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Renesas Reports Financial Results for the Year Ended December 31, 2024

TOKYO, Japan, February 6, 2025 — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the year ended December 31, 2024.

Summary of Consolidated Financial Results (Note 1)

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

	Three months ended December 31, 2024		The year ended December 31, 2024	
	Billion yen	% of revenue	Billion yen	% of revenue
Revenue	292.6	100.0	1,348.5	100.0
Gross profit	160.5	54.9	756.3	56.1
Operating profit	75.4	25.8	397.9	29.5
Profit attributable to owners of parent	71.9	24.6	360.4	26.7
EBITDA (Note 3)	98.2	33.6	486.2	36.1

Summary of Consolidated Financial Results (IFRS basis)

	Three months ended December 31, 2024		The year ended December 31, 2024	
	Billion yen	% of revenue	Billion yen	% of revenue
Revenue	292.6	100.0	1,348.5	100.0
Gross profit	159.2	54.4	749.8	55.6
Operating profit	22.1	7.5	223.0	16.5
Profit attributable to owners of parent	21.8	7.4	219.1	16.2
EBITDA (Note 3)	78.4	26.8	433.7	32.2

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

(Billion yen)

	Three months ended December 31, 2024	The year ended December 31, 2024
Non-GAAP gross profit Non-GAAP gross margin	160.5 54.9%	756.3 56.1%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(0.2)	(1.0)
Stock-based compensation	(0.8)	(2.8)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	(0.3)	(2.6)
IFRS gross profit IFRS gross margin	159.2 54.4%	749.8 55.6%
Non-GAAP operating profit Non-GAAP operating margin	75.4 25.8%	397.9 29.5%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(33.5)	(122.4)
Stock-based compensation	(11.4)	(36.3)
Other reconciliation items in non-recurring expenses and adjustments (Note 4)	(8.4)	(16.2)
IFRS operating profit IFRS operating margin	22.1 7.5%	223.0 16.5%

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

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

Note 3: Operating profit + Depreciation and amortization.

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

Note 5: The allocation of the acquisition costs for the business combination with Transphorm, Inc. (hereinafter "Transphorm") and Altium Limited (hereinafter "Altium") has been revised during the three months ended December 31, 2024. These revisions have been reflected in the consolidated financial results for the three months ended June 30 and September 30, 2024. On December 12, 2024, Altium changed its corporate name to Altium Pty Ltd.

1.2 Consolidated financial position

	Total assets	Total equity	Equity attributable to owners	Ratio of equity attributable to owners	Equity attributable to owners per share
	Million yen	Million yen	Million yen	%	Yen
December 31, 2024	4,490,436	2,542,298	2,537,382	56.5	1,413.77
December 31, 2023	3,167,003	2,005,588	2,001,553	63.2	1,126.31

1.3 Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended December 31, 2024	340,484	(1,284,105)	677,345	229,249
Year ended December 31, 2023	496,627	(267,492)	(181,247)	434,681

2. Cash dividends

	Cash dividends per share					Total dividend during the year	Dividends payout ratio (consolidated)	Dividends ratio per assets (consolidated)
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended December 31, 2023	---	0.00	---	28.00	28.00	49,758	14.8	2.8
Year ended December 31, 2024	0.00	0.00	0.00	28.00	28.00	50,320	22.9	2.2
Year ending December 31, 2025 (forecast)	---	---	---	---	---		---	

Note 1: The amount of the dividend for the year ended December 31, 2024, will be approved by the Group's Annual General Meeting of Shareholders scheduled for March 2025.

Note 2: For the year ending December 31, 2025, whether the Group provides dividend payments remains undecided.

3. Forecast of consolidated results for the three months ending March 31, 2025

(% of change from the previous year)

	Non-GAAP revenue		Non-GAAP gross margin		Non-GAAP operating margin	
	Million yen	%	%	%pts	%	%pts
Three months ending March 31, 2025	301,500 to 316,500	(14.3) to (10.0)	54.0	(2.7)	24.0	(8.3)

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

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

4. Others

4.1 Changes in significant subsidiaries for the full year ended December 31, 2024: Yes

New: 37 (Company name) Altium Limited, other 36 companies

Exclusion: 10 (Company name) iWatt B.V. other 9 companies

4.2 Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior Period Errors

1. Changes in accounting policies with revision of accounting standard: No

2. Changes in accounting policies except for 4.2.1: No

3. Changes in accounting estimates: No

4.3 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)

As of December 31, 2024: 1,870,614,885 shares

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

2. Number of treasury stock

As of December 31, 2024: 75,848,895 shares

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

3. Average number of shares issued and outstanding

Year ended December 31, 2024: 1,788,230,332 shares

Year ended December 31, 2023: 1,776,296,088 shares

(Reference) Non-consolidated results for the year ended December 31, 2024

Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 31, 2024	973,959	(8.6)	242,001	(23.1)	212,892	(28.3)	189,972	(24.6)
Year ended December 31, 2023	1,065,819	(0.9)	314,758	(10.3)	297,041	6.3	251,871	18.4

	Net income per share: basic	Net income per share: diluted
	Yen	Yen
December 31, 2024	106.19	104.75
December 31, 2023	141.80	139.03

Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2024	3,500,965	1,347,822	38.5	758.78
December 31, 2023	2,575,156	1,155,868	44.8	648.97

Reference: Equity at the end of the year ended December 31, 2024: 1,346,735 million yen
 Equity at the end of the year ended December 31, 2023: 1,152,762 million yen

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

Cautionary Statement

The Group will hold an earnings conference for institutional investors and analysts on February 6, 2025. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

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

The allocation of the acquisition costs for the business combination with Transphorm and Altium has been revised during the three months ended December 31, 2024. These revisions have been reflected in the consolidated financial results for the three months ended June 30 and September 30, 2024. On December 12, 2024, Altium changed its corporate name to Altium Pty Ltd.

For details, please refer to Appendix 3.5, "Notes to Consolidated Financial Statements (Business Combinations)" on page 20.

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1. Business Results

1.1 Analysis of Business Results

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

Non-GAAP revenue, Non-GAAP gross profit and Non-GAAP operating profit are revenue, gross profit and operating profit under IFRS (hereinafter “IFRS revenue,” “IFRS gross profit” and “IFRS operating profit”) after excluding or adjusting non-recurring items and other adjustments following a certain set of rules. The Group believes providing Non-GAAP forecasts will help to better understand the Group’s constant business results. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other purchase price allocation (hereinafter “PPA”) adjustments and stock-based compensation as well as other non-recurring expenses and income the Group believes to be applicable.

The Group consists of “Automotive Business” and “Industrial/Infrastructure/IoT Business” and those are the Group’s reportable segments. Due to the Group’s organizational changes in the year ended December 31, 2024, the methodology for aggregating revenue for reportable segments changed from the use of product axis to the use of customer axis. Accordingly, the previously reported segment information for the year ended December 31, 2023, has been revised using the new methodology in order to be comparable with the segment information for the year ended December 31, 2024. For details, please refer to Appendix 3 “Consolidated Financial Statements, 3.5 Notes to Consolidated Financial Statements (Business Segments).”

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

1) Summary of Consolidated Financial Results for the Year ended December 31, 2024 (Non-GAAP basis)

	Year ended December 31, 2023 (Jan 1 – Dec 31, 2023)	Year ended December 31, 2024 (Jan 1 – Dec 31, 2024)	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Non-GAAP revenue	1,469.7	1,348.5	(121.2)	(8.2%)
Automotive	660.4	702.8	42.4	6.4%
Industrial/Infrastructure/IoT	799.3	636.8	(162.6)	(20.3%)
Non-GAAP gross profit	837.4	756.3	(81.2)	(9.7%)
Non-GAAP gross margin	57.0%	56.1%	(0.9pt)	—
Automotive	348.5 52.8%	367.8 52.3%	19.3 (0.4pt)	5.5% —
Industrial/Infrastructure/IoT	485.5 60.7%	385.8 60.6%	(99.7) (0.1pt)	(20.5%) —
Non-GAAP operating profit	501.6	397.9	(103.7)	(20.7%)
Non-GAAP operating margin	34.1%	29.5%	(4.6pts)	—
Automotive	229.4 34.7%	222.5 31.7%	(6.9) (3.1pts)	(3.0%) —
Industrial/Infrastructure/IoT	268.4 33.6%	173.4 27.2%	(95.0) (6.3pts)	(35.4%) —

Note : For details on the above table, please refer to Appendix 3 “Consolidated Financial Statements, 3.5. Notes to Consolidated Financial Statements (Business Segments).”

The financial results for the year ended December 31, 2024 are as follows:

<Non-GAAP revenue>

Consolidated Non-GAAP revenue for the year ended December 31, 2024 was 1,348.5 billion yen, a 121.2 billion yen (8.2%) decrease year on year. This was mainly attributable to decrease in revenue from the Industrial, Infrastructure, and IoT Business driven by weakening demand, although revenue from Automotive Business increased due to the effect of yen depreciation and channel inventory expansion.

<Non-GAAP gross profit (margin)>

Non-GAAP gross profit for the year ended December 31, 2024 was 756.3 billion yen, a 81.2 billion yen (9.7%) decrease year on year. This was due to the decrease in revenue from the Industrial, Infrastructure, and IoT Business as mentioned above, along with the resulting decrease in factory utilization and a weaker product mix, mainly driven by lower sales in the high-margin Industrial, Infrastructure, and IoT Business. As a result, Non-GAAP gross margin for the year ended December 31, 2024 was 56.1%, a decrease by 0.9 point year on year.

<Non-GAAP operating profit (margin)>

Non-GAAP operating profit for the year ended December 31, 2024 was 397.9 billion yen, a 103.7 billion yen (20.7%) decrease year on year. This was mainly due to the above-mentioned decrease in gross profit and increase in R&D expenses. As a result, Non-GAAP operating margin for the year ended December 31, 2024 was 29.5%, a decrease by 4.6 points year on year.

The revenue breakdown of the business segments for the year ended December 31, 2024 are as follows:

Automotive Business

The Automotive Business includes the product categories "Automotive Control," comprising of semiconductor devices for controlling automobile engines and bodies, and "Automotive Information," comprising of semiconductor devices used in sensing systems for detecting environments inside and outside the vehicle as well as Automotive Information devices such as in-vehicle infotainment (IVI) and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Automotive Business for the year ended December 31, 2024 was 702.8 billion yen, a 42.4 billion yen (6.4%) increase year on year. As mentioned above, this was mainly due to the effect of yen depreciation and channel inventory expansion.

Non-GAAP gross profit of the Automotive Business for the year ended December 31, 2024 was 367.8 billion yen, a 19.3 billion yen (5.5%) increase year on year. This was mainly due to increase in revenue.

Non-GAAP operating profit of the Automotive Business for the year ended December 31, 2024 was 222.5 billion yen, a 6.9 billion yen (3.0%) decrease year on year. This was mainly attributable to the increase in research and development costs as mentioned above, although there was an increase in gross profit.

Industrial/Infrastructure/IoT Business

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

Non-GAAP revenue of the Industrial/Infrastructure/IoT Business for the year ended December 31, 2024 was 636.8 billion yen, a 162.6 billion yen (20.3%) decrease year on year. This was due to decrease in revenue resulting from the softening of demand mainly in Industrial market as mentioned above, despite the effect of yen depreciation.

Non-GAAP gross profit of the Industrial/Infrastructure/IoT Business for the year ended December 31, 2024 was 385.8 billion yen, a 99.7 billion yen (20.5%) decrease year on year. This was mainly due to decrease in revenue.

Non-GAAP operating profit of the Industrial/Infrastructure/IoT Business for the year ended December 31, 2024 was 173.4 billion yen, a 95.0 billion yen (35.4%) decrease year on year. This was mainly due to decrease in gross profit.

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

(Billion yen)

	Year ended December 31, 2023 (Jan 1 – Dec 31, 2023)	Year ended December 31, 2024 (Jan 1 – Dec 31, 2024)
Non-GAAP gross profit	837.4	756.3
Non-GAAP gross margin	57.0%	56.1%
Reconciliations in revenue level (Note 1)	(0.3)	—
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(1.0)	(1.0)
Stock-based compensation	(1.5)	(2.8)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	(0.3)	(2.6)
IFRS gross profit	834.3	749.8
IFRS gross margin	56.8%	55.6%
Non-GAAP operating profit	501.6	397.9
Non-GAAP operating margin	34.1%	29.5%
Reconciliations in revenue level (Note 1)	(0.3)	—
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(105.8)	(122.4)
Stock-based compensation	(23.3)	(36.3)
Other reconciliation items in non-recurring expenses and adjustments (Note 2)	18.5	(16.2)
IFRS operating profit	390.8	223.0
IFRS operating margin	26.6%	16.5%

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

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

3) Summary of Consolidated Financial Results for the year ended December 31, 2024 (IFRS basis)

	Year ended December 31, 2023 (Jan 1 – Dec 31, 2023)	Year ended December 31, 2024 (Jan 1 – Dec 31, 2024)	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Revenue	1,469.4	1,348.5	(120.9)	(8.2%)
Gross profit	834.3	749.8	(84.5)	(10.1%)
Gross margin	56.8%	55.6%	(1.2 pts)	—
Operating profit	390.8	223.0	(167.8)	(42.9%)
Operating margin	26.6%	16.5%	(10.1 pts)	—

1.2 Consolidated Financial Condition

Assets, Liabilities and Shareholders' Equity

(Billion yen)

	As of December 31, 2023	As of December 31, 2024	Increase (Decrease)
Total assets	3,167.0	4,490.4	1,323.4
Total equity	2,005.6	2,542.3	536.7
Equity attributable to owners of parent	2,001.6	2,537.4	535.8
Equity ratio attributable to owners of parent (%)	63.2	56.5	(6.7)
Interest-bearing liabilities	667.7	1,422.8	755.1
Debt to equity ratio	0.33	0.56	0.23

Total assets as of December 31, 2024 amounted to 4,490.4 billion yen, a 1,323.4 billion yen increase from December 31, 2023. This was mainly due to an increase in goodwill and intangible assets by the acquisition of Altium Limited (hereinafter "Altium"). Total equity was 2,542.3 billion yen, a 536.7 billion yen increase from December 31, 2023. Total equity grew mainly due to an increase in retained earnings as a result of the disposal of treasury stock, changes in the exchange rate leading to translation differences of foreign subsidiaries, and an increase in other components of capital, as well as the current period's profit.

Equity attributable to owners of the parent increased by 535.8 billion yen from December 31, 2023, and the equity ratio attributable to owners of the parent was 56.5% as of December 31, 2024. In addition, interest-bearing liabilities increased by 755.1 billion yen from December 31, 2023, mainly due to an increase in borrowings. Consequently, the Debt to equity ratio was 0.56 as of December 31, 2024.

1.3 Cash Flows

(Billion yen)

	Year ended December 31, 2023 (Jan 1 – Dec 31, 2023)	Year ended December 31, 2024 (Jan 1 – Dec 31, 2024)
Net cash provided by (used in) operating activities	496.6	340.5
Net cash provided by (used in) investing activities	(267.5)	(1,284.1)
Free cash flows (Note)	229.1	(943.6)
Net cash provided by (used in) financing activities	(181.2)	677.3
Cash and cash equivalents at the beginning of period	336.1	434.7
Cash and cash equivalents at the end of period	434.7	229.2

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

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

Net cash provided by operating activities for the year ended December 31, 2024 was 340.5 billion yen. This was mainly due to a recording of 263.8 billion yen in profit before tax as well as adjustments in non-cash items such as depreciation.

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

Net cash used in investing activities for the year ended December 31, 2024 was 1,284.1 billion yen. This was mainly due to the acquisition of shares in Altium and Transphorm, Inc. (hereinafter "Transphorm"), loan to Wolfspeed, Inc. and the purchase of property, plant, and equipment as well as intangible assets.

The foregoing resulted in negative free cash flows of 943.6 billion yen for the year ended December 31, 2024. (Net cash provided by (used in) financing activities)

Net cash provided by financing activities for the year ended December 31, 2024 was 677.3 billion yen. This was mainly due to the execution of new term loan agreements with the main financing banks for the acquisition of Altium.

1.4 Consolidated Forecasts

The Group reports its consolidated forecasts on a quarterly basis as a range because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

Additionally, in order to provide useful information to better understand the Group's constant business results, figures such as gross margin and operating margin are presented in the Non-GAAP format, which excludes or adjusts the non-recurring items related to acquisitions and other adjustments including non-recurring expenses or income from the figures based on GAAP (IFRS) following a certain set of rules.

The gross margin and operating margin forecasts are given assuming the midpoint in the revenue forecast.

(For the three months ending March 31, 2025)

	Non-GAAP revenue	Non-GAAP gross margin	Non-GAAP operating margin
Previous forecasts	---	---	---
Forecasts as of February 6, 2025	Million yen 301,500 ~316,500	% 54.0	% 24.0
Increase (decrease)	---	---	---
Percentage change	---	---	---
Reference: The first quarter results of the three months ended March 31, 2024	351,790	56.7	32.3

Note: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS) figures following a certain set of rules. The Group believes Non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore, forecasts are provided on a Non-GAAP basis. This adjustment and exclusion include step-up depreciation of property, plant and equipment, amortization of intangible assets recognized from acquisitions, other PPA adjustments and stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.

The consolidated forecasts for the three months ending March 31, 2025 are calculated at the rate of 155 yen per USD and 161 yen per Euro.

The statements with respect to the financial outlook of the Group are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

1.5 Dividend Payments

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 Group aims to achieve a strong financial structure by using 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. For each dividend period, consideration of declaring a dividend is made with consideration of consolidated and non-consolidated retained earnings, consolidated profits, outlook for profits for the next and future periods, and cash flows status.

Following the above policy, for the fiscal year ended December 31, 2024, the Group plans to distribute a year-end dividend of 28 yen per share. This matter is planned to be proposed at Renesas' Annual General Meeting of Shareholders scheduled for March 2025.

Dividends for the next fiscal year are undecided at this time and will be disclosed as soon as they are determined. The Group will continue to work toward continuous and stable dividends.

2. Primary policy for selection of accounting standards

The Group has adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements from annual securities report for the fiscal year ended December 31, 2018 to increase the international comparability of financial information considering that the Group drives its business globally further.

3. Consolidated Financial Statements

3.1 Consolidated Statement of Financial Position

(In millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	434,681	229,249
Trade and other receivables	168,991	167,113
Inventories	163,054	176,544
Other current financial assets	4,660	9,236
Income taxes receivable	7,495	12,454
Other current assets	21,792	22,730
Total current assets	800,673	617,326
Non-current assets		
Property, plant and equipment	266,139	341,447
Goodwill	1,362,131	2,256,169
Intangible assets	421,847	724,768
Investments accounted for using the equity method	—	328
Other non-current financial assets	255,230	450,702
Deferred tax assets	43,385	47,107
Other non-current assets	17,598	52,589
Total non-current assets	2,366,330	3,873,110
Total assets	3,167,003	4,490,436

(In millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	243,192	231,029
Bonds and borrowings	425,312	144,137
Other current financial liabilities	24,311	8,071
Income taxes payable	41,414	5,930
Provisions	11,215	11,273
Other current liabilities	83,281	90,998
Total current liabilities	<u>828,725</u>	<u>491,438</u>
Non-current liabilities		
Trade and other payables	4,140	22,938
Bonds and borrowings	225,636	1,256,535
Other non-current financial liabilities	11,371	15,616
Income taxes payable	2,757	6,537
Retirement benefit liability	24,598	23,564
Provisions	3,265	3,066
Deferred tax liabilities	53,528	117,151
Other non-current liabilities	7,395	11,293
Total non-current liabilities	<u>332,690</u>	<u>1,456,700</u>
Total liabilities	<u>1,161,415</u>	<u>1,948,138</u>
Equity		
Share capital	153,209	153,209
Capital surplus	359,398	289,377
Retained earnings	1,157,236	1,308,948
Treasury shares	(217,691)	(92,120)
Other components of equity	549,401	877,968
Total equity attributable to owners of parent	<u>2,001,553</u>	<u>2,537,382</u>
Non-controlling interests	4,035	4,916
Total equity	<u>2,005,588</u>	<u>2,542,298</u>
Total liabilities and equity	<u>3,167,003</u>	<u>4,490,436</u>

3.2 Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Revenue	1,469,415	1,348,479
Cost of sales	(635,087)	(598,683)
Gross profit	834,328	749,796
Selling, general and administrative expenses	(466,020)	(527,475)
Other income	38,404	19,961
Other expenses	(15,946)	(19,305)
Operating profit	390,766	222,977
Finance income	38,142	52,100
Finance costs	(6,735)	(10,972)
Share of loss of investments accounted for using equity method	—	(272)
Profit before tax	422,173	263,833
Income tax expense	(84,862)	(44,411)
Profit	337,311	219,422
Profit attributable to		
Owners of parent	337,086	219,084
Non-controlling interests	225	338
Profit	337,311	219,422
Earnings per share		
Basic earnings per share (yen)	189.77	122.51
Diluted earnings per share (yen)	186.07	120.85

Consolidated Statement of Comprehensive Income

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Profit	337,311	219,422
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(661)	(81)
Equity instruments measured at fair value through other comprehensive income	(475)	(2,972)
Total of items that will not be reclassified to profit or loss	(1,136)	(3,053)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	168,396	320,341
Cash flow hedges	(7,015)	(3,748)
Cost of hedges	(2,730)	(3,753)
Total of items that may be reclassified subsequently to profit or loss	158,651	312,840
Total other comprehensive income	157,515	309,787
Total comprehensive income	494,826	529,209
Comprehensive income attributable to		
Owners of parent	494,513	528,320
Non-controlling interests	313	889
Total comprehensive income	494,826	529,209

3.3 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	—	—	337,086	—	—	—	—
Other comprehensive income	—	—	—	—	—	(661)	(475)
Total comprehensive income	—	—	337,086	—	—	(661)	(475)
Purchase and disposal of treasury shares	—	2,312	—	(25,520)	—	—	—
Dividends of surplus	—	—	—	—	—	—	—
Share-based payment transactions	—	1,596	—	—	(5,083)	—	—
Transfer to retained earnings	—	7,044	(8,432)	—	587	661	140
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			
Balance as of January 1, 2023	395,907	(12,364)	6,500	395,669	1,533,735	3,728	1,537,463
Profit	—	—	—	—	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)
Dividends of surplus	—	—	—	—	—	(6)	(6)
Share-based payment transactions	—	—	—	(5,083)	(3,487)	—	(3,487)
Transfer to retained earnings	—	—	—	1,388	—	—	—
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

(The year ended December 31, 2024)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2024	153,209	359,398	1,157,236	(217,691)	3,106	—	(2,311)
Profit	—	—	219,084	—	—	—	—
Other comprehensive income	—	—	—	—	—	(81)	(2,972)
Total comprehensive income	—	—	219,084	—	—	(81)	(2,972)
Purchase and disposal of treasury shares	—	18,463	—	21,042	—	—	—
Cancellation of treasury shares	—	(104,529)	—	104,529	—	—	—
Dividends of surplus	—	—	(49,758)	—	—	—	—
Share-based payment transactions	—	196	—	—	(1,909)	—	—
Transfer to retained earnings	—	15,849	(17,614)	—	(110)	81	1,794
Transfer to non-financial assets	—	—	—	—	—	—	—
Total transactions with owners	—	(70,021)	(67,372)	125,571	(2,019)	81	1,794
Balance as of December 31, 2024	153,209	289,377	1,308,948	(92,120)	1,087	—	(3,489)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2024	564,215	(19,379)	3,770	549,401	2,001,553	4,035	2,005,588
Profit	—	—	—	—	219,084	338	219,422
Other comprehensive income	319,790	(3,748)	(3,753)	309,236	309,236	551	309,787
Total comprehensive income	319,790	(3,748)	(3,753)	309,236	528,320	889	529,209
Purchase and disposal of treasury shares	—	—	—	—	39,505	—	39,505
Cancellation of treasury shares	—	—	—	—	—	—	—
Dividends of surplus	—	—	—	—	(49,758)	(8)	(49,766)
Share-based payment transactions	—	—	—	(1,909)	(1,713)	—	(1,713)
Transfer to retained earnings	—	—	—	1,765	—	—	—
Transfer to non-financial assets	—	19,475	—	19,475	19,475	—	19,475
Total transactions with owners	—	19,475	—	19,331	7,509	(8)	7,501
Balance as of December 31, 2024	884,005	(3,652)	17	877,968	2,537,382	4,916	2,542,298

3.4 Consolidated Statement of Cash Flows

(In millions of yen)

	The year ended December 31, 2023	The year ended December 31, 2024
Cash flows from operating activities		
Profit before tax	422,173	263,833
Depreciation and amortization	186,009	210,728
Impairment losses	4,872	3,015
Finance income and finance costs	(22,847)	(26,053)
Share-based payment expenses	23,283	36,299
Insurance claim income	(30,665)	(587)
Loss on reduction of non-current assets	1,068	4,879
Government grant income	(1,088)	(5,124)
Foreign exchange loss (gain)	(7,589)	(292)
Loss (gain) on sales of property, plant and equipment, and intangible assets	(1,337)	(293)
Decrease (increase) in inventories	30,070	(5,070)
Decrease (increase) in trade and other receivables	5,126	25,918
Decrease (increase) in other financial assets	(6,786)	1,166
Decrease (increase) in long term prepaid expenses	—	(28,154)
Increase (decrease) in trade and other payables	2,438	(35,562)
Increase (decrease) in retirement benefit liability	(303)	(1,821)
Increase (decrease) in provisions	2,112	(749)
Increase (decrease) in other current liabilities	(6,972)	(23,898)
Increase (decrease) in other financial liabilities	(3,987)	(2,405)
Other	(5,753)	(3,942)
Subtotal	589,824	411,888
Interest received	25,286	27,752
Dividends received	388	866
Proceeds from insurance income	17,332	587
Income taxes paid	(136,203)	(108,506)
Income taxes refund	—	7,897
Net cash flows from operating activities	496,627	340,484
Cash flows from investing activities		
Purchase of property, plant and equipment	(88,223)	(129,889)
Proceeds from sales of property, plant and equipment	1,783	878
Purchase of intangible assets	(40,904)	(39,946)
Purchase of other financial assets	(5,548)	(3,964)
Proceeds from sales of other financial assets	676	2,422
Payments for acquisitions of subsidiaries	(9,738)	(962,825)
Payments for settlement of contingent consideration of subsidiary shares	(210)	—
Purchase of shares of subsidiaries and associates	—	(284)
Proceeds from insurance income	13,333	—
Proceeds from government grant income	5,493	9,791
Payments for long-term loans receivable	(144,150)	(155,220)
Other	(4)	(5,068)
Net cash flows from investing activities	(267,492)	(1,284,105)

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	—	180,000
Repayments of short-term borrowings	—	(180,316)
Proceeds from long-term borrowings	—	1,187,000
Repayments of long-term borrowings	(120,015)	(377,529)
Redemption of bonds	—	(57,170)
Purchase of treasury shares	(50,000)	—
Dividends paid	—	(49,702)
Repayments of lease liabilities	(5,796)	(9,931)
Interest paid	(5,424)	(15,001)
Other	(12)	(6)
Net cash flows from financing activities	<u>(181,247)</u>	<u>677,345</u>
Effect of exchange rate changes on cash and cash equivalents	50,725	60,844
Net increase (decrease) in cash and cash equivalents	98,613	(205,432)
Cash and cash equivalents at beginning of the period	336,068	434,681
Cash and cash equivalents at end of the period	<u><u>434,681</u></u>	<u><u>229,249</u></u>

3.5 Notes to Consolidated Financial Statements

(Notes about Going Concern Assumption)
Not applicable

(Basis for Preparation)

(1) In accordance with IFRS

The Group meets the requirements of "specified company complying with designated international accounting standards" as stipulated in Article 1-2, Item 1 of the Consolidated Financial Statements Regulations. Therefore, the provisions of Article 312 of the same regulations are applied, and the Group's consolidated financial statements are prepared in accordance with IFRS.

(2) Basis of measurement

The Group's consolidated financial statements are prepared based on the accounting policies outlined in the "(Material Accounting Policies)." The balances of assets and liabilities are measured at cost, unless otherwise specified.

(3) Functional currency and presentation currency

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

(Basis of Consolidated Financial Statements)

(1) Scope of consolidation

This consolidated financial statement includes all subsidiaries within the scope of consolidation.

The number of consolidated subsidiaries: 122 companies

(10 companies decreased due to liquidation and other factors)

iWatt B.V. and 9 other companies

(37 companies increased due to acquisitions, etc.)

Altium Limited (hereinafter referred to as "Altium") and 36 other companies

Additionally, on December 12, 2024, Altium changed its company name to Altium Pty Ltd.

(2) Scope of Application of equity method

As a result of acquiring shares in Transphorm, Inc. (hereinafter referred to as "Transphorm"), one company has been newly included within the scope of the equity method.

(Material Accounting Policies)

The material accounting policies applied by the Group in this consolidated financial statement are the same as those applied in the consolidated financial statement for the year ended December 31, 2023.

(Business Segments)

(1) Overview of reportable segments

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

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

(Change of the method for aggregating Reportable Segments)

Due to the Group's organizational changes in the year ended December 31, 2024, the methodology for aggregating revenue for reportable segments changed from the use of product groupings to the use of customer names. Accordingly, the previously reported segment information for the year ended December 31, 2023, has been revised using the new methodology.

(2) Information on reportable segments

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

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

Information on reportable segments is as follows.

(The year ended December 31, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	660,409	799,338	9,960	—	1,469,707	(292)	1,469,415
Segment gross profit	348,453	485,500	3,482	—	837,435	(3,107)	834,328
Segment operating profit	229,358	268,384	3,482	414	501,638	(110,872)	390,766
Finance income							38,142
Finance costs							(6,735)
Profit before tax							422,173
(Other items)							
Depreciation and amortization	38,333	41,919	—	—	80,252	105,757	186,009

(The year ended December 31, 2024)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	702,812	636,760	8,907	—	1,348,479	—	1,348,479
Segment gross profit	367,771	385,823	2,675	—	756,269	(6,473)	749,796
Segment operating profit	222,486	173,379	1,417	630	397,912	(174,935)	222,977
Finance income							52,100
Finance costs							(10,972)
Share of loss of investments accounted for using equity method							(272)
Profit before tax							263,833
(Other items) Depreciation and amortization	50,677	37,525	109	—	88,311	122,417	210,728

(3) Information on products and services

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

(4) Information on regions and countries

The breakdown of revenue from external customers and non-current assets by region is as follows.

(i) Revenue from external customers

(In millions of yen)

	The year ended December 31, 2023	The year ended December 31, 2024
China	359,069	375,214
Asia (Excluding Japan and China)	310,580	300,786
Japan	376,658	283,663
Europe	261,917	230,627
North America	155,878	155,628
Others	5,313	2,561
Total	1,469,415	1,348,479

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

(ii) Non-current assets

Non-current assets include property, plant and equipment, goodwill and intangible assets.

(In millions of yen)

	The year ended December 31, 2023	The year ended December 31, 2024
Japan	1,705,320	1,991,797
The United States of America	69,201	1,077,190
Asia (Excluding Japan)	233,336	200,593
Europe	41,943	48,860
Others	317	3,944
Total	2,050,117	3,322,384

(Note) As a result of the acquisition of Altium, non-current assets in the United States of America increased in the current consolidated fiscal year. Therefore, the United States of America has been disclosed as a separate segment from North America, and non-current assets in North America, excluding the United States of America, are included under "Others." The main countries included in "Others" are Australia and Canada.

(5) Major customers

Revenue from a single external customer accounting for 10% or more of revenue is as follows.

(In millions of yen)

	Name of related reportable segment	The year ended December 31, 2023	The year ended December 31, 2024
HAGIWARA ELECTRONICS CO., LTD.	Automotive, Industrial/Infrastructure /IoT	126,960	171,375
WT Microelectronics Co.,Ltd.	Automotive, Industrial/Infrastructure /IoT	81,787	170,954

(Business Combinations)

Business combinations that occurred during the year ended December 31, 2023 and the year ended December 31, 2024 are as follows. Immaterial business combinations are not included in this disclosure.

The year ended December 31, 2023

(Celeno Communications Inc.)

Contingent consideration includes at most 45 million USD 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" or "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.

(Panthronics AG)

a. Overview of business combination

On June 1, 2023, the Company completed the acquisition of Panthronics AG (hereinafter “Panthronics”), a semiconductor company headquartered in Austria. Following the completion of the acquisition, Panthronics has become a wholly-owned subsidiary of the Company. Additionally, 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 will provide Renesas with in-house capability to instantly capture growing and emerging market opportunities for NFC.

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

4) Acquisition Method

Acquisition of shares for cash consideration.

b. Consideration for the acquisition and its breakdown

	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)
		<u> </u>
Current assets		
Cash and cash equivalents		63
Trade and other receivables (Note 2)		662
Inventories		152
Other		44
Total current assets		<u>921</u>
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		<u>6,039</u>
Total assets		<u>6,960</u>
Current liabilities		
Trade and other payables		360
Bonds and borrowings		1,893
Other		1,210
Total current liabilities		<u>3,463</u>
Non-current liabilities		
Deferred tax liabilities		1,123
Total non-current liabilities		<u>1,123</u>
Total liabilities		<u>4,586</u>
Net assets	B	<u>2,374</u>
Goodwill (Note 3)	A-B	<u>10,221</u>

(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:

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

	(In millions of yen)
<u>Adjusted items</u>	<u>Adjustments of goodwill</u>
Goodwill (before adjustment) (Note 3)	15,073
Intangible assets	(4,852)
Deferred tax assets	(1,123)
Deferred tax liabilities	1,123
Total adjustments	<u>(4,852)</u>
Goodwill (after adjustment) (Note 3)	<u>10,221</u>

(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 USD 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 the fair value	(223)
Exchange differences	140
Ending balance	2,711

Additionally, of the fair value changes related to contingent consideration, the portion based on the time value of money is recorded as "Finance costs," while the portion based on changes other than the time value of money is recorded as "Other income" and "Other expenses." For the year ended December 31, 2023, other income of 223 million yen was recognized due to fair value fluctuations and other factors.

The year ended December 31, 2024

(Steradian Semiconductors Private Limited)

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

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

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

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Beginning balance	1,078	586
Changes in fair value	(558)	(606)
Exchange differences	66	20
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" or "Other expenses." For the year ended December 31, 2024, "Other income" of 606 million yen was recorded for the change of fair value.

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

(Panthronics AG)

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

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

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

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Beginning balance	—	2,711
Increase due to the business combination	2,794	—
Changes in fair value	(223)	(1,278)
Exchange differences	140	149
Ending balance	2,711	1,582

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "Finance costs," and the fluctuated amount due to factors other than the time value of money is recorded in "Other income" or "Other expenses." For the year ended December 31, 2024, "Other income" of 1,278 million yen was recorded for the change of fair value.

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

(Transphorm, Inc.)

a. Overview of business combination

The Company completed the acquisition of all shares of Transphorm Inc., a semiconductor company headquartered in Goleta, California, USA, on June 20, 2024, through a wholly-owned subsidiary, making Transphorm Inc. a wholly-owned subsidiary.

1) Name and overview of the acquiree

Name of the acquiree: Transphorm, Inc.

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

2) Date of the acquisition

June 20, 2024

3) Purpose of the acquisition

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

4) Acquisition Method

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

b. Consideration for the acquisition and its breakdown

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

Expenses related to the acquisition were 916 million yen, which were recorded in “Selling, general and administrative expenses” for the year ended December 31, 2024.

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

		(In millions of yen)
		Date of acquisition (June 20, 2024)
Current assets		
Cash and cash equivalents		836
Trade and other receivables (Note 2)		478
Inventories		1,555
Other		63
Total current assets		2,932
Non-current assets		
Property, plant and equipment		1,543
Intangible assets		6,730
Investments accounted for using the equity method		49
Other financial assets		25
Deferred tax assets		6,762
Other		56
Total non-current assets		15,165
Total assets		18,097
Current liabilities		
Trade and other payables		1,909
Bonds and borrowings		332
Other financial liabilities		59
Other		1,018
Total current liabilities		3,318
Non-current liabilities		
Bonds and borrowings		2,423
Other		288
Total non-current liabilities		2,711
Total liabilities		6,029
Net assets	B	12,068
Goodwill (Note 3)	A-B	41,851

(Note 1) As of September 30, 2024, 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, 2024, the Group has completed the purchase price allocation and revised the goodwill amount as follows:

Fair value of assets acquired, liabilities assumed on the acquisition date (June 20, 2024)

	(In millions of yen)
Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note 3)	55,343
Intangible assets	(6,730)
Deferred tax assets	(6,762)
Deferred tax liabilities	—
Total adjustments	(13,492)
Goodwill (after adjustment) (Note 3)	41,851

(Note 2) There are no significant receivables from acquired debts that are estimated to be uncollectible.

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

d. Payments for acquisition of subsidiaries

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

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

Assuming that the date of the acquisition of Transphorm was at the beginning of the fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for the year ended December 31, 2024 would not be material.

f. Revenue and profit / loss of the acquired company

For the year ended December 31, 2024, the revenue and profit of Transphorm from the acquisition date to December 31, 2024 had no significant impact on the consolidated financial statements.

(Altium Limited)

a. Overview of business combination

On August 1, 2024, the Company completed the acquisition of Altium Limited, a global leader in electronics design systems headquartered in San Diego, California, USA, through a wholly-owned subsidiary, thereby making Altium a wholly-owned subsidiary.

Additionally, on December 12, 2024, Altium changed its company name to Altium Pty Ltd.

1) Name and overview of the acquiree

Name of the acquiree: Altium Limited

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

2) Date of the acquisition

August 1, 2024

3) Purpose of the acquisition

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

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

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

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

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

4) Acquisition Method

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

b. Consideration for the acquisition and its breakdown

Consideration	(In millions of yen)	
	Amount	
Cash		917,399
Acquisition consideration from Restricted Stock Unit and Performance Share Unit		1,110
Other assets recognized prior to the acquisition date		355
Total	A	918,864

Expenses related to the acquisition were 2,277 million yen, which were recorded in “Selling, general and administrative expenses” for the year ended December 31, 2024.

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

		(In millions of yen)
		Date of acquisition (August 1, 2024)
		<hr/>
Current assets		
Cash and cash equivalents		26,746
Trade and other receivables (Note 2)		11,976
Other		1,617
Total current assets		<hr/> 40,339
Non-current assets		
Property, plant and equipment		2,418
Intangible assets (Note 3)		312,855
Other financial assets		607
Deferred tax assets		657
Other		31
Total non-current assets		<hr/> 316,568
Total assets		<hr/> 356,907
Current liabilities		
Trade and other payables		654
Other current financial liabilities		579
Income taxes payable		7,326
Other		21,005
Total current liabilities		<hr/> 29,564
Non-current liabilities		
Trade and other payables		285
Other non-current financial liabilities		2,190
Income taxes payable		3,469
Retirement benefit liability		134
Deferred tax liabilities		66,041
Other		8
Total non-current liabilities		<hr/> 72,127
Total liabilities		<hr/> 101,691
Net assets	B	<hr/> 255,216
Basis adjustment (Note 4)	C	<hr/> 19,475
Goodwill (Note 5)	A-B+C	<hr/> <hr/> 683,123

(Note 1) As of September 30, 2024, 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, 2024, the Group has completed the purchase price allocation and revised the goodwill amount as follows:

Fair value of assets acquired, liabilities assumed on the acquisition date (August 1, 2024)
(In millions of yen)

Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note 5)	917,470
Intangible assets (Note 3)	(310,799)
Deferred tax assets	7,815
Deferred tax liabilities	65,023
Others	3,614
Total adjustments	(234,347)
Goodwill (after adjustment) (Note 5)	683,123

(Note 2) There are no significant receivables from acquired debts that are estimated to be uncollectible.

(Note 3) The amount allocated to intangible assets is mainly composed of developed technology, and the fair value of such intangible assets (284,278 million yen) is measured using the excess earnings method based on assumptions such as future business plans and discount rates.

(Note 4) The Company enters into currency options and forward exchange contracts to hedge against exchange rate risks associated with the payment of acquisition consideration denominated in Australian dollars, and applies hedge accounting. These hedging instruments are settled in cash at fair value on the acquisition date. The basis adjustment represents the change in fair value of the hedging instruments recognized in other comprehensive income on the acquisition date, and is added to the carrying amount of goodwill.

(Note 5) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Altium. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

	(In millions of yen)
Item	Amount
Consideration for acquisition in cash	917,399
Cash and cash equivalents held by the acquiree at the time of obtaining control	(26,746)
Amount of cash paid for the acquisition of subsidiaries	890,653
Basis adjustment	19,475
Amount of cash paid for the acquisition of subsidiaries (net amount)	910,128

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

Assuming that the date of the acquisition of Altium was at the beginning of the fiscal year, the pro forma information is not stated since the impact on the consolidated revenue and profit for the year ended December 31, 2024 would not be material.

f. Revenue and profit / loss of the acquired company

For the year ended December 31, 2024, the revenue and profit of Altium from the acquisition date to December 31, 2024 had no significant impact on the consolidated financial statements.

(Trade and Other Receivables)

The components of trade and other receivables are as follows.

(In millions of yen)

	As of December 31, 2023	As of December 31, 2024
Notes and trade receivables	160,590	152,381
Other receivables	8,838	16,311
Loss allowance	(437)	(1,579)
Total	168,991	167,113

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

(Trade and Other Payables)

The components of trade and other payables are as follows.

(In millions of yen)

	As of December 31, 2023	As of December 31, 2024
Trade payables	99,957	82,942
Other payables	51,878	86,697
Electronically recorded obligations	15,332	15,092
Refund liabilities	80,165	69,236
Total	247,332	253,967
Current liabilities	243,192	231,029
Non-current liabilities	4,140	22,938

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

(Bonds and Borrowings)

a. Bonds

The year ended December 31, 2023

Not applicable.

The year ended December 31, 2024

In November 2024, the Company redeemed the U.S. dollar-denominated unsecured ordinary bonds (Green Bonds) issued on November 26, 2021, with a total issuance amount of 500 million USD, an interest rate of 1.543%, and a maturity date of November 26, 2024.

b. Borrowings

The year ended December 31, 2023

Not applicable.

The year ended December 31, 2024

In March 2024, the Company executed a short-term borrowing of 30,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited under a commitment line agreement dated January 15, 2019. The borrowing was fully repaid in June 2024. In addition, in July 2024, the Company executed a short-term borrowing of 150,000 million yen from MUFG Bank, Ltd., and Mizuho Bank, Ltd., under a loan agreement dated May 30, 2024. The borrowing was fully repaid in September, 2024.

The Company has entered into a term loan agreement dated June 25, 2024 (Loan amount: 250,000 million yen, Borrowing date: June 28, 2024, Repayment date: June 29, 2029, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited) and has borrowed 250,000 million yen. In July 24, 2024, the Company executed a term loan of 788,000 million yen in total, under the loan agreement dated May 30, 2024 (Borrowing date: July 24, 2024, Repayment date: September 28, 2029, Participating financial institutions: MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and five other financial institutions). In addition, in September 30, 2024, the Company executed a JBIC loan agreement (Total amount: 149,000 million yen; Borrowing date: September 30, 2024; Repayment date: July 24, 2029; Participating financial institutions: Japan Bank for International Cooperation (JBIC)) and executed borrowing of 149,000 million yen.

(Equity and Other Equity Items)

The year ended December 31, 2023

Based on the resolution at the Board of Directors' meeting held on February 9, 2023, the Company conducted a tender offer to acquire its own shares and purchased 40,453,107 shares from February 10, 2023 to March 10, 2023. As a result, treasury shares increased by 50,000 million yen.

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.

The year ended December 31, 2024

Based on the resolution at the Board of Directors' meeting held on February 8, 2024, the Company retired its own shares by 87,839,138 shares on February 29, 2024. In addition, the number of treasury shares decreased by 17,681,849 shares, due to disposals of treasury shares and so on based on the exercise of stock options, the vesting of Restricted Stock Unit (RSU) and of Performance Share Unit (PSU) for the year ended December 31, 2024. As a consequence, treasury shares decreased by 125,571 million yen for the year ended December 31, 2024.

As a result, the amount of treasury shares held was 92,120 million yen as of December 31, 2024.

(Dividends)

(1) Dividend payment amounts

The year ended December 31, 2023

Not applicable.

The year ended December 31, 2024

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

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

The year ended December 31, 2023

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

The year ended December 31, 2024

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date	Source of dividend
March 26, 2025 Annual general meeting of shareholders	Ordinary shares	50,320	28	December 31, 2024	March 31, 2025	Retained earnings

(Revenue)

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

(Selling, General and Administrative Expenses)

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

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Research and development expenses	232,777	249,649
Depreciation and amortization	111,504	128,886
Personnel expenses	75,739	97,106
Retirement benefit expenses	4,289	4,439
Other	41,711	47,395
Total	466,020	527,475

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

(Other Income)

The components of other income are as follows.

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Compensation income (Note 1)	—	7,840
Government grant income (Note 2)	819	6,007
Fair value remeasurements on contingent considerations (Note 3)	2,023	1,884
Insurance claim income (Note 4)	30,665	587
Other	4,897	3,643
Total	38,404	19,961

(Note 1) Compensation income for the year ended December 31, 2024 is compensation for the damages resulting from the discontinuation of development.

(Note 2) Government grant income included government grants received for the acquisition of property, plant and equipment for the year ended December 31, 2024.

(Note 3) For details, please refer to “Business Combinations.”

(Note 4) Insurance claim income for the year ended December 31, 2023 is the amount received related to a fire that occurred at Naka Factory of Renesas Semiconductor Manufacturing Co., Ltd, a wholly-owned subsidiary of the Company, on March 19, 2021. This insurance payments include the amount for loss of profits due to the fire damage.

(Other Expenses)

The components of other expenses are as follows.

	(In millions of yen)	
	The year ended December 31, 2023	The year ended December 31, 2024
Business structure improvement expenses (Note 1)	6,740	7,852
Loss on reduction of non-current assets	1,068	4,879
Impairment losses (Note 2)	4,872	3,015
Other	3,266	3,559
Total	15,946	19,305

(Note 1) The main items of business restructuring expenses were personnel expenses such as additional retirement benefits and expenses related to disposition of property, plant and equipment associated with consolidating the operating bases.

(Note 2) Impairment losses were mainly due to assets intended for disposal that are no longer expected to be utilized for the year ended December 31, 2024, and idle assets for the year ended December 31, 2023.

(Earnings Per Share)

Basic earnings per share attributable to owners of parent and diluted earnings per share are as follows.

(1) Basic earnings per share

	The year ended December 31, 2023	The year ended December 31, 2024
Profit attributable to owners of parent used for the calculation of basic earnings per share (million yen)	337,086	219,084
Weighted average number of ordinary shares during the year (thousands of shares)	1,776,296	1,788,230
Basic earnings per share (yen)	189.77	122.51

(2) Diluted earnings per share

	The year ended December 31, 2023	The year ended December 31, 2024
Profit attributable to owners of parent used for the calculation of basic earnings per share (million yen)	337,086	219,084
Adjustments on earnings (million yen)	—	—
Profit used for the calculation of diluted earnings per share (million yen)	337,086	219,084
Weighted average number of ordinary shares during the year before dilution (thousands of shares)	1,776,296	1,788,230
Increase in common stock		
Share acquisition rights (thousands of shares)	10,799	2,943
Restricted Stock Unit (thousands of shares)	24,528	21,649
Weighted average number of ordinary shares during the year after dilution (thousands of shares)	1,811,623	1,812,822
Diluted earnings per share (yen)	186.07	120.85

(Subsequent Events)

Not applicable.

About Renesas Electronics Corporation

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

(FORWARD-LOOKING STATEMENTS)

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

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