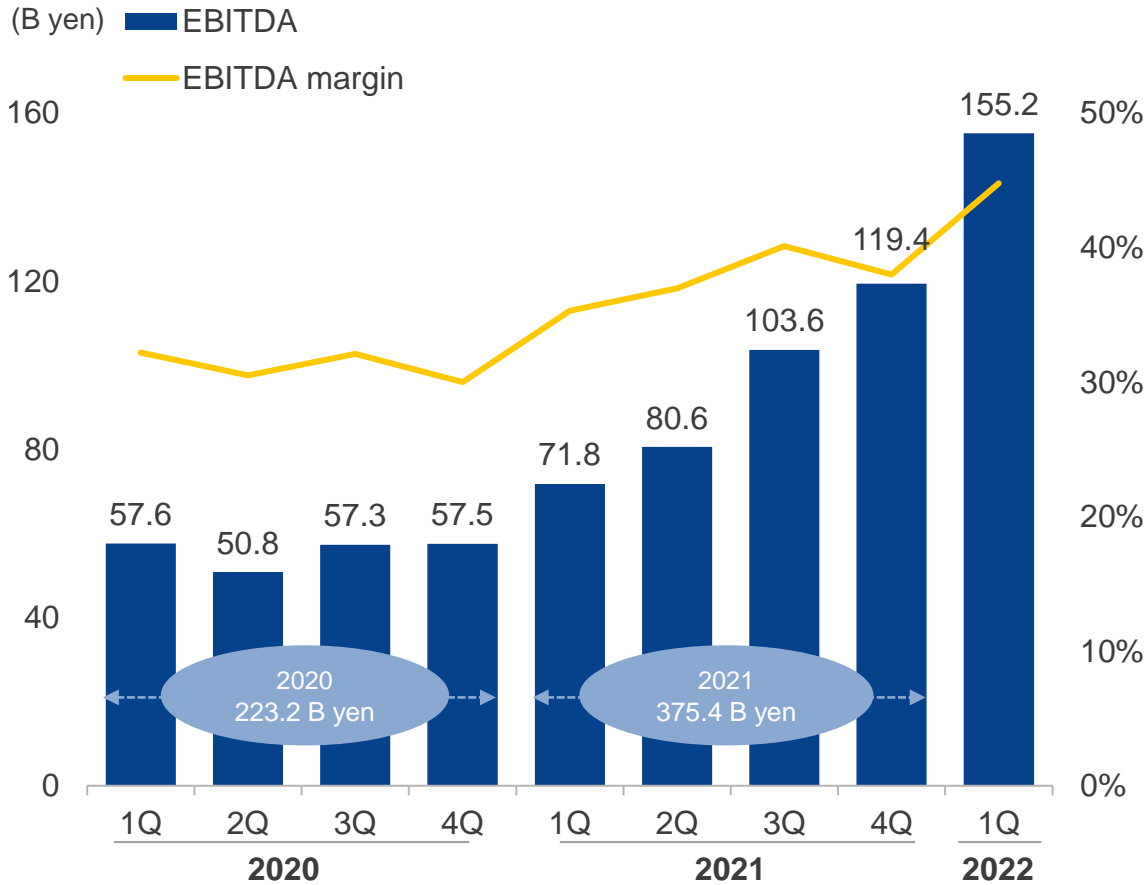
## WAFER INPUT BASIS



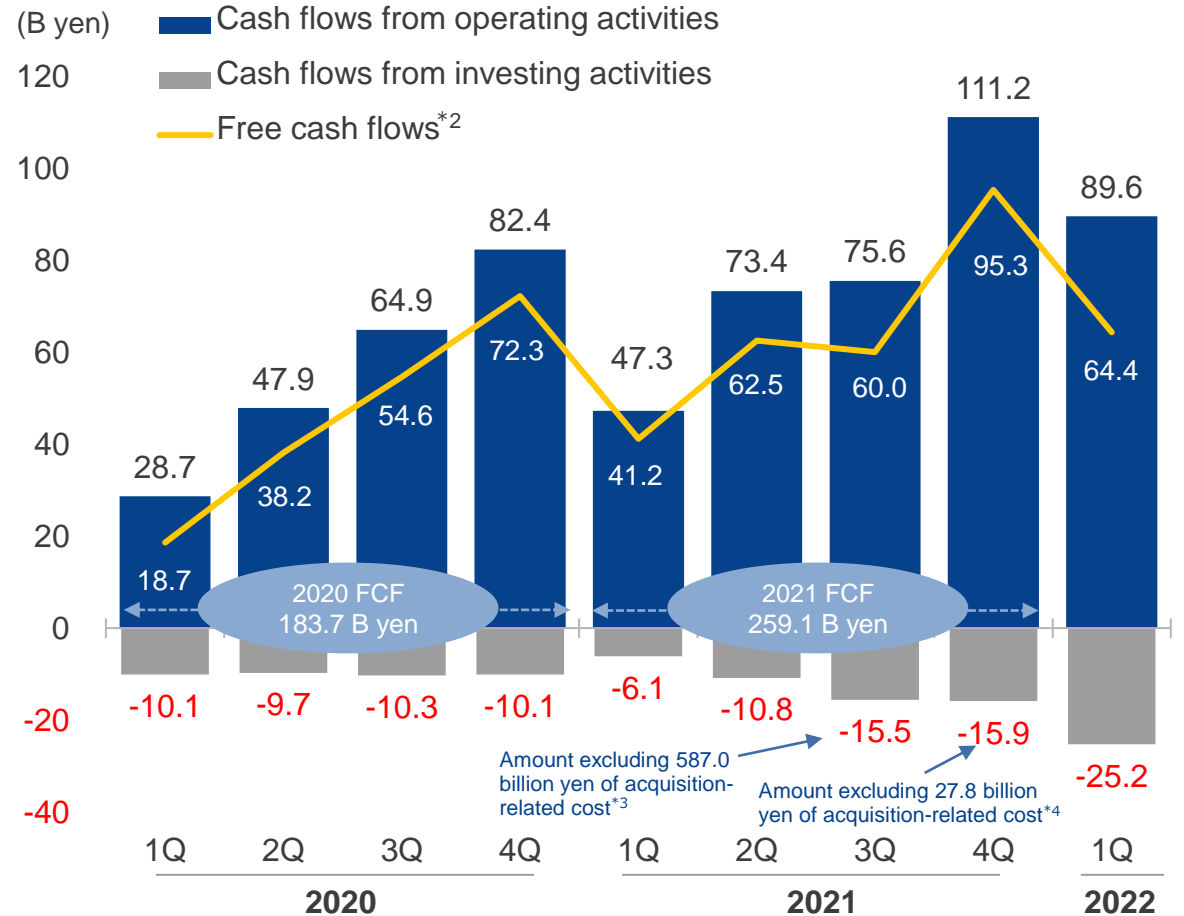
\*1: Utilization rates are calculated by excluding the 6-inch line capacity of the Shiga factory (closed in August 2021) from 1QFY21 and the Yamaguchi factory (scheduled to close in June 2022) from 1QFY22

# NON-GAAP EBITDA\*1 AND GAAP CASH FLOWS

## Non-GAAP EBITDA



## GAAP Cash Flows



\*1: Operating profit + Depreciation and amortization \*2: Cash flows from operating activities + Cash flows from investing activities \*3: Acquisition-related payments of Dialog \*4: Acquisition-related payments of Celeno

# 2Q 2022 FORECAST

## NON-GAAP

(B yen)	2021		2022					
	2Q (Apr-Jun)	1H (Jan-Jun)	1Q (Jan-Mar)	2Q (Apr-Jun) Midpoint Forecast (Range)*1	YoY	QoQ	1H (Jan-Jun) Forecast	YoY
Revenue	217.9	421.6	346.7	<b>375.0 ±4.0</b>	<b>+72.1%</b> (±1.8pts)	<b>+8.2%</b> (±1.2pts)	<b>721.7</b> (±4.0)	<b>+71.2%</b> (±0.9pt)
Gross Margin	52.0%	51.1%	58.4%	<b>57.5%</b>	<b>+5.5pts</b>	<b>-0.9pt</b>	<b>57.9%</b>	<b>+6.8pts</b>
Operating Margin	28.2%	27.0%	39.1%	<b>36.5%</b>	<b>+8.3pts</b>	<b>-2.6pts</b>	<b>37.7%</b>	<b>+10.7pts</b>
1 US\$ =	109 yen	107 yen	115 yen	<b>124 yen</b>	<b>15 yen</b> depreciation	<b>9 yen</b> depreciation	<b>119 yen</b>	<b>13 yen</b> depreciation
1 Euro=	131 yen	129 yen	130 yen	<b>134 yen</b>	<b>3 yen</b> depreciation	<b>4 yen</b> depreciation	<b>132 yen</b>	<b>3 yen</b> depreciation

\*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

# EARTHQUAKE IMPACT\*1

- Status of the Renesas Group factories

- Four fabrication lines at the following three factories temporarily halted production immediately after the earthquake due to temporary blackouts, etc.

Naka factory (front-end), Takasaki factory (front-end), Yonezawa factory (back-end)

- The start-up of all lines completed and reached full pre-earthquake production capacity on March 26.

- Financial impact: result and forecast

(B yen)	2022		Contents
	1Q (Jan-Mar)	2Q (Apr-Jun)	
Revenue	-0.7	-2.6	Decrease in shipments
Operating Profit (Non-GAAP)	-1.2	-1.6	incl. operation loss
Operating Profit (GAAP)	-2.1	-2.5	incl. inventory disposal, restoration and repairment costs

\*1: The earthquake which struck the coast of Fukushima Prefecture and the surrounding areas on March 16, 2022

# ACQUISITION AND TENDER OFFER OF OWN SHARES

## Summary of acquisition of own shares

### Total number of shares to be purchased:

168,067,226 shares of common stock (maximum)  
(Equivalent to 8.65% of the total number of issued shares)

### Price of purchase:

1,190yen per share of common stock  
(12.44% discount to the closing price of Renesas' common stock as of April 26, 2022)

### Total acquisition price:

200 billion yen (maximum)  
(Apply cash on hand to the entire amount)

### Tender offer period:

From Thursday, April 28, 2022 to Tuesday, May 31, 2022

### Others:

Entered into the Tender Agreement with INCJ by which INCJ will tender 168,067,175 shares through tender offer

	As of end of December 2021	After acquisition of own shares* <sup>3</sup>
Free float ratio* <sup>1</sup>	57.7%	63.1%
Non-GAAP EPS accretion* <sup>2</sup>		9.5%
	As of end of March 2022	After acquisition of own shares* <sup>2</sup>
Net debt / EBITDA	1.2 x	1.6 x

\*1: Calculated by dividing the number of tradable shares as specified by the Tokyo Stock Exchange by the number of shares issued (excluding treasury stock)

\*2: Calculated based on the maximum number of shares planned to acquire (168,067,226 shares)

\*3: Calculated assuming that all of 168,067,175 shares were acquired from INCJ

# APPENDIX

The figures in this section are mainly based on segment disclosure and GAAP (IFRS) stated on a financial reporting basis and are provided as additional information.

# REVENUE AND GROSS PROFIT BY SEGMENT

## NON-GAAP

(B yen)		2021					2022		
		1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full-Year (Jan-Dec)	1Q (Jan-Mar)	YoY	QoQ
<b>Revenue</b>		203.7	217.9	258.4	314.4	994.4	<b>346.7</b>	<b>+70.2%</b>	<b>+10.3%</b>
	Automotive	103.2	106.1	121.3	131.6	462.3	<b>153.9</b>	<b>+49.0%</b>	<b>+16.9%</b>
	Industrial, Infrastructure, IoT	96.6	106.9	132.6	179.4	515.5	<b>189.8</b>	<b>+96.5%</b>	<b>+5.8%</b>
	Others	3.8	4.9	4.5	3.3	16.6	<b>3.0</b>	<b>-22.1%</b>	<b>-10.8%</b>
<b>Gross Profit (Margin)</b>		102.2 (50.2%)	113.3 (52.0%)	142.7 (55.2%)	170.7 (54.3%)	528.9 (53.2%)	<b>202.3 (58.4%)</b>	<b>+100.1 (+8.2pts)</b>	<b>+31.6 (+4.1pts)</b>
	Automotive	43.8 (42.4%)	46.5 (43.8%)	59.6 (49.2%)	64.6 (49.1%)	214.6 (46.4%)	<b>79.7 (51.8%)</b>	<b>+35.9 (+9.4pts)</b>	<b>+15.1 (+2.7pts)</b>
	Industrial, Infrastructure, IoT	57.8 (59.8%)	66.0 (61.8%)	82.4 (62.1%)	106.1 (59.1%)	312.3 (60.6%)	<b>121.6 (64.1%)</b>	<b>+63.9 (+4.3pts)</b>	<b>+15.5 (+5.0pts)</b>
	Others	0.4 (10.8%)	0.7 (13.7%)	0.6 (13.2%)	0.3 (9.4%)	2.0 (12.0%)	<b>0.8 (27.2%)</b>	<b>+0.4 (+16.3pts)</b>	<b>+0.5 (+17.8pts)</b>
	Adjustments*1	0.2	0.1	0.1	-0.4	0.0	<b>0.2</b>	<b>-0.0</b>	<b>+0.5</b>

\*1: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments



# OPERATING PROFIT AND EBITDA\*1 BY SEGMENT

## NON-GAAP

(B yen)	2021					2022		
	1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full Year (Jan-Dec)	1Q (Jan-Mar)	YoY	QoQ
<b>Operating Profit (Margin)</b>	52.6 (25.8%)	61.4 (28.2%)	83.9 (32.5%)	98.7 (31.4%)	296.6 (29.8%)	<b>135.5 (39.1%)</b>	<b>+82.9 (+13.2pts)</b>	<b>+36.8 (+7.7pts)</b>
Automotive	22.8 (22.1%)	25.1 (23.6%)	35.5 (29.2%)	39.2 (29.7%)	122.4 (26.5%)	<b>57.5 (37.4%)</b>	<b>+34.7 (+15.3pts)</b>	<b>+18.4 (+7.6pts)</b>
Industrial, Infrastructure, IoT	24.9 (25.8%)	34.6 (32.4%)	47.5 (35.8%)	60.1 (33.5%)	167.1 (32.4%)	<b>75.7 (39.9%)</b>	<b>+50.8 (+14.1pts)</b>	<b>+15.6 (+6.4pts)</b>
Others	0.4 (10.8%)	0.7 (13.8%)	0.6 (13.1%)	0.3 (9.4%)	2.0 (12.0%)	<b>0.8 (27.2%)</b>	<b>+0.4 (+16.4pts)</b>	<b>+0.5 (+17.8pts)</b>
Adjustments*2	4.5	1.1	0.3	-0.9	5.1	<b>1.5</b>	<b>-3.0</b>	<b>+2.3</b>
<b>EBITDA</b>	71.8	80.6	103.6	119.4	375.4	<b>155.2</b>	<b>+83.4</b>	<b>+35.9</b>
Automotive	33.9	36.0	46.3	49.7	165.9	<b>68.3</b>	<b>+34.4</b>	<b>+18.6</b>
Industrial, Infrastructure, IoT	33.0	42.8	56.4	70.2	202.4	<b>84.7</b>	<b>+51.7</b>	<b>+14.4</b>
Others	0.4	0.7	0.6	0.3	2.0	<b>0.8</b>	<b>+0.4</b>	<b>+0.5</b>
Adjustments*2	4.5	1.1	0.3	-0.9	5.1	<b>1.5</b>	<b>-3.0</b>	<b>+2.3</b>

\*1: Operating profit + Depreciation and amortization

\*2: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments

# STATEMENT OF FINANCIAL POSITION

## GAAP

(B yen)	21/3	21/6	21/9	21/12	22/3
<b>Total Assets</b>	1,688.1	1,942.7	2,354.3	2,426.2	<b>2,598.4</b>
Cash and Cash Equivalents* <sup>1</sup>	243.6	504.8	223.0	221.9	<b>267.2</b>
Inventories	86.6	94.4	135.0	137.9	<b>154.8</b>
Goodwill	631.6	630.9	1,044.3	1,107.8	<b>1,178.8</b>
Intangible Assets	369.7	351.9	526.3	516.1	<b>512.9</b>
<b>Total Liabilities</b>	966.9	966.9	1,308.6	1,271.3	<b>1,249.2</b>
Interest-Bearing Liabilities* <sup>2</sup>	671.1	647.7	898.0	831.3	<b>810.5</b>
<b>Total Equity</b>	721.1	975.8	1,045.7	1,154.9	<b>1,349.2</b>
<b>D/E Ratio (Gross)*<sup>3</sup></b>	0.93	0.67	0.86	0.72	<b>0.60</b>
<b>D/E Ratio (Net)*<sup>4</sup></b>	0.60	0.15	0.65	0.53	<b>0.40</b>
<b>Equity Ratio Attributable to Owners of Parent*<sup>5</sup></b>	42.5%	50.1%	44.3%	47.5%	<b>51.8%</b>
<b>Leverage Ratio (Gross)*<sup>6</sup></b>	2.8	2.4	2.9	2.2	<b>1.8</b>
<b>Leverage Ratio (Net)*<sup>7</sup></b>	1.8	0.5	2.2	1.6	<b>1.2</b>

\*1: This is comprised of cash on hand, demand deposit, and short-term investments that are readily convertible into cash, bearing low risk of changes in value and are redeemable in three months or less from each acquisition date

\*2: Borrowings (current and non-current liabilities) + Lease Liabilities (current liabilities) + Lease Liabilities (non-current liabilities) + Bonds

\*3: Interest-Bearing Liabilities / Equity attributable to owners of parent \*4: (Interest-Bearing Liabilities - Cash and Cash Equivalents) / Equity attributable to owners of parent

\*5: Equity attributable to owners of parent / Total liabilities and equity \*6: Interest-Bearing Liabilities / EBITDA (Non-GAAP) \*7: (Interest-Bearing Liabilities-Cash and Cash Equivalents) / EBITDA (Non-GAAP)

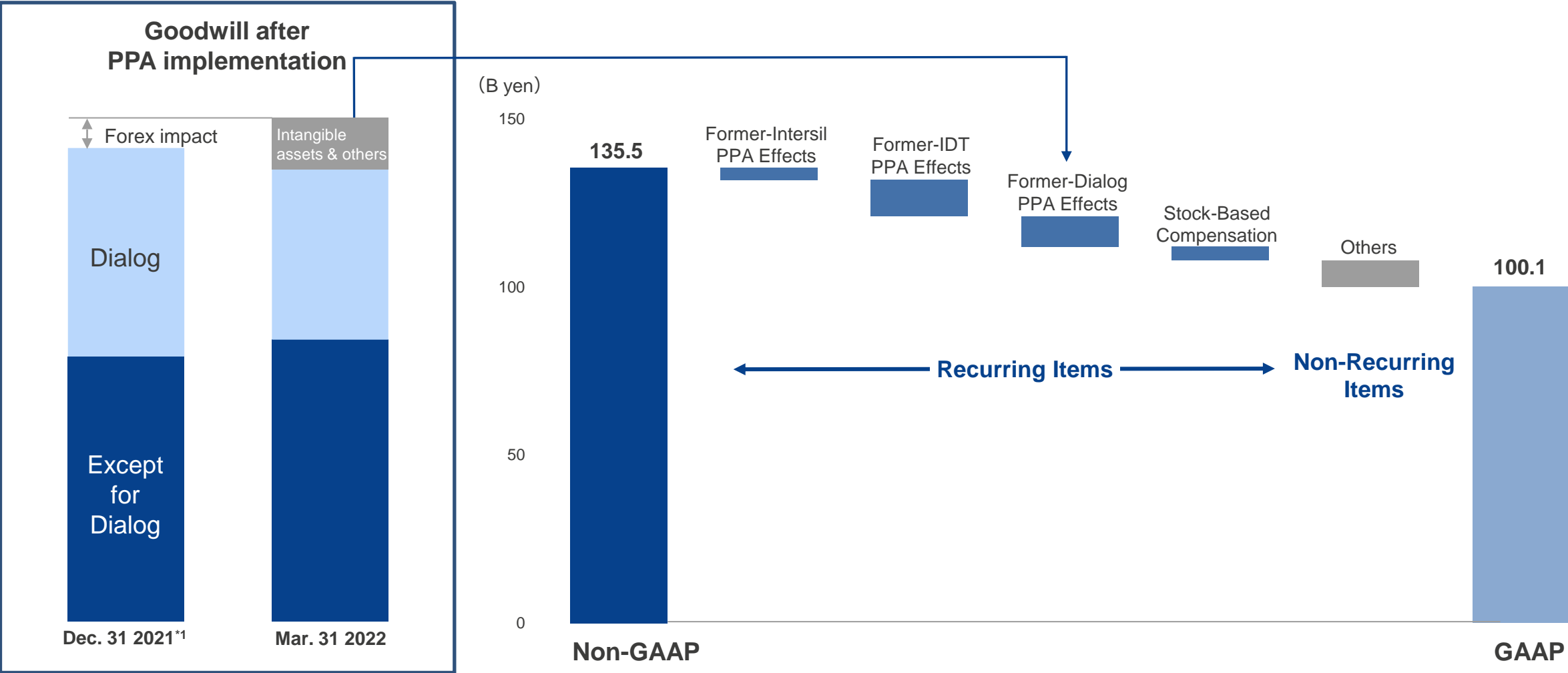
# GAAP / NON-GAAP RECONCILIATION

(B yen)	Full-Year 2021 (Jan-Dec)								2022			
	1Q (Jan-Mar)				Full-Year 2021 (Jan-Dec)				1Q (Jan-Mar)			
	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA
<b>Non-GAAP (vs Revenue)</b>	102.2 (50.2%)	52.6 (25.8%)	32.6 (16.0%)	71.8 (35.3%)	528.9 (53.2%)	296.6 (29.8%)	222.2 (22.3%)	375.4 (37.7%)	202.3 (58.4%)	135.5 (39.1%)	90.1 (26.0%)	155.2 (44.8%)
Recurring Items	-0.5	-16.2	-14.2	-3.0	-15.4	-95.1	-80.7	-28.0	-0.6	-27.5	-23.6	-4.0
Former-Intersil PPA Effects	-0.1	-3.8	-2.9	-	-0.3	-15.6	-12.0	-	-0.1	-3.7	-2.8	-
Former-IDT PPA Effects	-0.1	-9.4	-8.3	-	-0.5	-40.4	-34.2	-	-0.1	-10.7	-9.4	-
Former-Dialog PPA Effects	-	-	-	-	-13.2	-24.2	-19.6	-13.1	-0.1	-9.1	-7.4	-
Stock-Based Compensation	-0.3	-3.0	-3.0	-3.0	-1.4	-14.9	-14.9	-14.9	-0.3	-4.0	-4.0	-4.0
Former-Celero Related Items*1	-	-	-	-	-	-0.5	-0.4	-0.5	-	-	-	-
Non-Recurring Items	-3.9	-6.2	-4.6	-6.1	-16.9	-26.6	-21.5	-26.5	-4.3	-7.9	-6.7	-7.8
Naka Factory Fire Impact	-1.6	-1.6	-1.2	-1.6	-15.4	-15.5	-11.6	-15.5	-0.7	0.2	0.2	0.2
Others	-2.3	-4.6	-3.4	-4.5	-1.5	-11.1	-9.9	-11.0	-3.5	-8.1	-6.9	-8.0
<b>Non-GAAP Adjustments Total</b>	<b>-4.5</b>	<b>-22.4</b>	<b>-18.9</b>	<b>-9.1</b>	<b>-32.2</b>	<b>-122.2</b>	<b>-102.5</b>	<b>-54.9</b>	<b>-4.9</b>	<b>-35.4</b>	<b>-30.3</b>	<b>-11.8</b>
<b>GAAP (vs Revenue)</b>	<b>97.8 (48.0%)</b>	<b>30.2 (14.8%)</b>	<b>13.7 (6.7%)</b>	<b>62.7 (30.8%)</b>	<b>496.6 (49.9%)</b>	<b>174.3 (17.5%)</b>	<b>119.7 (12.0%)</b>	<b>320.4 (32.2%)</b>	<b>197.4 (56.9%)</b>	<b>100.1 (28.9%)</b>	<b>59.8 (17.2%)</b>	<b>143.4 (41.4%)</b>

\*1: Former-Celero related items in 1Q22 are included in "Others" of non-recurring items.

# 1Q 2022 CONSOLIDATED OPERATING PROFIT

## BRIDGE FROM NON-GAAP TO GAAP



\*1: Balances based on preliminary accounting process

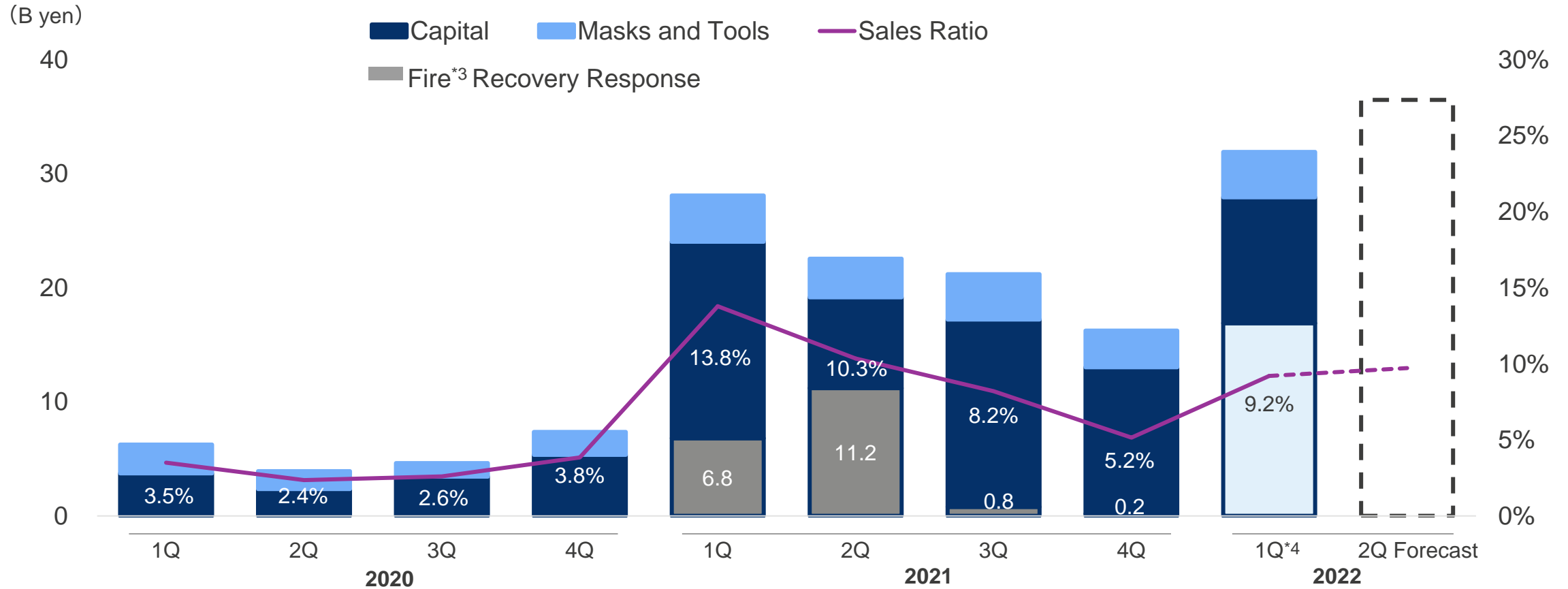
# 1Q 2022 FINANCIAL SNAPSHOT

## GAAP

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	1Q (Jan-Mar)	4Q (Oct-Dec)	1Q (Jan-Mar)	YoY	QoQ
Revenue	203.7	314.4	<b>346.7</b>	<b>+70.2%</b>	<b>+10.3%</b>
Gross Margin	48.0%	50.5%	<b>56.9%</b>	<b>+9.0pts</b>	<b>+6.4pts</b>
Operating Profit (Margin)	30.2 (14.8%)	57.1 (18.2%)	<b>100.1 (28.9%)</b>	<b>+69.9 (+14.0pts)</b>	<b>+43.0 (+10.7pts)</b>
Profit Attributable to Owners of Parent	13.7	46.1	<b>59.8</b>	<b>+46.1</b>	<b>+13.7</b>
EBITDA*1	62.7	100.7	<b>143.4</b>	<b>+80.7</b>	<b>+42.7</b>
1 US\$=	104 yen	112 yen	<b>115 yen</b>	<b>10 yen depreciation</b>	<b>2 yen depreciation</b>
1 Euro=	127 yen	130 yen	<b>130 yen</b>	<b>3 yen depreciation</b>	<b>1 yen appreciation</b>

\*1: Operating profit + Depreciation and amortization

# CAPITAL EXPENDITURES\*1\*2



\*1: The figures represent the investment decision basis tangible and intangible assets and do not match the sum listed in the cash flow statement. However, the investment amount for former Dialog and Celeno is based on equipment delivery

\*2: Total amount of the Group's capital investment, including investments made by former IDT from 2Q 2019, by former Dialog from 3Q 2021 and by former Celeno from 1Q 2022

\*3: The fire which occurred at a Renesas consolidated subsidiary on March 19, 2021 \*4: It includes subsidies to decarbonize and renovate the production facilities for semiconductors that are essential in the supply chain

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### (FORWARD-LOOKING STATEMENTS)

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