

April 13, 2022

To: All Shareholders

Renesas Electronics Corporation

**The 20<sup>th</sup> Ordinary General Meeting of Shareholders  
Questions Received from Shareholders and Answers**

At the 20<sup>th</sup> Ordinary General Meeting of Shareholders held on March 30, 2022 (the “Shareholders’ Meeting”), we received a total of 77 questions from shareholders, including questions submitted in advance, and questions made by online and in-person attendees at the Shareholders’ Meeting.

We aim to provide as many shareholders as possible a fair and equal opportunity to ask questions. However, in consideration of shareholders’ time and scheduling requirements, and due to the necessity of prioritizing questions related to the purpose of the Shareholders’ Meeting, we were unable to answer some of the questions during the Shareholders’ Meeting.

In order to answer to shareholders’ questions to the greatest extent possible, and to ensure transparency of the question and answer session at the Shareholders’ Meeting, we have compiled the below summary of all questions received from shareholders and answers thereto. Please note that the questions and answers below have been consolidated and summarized for ease of understanding, due to the large number of questions received, including a number of similar questions regarding certain topics.

This is the first time we have published questions and answers for the shareholders’ meeting, but we will continue to actively consider and implement measures to further enhance communication with shareholders, including the option of holding a virtual-only shareholders’ meeting as was approved at the Shareholders’ Meeting. We thank you for your continued support.

<b>1.</b>	<b>Q: The impact of the offshore earthquake near Fukushima Prefecture (on March 16, 2022), and disaster preparedness</b>
	<p><b>A:</b> The recent earthquake affected production at our Naka, Takasaki, and Yonezawa factories. The Naka factory completely restored production within 10 days (March 26 JST) after the earthquake, the Takasaki factory within 7 days (March 23 JST), and the Yonezawa factory within 4 days (March 20 JST). (*Please refer to the press releases on our <a href="#">website</a> for details on the impact on a production volume basis.)</p> <p>We have created a business continuity plan (BCM and BCP) as risk mitigation for natural disasters. In addition to measures at our own factories, we have built a cooperative system to mitigate procurement risks with our suppliers and customers.</p>

<b>2.</b>	<b>Q: The impact of the war in Ukraine on Renesas</b>
	<p><b>A:</b> The direct impact of the war in Ukraine on the Company can be broadly classified into the following three categories:</p> <p><u>(1) Impact on research and development (R&amp;D) :</u>  We are currently working to shift R&amp;D work that was done in Ukraine to other substitute areas. We see our employees and business partners in Ukraine as indispensable, so we are making a range of preparations for the future.</p> <p><u>(2) Impact on raw material procurement including production contractors:</u>  Both our company and our production contractors have enough inventory to continue current production for several months without any issues. However, there would still be uncertainty in the event of a prolonged conflict, so we are closely monitoring the situation, and carefully considering and implementing countermeasures.</p> <p><u>(3) Sales:</u>  Initially, we experienced impacts such as production suspension with our customers as well as supply chain disruptions, but as of the date of the Shareholders' Meeting, the situation is relatively stable. However, given the possibility of a prolonged conflict, we are closely watching the situation, and planning and carrying out mitigation measures as required.</p>

<b>3.</b>	<b>Q: Measures to secure product supply during the current global semiconductor shortage</b>
	<p><b>A:</b> In terms of securing production capacity, for the front-end, we are carrying out activities to obtain commitments to secure supply by sharing the medium- to long-term outlook with foundries.</p> <p>We are also investing in increasing production of products that have insufficient foundry production capacity or that are better produced in-house.</p> <p>On the post-process side, in addition to securing the capacity of OSATs we trade with, we are also reducing supply risk by diversifying sourcing partners.</p> <p>For raw materials, we are sharing our outlook with our suppliers and concluding long-term contracts to secure supply.</p>

<b>4.</b>	<b>Q: Renesas's response to the TSMC factory construction in Kumamoto</b>
	<p><b>A:</b> As a manufacturing partner, we have a favorable view of TSMC's Kumamoto factory construction, which will increase production capacity of 12nm, 16nm 22nm and 28nm wire diameters, as this is preferable from the perspective of securing production quotas. We are considering various possibilities for our response..</p>

<b>5.</b>	<b>Q: The progress of the Yamaguchi factory closure</b>
	<p><b>A:</b> The Yamaguchi factory is scheduled to close at the end of June 2022. We are carrying out bulk production as planned in anticipation of the upcoming shutdown.</p> <p>We continue to make efforts to secure employment for employees, both inside and outside the group, and continue work to select a successor for the facility.</p>

<b>6.</b>	<b>Q: Shareholder return measures such as dividends and share buybacks</b>
	<p><b>A:</b> Our aim is primarily to prioritize investment in growth areas in order to generate stable profits and cashflow. As the returns on such investments have gradually become apparent, we are proactively considering shareholder returns.</p> <p>We aim to start with share buybacks which are more agile and will work towards distributing dividends once we are able to do so in a stable manner.</p>

**7. Q: Mid- to long-term management policies, and important management indicators**

**A:** We have set mid- to long-term targets for both the Automotive and Industrial, Infrastructure, and IoT business units as well as the entire group, aiming for sales exceeding market growth, company-wide gross profit of 50-55%, and company-wide operating profit margin of 25-30%.

The indicators that we are focusing on as managerial KPIs are sales growth rate, gross profit margin, and operating profit margin. Of these, the sales growth rate is our highest priority, and we are continuously monitoring our design-in activities which generate future sales.

**8. Q: Renesas's view on the company's stock price**

**A:** In relation to our stock price, our focus is on market capitalization (particularly in terms of multiples), but we recognize that our company's intrinsic value is not yet fully reflected in our stock price. We therefore are implementing various measures to strengthen communication with the market and close this gap.

**9. Q: The current status of and plan for R&D expenses**

**A:** We invested in R&D in an amount equivalent to approximately 15% of sales in the fiscal year ended December 2021.

In terms of the breakdown of this cost by business unit, less than half of the total R&D investment went to the Automotive business unit, and more than half for Industrial, Infrastructure, and IoT.

For the breakdown by product type, more than half of the total investment went into microcomputer / SoC digital products, and less than half for analog power products.

By region, the majority of R&D investment was made in Japan, followed by the US, then Europe.

<b>10. Q: Trends in the number of domestic patent applications and publications, technological capabilities, as well as hiring trends for domestic engineers</b>
<p><b>A:</b> The number of domestic patent applications and publications has seen a decline in recent years, but this is the result of shifting our approach from that of obtaining a large number of patents over a broad area, towards a policy of building a high-quality patent portfolio and striving to achieve a rationalization of intellectual property maintenance costs, with focus on patents that are truly necessary for the business.</p> <p>Even after rationalization, we hold about 20,000 patents worldwide, and we have no concern that our technological capabilities will decline.</p> <p>In recent years, we have hired approximately 100 new graduates within Japan each year, and we have also been proactively hiring mid-career engineers.</p>

<b>11. Q: The accounting auditors' oversight of losses resulting from large-scale investments</b>
<p><b>A:</b> For investment projects, impairment losses are determined on a regular basis and when signs of a decline in profitability are recognized.</p> <p>The accounting auditor has conducted audits in accordance with auditing standards, and we have received their unlimited and appropriate opinions as outlined in the audit report.</p>

<b>12. Q: The company's approach towards production-related capital investment</b>
<p><b>A:</b> In terms of production-related capital investments, our policy is to increase capacity in cases where it is more reliable to produce at our own factories.</p> <p>We are also investing in mitigation measures for the impact of potential disasters, as well as in renewal of aging equipment.</p>

**13. Q: Impact of the recent depreciation of the Japanese Yen on business performance**

**A:** From a profit/loss perspective, the ratio of foreign currency is high in sales and the ratio of Japanese yen is high in expenses, so a depreciating yen has a positive effect.

From a balance sheet point of view, many of our assets are foreign currency-denominated while our liabilities tend to be yen-denominated, so yen depreciation will improve the balance.

Most market share information is US dollar-denominated, so we are aware of cases where our market share decreases when the yen depreciates.

**14. Q: Strengths of the power semiconductor business and plans for future wide-gap semiconductor product development**

**A:** By maximizing the synergy of recent mergers and acquisitions on our analog businesses and technologies, we will expand our product and solution portfolio in power solutions for the EV, ADAS and Gateway market.

Watching the future market and customer movement closely, we will continue to investigate how to enforce and expand our wideband gap product capability.

**15. Q: Renesas should strengthen its IR activities**

**A:** We will continue to increase our focus on IR activities.

**16. Q: Renesas's human resources and compensation system**

**A:** In response to changes in the semiconductor industry, and in order to realize "Pay for Performance", since 2014 we have implemented a human resources system based on job scope.

Going forward, we will continue initiatives to ensure our human resources and compensation system continues to improve in its suitability to the business environment.

<b>17. Q: Renesas's policy on remote work</b>
<p><b>A:</b> We proactively introduced a work-from-home system (including investing in the IT necessary to enable this) from an early stage and continue to provide employees with various working style options.</p> <p>The remote work system is in line with the guidelines of the Ministry of Health, Labor and Welfare.</p>

<b>18. Q: Compliance with labor laws and regulations at present and in the past</b>
<p><b>A:</b> We are operating in compliance with labor-related laws and regulations.</p> <p>No illegal acts have occurred during past business structural reforms, and we will continue to comply with laws and regulations when responding to various situations.</p>

<b>19. Q: The introduction of the hourly annual leave system</b>
<p><b>A:</b> We have introduced an hourly annual leave system only recently in January 2022, but it is already being actively used for childcare, long-term care, school events, and other needs (so far, about 100 people have used it each month).</p>

<b>20. Q: The timeline for mRNA vaccinations at Renesas</b>
<p><b>A:</b> Regarding mRNA vaccination timelines, we communicate these internally as appropriate and necessary.</p>

All answers above are based on information available as of the date of the 20th Ordinary General Meeting of Shareholders (March 30, 2022).