

The following is an English translation of the Notice of the 22<sup>nd</sup> Annual General Meeting of Shareholders of Renesas Electronics Corporation to be held on March 26, 2024 (as well as the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements for the 22<sup>nd</sup> business period, and the report on the result of the audit conducted on such Financial Statements by the Independent Auditors and the Board of Corporate Auditors). The Following English translation is provided for your reference and convenience only. If there is any inconsistency between this translation and the official Japanese Original, the latter shall prevail.

**RENESAS**



**Voting Deadline** **5:30 P.M.**  
**March 25, 2024 (Monday)**

**22<sup>nd</sup>** Annual  
General  
Meeting of shareholders

## **Convocation Notice**

January 1<sup>st</sup>, 2023 ▶ December 31<sup>st</sup>, 2023

**Date and Time** **March 26, 2024 (Tuesday) at 9:00 A.M.**  
(Japan Standard Time)  
- You will be able to login from 8:30 A.M.

**Method** **Shareholders Meeting without a Designated Location (Virtual-Only Shareholders' Meeting)**  
- This shareholders' meeting will be held entirely online. Please note that there is no physical venue where you can visit.

### **Matters to be voted.**

**Proposal 1:**  
Distribution of Dividends from Surplus

**Proposal 2:**  
Partial Amendments to the Articles of Incorporation  
(No.1: Related to Distribution of Dividends from Surplus, etc.)

**Proposal 3:**  
Partial Amendments to the Articles of Incorporation  
(No.2: Transition to a Company with a Nomination Committee, etc.)

**Proposal 4:**  
Election of Six (6) Directors

**Renesas Electronics Corporation**  
Securities Code: 6723

## To Our Shareholders

### Initiatives and achievements of this Fiscal Year

During the fiscal year ended December 31, 2023 (“2023”), the global economy continued to stagnate as in the previous year reflecting the protracted situation in Ukraine, the deteriorating conditions in the Middle East, the global inflation, and the elevated interest rates. In line with these trends, the semiconductor market also remained sluggish. To address these situations, we have proactively implemented various measures to respond swiftly to changes and to ensure steady results even in the face of headwinds. As a result, we secured a certain level of profit in 2023 and managed to sustain our revenue to a slight decline compared to the previous year.

In 2023, to accelerate future business growth, we welcomed Pantronics, a company with expertise in near-field communication or NFC technology, into the group. We also signed a long-term supply agreement with Wolfspeed for silicon carbide (“SiC”) wafers, to ensure a stable supply of SiC wafers for power semiconductors. Furthermore, we have launched a wide array of new products and services, including: the “RA8 Series”, the industry’s first microcontrollers (“MCU”)s equipped with the high-performance Arm® Cortex-M85® core; the “R-Car Generation 5 Product Family”, with a roadmap consisting future offerings of R-Car system-on-chips or SoCs with advanced in-package chiplet integration technology and next-generation automotive MCUs; and “Quick-Connect Studio”, a cloud-based design platform that supports customer product development. These initiatives have resulted in securing a number of design-ins which will be a source of future revenue.

The year 2023 was a period in which our presence in the stock market continued to grow, following on from the previous year. Our stock was selected as a constituent of the “Nikkei 225”, the index which makes up the Nikkei Stock Average, and our market capitalization has nearly doubled in the year since the beginning of 2023. In addition, with respect to ESG, we were selected for the first time as a constituent of the “MSCI Japan ESG Select Leaders Index” by the internationally renowned MSCI Inc. Furthermore, INCJ Corporation, which contributed to building the foundation of our growth, sold all of its shares in our company in light of our growth.

In terms of shareholder return, we acquired a total of approximately 50 billion yen of our own shares in April 2023. Considering the strengthened our financial base, we have decided to resume the dividend payments and proposed, at this Shareholders Meeting, a year-end dividend of 28 yen per share. We aim to continue to return profits to shareholders on a continuous and stable basis as far as possible. We intend to do this by taking into account changes in the business environment and the balance with retained earnings for long-term growth investment.

### Initiatives for the future

We will continue to make various efforts to realize our “2030 Aspirations” (“Become a Top 3 embedded semiconductor solution supplier,” “Achieve revenues of more than \$20 billion,” and “Bring up the equity value by up to six times the market capitalization compared to January 2022” by 2030).

In January 2024, we implemented organizational changes to further accelerate our growth. The new organizational structure has reorganized an application-oriented organization to a technology-based business structure. This structure strengthens our capability to provide a broader range of solutions tailored to our customers’ needs. In addition, to maximize our scale merit, we have established new groups of foundations. These organizations will serve as centralized foundations across all lines of business.

Furthermore, we are pursuing a digitalization strategy that makes it easier for customers to build solutions by providing a cloud-based platforms. To achieve this, we have established a new organization dedicated to software and digitalization. In February 2024, as a significant step in accelerating our digitalization strategy, we agreed to acquire Altium, a leading printed circuit board or PCB design software company.

We also agreed to acquire Transphorm, which has strengths in gallium nitride or GaN technology, in January 2024. This enables us to build on our SiC capability and enhance our portfolio of power semiconductors, which is one of the key pillars of our growth.

To strengthen our corporate governance, we have proposed at this Shareholders Meeting the transition of our company’s governance structure to a Company with a Nominating Committee, etc.

To materialize the “2030 Aspirations” and our purpose of “To Make Our Lives Easier,” we will continue to provide products and solutions that make people’s lives easier. At the same time, as a member of the global community, we will remain steadfast in our commitment to further enhance our corporate value by addressing environmental issues and contributing to a sustainable society. I am confident in our ability to deliver lasting value to our shareholders.



**Hidetoshi Shibata**  
Representative Director, President & CEO

(Translation)

**Renesas Electronics Corporation**

Securities Code: 6723  
3-2-24 Toyosu, Koto-ku, Tokyo

Hidetoshi Shibata  
Representative Director, President and CEO

March 7, 2024  
(Commencement Date of Electronic Provision: March 1, 2024)

**To Our Shareholders:**

**NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Twenty-Second Annual General Meeting of Shareholders (the “General Meeting”) of Renesas Electronics Corporation (the “Company”) will be held as follows.

**The General Meeting will be held online as a “Shareholders Meeting without a Designated Location” (so-called Virtual-Only Shareholders’ Meeting) pursuant to the provisions of the laws and regulations and the Company’s Articles of Incorporation. Since there is no physical venue where you can visit, we request your attendance via the Internet.**

In convening the General Meeting, we have posted, as electronic provision of the materials, etc., the matters that may be provided in electronic format (i.e., information contained in the Reference Documents for the General Meeting, etc.) on the following our website with the title “Notice of the 22<sup>nd</sup> Annual General Meeting of Shareholders”.

<Our website>

<https://www.renesas.com/us/en/about/investor-relations>



In addition, the same matters have been posted on the following Tokyo Stock Exchange’s website and can be viewed by entering or searching for an issue name (company name) or securities code, and selecting “Basic information,” and then selecting “Documents for public inspection/PR information.”

< Tokyo Stock Exchange’s website>

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



**You may, and are recommended to, exercise your voting rights via the Internet or in writing in advance if you are unable to attend the General Meeting, or, even if you plan to attend the General Meeting, as a precaution against communication problems or other difficulties. If you plan to exercise your voting rights by these methods, you need to exercise your voting rights by 5:30 P.M. on March 25, 2024 (Monday) (Japan Standard Time), after reviewing the Reference Documents for the General Meeting below and in accordance with the guidance on page 7 of this notice.**

1. **DATE AND TIME:** March 26, 2024 (Tuesday) at 9:00 A.M. (Japan Standard Time)
  - \* Please note that the opening time has changed since last year's meeting.
  - \* You will be able to login from 8:30 A.M. (JST)
  - \* In the event it becomes difficult to hold the General Meeting on the date and time above due to communication problems or other reasons, the meeting will be postponed to March 28, 2024 (Thursday) at 9:00 A.M. (JST). In such a case, we will make an announcement to that effect on our website.  
(<https://www.renesas.com/us/en/about/investor-relations>)
2. **METHOD OF HOLDING:** Shareholders Meeting without a Designated Location (Virtual-Only Shareholders' Meeting).
  - \* To attend the meeting, please login to the dedicated website for the General Meeting (<https://web.sharely.app/login/renesas22>). For more information, please refer to "Guide to the Virtual-Only Shareholders' Meeting" on page 4 onward.
  - \* Since the General Meeting will be held entirely online, **there is no physical venue where you can visit.**

### 3. **AGENDA OF THE GENERAL MEETING:**

#### **MATTERS TO BE REPORTED ON:**

Report on the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, and report on the results of the audit conducted on the Consolidated Financial Statements by the independent auditors and the Board of Corporate Auditors with respect to the 22<sup>nd</sup> Business Period from January 1, 2023 to December 31, 2023.

#### **MATTERS TO BE VOTED ON:**

**Proposal 1:** Distribution of Dividends from Surplus

**Proposal 2:** Partial Amendments to the Articles of Incorporation (No.1: Related to Distribution of Dividends from Surplus, etc.)

**Proposal 3:** Partial Amendments to the Articles of Incorporation (No.2: Transition to a Company with a Nomination Committee, etc.)

**Proposal 4:** Election of Six (6) Directors

- The communication method used for sending and receiving information in the proceedings of the General Meeting will be via the Internet.
- In the event that a shareholder who has exercised the voting rights via the Internet or in writing in advance attends the General Meeting, if the shareholder exercises the voting rights in duplicate, the voting exercised at the General Meeting will be regarded as effective, and, if the shareholder has not exercised the voting rights at the General Meeting, the voting rights exercised in advance will be regarded as effective. If a shareholder who has not exercised the voting rights in advance logs into the dedicated website for the General Meeting on the day of the meeting, but the exercise of the voting rights by such shareholder cannot be confirmed, such shareholder will be treated as absent.
- A resolution will be adopted at the beginning of the General Meeting to grant the chairperson the authority to decide to postpone or adjourn the General Meeting in the event the proceedings of the General Meeting are significantly impeded due to communication problems or other reason. If the chairperson decides to postpone or adjourn the General Meeting in accordance with such resolution, the meeting so postponed or adjourned will be held on March 28, 2024 (Thu) at 9:00 A.M. (JST). In such case, we will promptly make an announcement to that effect on our website (<https://www.renesas.com/us/en/about/investor-relations>).
- For shareholders who have not made a request for delivery of documents in paper-based format, we have sent the Reference Documents for the General Meeting together with a summary of the Business Report. For shareholders who have made a request for delivery of documents in paper-based format, we have sent documents containing the matters that may be provided in electronic format except for the matters that may be omitted in accordance with the laws and regulations and the Company's Articles of Incorporation.
- Any corrections or amendments made to the matters that may be provided in electronic format, etc. will be posted on the respective websites where they are posted.
- We would like to invite you to attend a shareholder roundtable session, which will be held via the Internet after the closing of the General Meeting. For more information, please refer to the information accessible by clicking on the "Handout" tab at the bottom of the screen of the dedicated website for the General Meeting.

## Guide to the Virtual-Only Shareholders' Meeting

The General Meeting will be held in the form of a Virtual-Only Shareholders' Meeting using the Internet communication only.

- There is no venue (including a viewing room) for shareholders to visit.
- Attendance at a Virtual-Only Shareholders' Meeting is treated as "attendance" at a general shareholders' meeting under the Companies Act.
- At the Virtual-Only Shareholders' Meeting, you can ask questions and exercise voting rights in respect of each proposal presented at the General Meeting, while viewing the proceedings of the General Meeting live on the Internet.

- Access the following URL or QR code to join the General Meeting.

<https://web.sharely.app/login/renesas22>



- Reasons for Adoption of Virtual-Only Shareholders' Meeting

The Company's Board of Directors has considered the method of holding the General Meeting by considering, among others, the circumstances surrounding the Company, the proposals presented at the General Meeting, as well as shareholders' opinions, and has decided to hold the General Meeting in the form of a Virtual-Only Shareholders' Meeting for the following reasons:

- Providing participation opportunities:** This method is expected to promote the exercise of shareholders' voting rights and dialogue with shareholders at the General Meeting by minimizing any impact of location and time constraints as far as possible and providing all shareholders with equal opportunities to participate in the General Meeting. Also, as oral questions will be introduced at the General Meeting, shareholders may ask their questions both orally and by text, whichever is convenient for them.
- Avoiding physical constraints:** This method can provide shareholders with opportunities to participate in the General Meeting without physical constraints, such as venue capacity, even under the Company's recent circumstances where the number of its shareholders exceeds 100,000.
- Reducing the burden on shareholders:** Attendance by shareholders with fewer physical or time constraints will contribute to revitalization, efficiency and facilitation of the General Meeting, and in turn, to the interests and convenience of our shareholders.
- Equality among attendees:** By selecting a Virtual-Only Shareholders' Meeting instead of a hybrid one, which tends to create a sense of inequality in terms of participation awareness between shareholders who attend the General Meeting in person and those who attend online, it is possible to operate the General Meeting in a more equal manner.
- Promoting dialogue with overseas officers:** As the Company has many overseas directors and executive officers, it is appropriate to have overseas directors and executive officers participate in the General Meeting in the same manner as other directors and executive officers, and provide answers to shareholders' questions, from the perspective of promoting dialogue with shareholders.
- Shareholder endorsement:** A proposal to amend the Articles of Incorporation which enables the holding of Virtual-Only Shareholders' Meetings was approved by approximately 87.7% of the votes cast in favor at our annual general meeting of shareholders held 2 years ago, and many shareholders continued to give favorable opinions in the questionnaire for shareholders at our general meeting of shareholders last year.
- Other circumstances:** There are no special circumstances, such as shareholder proposals, that would render it more desirable to hold the General Meeting at a physical venue.

## Prior to the General Meeting



### Access the Virtual Shareholders' Meeting System (Sharely).

- Check whether you can log in to the system in advance.
- Update your browser to the latest version. (The browser list is on page 6)

◎ Login screen: <https://web.sharely.app/login/renesas22>

The page will appear in Japanese. Please click below to switch to English.



### Look at materials.

- Confirm from our website.  
<https://www.renesas.com/us/en/about/investor-relations/event/meeting>
- Confirm from the virtual shareholder meeting system (Sharely).  
<https://web.sharely.app/login/renesas22>



### Ask a question in advance.

- You can ask a question in advance from the Virtual Shareholders' Meeting system (Sharely).
- We will provide a response at the General Meeting regarding matters of common interest to many shareholders.



### Acceptance period

**9:00 A.M., March 7, 2024 (Thu), to 5:00 P.M., March 21, 2024 (Thu) (JST)**

\* Up to three questions per person  
(up to a maximum of 250 characters per question)

\* Japanese or English only



### Exercise voting rights.

Voting rights can be exercised in advance in two ways. Shareholders who plan to attend the General Meeting are also kindly requested to exercise the voting rights in advance for unexpected communication problems, etc. (Instructions are on page 7.)

#### Exercising voting rights via the Internet



**Deadline** 5:30 P.M., on March 25, 2024 (Mon) (JST)



#### Exercise of voting rights in writing

**Deadline** 5:30 P.M., on March 25, 2024 (Mon) (JST) (Time of receipt)



## The Meeting Day March 26, 2024 (Tue) Starts 9:00 A.M.

## After the Meeting



### Attend the virtual shareholders' meeting.

Accessible from 8:30 A.M.  
<https://web.sharely.app/login/renesas22>



We will post the following information on our website as they become available.

<https://www.renesas.com/us/en/about/investor-relations/event/meeting>



### Ask a question.

You can ask questions by text and voice.  
(For details, please follow the guidance at the meeting.)

#### [Text]

- Up to three questions per person (up to a maximum of 250 characters per question).
- Japanese or English only.

#### [Voice]

- Up to three questions per person. Please speak briefly.
- Japanese or English only.
- A microphone is required. Please follow the instructions of the chairperson to unmute and speak.
- If you are unable to respond in a timely manner or if the noise is severe, we may cancel the voice authorization.



### Propose a motion.

- It is possible to propose a motion by text and voice. (For details, please follow the guidance at the meeting.)
- Both are available in Japanese or English only.
- For text, please use 250 characters once as a guide.



### Exercise voting rights.

- Exercise your voting rights in accordance with the direction of the chairperson.
- Voting rights can be exercised again within a predetermined time.



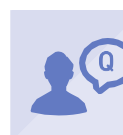
### View on-demand distribution

We will make a recording of the General Meeting available on demand after the event.



### Confirm the results of exercising voting rights.

We will post the "Extraordinary Report" that we will submit to the Financial Services Agency.



### Confirm answers to questions at the meeting.

In addition to questions we responded at the meeting, we also plan to respond to all, in principle, with the exception of those that are inappropriate to answer.



### Contact the call center

+ 81-3-6416-5286 \*In Japanese only

10:00 A.M.- 5:00 P.M. on weekdays after March 7 (Thu) (JST)

From 8:00 A.M. on the day (March 26, JST) until the closing of shareholder roundtable session

### Recommended environment for using the Virtual Shareholders' Meeting System (Sharely)

- ◇ Google Chrome latest version
- ◇ Microsoft Edge latest version
- ◇ Firefox latest version
- ◇ Safari latest version

We have not confirmed operation in usage environments other than those listed above.

Note that even in the above usage environment, you may not be able to use it depending on your computer, network environment, etc.


# Guidance for Exercising Voting Rights

Voting rights at a general meeting are **important rights for shareholders**.

- ✓ We request that you exercise your voting rights after reviewing the Reference Documents for the General Meeting below.
- ✓ Shareholders who plan to attend the General Meeting are also kindly requested to exercise the voting rights in advance for unexpected communication problems, etc.

## 1. Exercise in advance (For those who will exercise voting rights in advance)

**Exercise of voting rights in writing**




Please indicate your vote for or against in respect of each proposal in the enclosed voting right exercise form and return it in time for it to be delivered to us by the voting deadline below.

**If you return the voting right exercise form with no indication of approval or disapproval of any proposal, your vote will be regarded as having indicated approval.**


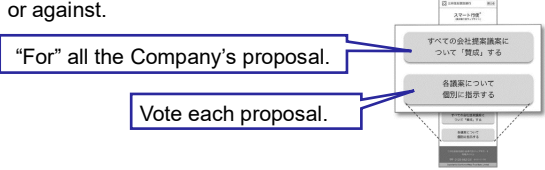

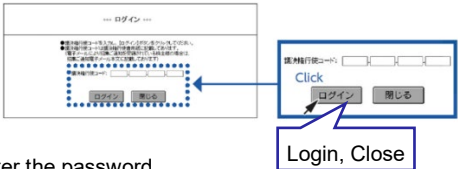

**Voting deadline: 5:30 P.M., March 25, 2024 (Mon) (JST) (Time of receipt)**

**Exercise of voting rights via the Internet**



Please input your vote for or against in respect of each proposal by using the “Smart Vote” method, through which you scan the QR code printed on the voting right exercise form with your smartphone, or by accessing the voting right exercise website (<https://www.web54.net>) maintained by the Company’s transfer agent via a PC, etc., and entering the “voting right exercise code and password” printed on the enclosed voting right exercise form.

**Institutional investors who applied in advance to use the “electronic voting platform” operated by ICJ, Inc. may exercise their voting rights via said platform.**

By using Smartphones	By Accessing the Website to Exercise Voting Rights
<p>1. Scan the QR code on the lower right of the enclosed voting right exercise form and you can easily exercise your voting rights without entering the voting right exercise code and password.</p>  <p>2. Follow the guidance on the screen and enter your vote for or against.</p>  <p>“For” all the Company’s proposal.</p> <p>Vote each proposal.</p> <p>Notice: If you wish to change your vote after exercising your voting rights, you will need to scan the QR code again and enter your “voting right exercise code” and “password” printed on the enclosed voting right exercise form.</p>	<p>1. Access the website: <a href="https://www.web54.net">https://www.web54.net</a></p>  <p>2. Login</p> <p>Enter the “voting right exercise code” printed on the enclosed voting right exercise form.</p>  <p>3. Enter the password</p> <p>Enter the “password” printed on the enclosed voting right exercise form.</p>  <p>Follow the guidance on the screen and enter your approval or disapproval.</p>

**Voting deadline: 5:30 P.M., March 25, 2024 (Mon) (JST)**



<Handling of Duplicate Voting Rights>

- (1) If you exercise your voting rights in duplicate, via the Internet and in writing, we will only accept as effective the exercise of your voting rights via the Internet.
- (2) If you exercise your voting rights more than once via the Internet, we will only accept as effective the last exercise of your voting rights.

**2. Exercise of voting rights at the General Meeting**

Please log in to the virtual shareholders' meeting system below (Sharely) and exercise the voting rights as directed by the chairman.

<https://web.sharely.app/login/renesas22>

You can check the image of the screen from the following.

<https://www.renesas.com/jp/en/document/oth/manual-22nd-annual-general-meeting-hareholders>



**Contact Information**

**1. Exercise voting rights in advance (How to operate your PC or smartphone to exercise voting rights via the Internet)**

Sumitomo Mitsui Trust Bank, Limited Agency Web Support

Phone: 0120-652-031 (toll-free only from Japan) \* In Japanese only

9:00 A.M. - 9:00 P.M. on weekdays until March 25 (Mon) (JST)

**2. Exercise of voting rights at the General Meeting**

System operating company

Phone: + 81-3-6416-5286 \* In Japanese only

10:00 A.M.- 5:00 P.M. on weekdays after March 7 (Thu) (JST)

From 8:00 A.M. on the day (March 26, JST) until the closing of shareholder roundtable session

**3. For inquiries in English, please email us at the address below.**

Administration Office of the General Meeting, Renesas Electronic Corporation

[agm@lm.renesas.com](mailto:agm@lm.renesas.com)

**In the event that a shareholder who has exercised the voting rights via the Internet or in writing in advance attends the General Meeting**

- If the shareholder exercises the voting rights in duplicate:  
The voting rights exercised at the General Meeting will be regarded as effective.
- If the shareholder has not exercised the voting rights at the General Meeting:  
The voting rights exercised in advance will be regarded as effective.
- If a shareholder who has not exercised the voting rights in advance logs into the dedicated website for the General Meeting on the day of the General Meeting, but the exercise of the voting rights by such shareholder cannot be confirmed:  
Such shareholders will be treated as absent.

**Handling of Communication Problems, etc.**

A resolution will be adopted at the beginning of the General Meeting to grant the chairperson the authority to decide to postpone or adjourn the General Meeting in the event the proceedings of the General Meeting are significantly impeded due to communication problems or other reason. If the chairperson decides to postpone or adjourn the General Meeting in accordance with such resolution, the meeting so postponed or adjourned will be held on March 28, 2023 (Thu) at 9:00 A.M. (JST). In such case, we will promptly make an announcement to that effect on our website (<https://www.renesas.com/us/en/about/investor-relations>).

**Outline of the policy of considering ensuring the interests of shareholders who have difficulties using the Internet as a method of communication for sending and receiving information in the proceedings for the General Meeting**

We request that you exercise your voting rights in writing in advance, if you wish to exercise your voting rights but have difficulties using the Internet.

**How to attend the meeting by proxy**

You may exercise your voting rights by appointing a proxy one other shareholder holding voting rights at the General Meeting.

Shareholders who wish to attend the meeting by proxy are required to submit a “document stating intention of appointing a proxy” (power of attorney) to the Company prior to the General Meeting, by sending it to the address below. The form of a power of attorney is available in the “Handout” tab at the bottom of the screen of the dedicated website for the General Meeting.

**[Required Documents]**

- 1) Power of Attorney
  - \* Please sign or affix the seal of the shareholder exercising the voting rights by proxy.
- 2) A copy of the voting right exercise form of the shareholder exercising voting rights by proxy
- 3) A copy of the voting right exercise form of the shareholder acting as a proxy

**[Address for submission]**

E-mail: [agm@lm.renesas.com](mailto:agm@lm.renesas.com)

Mail: 3-2-24, Toyosu, Koto-ku, Tokyo 135-0061, Japan  
To the Administration Office of the General Meeting, Legal Division, Renesas Electronic Corporation

**[Submission deadline]**

March 19, 2024 (Tue) at 5:00 P.M. (JST) (time of receipt)

- \* If the required documents have not been received by the submission deadline, attendance by proxy will not be permitted]
- \* If the required documents are incomplete, attendance by proxy may not be permitted.

**Other points to note**

1. The language used during the General Meeting will be Japanese; however, for the convenience of shareholders, it is possible to view the meeting and exercise voting rights in English by way of simultaneous interpretation by logging in to the dedicated website for the General Meeting and selecting “English”. Please note that in the event of any discrepancy between the Japanese content and English content, the Japanese content will prevail.
2. In order to attend the General Meeting, you need to prepare for the location of attendance and the communication environment/equipment by yourself. All expenses such as interconnection charges and communication charges for attending the meeting are to be borne by you. You may not be able to attend the General Meeting or exercise your voting rights due to problems with the communications equipment used by you, such as PC and/or smartphone, or with the Internet environment, or with your communication environment.
3. Due to the communication environment or other technical reason, there is a possibility of communication problems or other problems, such as interference with webcast image and sound, temporary interruption and the like, and time lag in transmission and reception, and you may not be able to attend the General Meeting or exercise your voting rights. In convening the General Meeting, we will take measures against communication problems and other problems to the extent reasonable. However, we are not responsible for any detriment suffered by shareholders who attend the General Meeting due to such measures.
4. It is strictly prohibited to share the URL and ID/password for attending the General Meeting with a third party, or to record, videotape, or disclose to the public the proceedings of the General Meeting.
5. In the event we determine that it is unavoidable, the contents of the General Meeting may be partially changed, or the General Meeting may be canceled.
6. If there are any changes in the operation of the General Meeting, such as responses to system failures or other emergencies or changes in circumstances, we will make an announcement on our website (<https://www.renesas.com/us/en/about/investor-relations>).

## **Reference Documents for the General Meeting**

### **Proposal 1: Distribution of Dividends from Surplus**

From the perspective of maximizing enterprise value, in order to respond to rapid changes in the business environment and thrive in the global marketplace, the Company aims to achieve a durable financial structure by appropriating retained earnings for strategic investments such as research and development of new products and technologies as well as capital expenditures, and to distribute part of its earnings to shareholders.

Since the implementation of the year-end dividend for the 3rd Business Period (Fiscal year ended March 31, 2005), when the Company was the former NEC Electronics Corporation, the Company has continued to pay no dividends as a result of declining business performance due to the deterioration of the business environment surrounding the Company's group, which has caused great concern to its shareholders.

However, through investments to the Company made by INCJ, Ltd. (former, Innovation Network Corporation of Japan) and others, the completion of various structural reforms by the Company, and growth investments by the Company, such as M&A, the Company has significantly improved its performance, established a durable financial position, and transformed itself into a world-leading global semiconductor company.

In light of these circumstances, as a return to shareholders, the Company has conducted 2 rounds of buybacks of its own shares totaling 250 billion yen in June 2022 and April 2023, and as an additional measure for further return of profits to shareholders, the Company has decided to resume dividend payments. We appreciate the support of our shareholders and other stakeholders in the resumption of this dividend payment.

The amount of year-end dividend in this Proposal is proposed to be as follows, with consideration of the state of consolidated and non-consolidated retained earnings, the state of consolidated profits, the profit outlook for the next business period and beyond, cash flow status and other factors.

With regard to the timing of the future distribution of dividends from surplus, the Company's current Articles of Association provide for the payment of dividends twice a year, i.e. year-end and interim year-end, but if Proposal 2 "Partial Amendments to the Articles of Incorporation (No.1: Related to Distribution of Dividends from Surplus, etc.) is approved as proposed, the Company plans to consider and implement it in a flexible manner, including distribution of dividends on a quarterly basis.

The Company will continue to focus on achieving its group's medium to long-term management goal of "2030 Aspirations", in which we set our target to: "Become a Top 3 embedded semiconductor solution supplier;" "Achieve revenues of more than \$20 billion;" and "Raise the corporate value by 6 times the market capitalization" by 2030, in order to realize continuous and stable shareholder returns.

We would like to thank you for your continued understanding and support.

#### **1. Items relating to Allotment of Dividend Property and its Total Amount**

28 yen per share of our common stock / a total of 49,758,355,948 yen

#### **2. Effective Date of Dividend from Surplus**

March 29, 2024 (Friday) (JST)

**Proposal 2: Partial Amendments to the Articles of Incorporation (No.1: Related to Distribution of Dividends from Surplus, etc.)**

**1. Reason for this Proposal**

Currently, the provisions of the Company's Articles of Incorporation related to distribution of dividends from surplus are stipulated assuming that the Company may make dividends twice in a fiscal year, i.e. year-end dividends and interim dividends, and interim dividends are only dividends that may be paid by a resolution of the Board of Directors.

However, as we develop our businesses as a global semiconductor company, we would like to amend the Articles of Incorporation so that the Company may by a resolution of the Board of Directors make not only interim dividends but also dividends made at any appropriate time, in addition to the conventional year-end dividends made by a resolution of the shareholders' meeting. This is based on the aim to realize flexible dividend and capital policies, with a view to adopting the "Quarterly Dividend System" that many global companies have adopted. It will enable us to return management results to shareholders more quickly than in the past.

Accordingly, as proposed amendments below, the Company proposes to newly establish the new Article 34 (Organization to Determine Distributions of Dividends from Surplus, Etc.), amend the current Article 35 (Year-end Dividends) and Article 37 (Limitation of Payment Period), and delete the current Article 7 (Acquisition of Own Shares) and Article 36 (Interim Dividends) which overlap in content, as well as other necessary amendments including an adjustment of the numbers of articles related to these amendments.

**2. Proposed Amendments**

The details of the amendments are as follows.

The "Current Articles of Incorporation" and "Proposed Amendments" in this Proposal do not include the contents of the amendments to the Articles of Incorporation in Proposal 3 "Partial Amendments to the Articles of Incorporation (No.2: Transition to a Company with a Nomination Committee, etc.)." If Proposal 3 is approved, the numbers of chapters and articles included in the below "Proposed Amendments" in this Proposal shall be read as those with the necessary adjustments to reflect the contents of the amendments to the Articles of Incorporation in Proposal 3.

(Underlined are the amended parts)

Current Articles of Incorporation	Proposed Amendments
<u>Article 7. (Acquisition of Own Shares)</u> <u>The Company may acquire its own shares by a resolution of the Board of Directors in accordance with the provision of Paragraph 2, Article 165 of the Companies Act.</u>	(Deleted)
Article <u>8</u> to Article <u>33</u> (Omitted)	Article <u>7</u> to Article <u>32</u> (Unchanged)
CHAPTER VI ACCOUNTS	CHAPTER VI ACCOUNTS
Article <u>34</u> (Omitted)	Article <u>33</u> (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 34. (Organization to Determine Distributions of Dividends from Surplus, Etc.)</u></p> <p><u>The Company may determine distributions of dividends from surplus and other matters provided for in each Item of Paragraph 1, Article 459 of the Companies Act by a resolution of the Board of Directors, unless otherwise provided for in the applicable laws or regulations.</u></p>
<p>Article 35. (<u>Year-end Dividends</u>)</p> <p>The record date for distribution of <u>year-end</u> dividends from surplus is December 31st of each year.</p> <p>(Paragraph 2 newly established)</p>	<p>Article 35. (<u>Record Date for Distributions of Dividends from Surplus</u>)</p> <p>1. The record date for distribution of dividends <u>from surplus</u> is <u>March 31st, June 30th, September 30th and December 31st</u> of each year.</p> <p>2. <u>In addition to the preceding paragraph, the Company may distribute dividends from surplus by designating a record date.</u></p>
<p>Article 36. (<u>Interim Dividends</u>)</p> <p><u>The Company may by a resolution of the Board of Directors make interim dividends provided for in Paragraph 5, Article 454 of the Companies Act of which the record date is June 30th of each year.</u></p>	(Deleted)
<p>Article <u>37</u>. (Limitation of Payment Period)</p> <p>In cases where <u>year-end dividends or interim</u> dividends shall remain unclaimed after the lapse of three years from the day on which payment thereof was commenced, the Company shall be exonerated from the responsibility of payment thereof. Accrued <u>year-end dividends or interim</u> dividends shall not bear any interest.</p>	<p>Article <u>36</u>. (Limitation of Payment Period)</p> <p>1. In cases where dividends shall remain unclaimed after the lapse of three years from the day on which payment thereof was commenced, the Company shall be exonerated from the responsibility of payment thereof.</p> <p>2. <u>Accrued dividends shall not bear any interest.</u></p>

**Proposal 3: Partial Amendments to the Articles of Incorporation (No.2: Transition to a Company with a Nomination Committee, etc.)**

**1. Reason for this Proposal**

Under our purpose of "To Make Our Lives Easier," which expresses the Company's desire to build a sustainable future with technologies that make people's lives easier, the Company is developing its businesses on a global basis to achieve sustainable growth and enhance our corporate value over the medium to long term in the rapidly changing and highly competitive semiconductor industry.

Under these circumstances, while adopting the structure of a Company with a Board of Corporate Auditors, the Company has been working on various measures to enhance and strengthen its corporate governance system with the aim of realizing a monitoring model-type corporate governance system, which has become mainstream overseas. These measures include accelerating management of the Company by considering the main responsibilities of the Board of Directors as the supervision of the Company management's business execution and delegating appropriate authority, and promoting transparency of management of the Company by establishing a voluntary Nomination Committee and Compensation Committee.

However, in order for the Company to further develop as a global company in the semiconductor industry, which is expected to undergo increasingly rapid change and competition in the future, the Company needs to take these initiatives one step further and establish a corporate governance system that contributes to enhancing the speed and efficiency of management and strengthening the transparency and objectivity of management.

Therefore, in order to strengthen the corporate governance system, the Company has determined to transition its structure from a Company with a Board of Corporate Auditors to a Company with a Nomination Committee, etc.

This structure of a Company with a Nomination Committee, etc., is designed as a monitoring model-type corporate governance system, which achieves both speedy and efficient management and also strengthens transparency and objectivity of management through clearly separating the Company's supervisory function from its executive function.

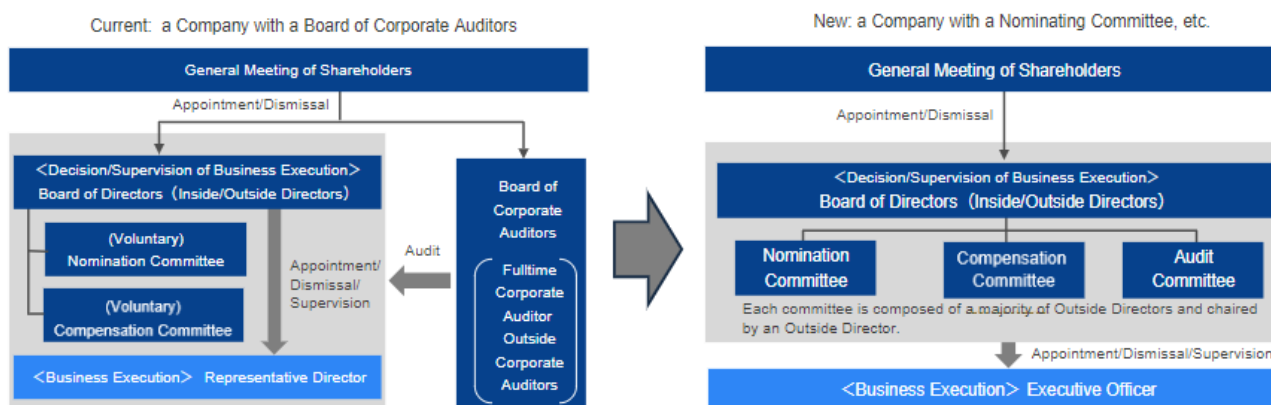
Specifically, the Board of Directors will specialize in supervising the execution of business by Executive Officers as well as deliberating and deciding on the Company's basic management policies, while promoting transparency and objectivity of management through the activities of three committees established under the umbrella of the Board of Directors (Nomination Committee, Compensation Committee and Audit Committee), the majority of whose members are Outside Directors. Delegating substantial authority over business execution to Executive Officers will enable acceleration and efficiency in management.

Accordingly, we propose making necessary amendments to the Company's Articles of Incorporation for the transition of structure to a Company with a Nominating Committee, etc, including the establishment of new provisions related to the Nomination Committee, Compensation Committee, Audit Committee and Executive Officers, and the deletion of current provisions related to Corporate Auditors and Board of Corporate Auditors, as well as an adjustment of the number of articles related to these amendments.



Of the proposed amendments to the Articles of Incorporation, the Company has already obtained the consent of each Corporate Auditor with respect to the establishment of Article 29 (Release of Executive Officers' Liability).

The amendments to the Articles of Incorporation in this Proposal will take effect upon the closing of the General Meeting.



## 2. Proposed Amendments

The details of the amendments are as follows.

The "Current Articles of Incorporation" in this Proposal do not include the contents of the amendments to the Articles of Incorporation in Proposal 2 "Partial Amendments to the Articles of Incorporation (No. 1: Related to Distribution of Dividends from Surplus, etc." In addition, the article numbers of the below "Proposed Amendments" in this Proposal are based on the assumption that Proposal 2 "Partial Amendments to the Articles of Incorporation (No. 1: Related to Distribution of Dividends from Surplus, etc.)" is approved, Article 7 of the current Articles of Incorporation will be deleted and the subsequent article numbers are moved forward. Therefore, if said Proposal 2 is not approved, the article numbers of the below "Proposed Amendments" in this Proposal shall be read as those with the necessary adjustments based on the assumption that Article 7 of the current Articles of Incorporation will not be deleted.

(Underlined are the amended parts)

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 3 (Omitted)	Article 1 to Article 3 (Unchanged)
Article 4. (Corporate Organization) In addition to general meetings of shareholders and Directors, the Company shall have the following organizations: (1) The Board of Directors; (2) <u>Corporate Auditors</u> ;  (3) <u>The Board of Corporate Auditors</u> ; and (4) <u>Accounting Auditors</u> .	Article 4. (Corporate Organization) In addition to general meetings of shareholders and Directors, the Company shall have the following organizations: (1) The Board of Directors; (2) <u>Nomination Committee, Audit Committee and Compensation Committee</u> ; (3) <u>Executive Officers</u> ; and (4) Accounting Auditors.
Article 5 to Article 6 (Omitted)	Article 5 to Article 6 (Unchanged)

Current Articles of Incorporation	Proposed Amendments
Article 7 to Article <u>10</u> (Omitted)	Article 7 to Article <u>9</u> (Unchanged, excluding the contents of the amendments to the Articles of Incorporation made by Proposal 2)
Article <u>11</u> . (Handling Regulations of Shares) Handling relating to shares as well as fees thereof, shall be governed by the Share Handling Regulations established by the Board of Directors, as well as the applicable laws and regulations or these Articles of Incorporation.	Article <u>10</u> . (Handling Regulations of Shares) Handling relating to shares as well as fees thereof, shall be governed by the Share Handling Regulations established by the Board of Directors <u>or Executive Officer(s) delegated by a resolution of the Board of Directors</u> , as well as the applicable laws and regulations or these Articles of Incorporation.
Article <u>12</u> . (Transfer Agent) 1. (Omitted) 2. The Transfer Agent and its office shall be designated by a resolution of the Board of Directors. 3. (Omitted)	Article <u>11</u> . (Transfer Agent) 1. (Unchanged) 2. The Transfer Agent and its office shall be designated by the Board of Directors <u>or Executive Officer(s) delegated by a resolution of the Board of Directors</u> . 3. (Unchanged)
Article <u>13</u> to Article <u>14</u> (Omitted)	Article <u>12</u> to Article <u>13</u> (Unchanged)
Article <u>15</u> . (Convener and Chairman) 1. The <u>Representative Director</u> previously determined by the Board of Directors shall convene a general meeting of shareholders and act as chairman thereat. 2. In case where the <u>Representative Director</u> stipulated in the preceding paragraph is unable to act as convener and chairman, other Director(s), in accordance with an order previously determined by the Board of Directors, shall convene such meeting <u>and</u> act as chairman thereat.	Article <u>14</u> . (Convener and Chairman) 1. The <u>Director</u> previously determined by the Board of Directors shall convene a general meeting of shareholders and act as chairman thereat. 2. In case where the <u>Director</u> stipulated in the preceding paragraph is unable to act as convener and chairman, other Director(s), in accordance with an order previously determined by the Board of Directors, shall convene such meeting <u>and/or</u> act as chairman thereat.
Article <u>16</u> to Article <u>21</u> (Omitted)	Article <u>15</u> to Article <u>20</u> (Unchanged)
<u>Article 22. (Representative Director)</u> <u>The Board of Directors shall elect Representative Director(s) by its resolution.</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p>Article <u>23</u>. (Board of Directors)</p> <p>1. (Omitted)</p> <p>2. In convening a meeting of the Board of Directors, notice shall be issued to each Director <u>and each Corporate Auditor</u> at least three days before the meeting date. Provided, however, in case of an urgency, this period may be shortened.</p>	<p>Article <u>21</u>. (Board of Directors)</p> <p>1. (Unchanged)</p> <p>2. In convening a meeting of the Board of Directors, notice shall be issued to each Director at least three days before the meeting date. Provided, however, in case of an urgency, this period may be shortened.</p>
<p>Article <u>24</u>. (Deemed Resolution of Board of Directors)</p> <p>If all Directors unanimously express their consent in writing or digitally <u>to a matter to be resolved by the Board of Directors</u>, it shall be deemed that such matter is adopted by a resolution of the Board of Directors <u>unless the Corporate Auditors express objections thereto</u>.</p>	<p>Article <u>22</u>. (Deemed Resolution of Board of Directors)</p> <p><u>In cases where a Director proposes a matter to be resolved by the Board of Directors</u>, if all Directors <u>who are entitled to participate in votes with regards to such matter</u> unanimously express their consent to such matter in writing or digitally, it shall be deemed that such matter is adopted by a resolution of the Board of Directors.</p>
<p><u>Article 25. (Remuneration, Etc.)</u></p> <p><u>Remuneration, bonuses and other financial benefits given by the Company in consideration of the performance of duties (hereinafter referred to as the "Remuneration, Etc.") to Directors shall be fixed by a resolution of a general meeting of shareholders.</u></p>	<p>(Deleted)</p>
<p>Article <u>26</u> (Omitted)</p>	<p>Article <u>23</u> (Unchanged)</p>
<p><u>CHAPTER V</u> <u>CORPORATE AUDITORS AND</u> <u>THE BOARD OF CORPORATE AUDITORS</u></p>	<p>(Deleted)</p>
<p><u>Article 27. (Number)</u></p> <p><u>The Company shall have Corporate Auditors not exceeding six in number.</u></p>	<p>(Deleted)</p>
<p><u>Article 28. (Election)</u></p> <p>1. <u>A resolution electing Corporate Auditors shall be adopted by a majority of votes of the shareholders present at a general meeting of shareholders at which shareholders representing not less than one-third of the voting rights of shareholders entitled to exercise their voting rights are present.</u></p> <p>2. <u>A resolution electing Corporate Auditors to be elected to fill vacancy shall be effective until the opening of the ordinary general meeting of shareholders held with respect to the last business year ending within four years following such resolution.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 29. (Term of Office)</u>  <u>The term of office of a Corporate Auditor shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within four years following his/her election.</u></p>	(Deleted)
<p><u>Article 30. (Full-time Corporate Auditor)</u>  <u>The Board of Corporate Auditors shall appoint one or more full-time Corporate Auditors by its resolution.</u></p>	(Deleted)
<p><u>Article 31. (Board of Corporate Auditors)</u>  1. <u>In addition to the provisions of applicable law or ordinance and of these Articles of Incorporation, the Rules of the Board of Corporate Auditors established by the Board of Corporate Auditors shall apply to matters relating to the Board of Corporate Auditors.</u>  2. <u>In convening a meeting of the Board of Corporate Auditors, notice shall be issued to each Corporate Auditor at least three days before the meeting date. Provided, however, in case of an urgency, this period may be shortened.</u></p>	(Deleted)
<p><u>Article 32. (Remuneration, Etc.)</u>  <u>Remuneration, Etc. for Corporate Auditors shall be fixed by a resolution of a general meeting of shareholders.</u></p>	(Deleted)
<p><u>Article 33. (Release of Corporate Auditors' Liability)</u>  1. <u>The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release its Corporate Auditors (including those who had been Corporate Auditors) of their liability to the Company for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by applicable laws and regulations.</u>  2. <u>The Company may, pursuant to the provision in Paragraph 1, Article 427 of the Companies Act, enter into a contract with its Corporate Auditors to limit their liability to the Company for damages arising from negligence of their duties; provided, however, that the liability amount of the outside Corporate Auditor under such contract shall be limited to the minimum liability amount stipulated in the applicable laws and regulations.</u></p>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<u>CHAPTER V</u> <u>THREE COMMITTEES</u>
(Newly established)	<u>Article 24. (Method of Selection of Committee Members)</u> <u>The members of the Nomination Committee, the Audit Committee and the Compensation Committee shall be selected from among Directors by a resolution of the Board of Directors.</u>
(Newly established)	<u>Article 25. (Rules of Committees)</u> <u>In addition to the provisions of law or ordinance and of these Articles of Incorporation, the rules of each Committee established by the Board of Directors shall apply to matters relating to the Nomination Committee, the Audit Committee and the Compensation Committee.</u>
(Newly established)	<u>CHAPTER VI</u> <u>EXECUTIVE OFFICERS</u>
(Newly established)	<u>Article 26. (Election of Executive Officers)</u> <u>Executive Officers shall be elected by a resolution of the Board of Directors.</u>
(Newly established)	<u>Article 27. (Term of Office)</u> <u>1. The term of office of an Executive Officer shall expire at the conclusion of the first meeting of the Board of Directors held after the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within one year following his/her election.</u> <u>2. The term of office of an Executive Officer elected to fill a vacancy shall expire at the expiration of the remaining term of office of the retired Executive Officer and the term of office of an Executive Officer elected to increase the number of Executive Officers shall expire at the expiration of the remaining term of office of the other current Executive Officers.</u>
(Newly established)	<u>Article 28. (Representative Executive Officer)</u> <u>The Board of Directors shall elect Representative Executive Officer(s) by its resolution.</u>

Current Articles of Incorporation	Proposed Amendments
(Newly established)	<p><u>Article 29. (Release of Executive Officers' Liability)</u></p> <p><u>The Company may, pursuant to the provision of Paragraph 1, Article 426 of the Companies Act, release the Executive Officers (including those who had been Executive Officers) of their liability for damages arising from negligence of their duties by a resolution of the Board of Directors, to the extent permitted by the applicable laws and regulations.</u></p>
CHAPTER VI ACCOUNTS	CHAPTER VII ACCOUNTS
Article 34 to Article 37 (Omitted)	<p>Article 30 to Article 33</p> <p>(Unchanged, excluding the contents of the amendments to the Articles of Incorporation made by Proposal 2)</p>
(Newly established)	<p><u>(Supplementary Provision)</u></p> <p><u>Article 1.</u></p> <p><u>Regarding (i) exemptions from Corporate Auditors' liability provided for in Paragraph 1, Article 423 of the Companies Act, concerning actions of Corporate Auditors (including those who had been Corporate Auditors) conducted before the conclusion of the ordinary general meeting of shareholders held with respect to the business year ended December 31st, 2023 and (ii) contracts already entered into with Corporate Auditors to limit such liability, Paragraphs 1 and 2, Article 33 of these Articles of Incorporation prior to the amendments made by the resolution of the said ordinary general meeting of shareholders shall remain applicable.</u></p>



**Proposal 4: Election of Six (6) Directors**

As the terms of office of all five (5) Directors will expire at the conclusion of the General Meeting, the Company requests that six (6) Directors be elected at the General Meeting.

The candidates for Directors are as below.

In order to ensure objectivity and transparency, each of these candidates for Director has been nominated by the Board of Directors after seeking recommendation from the voluntary Nomination Committee, all members of which are Independent Outside Directors.


Among these candidates for Director, Ms. Tomoko Mizuno is currently an Independent Outside Corporate Auditor of the Company. If Proposal 3 “Partial Amendments to the Articles of Incorporation (No.2: Transition to a Company with a Nominating Committee, etc.),” is approved as proposed, the Company will transition its structure from a Company with the Board of Corporate Auditors to a Company with a Nomination Committee, etc. at the conclusion of the General Meeting, and with this transition the terms of office of all four (4) Corporate Auditors will automatically expire. Accordingly, the Company proposes the appointment of Ms. Tomoko Mizuno as Director on the condition that Proposal 3 is approved at the General Meeting.


No.	Name (Age)		Current Position at the Company	Years Served as Director	Attendance at Meetings of the Board of Directors
1	Hidetoshi Shibata (51)	<u>Reappointment</u>	Representative Director, President and CEO	8 years and 8 months	100% (5 out of 5)
2	Jiro Iwasaki (78)	<u>Reappointment</u> <u>Outside</u> <u>Independent Officer</u>	Outside Director	7 years and 9 months	100% (5 out of 5)
3	Selena Loh Lacroix (59)	<u>Reappointment</u> <u>Outside</u> <u>Independent Officer</u>	Outside Director	4 years	100% (5 out of 5)
4	Noboru Yamamoto (61)	<u>Reappointment</u> <u>Outside</u> <u>Independent Officer</u>	Outside Director	3 years	100% (5 out of 5)
5	Takuya Hirano (53)	<u>Reappointment</u> <u>Outside</u> <u>Independent Officer</u>	Outside Director	1 year	100% (4 out of 4)
6	Tomoko Mizuno (53)	<u>New</u> <u>Outside</u> <u>Independent Officer</u>	Outside Corporate Auditor	—	—


Reappointment: Candidates for Reappointed Directors    New: Candidates for New Directors


Outside: Candidates for Outside Directors    Independent Officer: Candidates for Independent Officers



- (Note) 1. “Years Served as Director” for Mr. Hidetoshi Shibata indicates the total period served as Director.  
 2. Ms. Selena Loh Lacroix is a foreign national and female Director candidate.  
 3. Mr. Takuya Hirano’s attendance at the meetings of the Board of Directors is for the Board of Directors meetings held after the assumption of office as Director on March 30, 2023.  
 4. Ms. Tomoko Mizuno is a female Director candidate. She is currently an Outside Corporate Auditor. Her term of office as Corporate Auditor is 3 years, and her attendance at meetings of the Board of Directors and the Board of Corporate Auditors was 5 out of 5 (100%) and 9 out of 9 (100%), respectively.

No.1	Hidetoshi Shibata		<u>Reappointment</u> Date of Birth: November 16, 1972 (Age 51)	
 <p>Years Served as Director: 8 years and 8 months</p> <p>Number of the Company's Shares Held: 552,500</p> <p>Attendance at Meetings of the Board of Directors: 5 out of 5 (100%)</p>	<u>Brief Biography, Position, Responsibilities and Important Concurrent Positions</u>			
	April 1995 August 2001 August 2004 October 2007  September 2009	Joined Central Japan Railway Company Joined MKS Partners Limited as Principal Partner, MKS Partners Limited  Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd (currently, BofA Securities Japan Co., Ltd.) as Managing Director  Joined Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director	June 2012  October 2013 November 2013  June 2016 March 2018  July 2019	Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Member of the Board of Directors, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Executive Vice President and CFO, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Representative Director, President and CEO, the Company (present)
<p><b>【Reasons for selection as a candidate for Director】</b></p> <p>The Company selected Mr. Hidetoshi Shibata as candidate for Director with the expectation that he would enhance corporate value by demonstrating leadership skills to expedite the Company's decision-making process and strengthen the Company's ability to propose semiconductor solutions, based on his abundant knowledge, experience and achievements cultivated through varied and global management experiences. He has led the overall management of the Company and achieved a sustained enhancement of the corporate value of the Company as the Representative Director, President and CEO.</p>				

No.2	Jiro Iwasaki		<u>Reappointment</u> <u>Outside</u> <u>Independent Officer</u> Date of Birth: December 6, 1945 (Age 78)	
 <p>Years Served as Director: 7 years and 9 months</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: 5 out of 5 (100%)</p>	<u>Brief Biography, Position, Responsibilities and Important Concurrent Positions</u>			
	April 1974 June 1996 June 1998  June 2006  March 2008	Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) Director, General Manager of Human Resources, TDK Corporation Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation  Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation  Audit and Supervisory Board Member, GCA Savvian Corporation (currently, HOULIHAN LOKEY Corporation)	June 2009  March 2011 April 2011 March 2015 March 2016  June 2016	Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation) Audit and Supervisory Board Member, SBS Holdings, Inc. Professor at Teikyo University, Faculty of Economics Outside Director, SBS Holdings, Inc. (present) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (currently, HOULIHAN LOKEY Corporation) Outside Director, the Company (present)
<p><b>【Reasons for selection as a candidate for Outside Director】</b></p> <p>The Company selected Mr. Jiro Iwasaki as candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating capabilities of supervising and monitoring the overall management of the Company, based on his abundant knowledge, experience and deep insights cultivated through his experience as a director at multiple companies in electrical and electronic component companies. He has led the activities of the voluntary Nomination Committee, including deliberation on selection of candidates of Directors, as the chairperson of that Committee.</p>				

No.3	Selena Loh Lacroix		<span>Reappointment</span> <span>Outside</span> <span>Independent Officer</span> Date of Birth: November 18, 1964 (Age 59)	
 <p>Years Served as Director: 4 years</p> <p>Number of the Company's Shares Held: 58,244</p> <p>Attendance at Meetings of the Board of Directors: 5 out of 5 (100%)</p>	Brief Biography, Position, Responsibilities and Important Concurrent Positions			
	1988  August 1992  June 1995  December 2004  May 2010	Joined a Singaporean law firm as an associate  Joined Gray Cary Ware & Freidenrich LLP (now DLA Piper) as an associate  Senior Counsel, Texas Instruments Incorporated  Vice President & General Counsel, Asia Pacific, Honeywell International Inc.  Global Semiconductor Practice Leader & Global Legal, Regulatory and Compliance Practice Leader, Egon Zehnder	December 2016  June 2017  November 2017  December 2019  March 2020	Member of Board of Directors, Integrated Device Technology, Inc. (Part-time; resigned March 2019)  Global Technology & Communication Practice Leader, Egon Zehnder  Board Member, National Association of Corporate Directors - North Texas Chapter (Part-time; present)  Vice Chair, Technology Practice, Korn Ferry (present)  Outside Director, the Company (present)
	<b>Important Concurrent Position</b> Vice Chair, Technology Practice, Korn Ferry Board Member, National Association of Corporate Directors - North Texas Chapter			
<b>【Reasons for selection as a candidate for Outside Director】</b> The Company selected Ms. Selena Loh Lacroix as candidate for Outside Director with the expectation that the Board of Directors will be strengthened by her demonstrating capabilities of supervising and monitoring the overall management of the Company, based on her global insight in the field of corporate legal, corporate governance and human resources gained through extensive experience in the semiconductor industry and several other industries, and from the perspective of promoting diversity. She has led the activities of the voluntary Compensation Committee, including deliberation on the compensation policy for Directors and Executive Officers, as the chairperson of that Committee, and served as a member of the voluntary Nomination Committee.				

No.4	Noboru Yamamoto		<span>Reappointment</span> <span>Outside</span> <span>Independent Officer</span> Date of Birth: November 21, 1962 (Age 61)	
 <p>Years Served as Director: 3 years</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: 5 out of 5 (100%)</p>	Brief Biography, Position, Responsibilities and Important Concurrent Positions			
	April 1986 May 1989 February 2002  April 2003  October 2006  October 2011  June 2016	Joined Mazda Motor Corporation  Joined Daiwa Securities Co. Ltd.  Joined Pricewaterhouse Coopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC) as Managing Director  Joined Lazard Frères K.K. as Managing Director  Joined Nikko Citigroup Securities Co., Ltd. (currently, Citigroup Global Markets Japan Inc.), Investment Banking Unit, as Managing Director  Joined BNP Paribas, Tokyo Branch, Investment Banking Division, as Co-head  Outside Director, Hitachi Koki Co., Ltd. (currently, Koki Holdings Co., Ltd.)	September 2016  March 2018  March 2018  March 2021  January 2023  April 2023  July 2023	Representative Director, Representative Partner & CEO, XIB Capital Partners Inc. (currently, XIB Inc.) (present)  Outside Director, Tsubaki Nakashima Co., Ltd.  Outside Corporate Auditor, the Company  Outside Director, the Company (present)  Senior Advisor, Bain & Company Japan, Inc. (present)  Outside Director, Chairperson of the Board of Directors (part-time), Tsubaki Nakashima Co., Ltd. (present)  Outside Director, Chairperson of Audit & risk committee, Koki Holdings Co., Ltd. (present)
	<b>Important Concurrent Position)</b> Representative Director, Representative Partner & CEO, XIB Inc. Outside Director, Chairperson of the Board of Directors (part-time), Tsubaki Nakashima Co., Ltd. Outside Director, Chairperson of Audit & risk committee, Koki Holdings Co., Ltd. Senior Advisor, Bain & Company Japan, Inc.			
<b>【Reasons for selection as a candidate for Director】</b> The Company selected Mr. Noboru Yamamoto as candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating capabilities of supervising and monitoring the overall management of the Company, based on his abundant knowledge, experience and achievements cultivated through years of management experience in the global finance and securities industries and as representative for M&A advisory companies. He has led the Board of Director's supervisory and monitoring activities regarding the enhancement of the Company's ESG activities as ESG Sponsor of the Board of Directors, and served as a member of the voluntary Nomination Committee and the voluntary Compensation Committee.				

No.5	Takuya Hirano		<input type="checkbox"/> Reappointment <input type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent Officer Date of Birth: August 11, 1970 (Age 53)	
 <p>Years Served as Director: 1 year</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: 5 out of 5 (100%)</p>	Brief Biography, Position, Responsibilities and Important Concurrent Positions			
	December 1995 February 1998 February 2001 August 2005 February 2006 July 2007 March 2008 September 2011	Joined Kanematsu USA Joined Hyperion Solutions Corporation (currently, Oracle Corporation) President, Hyperion Solutions Japan Senior Director, Business & Marketing Division, Microsoft Co., Ltd. (currently, Microsoft Japan Co., Ltd.) General Manager, Enterprise Service, Microsoft Co., Ltd. General Manager, Enterprise Business & Enterprise Service, Microsoft Co., Ltd. General Manager, Enterprise Business, Microsoft Co., Ltd. General Manager, Multi-country, Microsoft Central and Eastern Europe	July 2014 March 2015 July 2015 September 2019 March 2022 June 2022 October 2022 March 2023 April 2023	Executive Vice President, Marketing & Operations, Microsoft Japan Co., Ltd. Representative Officer, Executive Deputy President, Microsoft Japan Co., Ltd. President, Microsoft Japan Co., Ltd. Vice President, Global Service Partner Business, Microsoft Corporation Director (part-time), Japan Professional Football League (J. LEAGUE) (scheduled to retire in March 2024) Outside Director, Yokogawa Electric Corporation (present) Outside Director, Yayoi Co., Ltd. Outside Director, the Company (present) Chairman (part-time), Yayoi Co., Ltd. (present)
	Important Concurrent Position) Outside Director, Yokogawa Electric Corporation Chairman (part-time), Yayoi Co., Ltd. Director (part-time), Japan Professional Football League (J. LEAGUE) (scheduled to retire in March 2024)			
	【Reasons for selection as a candidate for Outside Director】 The Company selected Mr. Takuya Hirano as candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating capabilities of supervising and monitoring the overall management of the Company, in particular based on his abundant insights in the technology field, business transformation and cross-cultural leadership, cultivated through years of management experience comprised of multiple leadership positions in Japan and other regions at Microsoft Corporation, a global IT company which achieved successful business transformation from packaged software to cloud computing services. He has also actively shared his opinions as a member of the voluntary Nomination Committee.			
No.6	Tomoko Mizuno		<input type="checkbox"/> New <input type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent Officer Date of Birth: September 1, 1970 (Age 53)	
 <p>Years Served as Director: —</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: —</p>	Brief Biography, Position, Responsibilities and Important Concurrent Positions			
	July 1994 September 2001 January 2003 June 2005	Joined Bain & Company Japan, Inc. Joined Eli Lilly & Company as Marketing Associate Joined Eli Lilly Japan K.K. as Senior MR Joined Novartis Pharma K.K. as Brand Manager, New Product Planning	January 2009 April 2011 April 2013 March 2021	Group Manager, Equa Marketing Group, Novartis Pharma K.K. Joined MSD K.K. as Brand Leader, Gardasil Marketing Group Joined Japan Automatic Machine Co., Ltd. as Director (present) Outside Corporate Auditor, the Company (present)
	Important Concurrent Position) Director, Japan Automatic Machine Co., Ltd.			
	【Reasons for selection as a candidate for Outside Director】 Ms. Tomoko Mizuno has abundant knowledge, experience and achievements in the fields of corporate planning, human resources, and others, cultivated through years of business management at a machinery and electronic component company and working in a global consulting firm and pharmaceutical companies. She has audited the overall management of the Company appropriately as Outside Corporate Auditor since March 2021. She has also actively shared her opinions as a member of the voluntary Compensation Committee. For the above reasons, the Company selected her for a candidate of Outside Director with the expectation that the Board of Directors will be strengthened by her demonstrating her capabilities of supervising and monitoring the overall management of the Company.			

- (Note) 1. None of the candidates have any special interest in the Company.
2. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano and Ms. Tomoko Mizuno are candidates for Outside Directors.
3. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano and Ms. Tomoko Mizuno satisfy the requirements as Independent Officers stipulated by the Tokyo Stock Exchange and the “Standards for determining the Independence of Outside Officers” established by the Company (see below). The Company has notified the Tokyo Stock Exchange in respect of Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto Mr. Takuya Hirano and Ms. Tomoko Mizuno as Independent Officers. If their reappointments or appointment are approved, the Company will continue this notification.
4. If Proposal 3 and this Proposal are approved, the composition of the Nomination Committee, Compensation Committee and Audit Committee will be as follows.

◎: Chairperson, ○: Member

No.	Name	Nomination Committee	Compensation Committee	Audit Committee	Note
1	Hidetoshi Shibata		○		Director Representative Executive Officer, President and CEO
2	Jiro Iwasaki	◎		○	Leading Independent Outside Director
3	Selena Loh Lacroix	○	◎		Independent Outside Director
4	Noboru Yamamoto		○	○	Independent Outside Director ESG Sponsor of the Board of Directors
5	Takuya Hirano	○			Independent Outside Director
6	Tomoko Mizuno		○	◎	Independent Outside Director

(\*) The Company currently has a voluntary Nominating Committee and Compensation Committee as a Company with a Board of Corporate Auditors. The composition is as follows. Mr. Noboru Yamamoto also serves as ESG Sponsor of the Board of Directors.

- Nomination Committee: Jiro Iwasaki (Chairperson), Selena Loh Lacroix, Noboru Yamamoto, Takuya Hirano
- Compensation Committee: Selena Loh Lacroix (Chairperson), Hidetoshi Shibata, Noboru Yamamoto, Tomoko Mizuno

5. Each candidate for Director to be a member of Audit Committee has considerable knowledge of finance and accounting as follows.
- (1) Ms. Tomoko Mizuno has worked for a global consulting firm and pharmaceutical companies in fields of corporate planning and others, and is currently engaged in business management as executive director at a machinery and electronic component company. She has also served as an Outside Corporate Auditor of the Company since March 2021.
- (2) Mr. Jiro Iwasaki has been engaged in business management as executive director at several major electronic component and electrical appliance companies, and then has also served as outside director (including full-time audit committee member) and outside corporate auditor for several listed companies.
- (3) Mr. Noboru Yamamoto has worked for global financial and securities firms, and currently serves as the representative of an M&A advisory firm. He has served as outside director (including chairperson of the Audit & risk committee) of listed companies. He has also experience in auditing as Outside Corporate Auditor of the Company in the past.
6. The Company has entered into liability limitation agreements with Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, Mr. Takuya Hirano and Ms. Tomoko Mizuno, limiting their liability as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if their reappointments or appointment are approved, the Company will continue such liability limitation agreements with them.
7. The Company has executed a contract for Directors and Officers Liability (D&O) insurance with an insurance company, and it is expected to be renewed in the future. Under such insurance, damages and costs incurred by each candidate in connection with their performance of duties for the Company are indemnified, and the insurance premium is borne by the Company.



《Reference》

### 1. Expertise and Experience of Director Candidates (Skills Matrix)

The main expertise and experience of each of the candidates for Director are as follows.

Name	Management Strategy	Leadership Experience	Risk Management	Legal Affairs	Finance	Sustainability	International Business	Semiconductor Technology / DX
Hidetoshi Shibata	●	●			●		●	●
Jiro Iwasaki	●	●	●		●		●	
Selena Loh Lacroix				●		●	●	●
Noboru Yamamoto		●	●		●	●	●	
Takuya Hirano	●	●					●	●
Tomoko Mizuno	●	●	●				●	

### 2. Overview of Standards for determining the Independence of Outside Officers

To ensure that our corporate governance is conducted with the appropriate level of objectivity and transparency, we have established Standards for determining the Independence of Outside Officers, which are standards for determining whether Outside Directors and Outside Corporate Auditors (“Outside Officers”) are sufficiently independent, i.e., whether there is no possibility for a conflict of interest with the Company.

Accordingly, only individuals who meet the requirements of the Companies Act and the independence standards set forth by the Tokyo Stock Exchange and who do not fall under any of the following categories are considered to be sufficiently independent to serve as our Outside Officers.

1. Business relationship as an Important Customer of the Company:

The Outside Officer is an Officer or Employee of an important customer of the Company

(\*) An important customer of the Company means a customer to whom the Company’s sales (on a consolidated basis) exceeds 2% of the Company’s consolidated revenue, on average over the past three years, or a direct or indirect purchaser or user of the Company’s products who is deemed to have a similar level of importance

2. Business relationship where the Company is an Important Customer of the Business Partner:

The Outside Officer is an Officer or Employee of a business partner of which the Company is an important customer

(\*) A business partner of which the Company is an important customer means a business partner whose revenue from the Company (on a consolidated basis) exceeds 2% of the business partner’s consolidated revenue, on average over the past three years

3. Business relationship as an Important Fund Provider:

The Outside Officer is an Officer or Employee of a financial institution or other fund provider which provides the Company with funds greater than 2% of the Company’s consolidated total assets (as of the end of the last fiscal year)

4. Business relationship providing Professional Services:

The Outside Officer provides, or is an Officer or Employee of an organization that provides, professional services (including, but not limited to, accounting, legal, consulting services) to the Company

(\*) Limited to cases where (i) if the services are provided by an organization, the remuneration (on a consolidated basis) for services exceeds 2% of the organization’s consolidated revenue, on average over the past three years, or (ii) if the services are provided by an individual, the average remuneration (on a consolidated basis) over the past three years is greater than 10 million yen

5. Capital relationship as a Major Shareholder or Investee:

The Outside Officer either holds, or is an Officer or Employee of an organization which holds, directly or indirectly, 10% or more of the total shareholder voting rights of the Company; or The Company or its



subsidiaries are among the major shareholders or investors (holding 10% or more of the total shareholder voting rights or total investment) of the organization in which the Outside Officer serves as an Officer

6. Other significant relationship as an Employee:  
The Outside Officer is an Employee of the Company or its subsidiaries
7. Other significant relationship as Accounting Auditor:  
The Outside Officer is an Employee or partner of the Company's Accounting Auditor, or a member of the Company's Accounting Auditor in charge of conducting an accounting audit of the Company
8. Other significant relationship as the recipient of a Donation:  
The Outside Officer has received donations from the Company or its subsidiaries in excess of 10 million yen in any of the past three years, or is an Officer or Employee of an organization that has received such donations
9. Other significant relationship as a Close Relative:  
The Outside Officer is the spouse, relative within two degrees of kinship, or living in the same household as persons having management control of the Company (senior vice president level or above)

Categories 1 through 5, 7 and 8, apply to those persons who meet said criteria at any given point in the past three years; Category 6 applies to those persons who meet said criteria at any given point in the past ten years.

End

## **Business Report**

(For the period from January 1, 2023 to December 31, 2023 (this “Business Period”))

### **Overview of Group Operations**

#### **● Business Progress and Results**

##### **(1) Overview**

During this Business Period, the global economy remained slow, as in the previous business period, due to the protracted war between Russia and Ukraine, high global inflation and rising interest rates, the slow recovery of the Chinese economy following the lifting of the zero-Covid policy in December 2022, and the deteriorating situation in the Middle East.

In the semiconductor market in which Renesas group companies (the “Group”) operate, demand for semiconductors for products such as personal computers and mobile phones, which had been declining since the second half of the previous business period due to inventory adjustments, bottomed out in the first half of this Business Period, but recovery has been slow. Demand for semiconductors for industrial equipment, which had been robust since the previous business period due to the progress of automation and digitization of industrial equipment, also softened from the second half of this Business Period due to the significant economic slowdown, especially in China. On the other hand, demand for semiconductors for the automotive market remained strong due to a recovery in automobile production and an increase in the number of semiconductors installed in each automobile due to the electrification and automation of automobiles. Regarding demand for semiconductors for data centers and other infrastructure applications, the data center market experienced positive growth due to increased demand for DDR5 memory module and the exhaustion of DDR4 memory module in customer inventories, while demand for base stations and general-purpose products remained soft.

In such an environment, the Group has been working on various measures to realize our purpose, “To Make Our Lives Easier” (building a sustainable future through technologies that make people’s lives easier) and to achieve our “2030 Aspiration” ((1) becoming one of the top three suppliers of embedded semiconductor solutions, (2) achieving sales revenue of USD 20 billion or more, and (3) increasing market capitalization six-fold compared to January 2022). As a result, in this Business Period, despite a decline in market demand, the Group’s revenue declined only slightly from the previous business period, and our gross profit margin ratio and operating income ratio were at 57.0% and 34.1% (Non-GAAP basis) of net sales, respectively.

Regarding specific initiatives in terms of products during this Business Period, the Group has been focusing on over 80 Winning Combinations (comprehensive solutions provided by combining the product portfolios of the Group and companies that we have acquired in the past). In addition, the Group has announced and launched attractive products such as “RA8 Series” (RA8M1 and RA8D1) with the Arm® Cortex®-M85 processor, “R-Car Generation 5 Family” with advanced chiplet technology, “RL78 family” (G15 and G24) with a high standard of low power consumption, as well as various development environments that support customers’ product development in the cloud (Quick Connect Studio, AI Workbench, etc.). The Group thereby expanded our competitive product portfolios that meet customer needs and enhanced scalability, winning a number of Design-ins that will be sources of future sales revenue.

Additionally, in order to strengthen our solution capabilities by acquiring products and technologies that the Group does not possess at an early stage in the highly competitive global semiconductor

industry, the Group has actively pursued M&A (mergers and acquisitions) activities in this Business Period. We acquired Pantronics, an Austrian company with competitive NFC (Near-Field Communication) technology, which is expected to grow in demand in the future as the digitalized society progresses. We also reached an agreement with Sequans, a French company with cellular IoT Technology such as 4G/5G, to acquire the company.

In terms of production and supply chain, in order to meet the demand for semiconductor devices, which is expected to expand in the future, we have strengthened production capacity for the Group's products. In particular, as part of activities at the Group's production plants, we made capital investments at the Naka and Kawashiri Factories for microcontrollers. For power semiconductors such as SiC (silicon carbide), we restarted operations at the Kofu Factory and promoted capital investment at the Takasaki Factory. In addition, in order to ensure a stable supply of SiC wafers, we executed a 10-year SiC wafer supply agreement with Wolfspeed, a US company with strengths in SiC technology. Moreover, to respond to rapid fluctuations in demand and to become more resilient, we continued to work on die banking.

In terms of the management foundation, in order to provide semiconductor solutions that meet as wide a range of customer needs as possible, we have reviewed our organizational structure and reorganized it into four product groups based on products and technologies, instead of two application-oriented groups (Automotive and Industrial/Infrastructure/IoT). In addition, following a decision to establish an organization specializing in software and digitalization and a company-wide cross-functional organization for each business domain, we prepared for the start of the new organizational structure on January 1, 2024. From the perspective of improving operational efficiency, we continued to work on the integration of Enterprise Resource Planning (ERP), which is the Group's core IT system.

In terms of raising the awareness of our Group employees, we conducted a survey of employees to promote further penetration of our Group's action guidelines, "Renesas Culture" which consists of five elements (i.e., Transparent, Agile, Global, Innovative, Entrepreneurial) (abbreviation: TAGIE). Based on the results of this survey, we implemented a variety of initiatives, including the promotion of project activities to enhance cooperation and communication among engineers within the Group regardless of their field of expertise, the introduction of a remote working abroad system to increase the flexibility of employees' work styles, and the implementation of various measures to realize the well-being of employees (such as introduction of a work-life consulting service system).

In terms of ESG (Environment/Social/Governance), we have promoted various initiatives to strengthen each area, such as social contribution activities, greenhouse gas reduction activities, etc. In addition, in order to further enhance information disclosure, we prepared and published a "Sustainability Report," which summarizes the Group's sustainability initiatives. In recognition of these efforts, the Group received an "AA" rating from MSCI, an international ESG research organization, and was also selected for the first time as a constituent of the MSCI Japan ESG Select Leaders Index in this Business Period. With this, we are selected for inclusion in all ESG indices used by the Government Pension Investment Fund, one of the world's largest public pension funds. In addition, for the second year in a row, we received the highest rating of Gold in the "PRIDE Index 2023," an index for evaluating corporate LGBTQ+ initiatives developed by "work with Pride".

Moreover, for the first time since April 2010, when the Group started as Renesas Electronics, our stock has been included as one of the 225 stocks that make up the Nikkei 225 (Nikkei Stock Average).

## **(2) Summary of Consolidated Financial Results**

The Group discloses consolidated business results in terms of both internal indicators which the management relies upon in making decisions (hereinafter referred to as "Non-GAAP") as well as

indicators based on IFRS, to support good understanding of our constant business performance.

Non-GAAP revenue, gross profit, and operating profit are numbers derived by subtracting or reconciling non-recurring items and other reconciliation items from IFRS revenue, gross profit, and operating profit, respectively, in accordance with certain rules established by the Group. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other purchase price allocation (hereinafter "PPA") adjustments and stock compensation as well as other non-recurring expenses and income the Group believes to be applicable.

(Note) The Group references standards determined by the U.S. Securities and Exchange Commission in connection with the disclosures of the Non-GAAP, but the disclosures do not fully comply with such standards.

Financial results of the Group in this Business Period are as follows.

### **<Consolidated Financial Results of this Business Period (Non-GAAP Basis)>**

#### **(Non-GAAP Net Revenues)**

Net revenues for this Business Period decreased by 2.2% year-on-year to 1,469.7 billion yen. This was mainly attributable to the decrease in revenue from industrial, infrastructure, and IoT businesses due to the softening of the PC/mobile phone and consumer markets, etc., although revenue from automotive business increased due to the effect of yen depreciation.

#### **(Non-GAAP Gross Profit)**

Gross profit for this Business Period decreased by 25.7 billion yen (3.0%) year-on-year to 837.4 billion yen (gross margin of 57.0%). This was due to the decrease in sales revenue from the industrial, infrastructure, and IoT businesses as mentioned above and the resulting deterioration in the product mix.

#### **(Non-GAAP Operating Profit)**

Operating profit for this Business Period decreased by 57.7 billion yen (10.3%) year-on-year to 501.6 billion yen (operating margin of 34.1%). This was mainly due to the above-mentioned decrease in gross profit and increase in R&D expenses.

#### **(Adjustment from Non-GAAP Gross Profit to IFRS Gross Profit)**

During this Business Period, the Non-GAAP reconciliations in revenue level which is deducted from non-GAAP gross profit were 0.3 billion yen, amortization of purchased intangible assets and depreciation of property, plant and equipment was 1.0 billion yen, and stock compensation was 1.5 billion yen. Further, one-time and limited-in-scope losses are included in other reconciliation items in non-recurring expenses and adjustment of 0.3 billion yen.

#### **(Adjustment from Non-GAAP Operating Profit to IFRS Operating Profit)**

During this Business Period, the Non-GAAP reconciliations in revenue level which is deducted from non-GAAP operating profit were 0.3 billion yen, amortization of purchased intangible assets and depreciation of property, plant and equipment was 105.8 billion yen, and stock compensation was 23.3 billion yen. Further, one-time and limited-in-scope gains are included in other reconciliation items in non-recurring expenses and adjustments of 18.5 billion yen.

(Translation)

**<Consolidated Financial Results for this Business Period (IFRS Basis)>**

Net revenues for this Business Period decreased by 2.1% year-on-year to 1,469.4 billion yen, and gross profit decreased by 2.3% year-on-year to 834.3 billion yen (gross margin 56.8%), operating profit decreased by 7.9% year-on-year to 390.8 billion yen (operating margin of 26.6%). In addition, profit attributable to owners of the parent for this Business Period was 337.1 billion yen, resulting in an increase of 80.5 billion yen year-on-year.

(Billion yen)

Classification	21st Business Period (From Jan. 1, 2022 to Dec. 31, 2022)	22nd Business Period (This Business Period) (From Jan.1, 2023 to Dec. 31, 2023)
Non-GAAP Gross Profit	863.2	837.4
Reconciliations in Revenue Level (Note 1)	(1.8)	(0.3)
Amortization of Purchased Intangible Assets and Depreciation of Property, Plant and Equipment	(1.0)	(1.0)
Market Valuation of Inventories	(1.5)	—
Stock compensation	(1.5)	(1.5)
Other Reconciliation Items in Non-Recurring Expenses and Adjustments (Note 2)	(3.2)	(0.3)
IFRS Gross Profit	854.0	834.3
Non-GAAP Operating Profit	559.4	501.6
Reconciliations in Revenue Level (Note 1)	(1.8)	(0.3)
Amortization of Purchased Intangible Assets and Depreciation of Property, Plant and Equipment	(106.2)	(105.8)
Market Valuation of Inventories	(1.5)	—
Stock compensation	(18.1)	(23.3)
Other Reconciliation Items in Non-Recurring Expenses and Adjustments (Note 2)	(7.5)	18.5
IFRS Operating Profit	424.2	390.8
IFRS Profit Attributable to Owners of Parent	256.6	337.1

(Notes) 1. Non-GAAP adjustments have been applied to the revenue following the implementation of PPA.

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

**<Segment Overview>**

Financial results (Non-GAAP basis) for individual segments are as follows.

**(Automotive Business)**

The automotive business includes the product categories “Automotive Control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive Information,” comprising semiconductor devices used in automotive information systems such as sensing systems to detect environment inside and outside the vehicle, IVI (In-Vehicle Infotainment) to convey various information to drivers, etc., and instrument panels. The Group mainly supplies microcontrollers, system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Net revenues of the automotive business for this Business Period increased by 7.8% year-on-year to 695.0 billion yen. As mentioned above, this was mainly due to the effect of yen depreciation as well as increased revenue from sales of products for Advanced Driver-Assistance Systems (ADAS) and xEVs.

Moreover, gross profit increased by 38.8 billion yen (12.0%) year-on-year to 363.2 billion yen (gross margin of 52.3%). This was due to an increase in revenues.

Operating profit increased by 19.5 billion yen (8.9%) year-on-year to 238.7 billion yen (operating margin of 34.3%) due to gross margin improvements.

**(Industrial, Infrastructure and IoT Business)**

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

In this Business Period, net revenues from the Industrial, Infrastructure and IoT Business decreased by 9.6% year-on-year to 764.7 billion yen. This was due to the decrease in revenue resulting from the softening of the PC/mobile phone and consumer markets, as mentioned above, despite the positive effect of yen depreciation.

Moreover, gross profit decreased by 64.6 billion yen (12.1%) year-on-year to 470.8 billion yen (gross margin of 61.6%). This was due to the decrease in revenues.

Operating profit decreased by 72.7 billion yen (21.9%) year-on-year to 259.0 billion yen (operating margin of 33.9%) due to the decrease in gross margin.

**(Other)**

The Other segment includes development and manufacturing of semiconductors for other companies.

Revenues of the Other segment for this Business Period decreased by 15.4% year-on-year to 10.0 billion yen.

Operating profit increased by 2.6% year-on-year to 3.5 billion yen.

**●Issues to be Addressed by the Group****(1) Sales growth, appropriate cost control and optimization of production structure**

First, the Group’s sales in this Business Period slightly decreased compared to the previous business period. Demand softened for semiconductors for industrial, infrastructure, and IoT applications due to sluggish demand for PCs and mobile phones and demand for industrial equipment slowing down in the second half of this Business Period, while demand for semiconductors for automotive applications had remained strong since the previous business period. On the other hand, Design-in, which will be a

source of future revenue for the Group, exceeded the target for this Business Period by 14% and increased by 38% year-on-year.

In order to achieve future sales growth, the Group will intensively conduct R&D investment in focus areas and, through M&A, will promote the expansion and enhancement of product portfolios and technologies that the Group does not currently own.

The specific focus areas where the Group will intensively invest in R&D include SoCs for AD (Autonomous Driving) and ADAS (Advanced Driver-Assistance Systems), microcontrollers for automotive domain control, power semiconductors for xEV such as IGBT (Insulated Gate Bipolar Transistor) and SiC, mixed-signal products for ADAS and xEV, microcontrollers/SoCs with Arm cores and RISC-V cores, BMICs (Battery Management ICs), MPUs with built-on DRP-AIs (Dynamically Reconfigurable Processor-AI), and analog mixed signal products for data centers and 5G-related fields.

Meanwhile, regarding past acquisitions of the companies formerly known as Intersil and IDT, as well as Dialog, the Group has actively pursued to maximize synergies, including Winning Combinations. During this Business Period, we increased the percentage of Winning Combinations to about 50% of the total Design-in. Going forward, we will continue and strengthen these efforts. Following the acquisitions of Celeno, Reality AI, and Steradian in the previous business period, we acquired Pantronics, which has strengths in semiconductors for NFC, and announced the acquisition of Sequans, which provides semiconductors for cellular IoT such as 4G/5G, in this Business Period.

Going forward, in order to respond quickly to the rapidly changing semiconductor market, the Group will continue to add to and update the list of acquisition candidates to acquire products, technologies, and solutions that the Group does not currently own.

In terms of costs, we implemented various cost reduction measures to realize cost synergies from the acquisition of Dialog and achieved the targets of those measures. However, transportation costs have remained high due to soaring raw material and energy prices, including crude oil prices, resulting from rising geopolitical risks, as well as rising labor costs, despite the alleviation of the elevated transportation costs previously experienced due to logistics disruptions triggered by the spread of Covid-19. The Group will continue to reduce costs by streamlining logistics flows, including the implementation of consolidated transportation. In addition, the Group will continue our efforts to stabilize the supply chain by promoting multi-sourcing of raw materials and long-term supply contracts and will continue to contain costs through changes in parts and materials and by switching to less expensive suppliers. Also, under the new organizational structure established in January 2024, we will push forward with a review of cost items, including R&D expenses, with the aim of improving investment and cost efficiency. Furthermore, to improve the efficiency of operations and IT systems, the Group has made strategic investments toward the integration of our core ERP IT systems. The integrated system is scheduled to be fully operational by around October 2024, and we believe it will make a significant contribution to the Group's business over the medium to long term.

In the short term, the Group will steadily implement strategic investment necessary for future sales growth and business efficiencies while continuing to strive to achieve appropriate cost controls.

In terms of production, the utilization rate of the Group's front-end production factories during this Business Period was 43% for the 150mm wafer production line, 71% for the 200mm wafer production line, and 50% for the 300mm wafer production line, an average of 62% for all factories.

The Group will keep striving to enhance the production facilities at our factories in order to ensure a stable supply. In this Business Period, we made capital investments in the Kofu and Takasaki Factories to meet the demand for power semiconductors, which is expected to grow going forward, and in the Naka and Kawashiri Factories to increase the supply capacity of microcontrollers. We will continue to



make capital investments to ensure a stable supply of the Group's products. In addition to these capital investments, we will continue to build die banks to be able to respond to sudden demand fluctuations and to enhance our resilience.

We will also continue to work to secure and expand production capabilities at our outsourced production partners.

As a result of these proactive investments, the Group's capital investment for this Business Period was about 6% of revenue. We aim to restrict the ratio to approximately 5% of revenue in the medium- to long-term.

## **(2) Responding to geopolitical issues**

With the prolonged US-China trade friction and the worsening situation in the Middle East, global geopolitical risks are increasing. The supply chain disruptions triggered by these risks will continue to develop and are difficult to resolve in the near future. The disruption has been causing accelerations in export restrictions on certain companies and products as well as the trend of local production for local consumption in China, particularly for mature node products (semiconductor products manufactured using processes of 40 nanometers or more), which is beginning to have a significant impact on the Group's business segment, the semiconductor market, and business opportunities in the market. In order to respond to the disruption of each supply chain, particularly those in the United States and China, the Group is promoting the decentralization of design and manufacturing sites and the optimization of resources.

Going forward, the Group will continue our activities to minimize these geopolitical risks and maximize business opportunities.

## **(3) Maximizing user experience value**

With our purpose of "To Make Our Lives Easier", the Group has promoted improvement of the user experience (UX) to make our customers' product and service development activities easier. To realize this, the Group has implemented various initiatives to enable customers to proceed with product and service development as simply and speedily as possible.

For example, during this Business Period, we announced "Quick Connect Studio", which helps customers of the Group's products graphically build hardware and software on a cloud-based design platform without having to physically obtain an evaluation board. This allows customers to quickly design and verify prototype models that combine microcontrollers with various sensors and connectivity functions, and easily start development. In addition, we launched "AI Workbench," which enables performance evaluation and operation verification of in-vehicle AI software in a cloud environment using Microsoft's cloud service Microsoft Azure, contributing to the realization of "Shift Left," which allows customers to verify the specifications and performance from the early stages of vehicle development without hardware.

In February 2024, we entered into an agreement to acquire Altium Limited, a U.S.-headquartered company with an established reputation for printed circuit board (PCB) design platforms. Customers designing PCBs sometimes need to dedicate huge resources in selecting hundreds of components and managing their bills of materials. With this in mind, in June 2023 we announced our decision to consolidate the design library of the Group's products into a platform provided by our existing business partner Altium, as an initiative to both enable customers to select components more easily and to bolster the Group's digitalization strategy. Our decision to acquire Altium promotes this initiative even further. The acquisition enables Renesas and Altium to join forces and combine the Group's embedded

semiconductor solutions with Altium's superior technologies, building an electronics system design and lifecycle management platform that centrally executes and manages designs across devices and systems in a cloud environment. The platform will enable our customers to design complex and sophisticated electronic devices and systems in a centralized system, significantly reducing development resources required, increasing efficiency, and accelerating innovation.

The Group will continue to expand and strengthen these efforts in order to further maximize the value of the user experience.

#### **(4) Optimization of the supply chain**

The Group's supply chain faces challenges in terms of matching lead time between production and orders, as well as business practices of order confirmation. To address these issues, the Group is currently introducing a new IT system to further speed up decision-making.

In terms of production execution, we are establishing a die bank to further strengthen our ability to respond to fluctuations and the BCP (Business Continuity Plan). We have achieved a certain level of success with respect to products manufactured within the Group; we have gradually begun to expand our die bank for products for which we outsource production, and we expect to secure sufficient volume by the end of the first half of FY2024. We will continue to aim for appropriate die bank development while carefully monitoring market trends.

#### **(5) Promotion of ESG initiatives and information disclosure**

The Group implemented many initiatives related to ESG and SDGs (Sustainable Development Goals) during this Business Period, and we will continue to promote activities that contribute to the environment for the realization of a sustainable society, activities that contribute to society such as human resources diversity, employee health and safety, and supply chain management, and activities that contribute to governance such as strengthening the functions of the Board of Directors.

In addition, we will further enhance the disclosure of non-financial information related to ESG activities, strive to improve our ESG rating, provide information to various stakeholders surrounding the Group, and aim to further improve our corporate value.

#### **(6) Optimization of talent composition**

As of the end of this Business Period, personnel composition of each of the business areas of the Group as of the end of this Business Period was as follows: 44% in Japan, 10% in North America, 12% in Europe, and 34% in Asia Pacific.

The Group will, from a medium- to long-term perspective, work on various personnel measures with the aim of achieving a well-balanced age composition, regional composition, and skillset mix of employees throughout the Group, and increasing the number of employees engaged in important fields such as software and fields that are expected to grow in the future.

The Group has organized a global talent recruitment team and will implement strategic recruitment activities in each region based on globally consistent policies, and continue to work on optimizing our talent mix as a whole Group while making use of M&A when necessary.

#### **(7) Improving employee engagement and instilling Renesas Culture**

The Group provides products and solutions to meet our purpose of "To Make Our Lives Easier". In 2020, the Group developed and launched "Renesas Culture," which consists of five elements: "Transparent, Agile, Global, Innovative, Entrepreneurial" which was shared with the Group organization and employees all over the world as action guidelines to respond to the ever-changing environment swiftly and flexibly.

During this Business Period, the Group took various measures to accelerate the penetration of this Renesas Culture. Going forward, the Group will further enhance employee engagement by integrating this culture into each part of the HR cycle such as hiring, training, and performance evaluations, while also continuing to share Renesas Culture elements to employees.

### ●Research and Development Activities of the Group

#### (1) Renesas' cybersecurity management systems for automotive microcontrollers and SoCs acquired "ISO/SAE 21434: 2021" certification.

The Group obtained certification that we are compliant with an international standard for CSMS (Cyber Security Management System) for automobiles, "ISO/SAE 21434:2021," from TÜV Rheinland, a major European certification institution.

In recent years, there has been growing concern about cyberattacks as automotive systems have become more sophisticated. When an automaker obtains a type approval for a vehicle manufactured and sold by the automaker, the vehicle must be compliant with UNR 155, the cybersecurity regulations established by the United Nations Economic



Commission for Europe (UNECE), and compliance with CSMS is necessary for this review. Therefore, by using the Group's products that have obtained CSMS certification, automakers and manufacturers of their parts will be able to reduce their development burden and respond more quickly to cybersecurity needs when obtaining automobile type approval in various countries.

The CSMS In the development process for automotive microcontrollers (RL78 and RH850) and SoCs (R-Car) developed by the Group on or after January 1, 2022, is compliant with the international standard for which we obtained certification.

The Group is engaged in the design and development of products with the priority of safety and security, and has established a system to support automakers in complying with the automotive functional safety standard ISO 26262 in the field of safety, in addition to the field of security, for which we have been certified this time. By using our products in next-generation automotive systems, customers can achieve early compliance with international standards in cybersecurity and functional safety.

By providing state-of-the-art performance, functionality, and security, and a variety of AI implementation solutions, the Group will contribute to methods such as "Shift Left," where customers can verify the specifications, functions, and performance of products from the early stages of development without the need for hardware, and "Software First," where software dictates the value of automobiles.

**(2) Renesas launched "Quick Connect Studio," which can speed up the design cycle of prototypes by deploying software developed on the cloud to hardware.**

The Group has launched Quick Connect Studio, a platform for IoT devices that allows customers to deploy software developed on the cloud to hardware.

This platform is a development environment that allows customers to automatically generate software and verify its operation in hardware by simply selecting the microcontroller platform they want to use on the cloud and graphically mounting the necessary functional blocks such as sensors and communication boards. When a customer develops a product, the process of bringing the product to market is extremely complex and requires significant time and effort. However, with this platform, customers will be able to quickly realize and validate their product ideas without having knowledge



of the Group's semiconductors, tools, and development workflows, and will be able to develop hardware and software at the same time, thereby shortening the time required for product development and increasing efficiency. In addition, the platform can be easily operated with the latest GUI (Note), eliminating the need for time required to learn how to operate it.

As the first step in this platform, the Group has started providing RA family and various sensors and connectivity functions and is increasing the number of compatible products, including the RX and RL78 families.

The Group will continue to promote the improvement of the user experience in order to make it easier for customers to develop products and services.

(Note) GUI is an abbreviation for "Graphical User Interface," which is an interface that can be operated by a pointing device such as a mouse, using graphics such as icons and buttons displayed on a computer screen.

**●Capital Investments of the Group**

The total amount of capital investment made by the Group (on an investment decision basis) during this Business Period was 75.5 billion yen. The main breakdown is investment in power semiconductor devices for future growth and investment in renewal and rationalization of production facilities at production lines.

**●Financing Activities of the Group**

We did not take out new loans, increase capital, or issue bonds during this Business Period. As of the end of this Business Period, the Group's interest-bearing debt decreased by 102.3 billion yen from the end of the previous Business Period to 667.7 billion yen.

● **Changes in the Results of Financial Position and Profit and Loss (Consolidated)**

Indices		19th Business Period (From Jan. 1, 2020 to Dec. 31, 2020)	20th Business Period (From Jan. 1, 2021 to Dec. 31, 2021)	21st Business Period (From Jan. 1, 2022 to Dec. 31, 2022)	22nd Business Period (This Business Period) (From Jan.1, 2023 to Dec. 31, 2023)
Revenue	(Billions of yen)	715.7	993.9	1,500.9	1,469.4
Operating Profit	(Billions of yen)	65.1	173.8	424.2	390.8
Non-GAAP Operating Profit	(Billions of yen)	137.5	296.6	559.4	501.6
Profit Before Tax	(Billions of yen)	65.2	142.7	362.3	422.2
Profits Attributable to Owners of Parent	(Billions of yen)	45.6	119.5	256.6	337.1
Basic Earnings Per Share	(Yen)	26.54	64.77	137.66	189.77
Total Assets	(Billions of yen)	1,609.0	2,426.3	2,812.5	3,167.0
Total Equity	(Billions of yen)	619.7	1,153.4	1,537.5	2,005.6

- (Notes)
1. The Company prepares its consolidated financial statements in accordance with IFRS.
  2. Basic earnings per share are calculated based on the average number of shares outstanding during the applicable Business Period.
  3. Non-GAAP operating profit is calculated by deducting or adjusting non-recurring items and other certain adjustment items from operating profit based on IFRS pursuant to certain rules. We believe such information is useful to understand the Group's constant operating results.

● **Main Business of the Group (as of December 31, 2023)**

As a semiconductor manufacturer, the Group designs, develops, manufactures and sells and provides services in connection with various semiconductor products.

### ●Principal Subsidiaries (as of December 31, 2023)

Company Name		Capital (Millions of yen)	Investment Ratio (%)	Main Business	Location
Japan	Renesas Semiconductor Manufacturing Co., Ltd.	100	100.0	Manufacture of semiconductor products (front-end process)	Hitachinaka-shi, Ibaraki
Overseas	Renesas Electronics America, Inc.	(1,000 USD) 2,952,870	100.0	Design, development, manufacturing and sale of semiconductor products in the US	California, US.
	Renesas Electronics Europe GmbH (Germany)	(1,000 Euro) 14,000	100.0	Design, development and sale of semiconductor products in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000 HKD) 15,000	100.0	Sale of semiconductor products in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000 NTD) 170,800	100.0	Sale of semiconductor products in Taiwan	Taipei, Taiwan
	Renesas Electronics Shanghai Co., Ltd.	(1,000 USD) 7,100	100.0	Sale of semiconductor products in China	Shanghai, China
	Renesas Electronics Singapore Pte. Ltd.	(1,000 USD) 32,287	100.0	Sale of semiconductor products in ASEAN, India, Oceania and Middle East	Singapore
	Dialog Semiconductor Limited	(1,000 USD) 13,526	100.0	Development, manufacturing and sale of analog IC products such as mixed signal	Buckinghamshire, UK

- (Notes) 1. As of December 31, 2023, there are a total of 95 consolidated subsidiaries consisting of 5 domestic companies and 90 overseas companies, including the principal subsidiaries described above.
2. There is no “Specified wholly owned subsidiary company” which comes under Item 4, Article 118 of the Regulations for Enforcement of the Companies Act.

### ●Principal Offices and Plants of the Group (as of December 31, 2023)

#### (1) The Company

Type	Location
Head Office	Koto-ku, Tokyo
R&D Base	Musashi Site (Kodaira-shi, Tokyo), Takasaki Site (Takasaki-shi, Gunma), Naka Site (Hitachinaka-shi, Ibaraki)
Manufacturing Base	Yonezawa Factory (Yonezawa-shi, Yamagata), Oita Factory (Nakatsu-shi, Oita), Nishiki Factory (Kuma-gun, Kumamoto)

#### (2) Subsidiaries

The principal subsidiaries and their locations are described in “Principal Subsidiaries” above.

### ●Employees of the Group (as of December 31, 2023)

Number of Employees	Increase from December 31, 2021
21,204	187

(Note) The above figures are the number of permanent employees (including individuals seconded from outside the Group to the Group, and excluding individuals seconded from the Group to outside the Group), and temporary employees are not included.

● **Major Lenders of the Group (as of December 31, 2023)**

Lenders	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd.	168,049
Mizuho Bank, Ltd.	135,647
Japan Bank for International Cooperation	66,662
Sumitomo Mitsui Trust Bank, Limited.	42,266

● **Other Important Matters related to the Current Status of the Group**

- (1) On January 11, 2024, we entered into an agreement with Transphorm, a U.S. company whose strength is in the development and production of GaN (gallium nitride) power semiconductors, to acquire all shares of the company (total acquisition price: approximately US\$339 million).
- (2) On February 15, 2024, we entered into an agreement with Altium Limited, a leading PCB design software company headquartered in the U.S., to acquire all shares of the company (total acquisition price: approximately A\$9.1 billion) by way of a Scheme of Arrangement under the Australian Corporations Act.
- (3) On February 8, 2024, we entered into a merger agreement to absorb Renesas Engineering Services Co., Ltd., a wholly-owned subsidiary of the Company, into the Company.
- (4) At the meeting of the Board of Directors held on February 8, 2024, the Company resolved to cancel its treasury stock in accordance with Article 178 of the Companies Act as follows:
  - (a) Total number of treasury stock to be cancelled  
Common stock 87,839,138 shares (Approximately 4.5% of total number of shares outstanding)
  - (b) Scheduled date of cancellation: February 29, 2024



## Overview of the Company

### ●Matters related to the Company's Shares (as of December 31, 2023)

- (1) Total number of shares authorized to be issued 3,400,000,000 shares  
 (2) Total number of shares issued 1,777,084,141 shares  
 (excluding treasury stock of 181,369,882 shares)  
 (3) Number of shareholders 112,463  
 (4) Major shareholders

Name of Shareholders	Number of Shares Held (shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	213,263,500	12.00
DENSO Corporation	153,143,625	8.61
Toyota Motor Corporation	75,015,900	4.22
Japan Custody Bank, Ltd. (Trust Account)	74,232,118	4.17
Japan Custody Bank, Ltd. (Re-trusted by Sumitomo Mitsui Trust Bank, Limited; NEC Corporation's Retirement Benefit Trust Account)	69,888,857	3.93
Hitachi, Ltd.	61,990,548	3.48
Mitsubishi Electric Corporation	50,706,885	2.85
JP MORGAN CHASE BANK 385632	39,712,378	2.23
SSBTC CLIENT OMNIBUS ACCOUNT	38,663,168	2.17
STATE STREET BANK WEST CLIENT-TREATY 505234	28,126,708	1.58

- (Notes) 1. In addition to the above, the Company owns 181,369,882 shares of treasury stock.  
 2. The shareholding ratio is calculated by excluding 181,369,882 shares of treasury stock.  
 3. The shareholding ratio is shown by truncating the numbers beyond the third decimal place.  
 4. 69,888,857 shares (shareholding ratio: 3.93%) owned by Japan Custody Bank, Ltd. (Re-trusted by Sumitomo Mitsui Trust Bank, Limited; NEC Corporation's Retirement Benefit Trust Account) are a portion of the Company's shares owned by NEC Corporation and contributed as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.

### (5) Shares delivered to Directors and Corporate Auditors in this Business Period as consideration for execution of duties

Category	Class and Number of Shares	Number of Persons Received Shares
Director (except for Outside Director)	Common stock of the Company 548,800 shares	1
Outside Director	Common stock of the Company 38,600 shares	2

### (6) Other important matters related to the Company's shares.

The Company conducted a tender offer for its own shares during the period from February 10, 2023 to March 10, 2023 as the Tender Offer Period based on a resolution of the Board of Directors on February 9, 2023, and acquired 40,453,107 of its own shares (total acquisition price: 50,000,040,252 yen).

●Matters related to Stock Acquisition Rights, etc.

Stock acquisition rights granted by the Company as stock option are as follows (as of December 31, 2023).

Name (Date of resolution for granting)	Number of Stock Acquisition Rights	Class and Number of Shares to be Allotted	Issue Price	Exercise Price (Per share)	Exercise Period
No. 1 of FY2017 (March 13, 2017)	24	Common stock 2,400 shares	1,167 yen	1 yen	From April 4, 2017 to April 3, 2027
No. 2 of FY2017 (March 13, 2017)	93	Common stock 9,300 shares	gratis	1 yen	From April 4, 2017 to April 3, 2027
No. 1 of FY2018 (March 16, 2018)	60	Common stock 6,000 shares	1,092 yen	1 yen	From April 3, 2018 to April 2, 2028
No. 2 of FY2018 (March 16, 2018)	57	Common stock 5,700 shares	gratis	1 yen	From April 3, 2018 to April 2, 2028
No. 3 of FY2018 (June 27, 2018)	58	Common stock 5,800 shares	995 yen	1 yen	From August 1, 2018 to July 31, 2028
No. 4 of FY2018 (June 27, 2018)	18	Common stock 1,800 shares	gratis	1 yen	From August 1, 2018 to July 31, 2028
No. 2 of FY2019 (March 25, 2019)	1,298	Common stock 129,800 shares	599 yen	1 yen	From April 9, 2019 to April 8, 2029
No. 3 of FY2019 (March 25, 2019)	3,297	Common stock 329,700 shares	gratis	1 yen	From April 9, 2019 to April 8, 2029
No. 5 of FY2019 (April 23, 2019)	158	Common stock 15,800 shares	gratis	1 yen	From June 1, 2019 to May 31, 2029
No. 6 of FY2019 (June 25, 2019)	4,689	Common stock 468,900 shares	638 yen	1 yen	From July 26, 2019 to July 25, 2029
No. 7 of FY2019 (June 25, 2019)	6,110	Common stock 611,000 shares	gratis	1 yen	From July 26, 2019 to July 25, 2029
No. 10 of FY2019 (August 27, 2019)	80	Common stock 8,000 shares	gratis	1 yen	From September 21, 2019 to September 20, 2029
No. 11 of FY2019 (September 24, 2019)	780	Common stock 78,000 shares	739 yen	1 yen	From November 1, 2019 to October 31, 2029
No. 12 of FY2019 (September 24, 2019)	264	Common stock 26,400 shares	gratis	1 yen	From November 1, 2019 to October 31, 2029
No. 1 of FY2020 (May 26, 2020)	12,119	Common stock 1,211,900 shares	550 yen	1 yen	From July 1, 2020 to June 30, 2030
No. 2 of FY2020 (May 26, 2020)	13,797	Common stock 1,379,700 shares	gratis	1 yen	From July 1, 2020 to June 30, 2030
No. 3 of FY2020 (July 30, 2020)	2,350	Common stock 235,000 shares	666 yen	1 yen	From August 31, 2020 to August 30, 2030
No. 4 of FY2020 (July 30, 2020)	1,934	Common stock 193,400 shares	gratis	1 yen	From August 31, 2020 to August 30, 2030
No. 5 of FY2020 (July 30, 2020))	2,845	Common stock 284,500 shares	666 yen	1 yen	From September 1, 2020 to August 30, 2030

Name (Date of resolution for granting)	Number of Stock Acquisition Rights	Class and Number of Shares to be Allotted	Issue Price	Exercise Price (Per share)	Exercise Period
No. 6 of FY2020 (July 30, 2020)	714	Common stock 71,400 shares	gratis	1 yen	From September 1, 2020 to August 30, 2030
No. 7 of FY2020 (October 29, 2020)	18	Common stock 1,800 shares	927 yen	1 yen	From December 1, 2020 to November 30, 2030
No. 8 of FY2020 (October 29, 2020)	690	Common stock 69,000 shares	gratis	1 yen	From December 1, 2020 to November 30, 2030
No. 1 of FY2021 (January 29, 2021)	131	Common stock 13,100 shares	1,168 yen	1 yen	From February 27, 2021 to February 26, 2031
No. 2 of FY2021 (January 29, 2021)	309	Common stock 30,900 shares	gratis	1 yen	From February 27, 2021 to February 26, 2031

- (Notes) 1. After the prescribed date set for each stock acquisition right has passed, holders of stock acquisition rights may exercise stock acquisition rights at the respective ratios specified in advance each time the prescribed date for exercising rights arrives.
2. If a holder of stock acquisition rights loses his/her position as Director, Executive Officer, etc. of the Company, he or she may exercise the stock acquisition rights that became capable of being exercised before the date of loss of the position until the day after the passage of 13 months from the date of loss of the position.
3. Upon issuance of No. 1 of FY2017, No. 1 of FY2018, No. 3 of FY 2018, No. 2 of FY2019, No. 6 of FY2019, No. 11 of FY2019, No. 1 of FY2020, No. 3 of FY2020, No. 5 of FY2020, No. 7 of FY2020 and No. 1 of FY2021 stock acquisition rights, the obligations of payment based on the above-stated issue price were set off against compensation claims to the Company and therefore no payment of money occurred.

●Matters related to Directors and Corporate Auditors

(1) Name, etc. of Directors and Corporate Auditors (as of December 31, 2023)

Name	Position at the Company	Responsibilities and Important Concurrent Positions
Hidetoshi Shibata	*Representative Director, President and CEO	Management of important matters relating to the overall business; Chairperson of General Meetings of Shareholders and the Board of Directors; Quality Assurance Division; Audit Office; Sustainability Promotion Office; and Legal Division
Jiro Iwasaki	Director	Outside Director, SBS Holdings, Inc.
Selena Loh Lacroix	Director	Technology Practice Vice Chair, Korn Ferry; Board Member (Part-time), National Association of Corporate Directors (NACD) - North Texas Chapter
Noboru Yamamoto	Director	Representative Director and Representative Partner and CEO, XIB Inc.; Outside Director and Chairperson of the Board of Directors (Part-time), Tsubaki Nakashima Co., Ltd.; Outside Director and Chairperson of Audit & risk committee, Koki Holdings Co., Ltd.; Senior Advisor, Bain & Company Japan, Inc.
Takuya Hirano	Director	Outside Director, Yokogawa Electric Corporation; Chairman (part-time), Yayoi Co., Ltd.; Director, Japan Professional Football League (Part-time)
Kazuki Fukuda	Corporate Auditor (Full-time)	
Kazuyoshi Yamazaki	Corporate Auditor	Managing Partner, Attorney-at-Law, Yamazaki Law Office; Outside Director, Nisul Co., Ltd.; Outside Director, REGAO Co., Ltd.;
Tomoko Mizuno	Corporate Auditor	Director, Japan Automatic Machine Co., Ltd.
Miya Miyama	Corporate Auditor	Partner, Attorney-at-Law, City-Yuwa Partners; Auditor, Japan International Cooperation System; Outside Director, Totetsu Kogyo Co., Ltd.

- (Notes) 1. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, and Mr. Takuya Hirano are Outside Directors as stipulated in Item 15, Article 2 of the Companies Act.
2. Mr. Kazuyoshi Yamazaki, Ms. Tomoko Mizuno and Ms. Miya Miyama are Outside Corporate Auditors as stipulated in Item 16, Article 2 of the Companies Act.
3. The Company has notified Tokyo Stock Exchange, Inc. of Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Noboru Yamamoto, and Mr. Takuya Hirano, who are Outside Directors, and Mr. Kazuyoshi Yamazaki, Ms. Tomoko Mizuno and Ms. Miya Miyama, who are Outside Corporate Auditors, as Independent Executives who have no conflict of interest with the Company's general shareholders.
4. Mr. Kazuki Fukuda, a Corporate Auditor, has many years of experience in accounting operations at other companies and thus has considerable knowledge of finance and accounting. Ms. Tomoko Mizuno, a Corporate Auditor, was engaged in corporate planning at a global consulting firm and pharmaceutical companies and is currently engaged in business operations at a machinery and electronic components manufacturer. Therefore, she has a wealth of knowledge and experience in management and thus has considerable knowledge of finance and accounting.

5. Mr. Arunjai Mittal retired as Director due to the expiration of tenure as of the conclusion of the 21st Annual General Meeting of Shareholders held on March 30, 2023.
6. As of January 1, 2024, the responsibilities and important concurrent positions of directors partially changed as follows:

Name	Position at the Company	Responsibilities and Important Concurrent Positions
Hidetoshi Shibata	*Representative Director, President and CEO	Management of important matters relating to the overall business; Chairperson of General Meetings of Shareholders and the Board of Directors; Software and Digitalization; Information Systems; Audit; Sustainability Promotion; Corporate Communication; Investor Relations; and Legal Division

7. The Company adopts an executive officer system. Asterisk (\*) denotes the Director who has been acting as an executive officer. Details of other Executive Officers (who are not Directors) as of January 1, 2024, are as follows:

Name	Position at the Company	Responsibilities
Sailesh Chittipeddi	Executive Vice President	Operations (including supply chain, procurement and production)
Shinichi Yoshioka	Senior Vice President and CTO	Formulation of the Company's technology strategies and R&D policies
Bobby Matinpour	Senior Vice President and CSMO	Sales and Marketing
Shuhei Shinkai	Senior Vice President and CFO	Finance, Corporate Strategy, and Accounting Control
Takeshi Kataoka	Senior Vice President	Quality Assurance and Engineering
Vivek Bhan	Senior Vice President	High Performance Computing
Toshihiko Seki	Senior Vice President	Embedded Processing
Davin Lee	Senior Vice President	Analog & Connectivity
Chris Allexandre	Senior Vice President	Power
Julie Pope	Senior Vice President and CHRO	Human Resources & General Affairs

## (2) Outline of liability limitation agreements

Pursuant to the Articles of Incorporation of the Company, the Company executed liability limitation agreements with all Outside Directors and Outside Corporate Auditors, respectively, limiting their liability for damage as stipulated in Paragraph 1, Article 423 of the Companies Act. Liability pursuant to such agreements is limited to the minimum liability amount stipulated in the Articles of Incorporation of the Company.

## (3) Outline of Directors and Officers liability insurance (D&O insurance) agreements

The Company has a Directors and Officers liability insurance (D&O insurance) agreement with an insurance company. This insurance covers the damage and costs incurred by Directors, Corporate Auditors, Executive Officers, Managers, and other employees of the Company and its subsidiaries as a result of claims for damage received related to the performance of the Company's duties, and insurance premiums are borne by the Company. However, in order to ensure that the insured person's performance of duties is proper, certain exemptions are stipulated, such as not compensating for damage caused by the insured person's actions while being aware of a violation of the laws and regulations.

#### **(4) Compensation for Directors and Corporate Auditors**

##### **① Compensation for Directors and Corporate Auditors**

###### **(a) Compensation for Directors**

###### **<Directors who concurrently serve as Executive Officers >**

Compensation for the Director who concurrently serves as Executive Officer shall be stated in the “(2) Compensation for Executive Officers” below.

###### **<Directors who do not concurrently serve as Executive Officers >**

The basic policy relating to compensation for Directors who do not currently serve as Executive Officers is as follows.

- Highly transparent and objective
- Linked with the improvement of corporate value so that awareness of interests can be shared with shareholders
- Contribute to the securing and retention of global management team members that meet the appropriate competence requirements in realizing the corporate vision

Directors who do not concurrently serve as Executive Officers are granted basic compensation as fixed compensation within the compensation limit set by resolution of the General Meeting of Shareholders. For the purpose of securing diverse and excellent human resources and further raising awareness of their roles, some of these Directors will receive stock compensation (until 2020, 1-yen stock options with continuous service conditions, and from 2021, stock compensation where shares are delivered after vesting with continuous service conditions) within the compensation limit set by resolution at the General Meeting of Shareholders (For details, refer to “(2) Compensation for Executive Officers (b) Details (i) Philosophy and elements of compensation” below.).

The compensation ratio, level, and composition for Directors who do not concurrently serve as Executive Officers are set for each Director, considering appropriate ratios and levels that correspond to their responsibilities as Directors of the Company and in light of the above-mentioned basic policy, and are determined by the Compensation Committee, which is discretionarily entrusted by the Board of Directors with the allocation of individual compensation to officers. The Compensation Committee is comprised of a majority of Outside Directors and is chaired by an Outside Director.

###### **(b) Compensation for Corporate Auditors**

Corporate Auditors are, from the viewpoint of ensuring independence, granted only basic compensation as fixed compensation, determined upon consultation among the Corporate Auditors within the compensation limit set by resolution at the General Meeting of Shareholders.

**(c) Total amount of compensation, etc. for Directors and Corporate Auditors**

Title	Number of Persons	Total Compensation, etc. (Millions of yen)	Total Amount of Compensation, etc. by Type (Millions of yen)			
			Monetary Compensation		Non-monetary Compensation, etc.	
			Basic Compensation	Performance-linked Compensation (Short-term incentives)	Long-term Incentives	
Stock Compensation with Continuous Service Conditions	Stock Compensation with Stock Price-linked conditions					
Director (Except for Outside Director)	1	1,629	92	122	323	1,092
Outside Director	5	128	58	-	70	-
Corporate Auditor (Except for Outside Corporate Auditor)	1	20	20	-	-	-
Outside Corporate Auditor	3	18	18	-	-	-

- (Notes)
- As of the end of this Business Period, there were five Directors (including four Outside Directors) and four Corporate Auditors (including three Outside Corporate Auditors).
  - Compensation for Directors includes compensation for the CEO who also serves as an Executive Officer.
  - Amounts of less than million yen are stated rounded off. Therefore, the total of the amounts stated in each section may not match with the amount stated in the column of total amount of compensation, etc.
  - Of the non-monetary compensation, etc. in the table, stock compensation with continuous service conditions includes Time-based Stock Options (TSO), which are 1-yen stock options, and Restricted Stock Units (RSU), which are stock compensation where shares are delivered after vesting. Stock compensation with stock price-linked conditions includes Performance-based Stock Options (PSO). For those for which the rights vested during this Business Period, the fair value calculated based on the closing price of the stock on the date of vesting, etc. is stated. Performance Share Units (PSUs) are not included because no units were vested during this Business Period. In addition, the amounts recorded as expenses for accounting purposes for this Business Period are 513 million yen for Directors other than Outside Directors and 35 million yen for Outside Directors, which cover stock options and units that have already been granted.
  - For Directors and Corporate Auditors who do not reside in Japan, currency for payment is converted to Japanese yen at the average rate during the period (139.80 yen per USD).
  - The maximum annual compensation for Directors is resolved at the 16th Annual General Meeting of Shareholders held on March 29, 2018, to be 2 billion yen, including 400 million yen for Outside Directors. As of the conclusion of the relevant Annual General Meeting of Shareholders, there were five Directors (including two Outside Directors).
  - The maximum amount of stock compensation where shares are delivered after vesting for Directors was resolved to be within the amount described in Note 6 above for monetary compensation claims related to units, and to be within 2.7 million shares per year (including no more than 200,000 shares for Outside Directors) as for the total number of shares of the Company to be granted to Directors, at the 19th Annual General Meeting of Shareholders held on March 30, 2021. As of the conclusion of the relevant Annual General Meeting of Shareholders, the number of Directors eligible for Performance Share Units (PSU) (Outside Directors are not eligible) was one and the number of Directors eligible for Restricted Stock Units (RSU) was six (including five Outside Directors).
  - The maximum annual compensation for Corporate Auditors was resolved at the Extraordinary General Meeting of Shareholders held on February 24, 2010, to be 12 million yen. There were four Corporate Auditors as of the conclusion of the relevant Extraordinary General Meeting of Shareholders (including three Outside Corporate Auditors).



## ② Compensation for Executive Officers

Executive Officers have the widest range of authorities regarding their responsibilities and policy formulation at the Company. Executive Officers are responsible for the Company's business performance, maintenance of a highly ethical corporate culture, and thorough management of compliance.

Therefore, the Company strives to ensure transparency regarding compensation not only for the CEO and other Directors, but also for core members of the management team. The following is an overview of the compensation system for Executive Officers. For an Executive Officer who is a Director, compensation will be remunerated as a Director.

The composition of our Executive Officers (as of December 31, 2023) is as follows.

Name	Position and Responsibilities	Director	Executive Officer
Hidetoshi Shibata	Representative Director, President and CEO	✓	✓
Sailesh Chittipeddi	Executive Vice President; Embedded Processing, Digital Power and Signal Chain Solution Group	—	✓
Hiroto Nitta	Senior Vice President; Information Systems Division (including One ERP Project)	—	✓
Shinichi Yoshioka	Senior Vice President and CTO, Formulation of the Company's technology strategies and R&D policies	—	✓
Chris Allexandre	Senior Vice President and CSMO; Global Sales and Marketing Unit	—	✓
Shuhei Shinkai	Senior Vice President and CFO; Finance, Corporate Strategy, Accounting & Control, Procurement Division, and Supply Chain Management Division	—	✓
Takeshi Kataoka	Senior Vice President; High-Performance Computing, Analog and Power Solution Group (Co-head)	—	✓
Vivek Bhan	Senior Vice President; High-Performance Computing, Analog and Power Solution Group (Co-head)	—	✓
Eizaburo Shono	Senior Vice President; Production and Technology Unit	—	✓
Andrew Cowell	Senior Vice President; Embedded Processing, Digital Power and Signal Chain Solution Group, Mobility Infrastructure and Industrial Power	—	✓
Julie Pope	Senior Vice President and CHRO; Human Resources Division	—	✓

### (a) Summary

The Company regularly updates its compensation system for Executive Officers. In order to accelerate the expansion of our business portfolio in the automotive and industrial, infrastructure, and IoT areas, which are the focus areas where we are expanding our business globally and have strong market competitiveness, we have identified compensation as one of the essential management tools.

We design appropriate and competitive compensation packages as a global company in order to attract and retain excellent Executive Officers capable of leading our business.

The Company's compensation system is designed to include performance-linked

compensation to encourage Executive Officers to think and act in the best interests of shareholders, both in the short- and long-term. Most of the total annual compensation for our Executive Officers is paid as performance-linked compensation and stock price-linked compensation. Short-Term Incentives (STIs), which are performance-linked compensation, are linked to the Company's short-term performance, and stock price-linked compensation is linked to the Company's long-term performance. We also believe that we hold Executive Officers accountable for the Company's direct financial performance and overall market competitiveness.

**(b) Details**

**(i) Philosophy and elements of compensation**

The basic philosophy relating to compensation for Executive Officers is as follows.

- Highly linked to the Company's business performance, and highly transparent and objective
- Linked with the improvement of corporate value so that awareness of interests can be shared with shareholders
- Contribute to the securing and retention of global management team members that meet the appropriate competence requirements in realizing the corporate vision

Current compensation is composed as follows.

- Basic compensation as fixed compensation
- Performance-linked compensation with focus on achievement of shorter financial and strategic goals (Short-term incentives)
- Stock compensation where shares are delivered after vesting as stock price-linked compensation to encourage management to be willing to improve corporate value (Long-term incentives)

We believe the current system is consistent with global and Japanese domestic market practices, and the interests of our stakeholders. The ratio of each type of compensation to the total amount of compensation is set after considering market comparisons, global trends, and the role and achievements of each Executive Officer. In addition, in order to link long-term performance to executive compensation and realize strong cooperation between shareholders and management, we have promoted a compensation strategy that emphasizes long-term incentives more compared with many Japanese companies, and set a level at which the stock compensation accounts for the majority of total compensation amount.

**<Cash Compensation>**

**(Basic Compensation)**

Basic compensation is the core compensation that reflects the market value of specific roles and responsibilities within the organization and compensates for each Executive Officer's actual responsibilities, abilities and experience.

This compensation is paid as a fixed amount based on the scope of responsibility and expected degree of contribution to the Company. It is a basic element of executive compensation and is set at a level that aims to attract and retain excellent Executive Officers and motivates them to drive global business expansion.

This compensation is adjusted annually to take into account the salary increase rate in the market, the Company's performance and individual performance.

**(Performance-linked Compensation (Short-Term Incentive (STIs)))**

Short-Term Incentives (STIs) are provided to Executive Officers as incentives and rewards for the company's overall financial performance and as evaluations of their individual performance each fiscal year. This compensation is an extremely important element of the executive compensation system, with a focus on motivating Executive Officers to contribute to the achievement of performance targets.

This compensation is based on the performance of the Company for one year, which consists of the performance of our two major business segments, automotive segment and industrial, infrastructure, and IoT segment, and certain indices including the following are used for evaluation, in order to evaluate expansion of business and profitability thereof.

- Net sales (increase rate)
- Operating margin

Evaluation indices and targets are determined annually. The performance-based payment amount is determined after deliberation by the Compensation Committee.

**<Stock compensation>**

**(Stock Price-linked Compensation (Long-Term Incentives (LTIs)))**

Long-Term Incentives (LTIs) are variable compensation with an evaluation period of one year or more and are generally awarded in a way that corresponds to the value that shareholders receive. The role of long-term incentives is to align the economic rewards to Executive Officers with the long-term performance of the organization and the long-term orientation of shareholders.

From 2021, the current long-term incentives are granted through stock compensation where shares are delivered after vesting, and the profits actually received by Executive Officers are determined according to the stock price rise and the total shareholder return (TSR) over the three years.

Specifically, the Long-Term Incentives consist of Performance Share Units (PSU), of which the number of units is determined according to the Company's TSR, and delivered in the Company's shares, and Restricted Stock Units (RSU), subject to continuous service. Of these, the PSU is designed with the Company's TSR added to its performance indicators in order to link it with strengthening awareness and activities aimed at maximizing medium- to long-term corporate value and contributing to the stock price. The number of units to be granted is determined based on the base amount of compensation set for each person according to their responsibilities and proportions, considering the simple average value of the closing prices of the Company's shares on the Tokyo Stock Exchange for the three months immediately preceding the month where the resolution of the Board of Directors of the Company is adopted. The composition ratio of PSUs and RSUs in the base amount of compensation is 50%:50%.

If the grantee has committed a certain misconduct stipulated by the Board of Directors of the Company or falls under any other criteria stipulated by the Board of Directors of the Company, all or part of the unvested units will be lost. In addition, if it is found after vesting of the unit that such event or the act that caused it occurred before vesting, the grantee shall return all or part of the Company's shares delivered pertaining to such unit or an equivalent amount of money without compensation if the Company deems it appropriate.

Type	Purpose	Basis	Composition Ratio
Performance Share Unit (PSU)	Improve Executive Officers' motivation to contribute to higher stock price and corporate value	TSR	50%
Restricted Stock Unit (RSU)	Secure and retain excellent human resources by increasing the linkage between compensation and stock price and sharing profits with shareholders	Tenure	50%

**【PSU】**

The number of units calculated by the following formula will be granted to the grantee.

Number of PSUs = Base amount of PSU base compensation amount determined by the Board of Directors of the Company to be granted to each grantee (before performance evaluation) / Simple average value of closing prices of the Company's shares on the Tokyo Stock Exchange for the three months immediately preceding the month of resolution by the Board of Directors of the Company

After the date determined by the Company (in principle, the anniversary date three years after the grant date), the Company will deliver the same number of shares as the vested number determined as follows, taking into consideration the performance requirements for that period.

Performance Indicators	TSR: Determined by comparing with companies constituting SOX (Philadelphia Semiconductor Index) and TOPIX (Tokyo Stock Price Index), and the group of companies we choose based on industry, company size, business model, etc. (Renesas Peers)
Performance Evaluation Period	Three years from April 1st of the year in which the PSUs were granted
Our TSR Growth Rate	<p>(Average stock price for the three months prior to the end of the performance evaluation period (*1)  - Average stock price for the three months prior to the day preceding the start date of the performance evaluation period (*2)  + Total amount of dividends per share related to dividends from the Company's surplus with the day during the performance evaluation period as the reference date)  / Average stock price for the three months prior to the day preceding the start date of the performance evaluation period (*2)</p> <p>(*1) Refers to the simple average value of the closing prices of the Company's shares on the Tokyo Stock Exchange during the last three months of the performance evaluation period.  (*2) Refers to the simple average value of the closing prices of the Company's shares on the Tokyo Stock Exchange for the three months prior to the day preceding the start date of the performance evaluation period.</p> <p>The diagram illustrates a timeline starting from 'April 1st of grant year'. A horizontal line represents the 'Performance Evaluation Period' which spans 'Year1', 'Year2', and 'Year3'. At the end of Year 3, it is labeled '3rd anniversary date'. Two 3-month periods are indicated with dashed arrows: one '3 months average prior to the start date' at the beginning of the timeline, and another '3 months average prior to the end date' at the end of the timeline.</p>

Method of Determination of Shares to be Delivered	<ul style="list-style-type: none"> <li>• When the Company's TSR growth rate and the TSR growth rates of the SOX constituent companies are classified in ascending order, according to which category of 1) to 5) below the Company's TSR growth rate is classified into, the percentage in such category (SOX calculation rate) shall be calculated.</li> <li>• When the Company's TSR growth rate and the TSR growth rates of the TOPIX constituent companies are classified in ascending order, according to which category of 1) to 5) below the Company's TSR growth rate is classified into, the percentage in such category (TOPIX calculation rate) shall be calculated.</li> <li>• When the Company's TSR growth rate and Renesas Peers' TSR growth rates are classified in ascending order, according to which category of 1) to 5) below the Company's TSR growth rate is classified into, the percentage in such category (Renesas Peers calculation rate) shall be calculated.</li> <li>• A value obtained by multiplying the value obtained by weighted averaging the SOX calculation rate at 25/100, the TOPIX calculation rate at 50/100, and the Renesas Peers calculation rate at 25/100 (hereinafter referred to as "Calculation Rate") by the number of granted PSUs (numbers of less than 100 are rounded up) shall be determined on the date specified by the Company (JST) (in principle, on the anniversary date three years after the grant date of PSUs) as the vested number of PSUs, and the same number of the Company's shares as the vested number will be delivered to the grantee. However, if the Company's TSR growth rate is 0% or less, the upper limit of Calculation Rate will be 100%. The Company's TSR growth rate shall be calculated by the following formula, and the TSR growth rate of SOX constituent companies, TOPIX constituent companies and Renesas Peers shall be calculated in accordance with the method of calculating the Company's TSR growth rate.</li> </ul>	
	TSR	Grant Rate
1)	When less than the 25 <sup>th</sup> percentile	0%
2)	When greater than the 25 <sup>th</sup> percentile and less than the 50 <sup>th</sup> percentile	The ratio obtained as a result of calculations deeming that it has increased at the same rate between 50% and 100%
3)	When greater than the 50 <sup>th</sup> percentile and less than the 75 <sup>th</sup> percentile	The ratio obtained as a result of calculations deeming that it has increased at the same rate between 100 % and 150%
4)	When greater than the 75 <sup>th</sup> percentile and less than the 90 <sup>th</sup> percentile	The ratio obtained as a result of calculations deeming that it has increased at the same rate between 150% and 200%
5)	When greater than or equal to the 90 <sup>th</sup> percentile	200%

**[RSU]**

The number of units calculated by the following formula will be granted to the grantee.

Number of RSUs = Base amount of RSU compensation for three years (however, one year for Outside Directors of the Company) determined by the Board of Directors of the Company to be granted to each grantee / Simple average value of closing prices of the Company's shares on the Tokyo Stock Exchange for the three months immediately preceding the month of resolution by the Board of Directors of the Company

In principle, one-third of the rights will be vested each time one year has passed from the grant date (however, for Outside Directors of the Company, all rights will be vested on the day one

year after the grant date), and the Company's shares will be delivered in the same number of vested units.

**(ii) Analysis regarding determination of compensation**

The Compensation Committee reviewed both the overall package and each type of compensation before finalizing Executive Officer compensation. Information covered included the total amount of cash compensation (base compensation and STI), the amount of stock compensation, total amount of compensation (base compensation, STI and stock compensation), and the impact of the proposed compensation on other compensation components. In determining the amount of compensation, compensation structure, and incentives for Executive Officers, in line with our basic philosophy, the Compensation Committee reviewed each position, role, and status of tenure including past history in relation to corporate performance, individual performance, and the medium- to long-term value creation of the Company. The Compensation Committee also evaluated whether the overall compensation is consistent with the purpose of the system.

Based on the comprehensive review, the Compensation Committee determined that the compensation level and compensation structure for this Business Period were appropriate.

**(iii) Benefit Package**

Executive Officers are entitled to receive the various benefits same as other employees of the Company, with the exception of severance benefits. Such benefits include social insurance such as health insurance and employee pension, accident insurance, commuting expenses, and the right to use group insurance.

**③ Voluntary Compensation Committee**

In order to ensure the appropriateness of compensation, etc. and the transparency of the decision-making process, the Company has established a voluntary Compensation Committee, which serves as an advisory body to the Board of Directors, is composed of a majority of Outside Officers, and is chaired by an Outside Director.

Compensation levels, compensation structure, performance-linked compensation targets, etc. for Directors and Executive Officers are determined by the voluntary Compensation Committee, which is entrusted discretionally by the Board of Directors with the allocation of individual compensation to officers. Proposals to the General Meeting of Shareholders (such as compensation limits for Directors, etc.) and granting of stock compensation are determined by the Board of Directors after deliberations by the Compensation Committee.

The members of the Compensation Committee are as follows.

Chairperson: Selena Loh Lacroix (Outside Director)

Member: Hidetoshi Shibata (Representative Director, President and CEO)

Member: Noboru Yamamoto (Outside Director)

Member: Tomoko Mizuno (Outside Corporate Auditor)

A total of five meetings of the Compensation Committee were held during this Business Period.

● **Matters related to Outside Directors and Outside Corporate Auditors**

**(1) Important concurrent positions at other organizations held by Outside Directors and Outside Corporate Auditors, and relationships between the Company and the relevant organizations (as of December 31, 2023)**

Important concurrent positions and relationships between the Company and organizations where they hold important concurrent positions are described in “Matters related to Directors and Corporate Auditors, 1. Name, etc. of Directors and Corporate Auditors” above.

**(2) Principal activities during this Business Period**

Title	Name	Principal Activities and Summary of Duties Conducted in Relation to Expected Roles
Director	Jiro Iwasaki	The Company expects him to supervise and check the overall management of the Company based on his wealth of experience and high degree of insight, which he has cultivated primarily through his many years of involvement in business operations at various companies. He attended all five meetings of the Board of Directors held during this Business Period and fulfilled an appropriate role by making necessary remarks in deliberations on agenda items based on his experience and insights. He also led the activities of the voluntary Nomination Committee as chairperson.
	Selena Loh Lacroix	The Company expects her to supervise and check the overall management of the Company based on her wealth of experience and high degree of insight into corporate legal affairs, corporate governance and personnel affairs, which she has cultivated primarily in the semiconductor industry. She attended all five meetings of the Board of Directors held during this Business Period and fulfilled an appropriate role by making necessary remarks in deliberations on agenda items based on her experience and insights. She also served as a member of the voluntary Nomination Committee and led the activities of the voluntary Compensation Committee as chairperson.
	Noboru Yamamoto	The Company expects him to supervise and check the overall management of the Company based on his wealth of experience and high degree of insight in management, which he has cultivated in work experience in global financial and securities firms, and as the representative of a M&A advisory firm. He attended all five meetings of the Board of Directors held during this Business Period and fulfilled an appropriate role by making necessary remarks in deliberations on agenda items based on his experience and insights. He also served as a member of the voluntary Nomination Committee and Compensation Committee, and as an ESG sponsor, also led the supervision and checks of the Board of Directors on the Group's ESG activities.
	Takuya Hirano	The Company expects him to oversee and check the overall management of the Company based on his extensive experience and insight in the technology industry, business transformation and multicultural leadership, which he has cultivated based on his management experience in leadership positions at global IT companies. After he was appointed as a Director, he attended all four meetings of the Board of Directors during this Business Period and fulfilled an appropriate role by making remarks necessary in deliberations on agenda items based on his experience and insights. In addition, he served as a member of the voluntary Nomination Committee, where he actively expressed his opinions.



Title	Name	Principal Activities and Summary of Duties Conducted in Relation to Expected Roles
Corporate Auditor	Kazuyoshi Yamazaki	<ul style="list-style-type: none"> <li>• He attended four out of the five meetings of the Board of Directors held during this Business Period and, primarily from a legal point of view as an attorney, made necessary remarks for ensuring that decisions at meetings of the Board of Directors were made fairly and properly, including whether procedures were conducted in accordance with laws and regulations.</li> <li>• He attended eight out of the nine meetings of the Corporate Auditors held during this Business Period and, from an independent and fair standpoint and from a legal point of view as an attorney, made necessary remarks regarding the establishment and maintenance of the Company's compliance system, etc.</li> </ul>
	Tomoko Mizuno	<ul style="list-style-type: none"> <li>• She attended all five meetings of the Board of Directors held during this Business Period and, based on her wealth of experience and high degree of insight into management planning and personal affairs, etc., which she has cultivated primarily in business management at a machinery and electronic component manufacturer, and work experience in global consulting companies and pharmaceutical companies, made necessary remarks to ensure decisions at the meetings of the Board of Directors were made fairly and properly.</li> <li>• She attended all nine meetings of the Corporate Auditors held during this Business Period and, based on her wealth of experience and high degree of insight into management planning and personal affairs, etc., which she has cultivated primarily in business management at a machinery and electronic component manufacturer, and work experience in global companies, made remarks as to improvement of governance in global management, etc. as needed. In addition, she served as a member of the voluntary Compensation Committee, where she actively expressed her opinions.</li> </ul>
	Miya Miyama	<ul style="list-style-type: none"> <li>• She attended all five meetings of the Board of Directors held during this Business Period and, primarily from a legal point of view as an attorney, made necessary remarks for ensuring that decisions at meetings of the Board of Directors were made fairly and properly, including whether procedures were conducted in accordance with laws and regulations.</li> <li>• She attended all nine meetings of the Corporate Auditors held during this Business Period and made appropriate remarks on matters such as corporate crisis management from an independent and fair standpoint as well as a professional standpoint as an attorney.</li> </ul>

(Note) In addition to the number of meetings of the Board of Directors above, twenty-four written resolutions and reports were made pursuant to provisions of Companies Act and the Articles of Incorporation of the Company, which shall be deemed to constitute resolutions of and reports to the meeting of the Board of Directors.

#### ●Accounting Auditors

**(1) Accounting Auditor's name:** PricewaterhouseCoopers Japan LLC

(Note) PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto on December 1, 2023 and changed its name to PricewaterhouseCoopers Japan LLC.

**(2) Compensation and other amounts to be paid to the Accounting Auditor for this Business Period:**

Classification	Amount (in millions of yen)
<b>(i)</b> Amount of compensation, etc. paid to the Accounting Auditor for this Business Period	234
<b>(ii)</b> The total amount of money and other property benefits paid by the Company and its subsidiaries to the Accounting Auditor	249

- (Notes) 1. As a result of obtaining necessary documents and reports by Directors, the relevant departments of the Company and the Accounting Auditor as well as reviewing the audit plans for the previous period and this Business Period, the status of actual audits, and the basis for calculating the estimated compensation amount, the Board of Corporate Auditors determined that the above compensation amounts were reasonable and has agreed to the amounts.
2. In the audit contract between the Company and the Accounting Auditor, the amount of audit fees, etc. for audits under the Companies Act and audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be distinguished in actuality, either, and therefore the total amount of these is stated as the amount of compensation, etc. in (i) above.
3. Overseas subsidiaries described in “Principal Subsidiaries” above were audited by auditors other than the Accounting Auditor.

**(3) Non-audit services rendered by Accounting Auditor**

The Company pays the Accounting Auditor compensation for agreed procedural work services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

**(4) Policy regarding a decision to either dismiss or not reappoint Accounting Auditor**

The Board of Corporate Auditors will, by unanimous consent, dismiss the Accounting Auditor upon determination that the Accounting Auditor falls under any item of Paragraph 1, Article 340 of the Companies Act. In addition, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, thereby making it unlikely that the Accounting Auditor will be able to properly perform an audit, or if the Board of Corporate Auditor determines that a change in the Accounting Auditor will enable the Company to establish a more appropriate audit system, the Board of Corporate Auditors will make a decision on the proposal regarding dismiss or not to reappoint the Accounting Auditor at a General Meeting of Shareholders.

**●Systems to Ensure Appropriate Operations of the Company and Operational Status thereof**

The basic policies for the development of systems set forth in Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Regulations for Enforcement of the Companies Act (the “Internal Control System”) have been resolved at meetings of the Board of Directors, and a summary is as follows.

Important matters relating to the operational status of the Internal Control System during this Business Period were deliberated and reported through the Internal Control Promotion Committee led by the CEO as chair (during this Business Period, reports were made to the Committee six times in writing), and the Committee also monitored and supervised an annual plan and operational status of basic policies. The Group also promoted Group-wide activities for education and awareness of the Group’s Code of Conduct and carried out compliance education regarding the Code of Conduct and anti-bribery and anti-corruption initiatives using IT systems in June and October 2023. Further, after confirming that the Internal Control System was functioning effectively based on the evaluation of its operation, we reported such results to the Board of Directors.

**(1) Systems to ensure that the execution of duties by Directors, Executive Officers and Employees (hereinafter referred to as “Employees, etc.”) complies with laws and regulations and Articles of Incorporation**

- The Directors shall take the lead in complying with the Renesas Electronics Group CSR Charter and the Renesas Global Code of Conduct that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Employees, etc. The Directors shall keep the Employees, etc. of the Company and its subsidiaries (hereinafter referred to as the “Renesas Electronics Group”) informed of and cause them to comply with the Renesas Electronics Group CSR Charter and the Renesas Global Code of Conduct.
- The Directors shall have the departments under their charge carry out practical activities related to the thorough dissemination of the Renesas Electronics Group CSR Charter and the Renesas Global Code of Conduct, and have the Internal Audit Department audit the implementation status of such activities, identify problems, and propose improvement measures.
- The Directors shall stipulate basic matters such as an implementation system and educational programs for compliance in the Global Rule for Compliance Management within the Renesas Group, shall oblige members of the Internal Control Promotion Committee to deliberate and resolve matters regarding compliance, and shall offer training programs to the Renesas Electronics Group to ensure full awareness of compliance.
- The Directors shall set up the Renesas Electronics Group Hotline as an internal contact point for Employees, etc. of the Renesas Electronics Group and its business partners to report any compliance violations and potential compliance violations in the Renesas Electronics Group, pursuant to the Group’s Whistleblower Policy. Furthermore, the Directors shall ensure the anonymity of reporters who request to remain anonymous, and promote awareness that reporters will never be adversely affected as a result of their report.
- The Directors shall keep away from any antisocial force and shall work closely with external specialized institutions to act resolutely in an organized manner when contacted by antisocial forces.

**(2) Systems for properly preserving and managing information related to execution of duties by Directors**

The Directors shall properly prepare, preserve and manage minutes of the General Meetings of Shareholders, meetings of the Board of Directors and other documents in accordance with applicable laws and regulations. The Directors shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Employees, etc. in accordance with the Basic Rules of Document Management and Retention.

**(3) Rules and other systems regarding risk management for loss**

- Basic matters relating to risk management shall be stipulated in the Global Rules for Risk and Crisis Management within the Renesas Group, and the Directors shall establish and maintain a risk management framework in accordance with these rules.
- Each Executive Officer and division manager responsible for classified risks shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in the case of risk materialization.

- When a risk materializes, the Executive Officers shall, depending on the materiality of such risk, establish an appropriate organization chaired by themselves and implement appropriate measures in accordance with the Global Rules for Risk and Crisis Management within the Renesas Group.

**(4) Systems for ensuring efficient execution of duties by Directors**

- The Directors shall hold an ordinary meeting of the Board of Directors regularly once every three months and extraordinary meetings as needed for the sake of quick decision-making.
- The Directors shall adopt an executive officer system, shall make prompt decisions on important management issues at meetings of the Board of Directors, and shall supervise the execution of duties by the Executive Officers. In addition, important issues for the Company's management on the agenda of the Board of Directors shall be discussed at meetings of the Executive Committee prior to meetings of the Board of Directors in order to enhance the deliberations by the Board of Directors.
- The Directors shall determine the management plans and annual and semiannual budgets at meetings of the Board of Directors and supervise the execution status thereof.
- The Executive Officers (including Executive Officers who also act as Directors) shall make quick decisions for business operations by transferring their authorities to the General Managers or other employees. The Executive Officers, the General Managers, and other employees shall execute their authority properly and efficiently in accordance with the Basic Rules of Ringi Approval.
- The Executive Officers (including Executive Officers who also act as Directors) shall execute their duties flexibly and efficiently in accordance with office routine regulations determined at meetings of the Board of Directors, and shall periodically confirm the status of execution of the management plans and budgets determined at meetings of the Board of Directors.

**(5) Systems to ensure appropriate operation of the corporate group**

- The Directors shall guide and support the Company's subsidiaries in establishing a Group-wide compliance system in accordance with the Renesas Electronics Group CSR Charter, Renesas Global Code of Conduct and the Global Rule for Compliance management within the Renesas Group,
- The Directors shall constantly oversee, guide and support the Company's subsidiaries through the responsible divisions, and periodically receive reports on matters relating to the execution of duties by Directors of the Company's subsidiaries, in accordance with the Basic Rules for Operation and Management of Affiliate Companies.
- The Directors shall, through a division responsible for risk management, have the subsidiaries establish rules for risk and crisis management, and make contact lists and action plans in the event of an emergency.
- The Directors shall have the Internal Audit Office audit the Renesas Electronics Group, establish internal auditing divisions at principal subsidiaries or assign internal auditing staff, and have them cooperate with the Internal Audit Office and the subsidiaries' own Corporate Auditors to ensure Group-wide appropriate operations.

**(6) Matters relating to employees assigned to assist Corporate Auditors and independence etc. of such employees from Directors**

The Directors shall establish the Corporate Auditors Department composed of specialized staff for the purpose of assisting the Corporate Auditors' audit activities. Any evaluation, personnel transfer, reprimand or the like of such specialized staff shall require prior consultation with the full-time Corporate Auditor, and such staff shall not be subject to the direction or supervision by Directors with respect to duties of assisting the Corporate Auditors.

**(7) Systems for Employees, etc. of the Renesas Electronics Group and Corporate Auditors of the Company's subsidiaries etc. to report to Corporate Auditors**

Employees, etc. of the Renesas Electronics Group shall, upon request of the Corporate Auditors, report to the Corporate Auditors at any time on matters such as the status of execution of their duties.

**(8) Other systems necessary to ensure effective auditing by Corporate Auditors**

- The Corporate Auditors may attend meetings of the Board of Directors and important meetings of the Company as they deem necessary. Furthermore, the Directors shall guarantee the right of Corporate Auditors to access important corporate information.
- In principle, the Corporate Auditors shall hold meetings of the Board of Corporate Auditors once every three months to exchange information and deliberate on the status of audits and related matters. The Corporate Auditors shall also receive regular reports from the Accounting Auditors on their audit activities and shall exchange opinions thereon.

**Consolidated Financial Statements**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(As of December 31, 2023)**

(In millions of yen)

Accounts	Amount	Accounts	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>800,673</b>	<b>Current liabilities</b>	<b>828,725</b>
Cash and cash equivalents	434,681	Trade and other payables	243,192
Trade and other receivables	168,991	Bonds and borrowings	425,312
Inventories	163,054	Other current financial liabilities	24,311
Other current financial assets	4,660	Income taxes payable	41,414
Income taxes receivable	7,495	Provisions	11,215
Other current assets	21,792	Other current liabilities	83,281
<b>Non-current assets</b>	<b>2,366,330</b>	<b>Non-current liabilities</b>	<b>332,690</b>
Property, plant and equipment	266,139	Trade and other payables	4,140
Goodwill	1,362,131	Bonds and borrowings	225,636
Intangible assets	421,847	Other non-current financial liabilities	11,371
Other non-current financial assets	255,230	Income taxes payable	2,757
Deferred tax assets	43,385	Retirement benefit liability	24,598
Other non-current assets	17,598	Provisions	3,265
		Deferred tax liabilities	53,528
		Other non-current liabilities	7,395
		<b>Total liabilities</b>	<b>1,161,415</b>
		Equity	
		Share capital	153,209
		Capital surplus	359,398
		Retained earnings	1,157,236
		Treasury shares	(217,691)
		Other components of equity	549,401
		<b>Total equity attributable to owners of parent</b>	<b>2,001,553</b>
		<b>Non-controlling interests</b>	<b>4,035</b>
		<b>Total equity</b>	<b>2,005,588</b>
<b>Total assets</b>	<b>3,167,003</b>	<b>Total liabilities and equity</b>	<b>3,167,003</b>

(Translation)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(The Year Ended December 31, 2023)**

(In millions of yen)

Accounts	Amount
<b><u>Revenue</u></b>	<b><u>1,469,415</u></b>
Cost of sales	(635,087)
<b><u>Gross profit</u></b>	<b><u>834,328</u></b>
Selling, general and administrative expenses	(466,020)
Other income	38,404
Other expenses	(15,946)
<b><u>Operating profit</u></b>	<b><u>390,766</u></b>
Finance income	38,142
Finance costs	(6,735)
<b><u>Profit before tax</u></b>	<b><u>422,173</u></b>
Income tax expense	(84,862)
<b>Profit for the year</b>	<b>337,311</b>
<b><u>Profit for the year attributable to</u></b>	
Owners of parent	337,086
Non-controlling interests	225
<b>Profit for the year</b>	<b>337,311</b>



(Translation)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(The Year Ended December 31, 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 for the year			337,086				
Other comprehensive income						(661)	(475)
Total comprehensive income			337,086			(661)	(475)
Purchase and disposal of treasury shares		2,312		(25,520)			
Share-based payment transactions		1,596			(5,083)		
Transfer to retained earnings		7,044	(8,432)		587	661	140
Other							
Total transactions with owners	—	10,952	(8,432)	(25,520)	(4,496)	661	140
Balance as of December 31, 2023	153,209	359,398	1,157,236	(217,691)	3,106	—	(2,311)

	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 other components of equity			
Balance as of January 1, 2023	395,907	(12,364)	6,500	395,669	1,533,735	3,728	1,537,463
Profit for the year				—	337,086	225	337,311
Other comprehensive income	168,308	(7,015)	(2,730)	157,427	157,427	88	157,515
Total comprehensive income	168,308	(7,015)	(2,730)	157,427	494,513	313	494,826
Purchase and disposal of treasury shares				—	(23,208)	—	(23,208)
Share-based payment transactions				(5,083)	(3,487)	—	(3,487)
Transfer to retained earnings				1,388	—	—	—
Other				—	—	(6)	(6)
Total transactions with owners	—	—	—	(3,695)	(26,695)	(6)	(26,701)
Balance as of December 31, 2023	564,215	(19,379)	3,770	549,401	2,001,553	4,035	2,005,588

(Note) As stated in “Other Notes 3. Business Combinations,” provisional accounting treatment for business combinations has been finalized, and balances as of January 1, 2023 have been retrospectively adjusted.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Notes to Basis of Consolidated Financial Statements

#### 1. Basis for Preparation

Renesas Electronics Corporation (hereafter “the Company”) and its subsidiaries (hereafter “the Group”) prepare the notes to consolidated financial statements in accordance with the International Financial Reporting Standards (hereafter “IFRS”) pursuant to Article 120, paragraph 1 of the Regulation on Corporate Accounting. The Group adopts the provision to Article 120, paragraph 1 of the Regulation on Corporate Accounting and omits certain disclosures required by IFRS in the notes to consolidated financial statements.

#### 2. Scope of Consolidation

All subsidiaries are consolidated.

The number of consolidated companies of Renesas Electronics Corporation Group: 95

The names of major subsidiaries: Names of the major consolidated subsidiaries are listed on “Overview of Group Operations, Principal Subsidiaries (as of December 31, 2023)” in the Business Report and omitted in this part.

(Number of subsidiaries decreased mainly due to liquidation: 11)

Intersil (Wuhan) Company Ltd. and other 10 companies.

(Number of subsidiaries increased mainly due to acquisition of shares: 2)

Pantronics AG (hereafter “Pantronics”) and other 1 company.

Pantronics changed its company name to Renesas Design Austria GmbH on October 12, 2023.

#### 3. Application of Equity Method

There are no affiliates accounted for by the equity method.

#### 4. Accounting Policies

##### (1) Financial instruments

##### a. Financial assets other than derivatives

##### (a) Initial recognition and measurement

Trade and other receivables are initially recognized at their transaction price on that date, and all other financial assets are initially recognized on the date of the transaction when the Company becomes the contracting party to the financial assets.

At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost or financial assets measured at fair value.

##### (i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met or otherwise classified as financial assets measured at fair value.

- Assets are held within a business model that aims to hold assets to collect contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (ii) Financial assets measured at fair value through other comprehensive income

- Debt instruments measured at fair value through other comprehensive income

If both of the following conditions are met, financial assets are classified as debt instruments measured at fair value through other comprehensive income.

- Assets are held within a business model whose objective is achieved by both the collection and sale of contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Equity instruments measured at fair value through other comprehensive income

Of financial assets measured at amortized cost, or financial assets other than debt instruments measured at fair value through other comprehensive income, when an irrevocable election at the time of initial recognition is made, subsequent changes in fair value are recognized in other comprehensive income and such equity instruments are classified as financial assets measured at fair value through other comprehensive income.

##### (iii) Financial assets measured at fair value through profit or loss

Financial assets that do not meet the criteria for either (i) or (ii) above are classified into financial assets measured at fair value through profit or loss.

(b) Impairment of financial assets

For impairment of financial assets measured at amortized cost, the Group has decided to recognize an allowance for expected credit losses of financial assets. On each reporting date, the Group assesses whether the credit losses of the financial instruments have increased significantly since the initial recognition.

If the credit losses of the financial instruments have not increased significantly since the initial recognition, the allowance for credit losses of the financial instruments is measured at the amount of 12-month expected credit losses, and if the credit losses of the financial instruments have increased significantly since the initial recognition, the allowance for credit losses of the financial instruments is measured at the amount of lifetime expected credit losses.

However, for trade receivables, the allowance for credit losses is always measured at the amount of lifetime expected credit losses.

(c) Derecognition

The Group derecognizes financial assets if the contractual rights to the cash flows from the financial assets expire, or if substantially all risks and rewards associated with ownership of the financial assets are transferred as a result of assigning the contractual right to receive cash flows from the financial assets.

b. Financial liabilities other than derivatives

(a) Initial recognition and measurement

At the time of initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss. Although all financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at an amount obtained by deducting directly attributable transaction costs.

(b) Derecognition

The Group derecognizes financial liabilities when they are extinguished, for example when their obligations specified in the contract are discharged, cancelled or expired.

c. Derivatives and hedge accounting

The Group holds derivative financial instruments for the purpose of hedging the risk of exchange rate fluctuations and others. The Group has a policy of not conducting speculative derivative transactions.

Derivatives are initially recognized at fair value, related transaction costs and the difference between the fair value at the time of initial recognition and the transaction price are recognized in profit or loss when they are incurred. After the initial recognition, derivatives are remeasured at fair value, and changes in the fair value are accounted for as described below, depending on whether the derivative financial instruments that are designated as hedging instruments meet the requirements for hedge accounting. The Group designates the derivatives that meet the requirements for hedge accounting as hedging instruments and applies hedge accounting. In addition, at the inception of a hedge, the Group formally documents the risk management objective, the relationship between hedging instruments and the hedged items, along with strategies when executing hedging transactions, the nature of the risk being hedged and the method of assessing hedge effectiveness.

(a) Cash flow hedges

Of gains or losses from hedging instruments, the effective portion of the hedge is recognized in other comprehensive income, and the ineffective portion is recognized in profit or loss.

When applying cash flow hedges to currency swap contracts, the portion excluding the currency basis spread is designated as the hedging instruments, and for the currency basis spread portion, the amount of change in fair value is recognized as hedging cost through other components of equity and included in the comprehensive income. The amount accumulated in other components of equity is transferred to profit or loss during the same period in which the cash flows to be hedged affect profit or loss. If the hedged item is the acquisition of a non-financial asset, the amount accumulated in other components of equity will be treated as an adjustment to the initial acquisition cost of the non-financial asset.

When the Group recognizes hedging cost for a derivative transaction entered in order to hedge a time-period related hedged item, it transfers the cumulative costs of hedging accumulated in other components of equity to profit or loss on a systematic and rational basis over the period during which the hedge adjustment from the hedging instrument affects profit or loss.

The amount of hedging instruments that is recorded in other comprehensive income is reclassified to profit or loss at the time when the underlying hedged transactions affect profit or loss. If the hedged items give rise to the recognition of non-financial assets or non-financial liabilities, the amount that is recognized in other comprehensive income is reclassified as an adjustment to the initial carrying amount of non-financial assets or non-financial liabilities.

For cash flow hedges other than the above, the amount is reclassified from other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if the accumulated amount is a loss and if all or part of the loss is not expected to be recovered in the future, the amount that is not expected to be recovered is immediately reclassified to profit or loss.

When hedge accounting is terminated, this accumulated amount remains in other comprehensive income until the expected future cash flows occur, and if the forecast transaction is no longer expected to occur, this amount is immediately reclassified to profit or loss.

(b) Derivatives that do not meet requirements for hedge accounting

Changes in fair value are recognized in profit or loss.

#### Application of New Accounting Policies

The Group initiated a new loan transaction during the three months ended September 30, 2023, and applied the following accounting policy.

In cases where the transaction price of a financial instrument differs from its fair value at the inception of the transaction, and the fair value is determined using unobservable inputs, the difference between the transaction price and fair value is deferred. This difference is recognized in profit or loss either when amortized over the term of the contract using the straight-line method or when the financial instrument is derecognized.

(2) Inventories

The acquisition cost of inventories comprises all costs of purchase, costs of conversion and all other costs incurred in bringing the inventories to their present location and condition.

After the initial recognition, inventories are measured at the lower of cost and net realizable value, but if cost exceeds net realizable value, the inventories are written down to net realizable value. The net realizable value is calculated by deducting the estimated costs of completion and the estimated costs necessary to make the sale from the estimated selling price in the ordinary course of business.

(3) Property, plant and equipment (other than leased assets)

The acquisition cost of property, plant and equipment includes costs directly related to the acquisition of assets, dismantling, disposal and restoration costs and borrowing costs that meet the requirements for capitalization.

The cost model is used in the measurement of property, plant and equipment, and they are presented at the carrying value obtained by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

Except for land and construction in progress, the acquisition cost of each asset after deducting the residual value is depreciated over the estimated useful life using the straight-line method.

The estimated useful life, the residual value and the depreciation method are reviewed at the end of each fiscal year, and any changes are applied to the period when the estimates are changed and future periods prospectively as a change in the accounting estimate. The impact of the change of these estimates is recognized in the period when the estimates are changed and future periods.

(4) Goodwill and intangible assets

a. Goodwill

Any excess of the consideration for acquisition, the non-controlling interests in the acquiree and the fair value of assets of the acquiree that the acquirer previously held over the net amount of identifiable assets and liabilities as of the date of acquisition is recognized as goodwill. Goodwill is not amortized and is presented at cost, less any accumulated impairment losses.

b. Intangible assets

The cost model is used for intangible assets, and they are presented at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at the time of initial recognition and intangible assets acquired in a business combination are measured at fair value as of the date of acquisition.

For internally generated intangible assets (Capitalized development cost), research and development costs that do not meet the criteria for capitalization are recognized in profit or loss when they are incurred. Internally generated intangible assets are amortized using the straight-line method based on an estimated useful life (5 years) that is expected to provide net cash inflow.

Intangible assets with finite useful lives are amortized over their respective estimated useful life using the straight-line method, etc. and an impairment test is performed if any indications of impairment exist. For intangible assets with finite useful lives, their useful lives and amortization method are reviewed at the end of each fiscal year, and if there is a change, it is applied to the period when the estimates are changed and future periods prospectively as a change in the accounting estimate.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized, and an impairment test is performed at a certain time each fiscal year and whenever any indication of impairment exists.

#### (5) Leases

The leased assets for the Group are land, office building, and machinery, equipment and vehicles.

The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. The right-of-use assets are measured at the initial measurement of the lease liabilities, adjusted by items such as prepaid lease payments, adding costs to be incurred by the lessee in restoring the underlying assets to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated over the lease term on a systemic basis.

Lease payments are apportioned between finance costs and repayments of lease liabilities so as to produce a constant interest rate in proportion to the remaining balance of lease liabilities. Finance costs are separately presented from the depreciation charge for the right-of-use assets in the consolidated statement of profit or loss.

In addition, lease payments for lease transactions with lease term under 12 months and leases of small-value assets are recognized as expense over the lease term on a straight-line basis.

#### (6) Impairment of non-financial assets

The Group determines whether there is any indication that assets (except for inventories, deferred tax assets and assets pertaining to retirement benefits) may be impaired each fiscal year, and if such indication exists, an impairment test is performed. However, for goodwill or intangible assets with indefinite useful lives or that are not yet available for use, an impairment test is performed at a certain time each fiscal year or when any signs of impairment are identified.

In the impairment test, a recoverable amount is estimated, and the carrying amount and the recoverable amount are compared. The recoverable amount of assets, cash-generating units or groups of cash-generating units is calculated at the higher of the value in use and the fair value less costs of disposal. The value in use is calculated by discounting the estimated future cash flows to the present value, using the pre-tax discount rate that reflects the time value of money and risks specific to the asset.

If the recoverable amount of assets, cash-generating units or groups of cash-generating units is lower than the carrying amount as a result of the impairment test, an impairment loss is recognized. When the impairment loss of a cash-generating unit including goodwill is recognized, an allocation is made first to reduce the carrying amount of goodwill that is allocated to the cash-generating unit, and then an allocation is made to proportionally reduce the carrying amount of other assets in the cash-generating unit.

The impairment loss is reversed if there is any indication that the impairment loss recognized in a prior period may no longer exist or may have decreased and if the estimated recoverable amount exceeds the carrying amount. The upper limit of the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years, net of normal depreciation or amortization. The impairment loss on goodwill is not reversed.

#### (7) Provisions

The Company recognizes a provision if the Group has assumed a legal or constructive obligation as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

If the time value of the money of the provision is significant, the estimated future cash flows are discounted

to the present value using a pre-tax discount rate that reflects the time value of the money and risks specific to the liability. The unwinding of the discount amount due to the passage of time are recognized as a finance cost.

(8) Employee benefits

a. Short-term employee benefits

A short-term employee benefit is an employee benefit that will be settled within 12 months from the end of the fiscal year in which the employee renders the related service to the Group, and the Group recognizes an amount expected to be paid in exchange for the services rendered during a certain accounting period. Short-term employee benefits in the Group include bonuses and benefits related to paid leave.

Bonuses are recognized as a liability if the Group has a legal or constructive obligation to pay as a result of the provision of service by the employee in the past and if the obligation can be estimated reliably.

b. Post-employment benefits

For post-employment benefit plans, the Group has adopted defined benefit plans and defined contribution plans.

(a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense when they are incurred unless they are included in inventories or property, plant and equipment.

(b) Defined benefit plans

The net amount of assets or liabilities of the defined benefit plan is the amount obtained by deducting the fair value of the plan assets (including the upper limit of the plan assets and adjustments to minimum funding requirements, if necessary) from the present value of defined benefit obligations, and it is recognized in the consolidated financial statements as an asset or a liability. The defined benefit obligations are calculated using the projected unit credit method, and the present value of defined benefit obligations is calculated by applying a discount rate to the expected payment amount in the future. The discount rate is calculated based on market yields at the end of the reporting period on high quality corporate bonds corresponding to the discount period by setting the discount period based on the period until the future expected benefit payment date in each reporting period.

Service costs and net interest expense for the net amount of assets or liabilities related to the defined benefit obligations are recognized in profit or loss. Actuarial gains or losses and fluctuations in the return on the plan assets excluding the portion included in the net interest expense are recognized in other comprehensive income as "Remeasurements of defined benefit plans" in the corresponding period and are immediately transferred from other components of equity to retained earnings. Past service costs are recognized in profit or loss when the plan is revised or curtailed, or when related restructuring costs or termination benefits are recognized, whichever is earlier.

(9) Foreign currency translation

a. Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the spot exchange rate or a rate approximate to the spot exchange rate on the date of the transaction. Monetary items denominated in a foreign currency at the end of the reporting period are translated into the functional currency using the closing rate, while non-monetary items denominated in a foreign currency that are measured at historical cost are translated using the exchange rate in effect on the date of the initial transaction, and those that are measured at fair value are translated using the exchange rate in effect on the date when the fair value was calculated.

Exchange differences from translation or settlement are recognized in profit or loss during the period when they arise. However, exchange differences arising from equity instruments and cash flow hedges measured through other comprehensive income are recognized in other comprehensive income.

b. Foreign operations

In preparing the consolidated financial statements, the assets and liabilities of a foreign operation whose functional currency is other than Japanese yen are translated into Japanese yen at the exchange rate as of the closing date of the consolidated financial statements, and profit or loss and cash flows of the foreign operation are translated into Japanese yen at the exchange rate on the date of the transaction or the average exchange rate for the period that is approximate to the exchange rate. Exchange differences are recognized

in other comprehensive income, and the cumulative amount thereof is recognized in other components of equity.

On disposal of the entire ownership interest in a foreign operation or part of the interest that results in a loss of control or significant influence, the exchange differences of the foreign operation that were recognized in other comprehensive income and accumulated in equity are reclassified from equity to profit or loss when the related gains or losses on disposal are recognized.

Monetary items, which are receivables or payables from foreign operations that settlements are neither planned nor likely to occur in the foreseeable future, are a part of the entity's net investment in that foreign operation. Exchange differences arising from the monetary items are recognized in other comprehensive income.

#### (10) Revenue recognition

The Group recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is mainly recognized when the goods are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are identified at the time of delivery.

Also, revenue is measured at the amount of the consideration received after deducting discounts, rebates and returns.

Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time we record sales to the specific distributors, we accrue for refund liabilities and deduct the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. We accrue for refund liabilities related to the stock rotation program on a quarterly basis and deduct the same amount from revenue.

#### (11) Other significant accounting policies

##### a. Adoption of the group tax sharing system

The Group adopted the group tax sharing system.

### **Note to Accounting Estimates**

In preparing the consolidated financial statements, management of the Group makes judgments, accounting estimates and assumptions that impacted on the application of accounting policies and the reporting amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on the best judgment of management, taking into account various factors that are deemed reasonable on the closing date in light of past experience and available information. However, figures based on these estimates and assumptions may differ from the actual results due to their nature.

Estimates and underlying assumptions are reviewed continuously. The results of the review of these estimates are reflected in the period when the estimates are revised and for the future periods.

Estimates and assumptions that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

### Valuation of goodwill

The carrying amount of goodwill recorded in the consolidated statement of financial position of December 31, 2023 was 1,362,131 million yen.

The impairment test is performed by comparing the carrying amount and the recoverable amount of the assets, and if the recoverable amount falls below the carrying amount, an impairment loss is recorded. The recoverable amount is calculated mainly using the discounted cash flow model, where certain assumptions are made, including, but not limited to, gross margin, perpetual growth rate, and discount rate, as included in the business plan.

## **Notes to Consolidated Statement of Financial Position**

### **1. Assets pledged as collateral and secured liabilities**

(Assets pledged as collateral)

	(In millions of yen)
Buildings and structures	34,853
Machinery and equipment	39,321
Land	16,245
Total	90,419

(Note) Other than the above, the share of subsidiary (638,841 million yen) which has been eliminated in consolidation was provided as collateral.

(Secured liabilities)

	(In millions of yen)
Current portion of long-term borrowings	177,553
Long-term borrowings	68,326
Total	245,879

### **2. Accumulated Depreciation of Property, Plant and Equipment: 889,061 million yen**

(Including accumulated impairment losses of property, plant and equipment)

### **3. Guarantees:**

Guarantees for employees' housing loans: 5 million yen

### **4. Other:**

As the Group conducts business worldwide, it is possible that the Group may become a party to lawsuits, arbitration, investigation by regulatory authorities and other legal proceedings in various countries.

Though it is difficult to predict the outcome of the legal proceedings to which the Group is presently a party or to which it may become a party in future, the resolution of such proceedings may require considerable time and expense. There is a possibility that the Group's business, performance, financial condition, cash flow, reputation and creditability to have significant adverse effects by the outcome. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" Article 92, the Group does not disclose detailed information of the legal proceedings since it is likely to lead the Group to an unfavorable position.

The Group has recorded provision for loss on litigation in accordance with what can be reasonably estimated for the cases below. In addition, the Group has recorded provision for loss litigation in preparation for payments related to lawsuits and damage claims with other companies, in addition to the cases described below.

The Group's subsidiary has been named as a defendant in a civil lawsuit in the United States related to the alleged patent infringement and trade secret violation.

The Group's subsidiary in Taiwan may be subject to requests for restitution for environmental pollution associated with a factory in Taiwan owned by the subsidiary's predecessor company.

## **Notes to Consolidated Statement of Changes in Equity**

### 1. The type and total number of shares issued and outstanding as of December 31, 2023

Common stock	1,958,454,023 shares
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### 2. The type and number of shares to be acquired upon exercise of the stock options (excluding share acquisition rights of which the commencement date of exercise period has not yet arrived) as of December 31, 2023

Common stock	5,189,300 shares
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## 3. Dividends

## (1) Dividend payment amounts

Not applicable.

(2) Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the subsequent period

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

**Notes to Financial Instruments****1. Situations of financial instruments**

## (1) Policies for Financial Instruments

The Group aims to achieve sustainable growth and maximize its corporate value. Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly borrowings from banks. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest payments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

## (2) Contents and Risks of Financial Instruments and Risk Management

The Group is exposed to financial risks (credit risk, liquidity risk and market risk) in the process of executing its business activities. Accordingly, the Group regularly monitors the financial risks based on internal management regulations and takes measures to avoid or reduce the risks as required.

The Group does not engage in derivative transactions for speculative purposes.

## (3) Credit risk

Notes and trade receivables are exposed to the credit risk of customers. Conforming to the internal rules for the management of receivables, the Group regularly monitors major customers' credit and manages the due dates of collection and the balance for each customer. Other receivables are exposed to the credit risk of customers, but most of them are settled in the short term. Short-term investments are financial assets invested on a short-time basis, and the Group transacts with highly creditworthy financial institutions. Trade receivables are regarded as non-performing if all or part of them cannot be collected or if collection is deemed extremely difficult. The Group does not have any exposure to the significant credit risk of certain customers, and there is no excessive concentration of credit risk that requires special management.

## (4) Liquidity risk

The Group is exposed to liquidity risk whereby the performance of payment obligations could become difficult. To limit its exposure to liquidity risk, however, the Group works to maintain fund management through the optimization of capital efficiency through the efficient management of working capital and the central management of funds by the Company. The Group also manages the liquidity risk by appropriately maintaining liquidity on hand through the timely preparation and updating of the financing plan and taking the external financial environment into account.

## (5) Market risk

## (a) Foreign currency exchange risk

Foreign currency receivables and obligations arising from the global business development of the Group are exposed to the risk of foreign exchange rate fluctuations. To reduce the risk of foreign exchange rate fluctuations, the Group uses forward exchange contracts, currency options and currency swaps.

## (b) Interest rate risk

The Group raises funds mainly through borrowings and bonds for the purpose of securing funds for long-term working capital and the promotion of growth strategies. The Group is exposed to the risk of interest rate

fluctuations because borrowings are mainly made at floating interest rates. To reduce the risk of changes in the interest paid on borrowings, the Group uses interest rate swaps as required. Additionally, bonds are issued with fixed interest rates. Accordingly, the Group has decided that the impact of the risk of interest rate fluctuations on the Company is limited and insignificant and does not conduct a sensitivity analysis for interest rate risk.

(c) Stock price risk

The Group has adopted an incentive plan for its employees for the purpose of securing excellent human resources, particularly at subsidiaries. To operate the incentive plan, the Group holds shares and other financial instruments for the long term and is exposed to the risk of changes in their market prices. Please note that, following the introduction of the stock option plan, the incentive plan was abolished and there was no new issuance.

The Group does not conduct a sensitivity analysis for the risk of changes in share prices since the impact of changes in share prices are immaterial.

## 2. Fair value of financial instruments

### (1) Calculation method of fair value

The calculation method of the fair value of financial instruments is as follows.

(a) Cash and cash equivalents, trade and other receivables

The fair value of these instruments approximates their carrying amount due to short term maturities.

(b) Trade and other payables

For trade and other payables that will mature within a short amount of time, the fair value approximates the carrying amount. The fair value of trade and other payables that will not mature in a short amount of time is calculated by the present value that is discounted by an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(c) Securities

If the market price of a security is available in an active market, the securities are measured using this market price and classified as Level 1. If the market price is not available, the fair value is measured mainly by a method based on net assets (method of calculating by making adjustments to the market value as required based on the net assets of the entity that issues shares), etc. and classified as Level 3.

(d) Loans

The fair value of loans is calculated based on the present value discounted at an interest rate that takes into account credit risk and classified as Level 3.

(e) Long-term borrowings

The fair value of long-term borrowings is calculated at the present value that is discounted using an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(f) Derivative transactions

The fair value of forward exchange contracts, currency options and currency swaps are calculated based on the price, etc. provided by customers' financial institutions and classified as Level 2. In addition, derivative transactions measured using unobservable inputs are classified as Level 3.

(g) Bonds

The fair value of bonds is calculated by referring to a market price and classified as Level 2.

(h) Contingent consideration

The fair value of the contingent consideration is calculated as the present value of the payments in future using appropriate valuation methods with consideration of the probability of occurrence and classified as Level 3.

(i) Other financial assets and liabilities

Time deposits with maturities of more than three months, long-term accounts receivable, security deposits and guarantee deposits received that are measured at amortized cost are classified as Level 2. Because their

fair value approximates their carrying amount, they are omitted from the following table.

(2) Classification of financial instruments measured at fair value by levels

In the fair value hierarchy, financial instruments are classified from Level 1 to Level 3 as follows.

Level 1: Fair value measured using unadjusted quoted prices in the active markets

Level 2: Fair value calculated using observable inputs, either directly or indirectly, other than those classified as Level 1

Level 3: Fair value calculated by using a valuation technique including inputs that are not based on observable market data

Transfers between the levels in the fair value hierarchy are recognized on the assumption that the transfers occur at the end of each reporting period.

(a) Financial instruments measured at amortized cost

The carrying amount and the fair value of financial instruments measured at amortized cost are as follows.

Financial instruments measured at fair value, financial instruments whose carrying amount closely approximates fair value and lease liabilities are not included in the table below.

(In millions of yen)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities</b>					
Borrowings	459,851	—	458,093	—	458,093
Bonds	191,097	—	191,097	—	191,097
Other payables	51,878	—	51,409	—	51,409
<b>Total</b>	<b>702,826</b>	<b>—</b>	<b>700,599</b>	<b>—</b>	<b>700,599</b>

(b) Financial instruments measured at fair value

A breakdown of financial assets and financial liabilities measured at fair value on a recurring basis by level of the fair value hierarchy is as follows.

(In millions of yen)

	Fair value			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
<b>Financial assets measured at fair value through profit or loss</b>				
Derivative assets	—	30,132	—	30,132
Investment trust	8,124	—	—	8,124
Unlisted securities	—	—	4,052	4,052
Loans	—	—	144,093	144,093
<b>Equity instruments measured at fair value through other comprehensive income</b>				
Listed securities	830	—	—	830
Unlisted securities	—	—	9,878	9,878
<b>Total</b>	<b>8,954</b>	<b>30,132</b>	<b>158,023</b>	<b>197,109</b>
<b>Financial liabilities</b>				
<b>Financial liabilities measured at fair value through profit or loss</b>				
Derivative liabilities	—	15,672	—	15,672
Contingent consideration (Note)	—	—	3,298	3,298
<b>Total</b>	<b>—</b>	<b>15,672</b>	<b>3,298</b>	<b>18,970</b>

(Note) For details, please refer to "Other Notes 3. Business Combinations."

(Translation)

(3) Changes in financial assets and financial liabilities that are classified as Level 3 are as follows.

(In millions of yen)

	Financial assets	Financial liabilities
Beginning balance	9,658	2,528
Total gains or losses in the period	156	(1,796)
Profit or loss (Note1, 3)	1,870	(1,857)
Other comprehensive income (Note 2)	(1,714)	61
Purchases	148,191	—
Settlement	—	(228)
Acquisition due to business combination	—	2,794
Other	18	—
Ending balance	158,023	3,298
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note1, 3)	1,870	88

(Note 1) Amounts relate to financial assets measured at fair value through profit or loss and included in finance income and finance costs in the consolidated statement of profit or loss.

(Note 2) Amounts relate to exchange differences on translation of foreign operations and equity instruments measured at fair value through other comprehensive income. They are presented in "Exchange differences on translation of foreign operations" and "Equity instruments measured at fair value through other comprehensive income" in the consolidated statement of changes in equity respectively.

(Note 3) Amounts relate to financial liabilities measured at fair value through profit or loss and included in finance costs and other expense in the consolidated statement of profit or loss.

(Note 4) Financial instruments that are classified as Level 3 consist of unlisted securities, loans, and contingent consideration for acquisitions. Unlisted securities are mainly investments in funds, and the fair value of the unlisted securities is measured based on the value of net asset as a valuation technique. The fair value of the loans is calculated based on the present value of future expected cash flows, discounted at interest rates that take into account the period until maturity and credit risk. In addition, the fair value of contingent consideration is measured in consideration of the possibility of achieving for developmental milestones and the time value of money. The measurement results of the fair value are reviewed and approved by an appropriate authorized person. Since these estimates are uncertain, fair value may increase if significant non-observable development milestones become more likely to be achieved.

(4) The aggregate difference yet to be recognized in profit or loss at the beginning and end of the period and changes in the balance of this difference are as follows.

(In millions of yen)

	Financial assets
Financial assets measured at fair value through profit or loss	
Loans	
Beginning balance	—
Total gains or losses in the period	(2,937)
Profit or loss	(2,181)
Other comprehensive income	(756)
Purchases	44,980
Ending balance	42,043

### Notes to Per Share Information

Equity attributable to owners per share:	1,126.31 yen
Basic earnings per share:	189.77 yen

**Notes to Revenue Recognition**

## (1) Disaggregation of revenue

The Group disaggregates its revenue by reported segment and by region, and the disaggregation is as follows. All revenue is derived from contracts with customers.

## a. Reportable Segments

Reportable segments		Other	Total	Adjustments	Consolidation basis
Automotive	Industrial/ Infrastructure/ IoT				
695,040	764,707	9,960	1,469,707	(292)	1,469,415

(Note) 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. Additionally, commissioned development and manufacturing from the Group's design and manufacturing subsidiaries are categorized as "Other." The total revenue is calculated by excluding the non-recurring items related to business combinations (Adjustments) from IFRS revenue (Consolidation basis). The Group's Executive Officers assess the performance after eliminating intragroup transactions, and therefore, there are no transfers between reportable segments included within the segment results.

## b. Region

(In millions of yen)

	Revenue
Japan	376,658
China	359,069
Asia (Excluding Japan and China)	310,580
Europe	261,917
North America	155,878
Others	5,313
Total	1,469,415

The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors, and the revenue is mainly due to sales of semiconductor products.

Regarding the sales of these products, the Group recognizes revenue when the customer obtains control over the product which is at the time of delivery of a product because legal title of the product, physical possession of the asset, the significant risks and rewards of ownership are transferred to the customer, and the customer has an obligation to pay for the products at the time of delivery of the product.

Revenue is measured at the amount of promised consideration in contracts with customers.

With regard to sales contract including variable consideration such as rebate and discounts, the transaction price is estimated and determined using the most-likely-amount method based largely on historical data, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration under sales contracts is recovered mainly within one year from satisfaction of a performance obligation and includes no significant financing components.

## (2) Accounts arising from contracts

	(In millions of yen)	
	Beginning balance	Ending balance
Notes and trade receivables	158,242	160,590
Contract assets	375	167
Contract liabilities	460	97

(Note 1) Contract assets are company's rights to the consideration received in exchange for goods or services transferred to the customer by the company, on condition of something other than the passage of time (for example, future performance of the company). Contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract assets are included in "Trade and other receivables" in the consolidated statement of financial position.

(Note 2) Contract liabilities relate to the payment received in advance of performance under the contract. The contract liabilities are reclassified to revenue when the Group satisfies a performance obligation based on the contract. Contract liabilities are included in "Other current liabilities" in the consolidated statement of financial position.

(Note 3) The amounts of revenues recognized from the performance obligations satisfied in the past periods were immaterial.

(Note 4) Of the revenues recognized in the current fiscal year, 177 million yen was included in the balance of contract liabilities as of January 1, 2023.

## (3) Transaction price allocated to the remaining performance obligation

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, there are no significant amounts in consideration from contracts with customers that are not included in transaction prices.

## (4) Assets recognized from the cost to obtain or fulfill contracts with customers

There are no assets recognized from the cost to obtain or fulfill contracts with customers.

**Notes to Significant Subsequent Events****(Cancellation of Treasury Shares)**

Renesas has resolved at the Meeting of Board of Directors dated February 8, 2024, to cancel treasury shares pursuant to Article 178 of the Companies Act as follows.

## (1) Policy for cancellation of treasury stock

Renesas will retain a maximum of approximately 5% of the total number of shares issued and outstanding and, in principle, treasury shares exceeding 5% will be subject to cancellation.

## (2) Board of Directors resolution details related to cancellation of treasury stock

- a) Class of shares to be cancelled: Renesas common shares
- b) Number of shares to be cancelled: 87,839,138 shares (approximately 4.5% of shares issued and outstanding)
- c) Scheduled cancellation date: February 29, 2024

After cancellation, the total number of shares issued and outstanding is projected to be 1,870,614,885, and the total number of treasury shares is projected to be 93,530,744. (These numbers are projected based on the total numbers of shares issued and outstanding as well as treasury shares as of December 31, 2023.)

**(Acquisition of Transphorm, Inc.)**

Renesas entered into a merger agreement to acquire Transphorm, Inc. (hereinafter "Transphorm"), a global leader in GaN (Gallium Nitride) power semiconductors, through a cash transaction via a subsidiary on January 11, 2024.

## (1) Purpose of the acquisition

Demand for highly efficient power systems is increasing as building blocks for carbon neutrality. To address this trend, an industry-wide transition toward wide bandgap (“WBG”) materials, represented by silicon carbide (“SiC”) and GaN, is also being seen. These advanced materials allow a broader range of voltage and switching frequency than conventional silicon-based devices. To build on this momentum, Renesas has announced the establishment of an in-house SiC production line, supported by a 10 year SiC wafer supply agreement.

Through this acquisition, Renesas aims to further expand its WBG 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. The Group 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.

## (2) Overview of the acquiree

- a) Name: Transphorm, Inc.
- b) Location: Goleta, California, USA
- c) Business overview: Design and manufacturing of high-performance and highly reliable GaN (Gallium Nitride) semiconductors for high-voltage power conversion applications.

## (3) Acquisition Method

Renesas will acquire all outstanding shares of Transphorm’s common stock for 5.10 dollars per share in cash, through a subsidiary, representing a premium of approximately 35% to Transphorm’s closing price on January 10, 2024, a premium of approximately 56% to the volume weighted average price over the last twelve months and a premium of approximately 78% to the volume weighted average price over the last six months. The total acquisition value amounts to approximately 339 million dollars (equivalent to approximately 49.2 billion yen at an exchange rate of 1 USD = 145 JPY).

## (4) Schedule

The acquisition is expected to close in the second half of calendar year 2024, subject to Transphorm stockholder approval, required regulatory clearances and the satisfaction of other customary closing conditions.

**Other Notes****1. Business restructuring expenses**

The Group has reformed its businesses and structures of production to strengthen its financial basis. The related expenses included personnel expenses such as additional retirement benefits and expenses related to disposition of property, plant and equipment associated with consolidating the operating bases, and are recognized as business restructuring expenses.

Business restructuring expenses are included in “Other expenses” in the consolidated statement of profit or loss.

**2. Impairment Losses**

For the year ended December 31, 2023, impairment losses are mainly recognized in idle assets that are unlikely to be used, and included in “Other expenses” in the consolidated statement of profit or loss.

The components of assets for which the impairment losses are recorded are as follows.

	(In millions of yen)
	The year ended December 31, 2023
Property, plant and equipment	2,397
Intangible assets	2,475
Total	4,872

**3. Business Combinations**

Business combinations that occurred during the year ended December 31, 2023 are as follows. Immaterial business combinations are not included in this disclosure.

(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)
	The year ended December 31, 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" and "Other expenses." For the year ended December 31, 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.

The consolidated statement of financial position as of December 31, 2022 has been revised upon the completion of the purchase price allocation. After the revision, goodwill has decreased by 1,182 million yen and intangible assets has increased by 1,401 million yen.

In addition, the impact of the revision on the consolidated statement of profit or loss and consolidated statement of comprehensive income for the year ended December 31, 2022 is immaterial.



Contingent consideration includes at most \$11 million which will be paid when certain conditions 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)
	The year ended December 31, 2023
Beginning balance	1,078
Changes in fair value	(558)
Exchange differences	66
Ending balance	586

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" and "Other expenses." For the year ended December 31, 2023, other income of 558 million yen was recorded for the change of fair value.

#### (Panthronics AG)

##### a. Overview of business combination

On June 1, 2023, the Company completed the acquisition of Panthronics, a semiconductor company headquartered in Austria, through a wholly-owned subsidiary. Following the completion of the acquisition, Panthronics has become a wholly-owned subsidiary of the Company. Panthronics changed its company name from Panthronics AG to Renesas Design Austria GmbH on October 12, 2023.

##### 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 provides 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) provides 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 via a wholly-owned subsidiary.

(Translation)

b. Consideration for the acquisition and its breakdown

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

Expenses related to the acquisition were 245 million yen, which were recorded in "Selling, general and administrative expenses" for the year ended December 31, 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	4,872	
Other financial assets	9	
Deferred tax assets	1,123	
Total non-current assets	6,039	
Total assets	6,960	
Current liabilities		
Trade and other payables	360	
Bonds and borrowings	1,893	
Other	1,210	
Total current liabilities	3,463	
Non-current liabilities		
Deferred tax liabilities	1,123	
Total non-current liabilities	1,123	
Total liabilities	4,586	
Net assets	B	2,374
Goodwill (Note 3)	A-B	10,221

(Note 1) As of September 30, 2023, 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 year ended December 31, 2023, the Group has completed the purchase price allocation and revised the goodwill amount as follows:

(Translation)

Fair value of assets acquired and liabilities assumed on the acquisition date (June 1, 2023)

	(In millions of yen)
Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note 1)	15,073
Intangible assets	(4,852)
Deferred tax assets	(1,123)
Deferred tax liabilities	1,123
Total adjustments	(4,852)
Goodwill (after adjustment) (Note 1)	10,221

(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

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 year ended December 31, 2023 would not be material.

f. Revenue and profit / loss of the acquired company

For the year ended December 31, 2023, the revenue and profit of Panthronics from the acquisition date to December 31, 2023 had no significant impact on the consolidated financial statements.

g. Contingent consideration

Contingent consideration includes at most \$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)
	The year ended December 31, 2023
Beginning balance	—
Increase due to the business combination	2,794
Changes in fair value	(223)
Exchange differences	140
Ending balance	2,711

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" and "Other expenses." For the year ended December 31, 2023, other income of 223 million yen was recorded for the change of fair value.

#### **4. Purchase and disposal of treasury shares**

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.

In addition, the number of treasury shares decreased by 20,571,392 shares, due to disposals of treasury shares based on the exercise of stock options, the vesting of Restricted Stock Unit (RSU) and Performance Share Unit (PSU) for the year ended December 31, 2023. As a result, treasury shares decreased by 24,480 million yen. The amount of treasury shares held was 217,691 million yen as of December 31, 2023.

**Non-consolidated Financial Statements**  
**NON-CONSOLIDATED BALANCE SHEET**  
(As of December 31, 2023)

(In millions of yen)

Accounts	Amount	Accounts	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current assets</b>	<b>429,460</b>	<b>Current liabilities</b>	<b>1,101,654</b>
Cash and deposits	167,847	Electronically recorded obligations	5,361
Electronically recorded receivables	2,111	Accounts payable-trade	105,844
Accounts receivable-trade	118,933	Current portion of long-term borrowings	354,104
Finished goods	21,304	Lease obligations	27
Work in process	52,990	Accounts payable-other	47,327
Raw materials and supplies	4,587	Accrued expenses	21,816
Prepaid expenses	3,693	Income taxes payable	32,645
Accounts receivable-other	32,165	Advances received	784
Other current assets	25,830	Deposits received	393,390
<b>Non-current assets</b>	<b>2,145,323</b>	Provision for product warranties	154
<b>Property, plant and equipment</b>	<b>164,744</b>	Provision for business restructuring	1
Buildings	35,857	Provision for contingent loss	1,090
Structures	3,560	Provision for share-based payments	27,472
Machinery and equipment	44,301	Asset retirement obligations	345
Vehicles	313	Other current liabilities	111,293
Tools, furniture and fixtures	17,638	<b>Non-current liabilities</b>	<b>317,635</b>
Land	18,945	Bonds	97,189
Construction in progress	44,130	Long-term borrowings	187,568
<b>Intangible assets</b>	<b>9,289</b>	Lease obligations	21
Software	7,913	Provision for retirement benefits	10,910
Other intangible assets	1,376	Provision for share-based payments	16,058
<b>Investments and other assets</b>	<b>1,971,290</b>	Asset retirement obligations	1,748
Investment securities	3,631	Other liabilities	4,140
Shares of subsidiaries and affiliates	1,858,674	<b>Total liabilities</b>	<b>1,419,288</b>
Long-term prepaid expenses	28,701	<b>Net assets</b>	
Prepaid pension costs	16,021	<b>Shareholders' equity</b>	<b>1,161,289</b>
Deferred tax assets	27,452	<b>Share capital</b>	<b>153,209</b>
Other assets	36,810	<b>Capital surplus</b>	<b>352,177</b>
Allowance for doubtful accounts	(0)	Legal capital surplus	143,209
<b>Deferred assets</b>	<b>373</b>	Other capital surplus	208,969
Bond issuance costs	373	<b>Retained earnings</b>	<b>873,594</b>
		Other retained earnings	873,594
		Retained earnings brought forward	873,594
		<b>Treasury shares</b>	<b>(217,691)</b>
		<b>Valuation and translation adjustments</b>	<b>(8,527)</b>
		Valuation difference on available-for-sale securities	62
		Deferred gains or losses on hedges	(8,589)
		<b>Share acquisition rights</b>	<b>3,106</b>
<b>Total assets</b>	<b>2,575,156</b>	<b>Total net assets</b>	<b>1,155,868</b>
		<b>Total liabilities and net assets</b>	<b>2,575,156</b>

**NON-CONSOLIDATED STATEMENT OF OPERATIONS**  
**(The Year Ended December 31, 2023)**

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>1,065,819</b>
Cost of sales	541,307
<b>Gross profit</b>	<b>524,512</b>
Selling, general and administrative expenses	209,753
<b>Operating income</b>	<b>314,758</b>
<b>Non-operating income</b>	<b>5,076</b>
Interest and dividend income	2,842
Subsidy income	1,699
Other non-operating income	535
<b>Non-operating expenses</b>	<b>22,793</b>
Interest expenses	17,002
Foreign exchange losses	3,495
Other non-operating expenses	2,296
<b>Ordinary income</b>	<b>297,041</b>
<b>Extraordinary income</b>	<b>19,412</b>
Insurance claim income	18,236
Other extraordinary income	1,177
<b>Extraordinary losses</b>	<b>1,504</b>
<b>Income before income taxes</b>	<b>314,950</b>
Income taxes-current	66,513
Income taxes-deferred	(3,435)
<b>Net income</b>	<b>251,871</b>

(Translation)

**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**(The Year Ended December 31, 2023)**

(In millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of period	153,209	143,209	206,642	349,851	621,723	(192,171)	932,612
Changes during period							
Net income					251,871		251,871
Purchase of treasury shares						(50,000)	(50,000)
Disposal of treasury shares			2,327	2,327		24,480	26,807
Net changes in items other than shareholders' equity							
Total changes during period	—	—	2,327	2,327	251,871	(25,520)	228,678
Balance at end of period	153,209	143,209	208,969	352,177	873,594	(217,691)	1,161,289

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at the beginning of period	(1)	224	223	7,602	940,437
Changes during period					
Net income					251,871
Purchase of treasury shares					(50,000)
Disposal of treasury shares					26,807
Net changes in items other than shareholders' equity	63	(8,813)	(8,750)	(4,496)	(13,247)
Total changes during period	63	(8,813)	(8,750)	(4,496)	215,431
Balance at end of period	62	(8,589)	(8,527)	3,106	1,155,868

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

All figures are rounded to the nearest 1 million yen.

### Notes to Significant Accounting Policies

#### 1. Valuation Methods for Assets

##### 1) Securities

Shares of subsidiaries and affiliates:

These shares are carried at cost determined by the moving-average method.

Other securities:

Securities other than shares that do not have a market value :

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method).

Shares that do not have a market value:

Moving average cost method.

##### 2) Derivatives

Derivative financial instruments are stated at the fair value.

##### 3) Inventories

Inventories are stated at the lower of cost or market. The costs are stated as follows;

Finished goods:

Custom-made products:

Specific identification method

Mass products:

Average method

Work in process:

Custom-made products:

Specific identification method

Mass products:

Average method

Raw materials and supplies:

Average method as principal method

#### 2. Depreciation and Amortization Method for Non-current assets

##### 1) Property, plant and equipment other than leased assets

Depreciated by the straight-line method

##### 2) Intangible assets

Amortized by the straight-line method

##### 3) Leased assets

Leased assets under finance leases under which the ownership of the assets is transferred to the lessee

Depreciated in the same way as self-owned Non-current assets.

Leased assets under finance leases other than those under which ownership of the assets is transferred to the lessee

Amortized by the straight-line method over the lease term, assuming no residual value.

##### 4) Long-term prepaid expenses

Amortized by straight-line method

#### 3. Treatment of Deferred assets

Bond issuance costs are amortized over the period until the bonds are redeemed using the straight-line method.



#### 4. Basis of Allowances and Provisions

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experiences for normal receivables and on an individual estimate of the collectability for receivables from companies in financial difficulty.

2) Provision for retirement benefits

Provision for retirement benefits or prepaid pension costs is recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end.

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods. The amortization starts from the following year of the gains and losses recognized. Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods.

3) Provision for products warranties

The Company accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters as well as historical ratio of warranty costs to net sales.

4) Provision for loss on guarantees

Provision for loss on guarantees is made for the amount of the estimated future losses related to debt guarantees, which the Company has taken into account for the deterioration of financial conditions.

5) Provision for business restructuring

Provision for business restructuring is made for the amount of the estimated losses to be incurred in connection with business structure reconstructions and consolidation.

6) Provision for contingent loss

In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when a provision is made at the reasonably estimated amount with a consideration of individual risks associated with each contingency.

7) Provision for share-based payments

In order to prepare for the delivery of the Company's shares to directors, executive officers and employees based on rules of share delivery, the Company records provision for share-based payments based on the estimated amount of share delivery obligations at the end of the current fiscal year.

#### 5. Recognition criteria for revenue and expenses

The Company recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company engages in research, design, development, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is mainly recognized when the goods are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are identified at the time of delivery.

Also, revenue is measured at the amount of the consideration received after deducting discounts, rebates and returns.

Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time the Company records sales to the specific distributors, it accrues for refund liabilities and deduct the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order

to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. The Company accrues for refund liabilities related to the stock rotation program on a quarterly basis and deduct the same amount from revenue.

#### **6. Accounting Treatment for Retirement Benefits**

Accounting treatment for actuarial gains and losses and prior service costs differ from those applied in the consolidated financial statements.

#### **7. Hedge Accounting Method**

##### 1) Hedge accounting method

Hedging activities are accounted for under the deferred hedge method in principle. Currency swaps that meet the certain requirements for allocation, the allocation treatment is applied. Interest rate and Currency swaps that meet the certain requirements for the unified method (the special treatment and the allocation treatment), the unified method is applied.

##### 2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, Currency options, Currency swaps, Interest rate and Currency swap

Hedged items: Forecasted transaction in foreign currency, Bonds in foreign currency, Borrowings in

##### 3) Hedging policy

Based on the Group's internal rules, the Company enters hedge transactions to reduce the foreign exchange risks associated with the hedged items.

##### 4) Assessment of hedge effectiveness

The effectiveness of the hedging is evaluated by comparing the accumulated cash flow of the hedging instruments with that of the hedged items.

Since currency swaps meet the requirements for the allocation method, and interest rate and currency swaps meet the requirements for the unified method, the effectiveness evaluation is omitted.

#### **8. Adoption of the Group Tax Sharing System**

The company has adopted the group tax sharing system from the fiscal year ended December 31, 2023. Regarding the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting, the Company has applied "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (the Practical Solution No.42, August 12, 2021).

### **Notes to Accounting Estimates**

#### **Valuation of Shares of Subsidiaries and Affiliates**

The book value of the shares of subsidiaries and affiliates in the non-consolidated financial statements at the end of the fiscal year is 1,858,674 million yen. In the valuation of shares of subsidiaries and affiliates, the Company compares the book value with the actual value, reflecting the expected future excess earning power at the time of acquisition, to assess whether there is a significant decrease in actual value. This valuation takes into account the same assumptions used in the goodwill impairment test in the preparation of the consolidated financial statements.

**Notes to Balance Sheet****1. Assets Pledged as Collateral and Secured liabilities**

## (1) Assets pledged as collateral

	(In millions of yen)	
Buildings	31,548	(31,548)
Structures	3,305	(3,305)
Machinery and equipment	39,321	(39,321)
Land	16,206	(16,144)
Shares of subsidiaries and affiliates	638,841	(—)
Total	729,220	(90,318)

## (2) Secured liabilities

	(In millions of yen)	
Current portion for long-term borrowings	177,553	(135,535)
Long-term borrowings	69,084	(—)
Total	246,638	(135,535)

\*Amounts in parenthesis represent assets pledged as collateral and secured liabilities related to factory properties.

**2. Accumulated Depreciation of Property, Plant and Equipment: 658,034 million yen****3. Accumulated Impairment Losses of Property, Plant and Equipment:**

Accumulated impairment losses are included in accumulated depreciation of property, plant and equipment.

**4. Guarantees:**

Liabilities for Guarantee	
Loan of affiliated companies	77,558 million yen
Guarantees for employees' housing loans	5 million yen

**5. Monetary Receivables from and Payables to Affiliated Companies:**

Short-term receivable	133,317 million yen
Long-term receivable	10,320 million yen
Short-term payable	452,637million yen
Long-term payable	82,261 million yen

**Notes to Statement of Operations****1. Transactions with Affiliated Companies:**

Amounts of operating transactions	
Net sales	632,304 million yen
Purchases	387,287 million yen
Amounts of non-operating transactions	13,513 million yen

**2. Insurance claim income**

Insurance claim income is mainly 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.

**Notes to Statement of Changes in Net Assets**

Type and Number of Treasury Shares as of December 31, 2023

Common Stock	181,369,882 shares
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**Notes to Tax-Effect Accounting**

Significant components of deferred tax assets were loss on valuation of shares of subsidiaries and affiliates, provision for share-based payments and others, in view of the possibility of recoverability, the company has posted a valuation allowance for 14,478 million yen.

In addition, significant components of deferred tax liabilities were valuation difference of assets acquired by merger, prepaid pension costs and others.

**Notes to Transactions with Related Parties**

Major corporate shareholders:

(In millions of yen)

Attribute	Company name	Ratio of Share-Holding (Owned)	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of December 31, 2023
Major corporate shareholders	INCJ, Ltd.	(Owned) Direct 10.41% (*1)	—	Purchases of treasury shares (*2)	49,092	—	—

(\*1) INCJ, Ltd. is no longer a related party as of August 23, 2023, due to the sale of the Company's shares. Therefore, the amount of transaction is for the period it was a related party. Ratio of Share-Holding Owned is at the point it ceased to be a related party.

(\*2) Based on the resolution of the Board of Directors held on February 9, 2023, the Company conducted a Tender Offer for its treasury shares during the period from February 10, 2023 to March 10, 2023.

Subsidiaries, affiliates and others:

(In millions of yen)

Attribute	Company name	Ratio of Share-Holding (Owned)	Relation with related parties	Contents of transaction	Amounts of transaction (*3)	Account	Balance as of December 31, 2023
Subsidiary	Renesas Semiconductor Manufacturing Co., Ltd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products (*1)	124,803	Accounts payable-trade	9,454
Subsidiary	Renesas Electronics America Inc.	(Own) Direct 100.0 %	Sales of our products, Manufacturing and development	Money deposited (*2) Paid capital reduction (*3) Sale of securities (*4)	— 44,319 30,642	Deposits received Shares of subsidiaries and affiliates	90,904 — 30,642
Subsidiary	Renesas Electronics Europe GmbH	(Own) Direct 100.0 %	Sales of our products, Consignment of design and development	Sales of products (*1)	187,520	Accounts receivable-trade	28,021
Subsidiary	Renesas Electronics Hong Kong Limited	(Own) Direct 100.0 %	Sales of our products	Sales of products (*1) Money deposited (*2)	151,436 —	Accounts receivable-trade Deposits received	21,722 29,156
Subsidiary	Renesas Electronics Singapore Pte. Ltd.	(Own) Direct 100.0 %	Sales of our products	Money deposited (*2)	—	Deposits received	38,030
Subsidiary	Dialog	(Own) Direct 100.0 %	Sales of our products, Manufacturing and development	Money deposited (*2) Liabilities for guarantee (*5)	— 56,732	Deposits received —	84,561 —
Subsidiary	Renesas International Operations Sdn. Bhd.	(Own) Indirect 100.0 %	Management of parts of consignment business of our Group companies	Purchases of products (*1)	77,159	Accounts payable-trade	2,390
Subsidiary	Intersil Luxembourg Sarl	(Own) Indirect 100.0 %	Management of sales companies	Money deposited (*2)	—	Deposits received	43,523
Subsidiary	Renesas Electronics (Penang) Sdn. Bhd.	(Own) Indirect 100.0 %	Sales of our products, Manufacturing and development	Money deposited (*2)	—	Long-term borrowings	28,366

Terms and conditions of transactions and policies on deciding terms and conditions

(\*1) Price and other transaction conditions were determined based on a price negotiation.

(\*2) Rate for money deposited from subsidiaries was determined by considering the market rate.

(\*3) Amounts related to the paid capital reduction conducted by Renesas Electronics America Inc.

(\*4) The Company has sold shares of a subsidiary and, as consideration, acquired shares of Renesas Electronics America Inc. The transaction amount is based on the acquisition cost of the sold subsidiary shares and has been determined through discussions.

(\*5) Liabilities for guarantee are conducted in regard to consignment manufacturing of subsidiaries and general fund operation.

**Notes to Per Share Information**

Net assets per share: 648.97 yen

Net income per share: 141.80 yen

**Notes to Revenue Recognition**

Basic information for understanding revenue

Please refer to “Notes to Significant Accounting Policies 5. Recognition criteria for revenue and expenses.”

**Notes to Significant Subsequent Events**

(Cancellation of Treasury Shares)

The Company has resolved at the Meeting of Board of Directors dated February 8, 2024, to cancel treasury shares pursuant to Article 178 of the Companies Act. Please refer to “Notes to Significant Subsequent Events” in the “Notes to Consolidated Financial Statements.”

## **Audit Report**

### **Independent Auditor's Report (English Translation\*)**

February 14, 2024

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Japan LLC  
Tokyo office

Hiroyuki Sawayama, CPA  
Designated limited liability Partner  
Engagement Partner

Hitoshi Kondo, CPA  
Designated limited liability Partner  
Engagement Partner

Satoshi Shimbo, CPA  
Designated limited liability Partner  
Engagement Partner

#### **Opinion**

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the fiscal year from January 1, 2023 to December 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the consolidated financial statements of the Company and its consolidated subsidiaries (hereinafter referred to as the "Group") in accordance with the accounting standards prescribed in the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting (hereinafter referred to as the "Accounting Standards"), which permits the omission of some disclosure items required under Designated International Accounting Standards.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to the Subsequent Events note to the consolidated financial statements, which describes that on February 8, 2024, the Company has resolved at the Meeting of Board of Directors to cancel treasury shares.

Our opinion is not modified in respect of this matter.

## **Other Information**

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the directors' execution of their duties in designing and operating the reporting process over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or to remain alert for whether there are the indications that the other information appears to be materially misstated beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and The Corporate Auditors and Board of Corporate Auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern based on the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the directors' execution of their duties in designing and operating the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material



uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the instruction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by auditing standards.

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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\* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

**Independent Auditor's Report  
(English Translation\*)**

February 14, 2024

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Japan LLC  
Tokyo office

Hiroyuki Sawayama, CPA  
Designated limited liability Partner  
Engagement Partner

Hitoshi Kondo, CPA  
Designated limited liability Partner  
Engagement Partner

Satoshi Shimbo, CPA  
Designated limited liability Partner  
Engagement Partner

**Opinion**

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the 22<sup>nd</sup> fiscal year from January 1, 2023 to December 31, 2023.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to the Subsequent Events note to the financial statements, which describes that on February 8, 2024, the Company has resolved at the Meeting of Board of Directors to cancel treasury shares.

Our opinion is not modified in respect of this matter.

**Other Information**

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the directors' execution of their duties in designing and operating the reporting process over the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or to remain alert for whether there are the indications that the other information appears to be materially misstated beyond such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and The Corporate Auditors and Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the directors' execution of their duties in designing and operating the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Corporate Auditors and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and other matters required by auditing standards.

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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\* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

## Audit Report of Board of Corporate Auditors

The Board of Corporate Auditors prepared this audit report regarding the execution of duties by Directors for the 22<sup>nd</sup> fiscal year from January 1, 2023 through December 31, 2023 after deliberations based on the audit reports from each Corporate Auditor, and reports as follows.

### 1. Methods and contents of Audits by the Corporate Auditors and Board of Corporate Auditors

- (1) The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the implementation status and results of audits, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.
- (2) On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors, corporate officers, Internal Audit Department and other employees in their efforts to collect information and create an environment for audit by utilizing both in-person and remote method, and conducted audits as follows.
  1. Attended meetings of the Board of Directors and other important meetings, received reports from Directors, corporate officers, and employees regarding performance of their duties, requested explanations as necessary, and inspected important documents regarding decisions and approvals made, and investigated the status of operations and financial position at the Group's head office and principal places of business. Also, regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, received business reports from the subsidiaries.
  2. The Board of Corporate Auditors received periodic reports from the Directors, corporate officers, and employees about the framework and operation status of (i) the contents of the Board of Directors' resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha and its subsidiaries, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System"); requested explanations as necessary; and provided opinions on those.
  3. The Board of Corporate Auditors received reports from the Directors and the PricewaterhouseCoopers Japan LLC about the assessment and audit of the Internal Control System for financial reporting, and requested explanations as necessary.
  4. The Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties, and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with standards published by the Business Accounting Council, etc., and requested explanations as necessary. Also, the Board of Corporate Auditors has cooperated with the PricewaterhouseCoopers Japan LLC, on key audit matters, received reports regarding the status of their audits and also requested explanations as necessary.

Based on the above methods, the Board of Corporate Auditors audited the Business Report and supplementary schedules thereto for the 22<sup>nd</sup> fiscal year ended December 31, 2023, the consolidated financial statements related to the 22<sup>nd</sup> fiscal year ended December 31, 2023 (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to the consolidated financial statements) and supplementary schedules as well as the financial statements (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements).

### 2. Results of Audit

#### (1) Results of the Audit on the Business Report, etc.

1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.

2. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.
3. We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to the information provided in the Business Report, or Director' execution of duties in regards to the Internal Control System.

(2) Results of the Audit on the Consolidated Financial Statements

We found that the methods and the results of the audit conducted by the Independent Auditors, PricewaterhouseCoopers Japan LLC, are appropriate.

(3) Results of the Audit on the Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Independent Auditors, PricewaterhouseCoopers Japan LLC, are appropriate.

February 19, 2024

Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time)	Kazuki Fukuda	(Seal)
Corporate Auditor	Kazuyoshi Yamazaki	(Seal)
Corporate Auditor	Tomoko Mizuno	(Seal)
Corporate Auditor	Miya Miyama	(Seal)

Note: Mr. Kazuyoshi Yamazaki, Ms. Tomoko Mizuno and Ms. Miya Miyama are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.

## Notes for our Shareholders

● Business Period	January 1st to December 31st each year						
● Annual General Meeting of Shareholders	Within 3 months from the next day of the last date of each business period						
● Record date (each year)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Annual General Meeting of Shareholders</td> <td style="text-align: right;">December 31</td> </tr> <tr> <td>Year-End Dividend</td> <td style="text-align: right;">December 31</td> </tr> <tr> <td>Mid-Year Dividend</td> <td style="text-align: right;">June 30</td> </tr> </table> <p style="text-align: right; margin-top: 5px;">* In case Proposal 2 is passed at the General Meeting, record date for dividend will be 4 times per year after FY2024 (i.e. March 31, June 30, September 30m December 31 of each year)</p>	Annual General Meeting of Shareholders	December 31	Year-End Dividend	December 31	Mid-Year Dividend	June 30
Annual General Meeting of Shareholders	December 31						
Year-End Dividend	December 31						
Mid-Year Dividend	June 30						
● Number of shares constituting one unit of shares	100 shares						
● Share Transfer Agent and Administrator of Special Account	<p>1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited</p> <p>Share Handling office: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department</p> <p>(Postal Address) 2-8-4, Izumi, Suginami-ku, Tokyo 168-00063, Japan Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department</p> <p>(Phone number) 0120-782-031 * Toll free dial only available in Japan</p> <p>(Website) <a href="https://www.smtb.jp/personal/procedure/agency/">https://www.smtb.jp/personal/procedure/agency/</a></p> <p style="text-align: right;">* Only Japanese page is available</p>						
● Listed Stock Exchange	Tokyo Stock Exchange						



### **[Matters regarding Special Account]**

For shareholders who have not used Japan Securities Depository Center (JASDEC or so-called “Hofuri” in Japan, we opened your accounts at Sumitomo Mitsui Trust Bank, Limited., our transfer agency above (Special Account”). If you have any questions regarding the Special Account or any procedures regarding Special Account including change of your address, please contact above contact (only Japanese is available)