

The following is an English translation of the Notice of the 19th Ordinary General Meeting of Shareholders of Renesas Electronics Corporation to be held on March 31, 2021 (as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements with respect to the 19th Business Period, and report on the results of the audit conducted on such Consolidated Financial Statements by the independent auditors and the Board of Corporate Auditors), except for translations of the instructions on voting rights and the access map for the place of the meeting in the notice. The following English translation is provided for your reference and convenience only. Should there be any inconsistency between this translation and the official Japanese original, the latter shall prevail.

## **Renesas Electronics Corporation**

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

Tetsuya Tsurumaru  
Representative Director,  
Chairman

March 10, 2021

### **To Our Shareholders:**

#### **NOTICE OF THE 19TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The Nineteenth Ordinary General Meeting of Shareholders (this “General Meeting”) of Renesas Electronics Corporation (the “Company”) will be held as follows:

1. DATE AND TIME: March 31, 2021 (Wednesday) at 10:00 A.M. (Japan Standard Time)  
(The reception will begin at 9:30 A.M.)
2. PLACE: Toyosu Foresia, 10F Meeting Room, at 2-24, Toyosu 3-chome, Koto-ku,  
Tokyo, Japan  
(The place for this General Meeting is changed)
3. AGENDA OF THE GENERAL MEETING:  
MATTERS TO BE REPORTED UPON  
Report on the Business Report, Consolidated Financial Statements and Non-consolidated  
Financial Statements, and report on the results of the audit conducted on the Consolidated

Financial Statements by the independent auditors and the Board of Corporate Auditors with respect to the 19th Business Period from January 1, 2020 to December 31, 2020.

MATTERS TO BE VOTED UPON:

- (1) Election of Six (6) Directors
- (2) Election of Two (2) Corporate Auditor
- (3) Revision of Compensation for directors of the Company due to the introduction of the stock compensation plan

Please note that souvenirs will not be provided to the attendees at this General Meeting. We would appreciate your understanding.

- Notes on Stock Acquisition Rights, etc. of the Company in the Business Report, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are disclosed on the Company's website (<https://www.renesas.com/us/en/about/investor-relations>) in accordance with Article 16 of its Articles of Incorporation, so they are not included in this notice.
- If revisions are made to the Reference Documents for this General Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, the Company will inform you through its website (<https://www.renesas.com/us/en/about/investor-relations>).

## REFERENCE DOCUMENTS FOR THIS GENERAL MEETING

### **Proposal No. 1: Election of Six (6) Directors**

The terms of office held by all Directors will expire at the conclusion of this General Meeting. Accordingly, we request that six (6) Directors be elected at this General Meeting.

These candidates for Directors have been selected by the Board of Directors based on suggestion by the Voluntary Nomination Committee which is chaired by an Independent Outside Director and a majority of such committee being comprised of Independent Outside Directors.

The candidates are as follows:

No.	Name (Age)	Current Position at the Company	Years Served as Director	Attendance at Meetings of the Board of Directors
1	Hidetoshi Shibata (48) <Reappointment>	Representative Director, President and CEO	5 years and 8 months	100% (8 times out of 8 times)
2	Tetsuro Toyoda (58) <Reappointment> <Outside Director> <Independent Director>	Outside Director	7 years and 1 month	100% (8 times out of 8 times)
3	Jiro Iwasaki (75) <Reappointment> <Outside Director> <Independent Director>	Outside Director	4 years and 9 months	100% (8 times out of 8 times)
4	Selena Loh Lacroix (56) <Reappointment> <Outside Director> <Independent Director>	Outside Director	1 year	100% (6 times out of 6 times)
5	Arunjai Mittal (50) <Reappointment> <Outside Director> <Independent Director>	Outside Director	1 year	100% (6 times out of 6 times)
6	Noboru Yamamoto(58) <New appointment> <Outside Director> <Independent Director>	Outside Corporate Auditor	-	-

- (Note)
1. “Years Served as Director” for Mr. Hidetoshi Shibata indicates the total period served by him as Director.
  2. Ms. Selena Loh Lacroix is a foreign national and female Director candidate. Mr. Arunjai Mittal is a foreign national Director candidate.
  3. Mr. Noboru Yamamoto, who is currently an Outside Corporate Auditor, will resign the position at the end of this General Meeting. He has served as Outside Corporate Auditor for 3 years at the end of this General Meeting. His attendances at Meetings of the Board of Directors and Meetings of the Board of Auditors were 8 times out of 8 times (100%) and 9 times out of 9 times (100%) respectively.

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
1	Hidetoshi Shibata <Reappointment> Date of Birth: November 16, 1972 Number of the Company's Shares Held: 119,000 Attendance at Meetings of the Board of Directors: 8 times out of 8 times (100%)	April 1995 August 2001 August 2004 October 2007  September 2009  June 2012  October 2013 November 2013  June 2016 March 2018  July 2019	Joined Central Japan Railway Company Joined MKS Partners Limited as Principal Partner, MKS Partners Limited Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd (currently, BofA Securities Japan Co., Ltd.) as Managing Director Joined Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Member of the Board of Directors, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Executive Vice President and CFO, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Representative Director, President and CEO, the Company (present)
<p><b>【Reasons for selection as a candidate for Director】</b></p> <p>The Company selected this candidate for Director with the expectation that he would enhance the corporate value by demonstrating leadership skills to expedite the decision-making process and strengthen the ability to propose semiconductor solutions, based on the abundant knowledge, experiences and achievements cultivated through global and various management experiences. He has served as Director for a combined total of 5 years and 8 months at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
2	Tetsuro Toyoda <Reappointment> <Outside Director> <Independent Director> Date of Birth: November 10, 1962 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 8 times out of 8 times (100%)	April 1986  July 2001 May 2008  September 2009  June 2012  June 2013  February 2014  June 2016  September 2018  June 2020	Joined Tokio Marine and Fire Insurance Co., Ltd. (currently, Tokio Marine & Nichido Fire Insurance Co., Ltd.) Joined MKS Partners Limited as Partner Joined Deloitte Tohmatsu FAS Co., Ltd. (currently, Deloitte Tohmatsu Financial Advisory LLC) as Senior Advisor Joined Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Senior Executive Managing Director, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Outside Member of the Board of Directors, the Company (present) Co-Chief Investment Officer, Member of the Board, Head of Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Co-Chief Investment Officer, Member of the Board, Head of Investment Group, INCJ, Ltd. Chief Investment Officer, Member of the Board, Head of Investment Group, INCJ, Ltd. (present)  (Important Concurrent Position) Chief Investment Officer, Member of the Board, Head of Investment Group, INCJ, Ltd.
<p><b>【Reasons for selection as a candidate for Outside Director】</b></p> <p>Mr. Tetsuro Toyoda currently serves as the Member of the Board of INCJ, Ltd. and previous served as the Member of the Board of Innovation Network Corporation of Japan (currently, Japan Investment Corporation). Based on his abundant knowledge, experiences and deep insight cultivated through his career in wide-ranging investment businesses at these companies, the Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating supervising and monitoring capabilities on the overall management of the Company. He has served as Outside Director for 7 years and 1 month at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
3	Jiro Iwasaki <Reappointment> <Outside Director> <Independent Director> Date of Birth: December 6, 1945 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 8 times out of 8 times (100%)	April 1974  June 1996  June 1998  June 2006  March 2008  June 2009  March 2011  April 2011  March 2015 March 2016  June 2016	Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) Director, General Manager of Human Resources, TDK Corporation Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation Audit and Supervisory Board Member, GCA Savvian Corporation (currently, GCA Corporation) Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation) Audit and Supervisory Board Member, SBS Holdings, Inc. Professor at Teikyo University, Faculty of Economics/Department of Business Administration Outside Director, SBS Holdings, Inc. (present) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (currently, GCA Corporation) (present) Outside Member of the Board of Directors, the Company (present)  (Important Concurrent Position) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Corporation Outside Director, SBS Holdings, Inc.
<p><b>【Reasons for selection as a candidate for Outside Director】</b></p> <p>Mr. Jiro Iwasaki has served as a director at multiple companies for a long time and thus possesses management experiences in electrical and electronic components businesses. He currently serves as an outside director at other companies. Based on his abundant knowledge, experiences and deep insight cultivated through these experiences, the Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating supervising and monitoring capabilities on the overall management of the Company. He has served as Outside Director for 4 years and 9 months at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
4	<p>Selena Loh Lacroix &lt;Reappointment&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; Date of Birth: November 18, 1964 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 6 times out of 6 times (100%)</p>	<p>1988 August 1992 June 1995 December 2004 May 2010 December 2016 June 2017 November 2017 December 2019 March 2020</p>	<p>Joined a Singaporean law firm as an associate Joined Gray Cary Ware &amp; Freidenrich LLP (now DLA Piper) as an associate Senior Counsel, Texas Instruments Incorporated Vice President &amp; General Counsel, Asia Pacific, Honeywell International Inc. Global Semiconductor Practice Leader &amp; Global Legal, Regulatory and Compliance Practice Leader, Egon Zehnder Member of Board of Directors, Integrated Device Technology, Inc. (Part-time; resigned March 2019) Global Technology &amp; Communication Practice Leader, Egon Zehnder Board Member, National Association of Corporate Directors - North Texas Chapter (Part-time; present) Vice Chair, Technology Practice, Korn Ferry (present) Outside Member of the Board of Directors, the Company (present)</p> <p>(Important Concurrent Positions) Vice Chair, Technology Practice, Korn Ferry Board Member, National Association of Corporate Directors - North Texas Chapter</p>
<p><b>【Reasons for selection as a candidate for Outside Director】</b> The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by her demonstrating supervising and monitoring capabilities on the overall management of the Company. Additionally, the Company selected this candidate from the perspective of promoting diversity as well as by leveraging her global insight in the field of corporate legal, corporate governance and human resources gained through extensive experiences in the semiconductor industry and several other industries. She has served as Outside Director for 1 year at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
5	<p>Arunjai Mittal &lt;Reappointment&gt; &lt;Outside Director&gt; &lt;Independent Director&gt; Date of Birth: February 8, 1971 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 6 times out of 6 times (100%)</p>	<p>1996  1998  1999  2001  2005  2006  2008  January 2012  June 2014 February 2015  May 2018  August 2018  March 2019  February 2020  March 2020  August 2020</p>	<p>Manager, Regional Development Asia-Pacific, Discrete &amp; Power Semiconductors, Siemens Components Pte. Ltd.  Senior Manager, Business Operations Asia-Pacific, Power Semiconductors, Siemens Components Pte. Ltd.  Senior Manager, Business Operations Asia-Pacific, Power Semiconductor Business Group, Infineon Technologies AG  Vice President &amp; General Manager, Automotive &amp; Industrial Business Group, Power Management &amp; Supply Business Unit, Infineon Technologies AG  Vice President &amp; General Manager, Automotive, Industrial &amp; Multimarket Business Group, Power Management &amp; Drives Business Unit, Infineon Technologies AG  Senior Vice President &amp; General Manager, Automotive, Industrial &amp; Multimarket Business Group, Power Management &amp; Drives Business Unit, Infineon Technologies AG  Business Division President &amp; General Manager, Industry &amp; Multimarkets Division, Infineon Technologies AG  Member of the Management Board, Infineon Technologies AG (responsible for Regions, Sales, Marketing, Strategy Development and M&amp;A)  Member of the Supervisory Board, tesa SE (present) Board Member, Singapore Economic Development Board  Director, Silicon Solutions Ventures Pte. Ltd. (present)  Member of the Supervisory Board, OSRAM Licht AG (present)  Non-Executive Chairman, ZERO-ERROR SYSTEMS PTE. LTD. (present)  Member of the Board, Agency for Science, Technology and Research (present)  Outside Member of the Board of Directors, the Company (present)  Non-Executive Chairman, Advanced Micro Foundry PTE. LTD. (present)</p> <p>(Important Concurrent Positions) Member of the Supervisory Board, tesa SE Director, Silicon Solutions Ventures Pte. Ltd. Non-Executive Chairman, ZERO-ERROR</p>

			SYSTEMS PTE. LTD. Member of the Board, Agency for Science, Technology and Research Non-Executive Chairman, Advanced Micro Foundry PTE. LTD.
	<p><b>【Reasons for selection as a candidate for Outside Director】</b></p> <p>The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating supervising and monitoring capabilities on the overall management of the Company. Additionally, the Company selected this candidate from the perspective of promoting diversity as well as by leveraging his global insight in the business operations cultivated through years of extensive experiences in the semiconductor industry and related industries. He has served as Outside Director for 1 year at the closure of this General Meeting.</p>		
6	<p>Noboru Yamamoto</p> <p>&lt;New appointment&gt;</p> <p>&lt;Outside Director&gt;</p> <p>&lt;Independent Director&gt;</p> <p>Date of Birth: November 21, 1962</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: N/A</p>	<p>April 1986</p> <p>May 1989</p> <p>February 2002</p> <p>April 2003</p> <p>October 2006</p> <p>October 2011</p> <p>June 2016</p> <p>September 2016</p> <p>January 2017</p> <p>March 2018</p> <p>March 2018</p>	<p>Joined Mazda Motor Corporation</p> <p>Joined Daiwa Securities Co. Ltd.</p> <p>Joined PricewaterhouseCoopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC) as Managing Director</p> <p>Joined Lazard Frères K.K. as Managing Director</p> <p>Joined Nikko Citigroup Securities Co., Ltd. (currently, Citigroup global Markets Japan Inc.), Investment Banking Unit, as Managing Director</p> <p>Joined BNP Paribas, Tokyo Branch, Investment Banking Division, as Co-head</p> <p>Outside Director, Hitachi Koki Co., Ltd. (currently, Koki Holdings Co., Ltd.) (present)</p> <p>Representative Director, Representative Partner &amp; CEO, XIB Capital Partners Inc. (present)</p> <p>Senior Advisor, CLSA Capital Partners K.K. (present)</p> <p>Outside Director, Tsubaki Nakashima Co., Ltd. (present)</p> <p>Outside Corporate Auditor, the Company (present)</p> <p>(Important Concurrent Positions)</p> <p>Representative Director, Representative Partner &amp; CEO, XIB Capital Partners Inc.</p> <p>Outside Director, Koki Holdings Co., Ltd.</p> <p>Outside Director, Tsubaki Nakashima Co., Ltd.</p> <p>Senior Advisor, CLSA Capital Partners K.K.</p>

	<p><b>【Reasons for selection as a candidate for Director】</b></p> <p>The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by him demonstrating supervising and monitoring capabilities on the overall management of the Company, based on the abundant knowledge, experiences and achievements cultivated through years of management experiences in the global finance and security industry and representative for M&amp;A advisory companies. He has served as Outside Corporate Auditor since March 2018, cultivated the business knowledge of the Company, and audited the overall management of the company appropriately. He also served as a member of the Voluntary Nomination Committee of the Company since March 2020 and stated opinions proactively.</p>
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- (Note) 1. INCJ, Ltd., where Mr. Tetsuro Toyoda has a concurrent position, is a principal shareholder of the Company owning 32.15 percent of voting rights.
2. Except as described in Note 1 above, none of the candidates have any special interest in the Company.
  3. In addition to descriptions in the “Brief Employment History, Position, Responsibility and Important Concurrent Positions” section above, responsibilities held by each candidate who is currently a Director of the Company are described in the Business Report (p.30 and p.31).
  4. Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal and Mr. Noboru Yamamoto are candidates for Outside Directors.
  5. The Company has notified the Tokyo Stock Exchange of Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal as Independent Executives stipulated under the regulations of the Tokyo Stock Exchange. If their reappointments are approved, the Company will continue this notification. Also, if the appointments of Mr. Noboru Yamamoto are approved, the Company will notify the Tokyo Stock Exchange that he is Independent Executive.
  6. The Company has already entered into liability limitation agreements with Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal, limiting their liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company’s Articles of Incorporation, and if their reappointments are approved, the Company will continue such liability limitation agreements with them. Also, if the appointment of Mr. Noboru Yamamoto is approved, the Company will enter into similar liability limitation agreements with him.
  7. The Company has executed the Directors and Officers Liability (D&O) insurance with the insurance company, and it is expected to be renewed in the future. Under such insurance, it is expected that the damages and costs incurred by each candidate in connection with his or her performance of the duty for the Company are indemnified and the insurance premium is borne by the Company.

**Proposal No. 2: Election of Two (2) Corporate Auditors**

The term of office held by Corporate Auditor, Mr. Takeshi Sekine, will expire and Mr. Noboru Yamamoto will resign as Corporate Auditor at the conclusion of this General Meeting and accordingly, we request that Two (2) Corporate Auditors are elected at this General meeting.

Further, the Board of Corporate Auditors has approved the submission of this proposal in advance.

The candidate Corporate Auditors are as follows.

Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
Takeshi Sekine <Reappointment> <Outside Corporate Auditor> <Independent Corporate Auditor> Date of Birth: February 19, 1961 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 8 times out of 8 times (100%) Attendance at Meetings of the Board of Corporate Auditors: 9 times out of 9 times (100%)	October 1991  August 1995 April 2002  July 2006  December 2009  June 2012  October 2013 June 2016  February 2020	Joined Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC) Registered Certified Public Accountant Joined Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry Revested Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC) Joined Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan Outside Corporate Auditor, the Company (present) Senior Executive Managing Director, Business Management Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Senior Executive Managing Director, Head of Portfolio Monitoring, Japan Investment Corporation (present)  (Important Concurrent Position) Senior Executive Managing Director, Head of Portfolio Monitoring, Japan Investment Corporation
<p><b>【Reasons for selection as a candidate for Outside Corporate Auditor】</b>            The Company selected this candidate for Outside Corporate Auditor because he is familiar with the Company's business after having served as Outside Corporate Auditor for about 7 and a half years and the Company expects that he would audit the overall management of the Company by leveraging his extensive knowledge, experience and deep insight as a certified public accountant. The term of office of Mr. Takeshi Sekine as an Outside Corporate Auditor of the Company will be about 7 years and 6 months at the closure of this General Meeting.</p>		

Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
Tomoko Mizuno <New appointment> <Outside Corporate Auditor> <Independent Corporate Auditor> Date of Birth: September 1, 1970 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: N/A Attendance at Meetings of the Board of Corporate Auditors: N/A	July 1994 September 2001 January 2003 June 2005 January 2009 April 2011 April 2013	Joined Bain & Company Japan, Inc. Joined Eli Lilly & Company as Marketing Associate Joined Eli Lilly Japan K.K. as Senior MR Joined Novartis Pharma K.K. as Brand Manager, New Product Planning Group Manager, Equa Marketing Group, Novartis Pharma K.K. Joined MSD K.K. as Brand Leader, Gardasil Marketing Group Joined Japan Automatic Machine Co., Ltd. as Director (present)  (Important Concurrent Position) Director, Japan Automatic Machine Co., Ltd.
<p><b>【Reasons for selection as a candidate for Corporate Auditor】</b></p> <p>The Company selected this candidate for Outside Corporate Auditor with the expectation that she would audit the overall management of the Company by leveraging her extensive knowledge, experience and deep insight based on the abundant knowledge, experiences and achievements cultivated through years of business operation in the machinery industry and working in global consulting firms and pharmaceutical companies.</p>		

- (Note)
1. INCJ, Ltd., where Mr. Takeshi Sekine has a concurrent position, is a principal shareholder of the Company owning 32.15 percent of voting rights.
  2. Ms. Mizuno has no special interest in the Company.
  3. Mr. Takeshi Sekine and Ms. Tomoko Mizuno are candidates for Outside Auditors.
  4. The Company has notified the Tokyo Stock Exchange of Mr. Takeshi Sekine as Independent Executives stipulated under the regulations of the Tokyo Stock Exchange. If his reappointment is approved, the Company will continue this notification. Also, if the appointment of Ms. Tomoko Mizuno is approved, the Company will notify the Tokyo Stock Exchange that she is Independent Executive.
  5. Ms. Tomoko Mizuno is a female candidate for Outside Auditor.
  6. The Company has already entered into liability limitation agreements with Mr. Takeshi Sekine, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if his reappointment is approved, the Company will continue such liability limitation agreements with him. Also, if the appointment of Ms. Tomoko Mizuno is approved, the Company will enter into similar liability

limitation agreements with her.

7. The Company has already entered into officer liability insurance (D&O insurance) contracts with an insurance company and plans to renew it in the future. The insurance will cover the damages and expenses that each candidate will incur as a result of receiving a claim for damages in connection with the performance of the Company's duties, and the insurance premium will be borne by the Company.

**Proposal No. 3:** Revision of compensation for directors of the Company due to the introduction of the stock compensation plan

Pursuant to the approval of the 14th Ordinary General Meeting of Shareholders (held on June 28, 2016) and the 18th Ordinary General Meeting of Shareholders (held on March 27, 2020), the Company has introduced the plan of granting “stock compensation type stock options” (so-called “1-yen stock options”) that use stock acquisition rights as one of the forms of compensation for directors of the Company. The Company would like to request the approval of this proposal to revise this plan.

Currently, as one of the forms of compensation for directors of the Company, the Company has adopted the stock compensation type stock option plan that uses stock acquisition rights in order to enhance the willingness of directors to contribute to the increase in the Company share price and corporate values by increasing the link between stock price of the Company and the directors’ compensation and causing directors to share with the Company’s shareholders the benefits from an increase in the share price and the risks of a decline in share price, as well as to secure talented personnel. The Company intends to change this plan to a stock compensation plan where shares are delivered after vesting (the “Plan”) that is adopted globally and broadly for the purpose of further enhancing incentives for the increase in the share price and corporate values as well as securing talented personnel with diversity in terms of nationality and experience in order to achieve further global business development and growth in the future.

Specifically, the Company intends to change the current stock compensation type stock option plan as follows: Stock options subject to duration of service conditions to the restricted stock units (the “RSU(s)”); and Stock options subject to stock price-linked conditions to the performance share units (the “PSU(s)”).

As stated above, the Plan aims to further enhance incentives for increase in the share price and corporate values as well as securing diverse and talented personnel in order to achieve further global business development and growth. The Company believes that the terms of the Plan are reasonable.

If this proposal is approved, the current stock compensation type stock options shall not be newly granted in the future.

The timing and distribution of grant to each director shall be determined by the Board of Directors of the Company.

## Description

### 1. Outline of the Plan

#### (1) Classification of the Plan

The Plan is divided into the following two (2) categories:

(i) RSU

Stock compensation in which the Company provides the eligible directors in advance with the units in a number corresponding to the period stipulated by the Board of Directors of the Company (in principle, in the case of directors other than outside directors, the number corresponding to three (3) years, and, in the case of outside directors, the number corresponding to one (1) year); vests the units in a number determined on a pro-rata basis in accordance with the number of years until the expiration of such period for every one (1) year has passed (in principle, in the case of directors other than outside directors, the number calculated by one-third (1/3) for every one (1) year has passed, and, in the case of outside directors, the total amount at the time one (1) year has passed) subject to continuation of service; and then delivers shares of common stock of the Company to such directors in accordance with the vested units.

With respect to the RSUs that may be granted in connection with a reduction in the basic salary or any special situation, the Company may shorten such period and vest the units immediately or within a period of several months pursuant to a resolution of the Board of Directors of the Company.

(ii) PSU

Stock compensation in which the Company provides the eligible directors (excluding outside directors) in advance with the units in a number determined by the Board of Directors of the Company; vests the units in a number determined in accordance with the extension rate of the total shareholder return of the Company during three-year period from April 1 of the year in which the units are granted; and then delivers shares of common stock of the Company to such directors in accordance with the vested units.

(2) Structure of the Plan

The structure of the Plan is as follows:

- (i) The Company establishes the standard amount applicable to each eligible director according to the importance of its roles and other factors and determines the number of units to be granted to each eligible director based on such amount at the Board of Directors, and grants such units to each eligible director.
- (ii) The Company determines by the resolution of the Board of Directors the number of shares of its common stock to be delivered to each eligible director, in accordance with duration of service or the extension rate of the total shareholder return of the Company and based on the number of units granted.
- (iii) The Company provides each eligible director the monetary compensation receivables to be contributed in kind in accordance with the number of shares of its common stock to be delivered to such director as determined in (ii) above, and each eligible director receives an allotment of shares of common stock of the Company by contributing all of such monetary compensation receivables in kind.

2. Eligible Directors

(1) RSU

All directors shall be covered. If Proposal No. 1 is approved, the number of directors shall be 6

(including 5 outside directors).

(2) PSU

Directors excluding outside directors shall be covered. If Proposal No. 1 is approved, the number of such directors shall be 1.

3. Method of calculating the number of shares to be delivered and the amount of monetary compensation receivables

(1) Calculation of the number of shares delivered

(i) RSU

The Company will deliver the shares of its common stock (one (1) share per unit) corresponding to the number of units vested on a pro-rata basis in accordance with the period of duration of service each time the period stipulated by the Board of Directors of the Company passes.

In principle, in the case of directors other than outside directors, one-third (1/3) of the number of units granted (for three (3) years) will be vested for every one (1) year has passed, and, in the case of outside directors, the total number of units granted (for one (1) year) will be vested for one (1) year has passed.

With respect to the RSUs that may be granted in connection with a reduction in the basic salary or any special situation, the Company may shorten such period and vest the units immediately or within a period of several months pursuant to a resolution of the Board of Directors of the Company.

(ii) PSU

On the basis of the number of units granted, the Company will vest the units in a number obtained by multiplying a certain coefficient determined in accordance with the extension rate of total shareholders return of the Company for the period of three (3) years from April 1 of the year in which the units are provided and deliver the shares of common stock of the Company corresponding to the number of the vested units.

(iii) Handling at the time of retirement

The vesting of the units shall be made, in principle, subject to the condition that the eligible directors are directors, executive officers, or employees, etc., of the Company or its subsidiaries at the time of the vesting. However, even if the eligible directors lose their position prior to the vesting of the units, in the event of losses of positions due to causes predetermined by the Board of Directors of the Company, the number of the shares of common stock of the Company to be delivered and the timing of the delivery may be adjusted by the method provided by the Board of Directors of the Company.

(2) Calculation of the amount of monetary compensation receivables

The amount of monetary compensation receivables per share to be provided to each eligible director shall be the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange on the business day immediately prior to the date of resolution of the Board of Directors of the Company for the delivery of common stock of the Company (or, if no transaction is effected on the same day, the closing price on the most recent trading day prior thereto).

(3) The maximum number of shares to be delivered and the maximum amount of monetary compensation receivables

The amount of compensation to be paid to directors of the Company has been approved at the 16th Ordinary General Meeting of Shareholders of the Company (held on March 29, 2018) as an annual amount not to exceed 2 billion yen (of which the amount paid to outside directors is not more than 400 million yen, but not including the amount paid as salary for employees to those directors who are also employees of the Company).

After the revision, the total amount of monetary compensation receivables relating to the units under the Plan shall be within the framework of the above-mentioned compensation, and the total number of shares of common stock of the Company to be delivered to the eligible directors shall be within 2.7 million shares per annum (including within 0.2 million shares for outside directors). This number of shares was calculated by dividing the upper limit of the compensation amount by the average closing price of the Company's common stock on the Tokyo Stock Exchange in 2020.

After the date of the resolution of this proposal, in the event of a share split of common stock of the Company (including the gratuitous allotment of shares of common stock of the Company) or a share consolidation, or in the event of any other similar event that an adjustment is required to the total number of shares of common stock of the Company to be allotted, the maximum number of shares of common stock of the Company to be delivered to the eligible directors may be reasonably adjusted.

#### 4. Others

##### (1) Extinguishment etc. of units

In the event that an eligible director is liable for any misconduct stipulated by the Board of Directors of the Company or falls under any of the circumstances stipulated by the Board of Directors, such director shall lose all or part of the unvested units. Further, if it is later found that any such circumstance or any conduct that caused any such circumstance existed prior to the vesting of the vested units and the Board of Directors deems necessary, the eligible director shall return all or part of the shares of common stock of the Company delivered upon vesting of such units or cash equivalent to the value of such shares, in each case, without any compensation.

##### (2) Handling of units upon reorganization

If a proposal relating to a merger agreement in which the Company is to be dissolved, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring has been approved at a general meeting of shareholders of the Company (or, if such organizational restructuring does not require the approval at a general meeting of shareholders of the Company, at the meeting of the Board of Directors) prior to the delivery of shares of common stock of the Company under the Plan, the Company may adjust the number of shares of common stock of the Company to be delivered and the timing of the delivery, the amount of money to be provided and any other terms of the Plan pursuant to a resolution of the Board of Directors of the Company.

#### 5. Policy for determining the contents of compensation of individual directors with regard to the introduction of the Plan

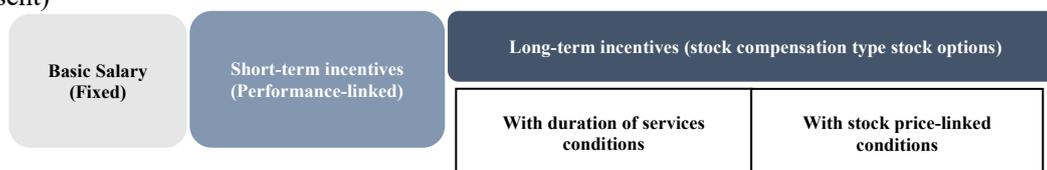
At a meeting of the Board of Directors held on February 19, 2021, the Company established the policy for

determining the contents of compensation of individual directors, and the details of such policy is as described on from page 33 to 42 of the Business Report. The introduction of the Plan replaces the current stock compensation type stock options and, among stock price-linked compensation, changes stock options subject to duration of service conditions (TSO) to RSUs and stock options subject to stock price-linked conditions (PSO) to PSUs. Other than that, there are no material changes to such policy. However, the policy is intended to be regularly updated and may be changed by the Board of Directors in the future.

<Reference>

1. Remuneration for Directors of the Company

(Present)



(After)



2. The Company plans to introduce the same plan to executive officers and employees of the Company and to directors and employees of subsidiaries of the Company after the conclusion of this general meeting of shareholders.

-end

## **Business Report**

(For the period from January 1, 2020 to December 31, 2020 (this "Business Period"))

### **1. Overview of Operations of the Group**

#### **(1) Business Progress and Results**

##### **(i) Overview**

During this Business Period, the global economy experienced a rapid slowdown and the unemployment rate rose due to the spread of the Covid-19 epidemic. In addition, governments and central banks of various countries aggressively implemented all sorts of monetary policies, which resulted in a rise of liquidity in the financial and capital markets, but also an expansion of the financial deficit.

The semiconductor market, which is our Group's business segment, was also significantly affected by the spread of the Covid-19 epidemic. While demand for semiconductors for automotive applications decreased due to a decline in automobile production, demand for products related to telework and online education and healthcare products increased due to new lifestyles and this led to a rise in demand for semiconductors for these products. In terms of exports, the trade friction issue between the U.S. and China appeared to be prolonged, and the impact caused by the U.S. government's tighter restrictions on semiconductor-related exports to Chinese companies has been seen. In the second half of the fiscal year, a series of large-scale mergers and acquisitions worth more than one trillion yen were announced, which made the semiconductor industry undergo further mergers and acquisitions throughout the year.

In this challenging environment, the Group celebrated the 10th anniversary in April 2020 of the establishment of Renesas Electronics Corporation through the business integration of the former NEC Electronics Corporation and Renesas Technology Corp., and made a start toward further sustainable growth in the future.

In February 2020, the Group held "Analyst Day", a briefing session for analysts, and announced a new medium- to long-term management strategy and financial targets for the Group to achieve growth as a global company, and in August of the same year, the Group announced its progress. In the current term, we steadily implemented a variety of measures based on this management strategy and financial targets, and achieved the highest operating margin (on a Non-GAAP basis) for the Group since our inception.

Specifically, we promoted various measures to improve cost efficiency, including SG&A expenses (selling, general and administrative expenses), and in addition, we developed more than 100 new winning combinations (comprehensive solutions to be provided through combined product portfolios of the Group and the previously acquired former Intersil and IDT, including analog, power, and embedded processing) and secured design-ins well in excess of our initial target.

Also, in terms of synergies with the former IDT, which we acquired in March 2019, as a result of the promotion of various measures to maximize the effects of the acquisition, synergies were achieved through cost reductions in the current fiscal year at a level far exceeding the initial target of US\$80 million.

In addition to the above, from the perspective of fostering a sense of unity within the Group, we have formulated a new "Renesas Culture" consisting of the five elements of "Transparent, Agile, Global, Innovative, Entrepreneurial" as action guidelines to be shared by all the Group organizations and employees in order to respond quickly and flexibly to severe environmental changes under the Group's

purpose "To Make Our Lives Easier," and we worked on measures to spread the concept throughout the Group.

Furthermore, in order to appropriately respond to ESG (Environment/Social/Governance), which has been attracting attention in recent years as an indicator for evaluating corporate activities from the perspectives of environment, society, and governance, we have promoted various initiatives and worked to enhance information disclosure through the Group's website, etc.

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

In connection with the disclosures of its consolidated financial results, the Group uses both internal indicators used by the management for decision making ("Non-GAAP Indicators") as well as indicators based on IFRS (International Financial Reporting Standards) as helpful information for understanding the constant business performance of the Group.

Non-GAAP operating income is a value derived as follows: IFRS operating income minus or reconciling non-recurring items and certain other reconciliation items in accordance with certain rules. Specifically, items such as amortization of intangible assets and other impacts from purchase price allocations recognized in connection with acquisitions, acquisition related costs, stock compensation expenses and one-off gains or losses that the Group deems should be deducted are deducted or adjusted. (Note) The Group references standards determined by the U.S. Securities and Exchange Commission in connection with the disclosures of the Non-GAAP Indicators, but the disclosures do not fully comply with such standards.

Consolidated financial results of the Group for this Business Period were as follows.

### **< Results for this Business Period (Non-GAAP Basis) >**

#### **(Consolidated Net Revenues on Non-GAAP Basis)**

Consolidated net revenues for this Business Period decreased by 0.4% year on year, resulting in 715.7 billion yen. This was due to a reduction in vehicle production as a result of the COVID-19 pandemic, resulting in a decrease in revenue in the Automotive Business, despite an increase in revenue in the Industrial, Infrastructure and IoT Business. This results from, following to the completion the acquisition of IDT in March 2019, the recording of its revenue as our consolidated revenue.

#### **(Non-GAAP Consolidated Operating Income)**

Operating profit increased by 48.7% year on year, resulting in 137.5 billion yen. This was mainly due to an increase in gross profit from the reduction effect of fixed cost and optimization of costs, mainly in selling, general and administrative expenses as well as effect of increased revenue in industrial, infrastructure and IoT business having high profit margin.

#### **(Adjustments from Non-GAAP Consolidated Operating Income to IFRS Consolidated Operating Income)**

During this Business Period, the PPA adjustments deducted from non-GAAP consolidated operating income was 55.5 billion yen, the stock compensation expenses were 14.6 billion yen. Further, one-time and limited-in-scope gains or losses are included in non-recurring items of 2.4 billion yen.

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

Consolidated net revenues for this Business Period decreased by 0.4% year on year and were 715.7 billion yen, and consolidated operating income increased by 940.1% year on year and was 65.1 billion yen. Further, net income attributable to shareholders of the parent company for this Business Period increased by 51.9 billion, resulting in 45.6 billion yen of profit.

(in billion yen)

	18th Business Period (1/1/19-12/31/19)	19th Business Period (This Business Period) (1/1/20-12/31/20)
Consolidated Revenue	718.2	715.7
Non-GAAP Consolidated Operating Income	92.5	137.5
PPA Adjustments	59.3	55.5
Stock Compensation Expenses	12.0	14.6
Non-Recurring Items	14.9	2.4
IFRS Consolidated Operating Income	6.3	65.1
Profit or Loss Attributable to Shareholders of the Parent	(6.3)	45.6

**< Segment Overview >**

The performance of each segment is as follows:

**(Automotive Business)**

The Automotive Business includes the product categories “Automotive control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive information,” comprising semiconductor devices used in 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 microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Revenues of the Automotive Business for this Business Period were 341.0 billion yen, a decrease of 8.1% year on year, mainly due to a decrease in sales in the “Automotive control” category owing to the reduction in vehicle production. Non-GAAP operating income increased by 56.1% year-on-year to 48.4 billion yen, due to an increase in gross margin owing to improvements to the product mix as well as a decrease in selling, general and administrative expenses despite a decrease in revenue.

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

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

Revenue of the Industrial, Infrastructure and IoT Business for this Business Period was 363.6 billion yen, a 10.3% increase year on year. This was mainly due to revenue increase effects following the completion of the IDT acquisition in March 2019 and increased revenue in the “Infrastructure” category, mainly in data centers, and the “IoT” category, in OA devices for PCs etc. which have seen increased demands owing to remote work and remote learning.

Non-GAAP operating profit of the Industrial, Infrastructure and IoT Business for this Business Period was 89.7 billion yen, a 51.9% increase year on year, due to those revenue increase effect etc..

**(Other)**

The Other category includes contract development and contract manufacturing of semiconductors. Revenues of the Other for this Business Period decreased 36.4% year on year to 11.1 billion yen. Non-GAAP operating income increased 13.5% year on year to 1.2 billion yen.

The Group will spend the internal reserves on strategic investment opportunities in order to correspond the rapid environmental changes and survive global competitions, which are aimed to increase corporate values and shareholder returns. We would like to forgo declaring dividends for this Business Period. In the future, we will aim to achieve stable and sustainable profit growth from a long-term perspective and resume declaring and paying dividends. In this regard, we respectfully ask for our shareholders’ continuous understanding and support.

**(2) Issues to be Addressed by the Group**

(i) Sales growth, appropriate cost control, and optimization of production structure

Firstly, although the Group's sales decreased during this Business Period compared to the previous year due to the impact of the new Covid-19 epidemic, design-in, which is the source of future sales revenue, was overachieved by 29% compared to the target for this Business Period and also increased by 40% compared to the previous year.

To achieve further sales growth, the Group will strive to expand and strengthen its product portfolio and necessary technologies through both an organic approach (expanding and strengthening existing businesses) and an inorganic approach (utilizing strategic alliances with other companies, acquisitions, etc.).

Through the organic approach, we will promote intensive investment in research and development in the Group's focus areas. Specific areas of focus include SoCs for automated driving and automated driving assistance, MCUs for automotive domain control, Insulated Gate Bipolar Transistors (IGBTs) for xEVs, MCUs mounting ARM cores, Battery Management Systems (BMS), MPUs with built-in Dynamically Reconfigurable Processor-AI (DRP-AI), and analog and mixed signal for data centers and 5G-related products.

On the other hand, we will take an inorganic approach by continuously promoting the development of winning combinations, etc. to maximize synergies with the previously acquired former Intersil and IDT. In addition, through further M&A, the Group will, in a timely manner, expand its product portfolio and

technologies that it does not already have.

Secondly, on the cost front, the SG&A ratio (the ratio of selling, general and administrative to sales) decreased by 4% (including 2% by the impact of a change in the classification of expenses) compared with the previous fiscal year due to reductions in IT and administrative expenses.

In the short term, the Group will work to ensure that strategic investments necessary for future sales growth and business efficiency are made, while continuously striving to control costs appropriately.

On the production front, the operating rates of the Group's production bases during the fiscal year under review were 42% for the 6-inch production plant, 67% for the 8-inch production plant, and 53% for the 12-inch production plant.

The Group will continue to promote the optimization of its production structure for the improvement of operating ratio at some of its remaining production plants, which have equipment and production processes with low production efficiency, and will also strive to improve production efficiency, change its cost structure, access the latest technologies, and enjoy economies of scale by actively utilizing outsourcing. In addition, we will consider and work to improve the operating rate of the 12-inch production plant through the expansion of the Group's product portfolio.

(ii) Strengthening software development capabilities

As of the end of this Business Period, software development personnel accounted for 10% of the Group's total development personnel.

However, in recent years, the added value of software related to semiconductors has increased even further, and the strengthening of software development capabilities are important for the provision of the Group's products and solutions.

Therefore, the Group will expand and strengthen its development workforce through an inorganic approach and aggressive hiring in the long term, and will also establish and implement a strategy for software development promptly in the future.

(iii) Dealing with geopolitical issues

In recent years, trade friction between the U.S. and China has become increasingly protracted and intense, and this could lead to more serious problems in the market of semiconductors, which is the business segment of the Group.

From a short-, medium- and long-term perspective, the Group has been implementing various measures to minimize geopolitical risks, such as examining and reviewing the location of design bases and the state of supply chains, and will continue to do so in the future.

(iv) Responding to the mergers and acquisitions in the semiconductor industry

The semiconductor industry, in which the Group operates, has traditionally been an industry where competition is fierce on a global level and where there is a trend toward mergers and acquisitions. Recently, in the second half of this Business Period, a number of large-scale M&As with acquisition

values exceeding 1 trillion yen have been announced, accelerating this trend and highlighting the differences in the scale of business among companies in the semiconductor industry.

In light of these trends, the Group has been constantly upgrading and updating its list of potential acquisition targets, and will continue to consider mergers and acquisitions that will contribute to increasing the corporate value of our Group.

(v) Improving employee engagement and instilling the Renesas Culture

With "To Make Our Lives Easier" as its purpose, the Group provides products and solutions that make people's lives easier. In line with this purpose, the Group has newly formulated and developed the "Renesas Culture", which consists of the five elements of "Transparent, Agile, Global, Innovative, Entrepreneurial", in the fiscal year under review, as a set of action guidelines to be shared by all Group organizations around the world and their employees in order to respond quickly and flexibly to a constantly changing environment.

The Group will strive to further instill the "Renesas Culture" in all Group organizations and employees around the world and to further enhance employee engagement through various surveys, information sharing and information exchange among locations, etc.

(vi) Optimizing the employee portfolio

The average age of the Group's employees at the end of this Business Period was 44.8 years, with 52% of the workforce in Japan, 9% in North America, 5% in Europe, and 34% in Asia Pacific.

From a medium- to long-term perspective, the Group will implement a variety of personnel measures with the aim of achieving an optimal employee age composition and regional composition for the Group, as well as expanding the number of employees engaged in important fields such as software and in fields that are expected to grow in the future.

Specifically, we plan to implement measures such as the introduction of a system that allows employees to choose their job categories and career paths at their own will and a free agent system, initiatives to accelerate the growth of highly capable human resources, a flexible working days to meet with various working styles, and the introduction of a second job system. We will also continue to work on optimizing the portfolio of the Group's employees, using an inorganic approach.

(vii) Promotion of ESG activities and information disclosure

In recent years, there has been growing interest in ESG and the Sustainable Development Goals (SDGs), both in Japan and overseas, as essential perspectives for assessing sustainable corporate growth.

As part of its efforts to address such trends, the Group will further strengthen activities that contribute to the "environment," such as the realization of a sustainable society; activities that contribute to "society," such as the diversity of its human resources and the health and safety of its employees; and activities that contribute to "governance," such as strengthening the diversity of its Board of Directors and ensuring transparency in the disclosure of compensation.

We will also work to further enhance non-financial information on ESG activities, improve our ESG rating, and expand information disclosure to the various stakeholders surrounding the Group.

(viii) Optimization of the supply chain

There are issues in the Group's supply chain in terms of the alignment of production and order lead times and business practices regarding order confirmations.

In order to resolve these issues, the Group is currently making improvements to its structure and IT systems to make them modern and industry standard, and will continue to work towards optimizing its supply chain through various measures such as improving IT systems, reviewing trade terms, and optimizing sales channels.

**(3) Research and Development of the Group**

(i) Announcement of “R-Car V3U”, an automotive SoC that realizes the main processing for automated driving on a single chip

The Group announced “R-Car V3U”, which boasts the highest performance of the R-Car, an in-vehicle SoC, for use in ADAS (Advanced Driver Assistance System) and automated driving systems. Sample shipments of this product began in December 2020, and mass production is scheduled to begin in the second quarter of 2023.

This product can realize on a single chip the core processes of automated driving, such as object recognition from in-vehicle camera images using deep learning of AI (Artificial Intelligence), sensor fusion with radar and LiDAR (Note 1), and proposition and control instructions of driving plans.

It also supports ASIL D (Note 2), the most stringent safety level required for automated driving systems, and is equipped with advanced safety functions that detect and control accidental failures in hardware at high speed.

In addition, this product can flexibly support a variety of cutting-edge deep learning technologies, such as ambient object detection and segmentation, and its architecture offers low power consumption, which reduces heat generation and enables the development of ECUs (Electronic Control Units) that can operate under air-cooled environments.

One of the greatest features of the R-Car system, which includes this product, is its scalable architecture that can respond to a wide range of needs by standardizing the dedicated engines used in the system and enabling software diversions. This product also shares a dedicated engine with the SoC for in-vehicle cameras (R-Car V3M and R-Car V3H) already on the market, and allowing customers to smoothly deploy it in their own next-generation products in a short period of time.

The Group will continue to provide a variety of development environments to reduce the development burden on customers and make it easier for them to develop software.

(ii) Announcement of “IPS2200” high-precision inductive position sensor IC, an angle sensor that will revolutionize industrial motor control

The Group has announced “IPS2200” inductive position sensor IC as a new position sensor capable of detecting motor rotation angles with high accuracy in response to growing customer needs to reduce the weight of industrial motors and to control them with high accuracy and efficiency at low cost.

Since this product does not use a magnet and can be designed to be thin and lightweight, it has a high tolerance to ambient magnetic fields and can realize a motor with an angle sensor with high cost performance for a wide range of application fields including industry, medicine, and robotics. In addition, a coil pattern on a printed writing board is used as the sensing element, which provides excellent design flexibility and highly accurate performance.

In conjunction with the release of this product, we are also providing a coil design tool that allows users to design sensing elements immediately without the need for troublesome settings, a coil optimization tool that allows users to complete coil optimization in as little as 30 minutes, and an evaluation kit.

Through these tools, customers can make thinner and lighter products and use standard products as their manufacturing components, which also helps to reduce BOM (Bills of Materials) costs.

The Group will actively develop this product and contribute to making it easier for customers to realize motors for industrial, robotic, consumer and medical applications.

(iii) Announcement of “TS5111”, Temperature Sensor and “5DB0148”, Data Buffer for DDR5 memory modules

The Group announced TS5111, a temperature sensor for memory modules that complies with DDR5 (Double Data Rate 5), the latest memory standard established by JEDEC (Joint Electron Device Engineering Council), a U.S. semiconductor engineering standardization body.

This product has excellent peak efficiency (counting efficiency against peak) and real-time reliability, and is ideal for building memory modules and temperature-sensitive systems with temperature monitoring algorithm operation. In addition, it is suitable not only for DDR5 memory modules, but also for a wide variety of other applications such as SSDs (Solid State Disks), computer motherboards, and other communication devices that require accurate real-time temperature monitoring.

The Group also began sample shipments of “5DB0148”, a data buffer that delivers high speed and low power consumption for DDR5 memory modules, only to specific users.

In recent years, the number of applications that require very large amounts of memory and bandwidth, including real-time analytics, machine learning, HPC (High Performance Computing), and AI, has increased, and memory bandwidth requirements have grown exponentially.

This product can provide significant speed improvements for LRDIMMs (Load-Reduced Dual Inline Memory Modules), the DDR5 memory modules that will be the cornerstone of these applications of the new generation.

(iv) Launch of “F1490”, RF Amplifier for 4G/5G Infrastructure Systems

The Group strengthened its RF amplifier portfolio and began mass production of “F1490”, RF

amplifier, which offers low power consumption at 75mA for 4G/5G infrastructure systems and so on.

This product operates in the frequency range from 1.8 GHz to 5.0 GHz, and covers the frequency range required by 5G (6 GHz and below).

In addition, two selectable gain modes provide greater flexibility in system design. By using this product, customers can meet all the system-level requirements for Massive MIMO (Note 3) 5G pre-drivers.

The Group will continue to drive LTE and 5G innovation by aggressively developing RF amplifier solutions for active antenna systems, 4G/5G base stations, and other wireless communications equipment.

(Notes) 1. LiDAR: Abbreviation for "Light Detection and Ranging," a technology that measures the distance between a vehicle and an object by irradiating a laser beam onto the object and receiving the reflected light.

2. ASIL: Abbreviation for "Automotive Safety Integrity Level," a functional safety level in the ISO 26262 (functional safety standard for automobiles).

3. Massive MIMO: A wireless communication technology that multiplexes communications using a large number of antennas to increase capacity and speed.

#### **(4) Capital Investments etc. of the Group**

The total amount of capital investments made by the Group (on the investment decision basis) during this Business Period was 22.2 billion yen. This was mainly for renewing the manufacturing equipment at production facilities etc.

#### **(5) Financing Activities of the Group**

In order to secure the agile financing method to react to financing needs for business development in the future, to secure operation funds and to improve stability of financial ground, the Company has entered into a commitment line agreement (borrowing limit amount: 75.0 billion yen) with the Company's main banks including MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited in July 2020.

The outstanding debt of the Group as of the end of this Business Period was 683.8 billion yen, a 93.3 billion yen decrease from the end of the previous business period.

During this Business Period, the Group did not raise funds through an issuance of new equity or bonds.

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

<IFRS>

(In billions of yen except per share figures)

Business Period Indices	16th Business Period (1/1/177-12/31/177)	17th Business Period (1/1/18-12/31/18)	18th Business Period (1/1/19-12/31/19)	19th Business Period (This Business Period) (1/1/20-12/31/20)
Sales revenue	779.3	756.5	718.2	715.7
Operating income	101.9	68.2	6.3	6.5
Non-GAAP operating income	-	104.0	92.5	137.5
Profit before income taxes	99.5	67.7	(0.3)	65.2
Profits attributable to shareholders of parent company (losses)	102.0	51.0	(6.3)	45.6
Basic earnings per share (losses) (in yen)	61.20	30.57	(3.73)	26.54
Total assets	1,136.0	1,055.2	1,668.1	1,609.0
Total capital	578.6	601.0	624.4	619.7

- (Note) 1. Starting from 18th Business Period, the consolidated financial statements are being prepared in accordance with IFRS. In addition, the numbers for the 16th and 17th business periods prepared in accordance with IFRS are also shown as a reference above.
2. “Basic earnings (or losses) per share” is calculated based on the average number of shares outstanding during the applicable business period.
3. Non-GAAP operating income is calculated by deducting or adjusting non-recurring items and other specific adjustment items from operating income in accordance with IFRS pursuant to certain rules. We determined such information is useful to understand the Group’s constant operating results.

### <Japanese GAAP>

(In billions of yen except per share figures)

Business Period Indices	15th Business Period (4/1/16-12/31/16)	16th Business Period (1/1/17-12/31/17)	17th Business Period (1/1/18-12/31/18)
Net sales	471.0	780.3	757.4
Operating income	54.7	78.4	66.8
Ordinary income	50.0	75.3	65.1
Income before income taxes	41.0	84.8	55.6
Net income attributable to shareholders of parent company	44.1	77.2	54.6
Net income per share (yen)	26.46	46.3	32.74
Total assets	823.1	1,051.5	967.8
Net assets	422.4	511.9	531.6

- (Note) 1. “Net income per share” is calculated based on the average number of shares outstanding during the applicable business period.
2. As to 15th Business Period, it comprises nine (9) months from April 1, 2016 to December 31, 2016 due to the change of the Group’s fiscal term.

### (7) Principal Subsidiaries (as of December 31, 2020)

Company Name		Capital (Millions of yen)	Investment Ratio (%)	Main Business	Location
Japan	Renesas Semiconductor Manufacturing Co., Ltd.	100	100.0	Manufacture of semiconductors (front-end process)	Hitachinaka-shi, Ibaraki
Overseas	Renesas Electronics America Inc.	(1,000 USD) 2,952,449	100.0	Design, development, manufacturing and sale of semiconductors in the U.S.A.	California, U.S.A.
	Renesas Electronics Europe GmbH	(1,000 Euro) 14,000	100.0	Design, development and sale of semiconductors in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000 HKD) 15,000	100.0	Sale of semiconductors in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000 NTD) 170,800	100.0	Sale of semiconductors in Taiwan	Taipei, Taiwan
	Renesas Electronics Singapore Pte. Ltd.	(1,000 USD) 32,287	100.0	Sale of semiconductors in ASEAN, India, Oceania and Middle East	Singapore

- (Note) 1. There is a total of 76 consolidated subsidiaries as of December 31, 2020, consisting of 4 domestic companies and 72 overseas companies, including the principal subsidiaries described above.
2. Renesas Electronics America Inc. was merged into IDT on January 1, 2020 and IDT changed its name to Renesas Electronics America Inc.
3. There is no “Specific wholly owned subsidiary”.

#### (8) Main Business of the Group (as of December 31, 2020)

As a semiconductor manufacturer, the Group designs, develops, manufactures and sells and provides services in connection with semiconductor products with focus on products for automotive, industrial, infrastructure and IoT-based applications.

#### (9) Principal Offices and Plants of the Group (as of December 31, 2020)

##### (i) The Company

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

##### (ii) Subsidiaries

The principal subsidiaries and their locations are described in “1-(7) Principal Subsidiaries” above.

#### (10) Employees of the Group (as of December 31, 2020)

Number of Employees	Decrease from December 31, 2019
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18,753	205
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(Note) The above figures are the number of permanent employees (including individuals seconded from outside the Group to the Group, and excluding individuals seconded from the Group to outside the Group), and the temporary employees are excluded.

**(11) Major Lenders of the Group (as of December 31, 2020)**

Lenders	Balance of Borrowings (Millions of yen)
MUFG Bank, Ltd.	299,054
Mizuho Bank, Ltd.	270,573
Sumitomo Mitsui Trust Bank, Limited	68,245

**(12) Other important particulars regarding the current status of our Group**

**(i) Launch of the process to acquire Dialog Semiconductor Plc**

On February 8th, 2021, the Company reached an agreement with Dialog Semiconductor Plc (“Dialog”), a semiconductor company based in the UK to launch the process to acquire all shares of Dialog (acquisition consideration approximately 4,886 million Euro) and thereby make Dialog a wholly owned subsidiary of the Company (hereinafter referred to the “Acquisition”).

The complementary nature of the technological assets and the scale of the combined portfolios will enable the Company to build more robust and comprehensive solutions to serve high-growth segments of the IoT, industrial and automotive markets.

Subject to the approval of the meeting of shareholders and approval of regulatory clearances, the Acquisition is expected to become effective by the end of 2021.

**(ii) Execution of Facilities Agreement and Shelf Registration**

On February 8th, 2021, the Company executed the Facilities Agreement with MUFG Bank, Ltd. and Mizuho Bank, Ltd., (borrowing limit: 735.4 billion yen) to procure necessary funds for the Acquisition, and filed the Shelf Registration (Scheduled issue amount: up to 270 billion yen) for issuance of new shares of the Company.

## 2. Overview of the Company

### (1) Matters related to the Company's Shares (as of December 31, 2020)

- (i) **Total Number of Shares Authorized to be Issued** 3,400,000,000 shares
- (ii) **Total Number of Shares Issued** 1,731,896,409 shares  
(excluding treasury stock of 2,581 shares)
- (iii) **Number of Shareholders** 53,825
- (iv) **Major Shareholders**

Name of Shareholders	Number of Shares Held (shares)	Percentage of Shares Held (%)
INCJ, Ltd.	556,842,175	32.15
DENSO Corporation	153,143,625	8.84
Mitsubishi Electric Corporation	75,706,885	4.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	74,433,700	4.29
Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited/NEC Corporation Pension and Severance Payments Trust Account)	71,779,857	4.14
Hitachi, Ltd.	61,990,548	3.57
Toyota Motor Corporation	50,015,900	2.88
Custody Bank of Japan, Ltd. (Trust Account)	48,509,900	2.80
GIC PRIVATE LIMITED-C	31,149,900	1.79
GOVERNMENT OF NORWAT	17,197,812	0.99

- (Note) 1. "Percentage of Shares Held" is calculated by excluding 2,581 shares of treasury stock.
2. "Percentage of Shares Held" is shown by truncating the numbers beyond the third decimal place.
3. 71,779,857 shares ("Percentage of Shares Held": 4.14%) owned by Custody Bank of Japan, Ltd. (Re-trust of Sumitomo Mitsui Trust Bank, Limited/NEC Corporation Pension and Severance Payments Trust Account) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.
4. Custody Bank of Japan, Ltd. was established and changed trade name on through the merger of Japan Trustee Services Bank, Ltd. (JTSSB), Trust & Custody Services Bank, Ltd. and JTC Holdings, Ltd. in July 2020.

### (2) Matters related to Directors and Corporate Auditors

#### (i) Name, etc. of Directors and Corporate Auditors (as of December 31, 2020)

Name	Position at the Company	Responsibility and Important Concurrent Positions
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Tetsuya Tsurumaru	Representative Director and Chairman	Management of important matters relating to the business; chairman of the General Meeting of Shareholders and the Meeting of Board of Directors; and matters relating to Internal Audit Office
Hidetoshi Shibata	*Representative Director, President and CEO	Management of important matters relating to the overall business; hosting of Executive Committee, Corporate Management Meeting and other important meetings; and matters relating to Quality Assurance Division and CEO Office
Tetsuro Toyoda	Member of the Board of Directors	Chief Investment Officer, Member of the Board, Head of Investment Group, INCJ, Ltd.
Jiro Iwasaki	Member of the Board of Directors	Outside Director (Full-time Audit and Supervisory Committee Member), GCA Corporation Outside Director, SBS Holdings, Inc.
Selena Loh Lacroix	Member of the Board of Directors	Vice Chair, Technology Practice, Korn Ferry Board Member, National Association of Corporate Directors - North Texas Chapter (part time)
Arunjai Mittal	Member of the Board of Directors	Member of the Supervisory Board, tesa SE Director, Silicon Solutions Ventures Pte. Ltd. Non-Executive Chairman, ZERO-ERROR SYSTEMS PTE. LTD. Board Member, Agency for Science and Technology Research Non-Executive Chairman, Advanced Micro Foundry Pte Ltd.
Kazuki Fukuda	Corporate Auditor (Full time)	
Kazuyoshi Yamazaki	Corporate Auditor	Representative, Yamazaki Law Office Outside Director, Nisul Co., Ltd. Outside Director, REGAO Co., Ltd.
Noboru Yamamoto	Corporate Auditor	Representative Director, Representative Partner & CEO, XIB Capital Partners, Inc. Outside Director, Koki Holdings Co., Ltd. Senior Advisor, CLSA Capital Partners K.K. Outside Director, TSUBAKI NAKASHIMA CO., LTD.
Takeshi Sekine	Corporate Auditor	Senior Executive Managing Director, Head of Portfolio Monitoring, Japan Investment Corporation

- (Note) 1. Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal are Outside Directors, as stipulated in Item 15, Article 2 of the Companies Act.
2. Mr. Kazuyoshi Yamazaki, Mr. Noboru Yamamoto and Mr. Takeshi Sekine are Outside Corporate Auditors, as stipulated in Item 16, Article 2 of the Companies Act.
3. The Company has notified Tokyo Stock Exchange, Inc., on which the Company lists its shares, of Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal, who are Outside Directors, and Mr. Kazuyoshi Yamazaki, Mr. Noboru Yamamoto and Mr. Takeshi

Sekine, who are Outside Corporate Auditors, as Independent Executives who will have no conflict of interests with the Company's general shareholders.

4. Mr. Kazuki Fukuda, a Corporate Auditor, has many years of experience in accounting operations at other companies and thus has considerable knowledge of finance and accounting. Mr. Takeshi Sekine, a Corporate Auditor, is a certified public accountant and has considerable knowledge of finance and accounting.
5. 1) At the 18th Ordinary General Meeting of Shareholders held on March 27, 2020, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal were newly elected and took office as Members of the Board of Directors.  
2) At the closing of 18th Ordinary General Meeting of Shareholders held on March 27, 2020, the terms of office held by Ms. Kyoko Okumiya and Ms. Yukiko Nakagawa expired and left office as Members of the Board of Directors.
6. INCJ, Ltd., where Mr. Tetsuro Toyoda, an Outside Director, concurrently holds the position, is a major shareholder of the Company owning 32.15% of the Company's shares. Japan Investment Corporation, where Mr. Takeshi Sekine, an Outside Corporate Auditor, concurrently holds the position, owns all of the outstanding shares of INCJ, Ltd. There is no other special interested relationship between the Company and the applicable concurrent employer.
7. The Company adopts a corporate officer system and asterisks (\*) denote the Directors who have been acting as Corporate Officers. The names of other Corporate Officers (who are not Directors) as of January 1, 2021 are as follows:

Name	Position at the Company	Responsibility
Masahiko Nozaki	Executive Vice President	Matters relating to Production and Technology Unit
Shingo Yamamoto	Executive Vice President	Matters relating to Automotive Solution Business Unit
Sailesh Chittipeddi	Executive Vice President	Matters relating to IoT and Infrastructure Business Unit
Tomomitsu Maoka	Senior Vice President	Matters relating to Automotive Solution Business Unit (A&P Products)
Hiroto Nitta	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (SoC Business)
Shinichi Yoshioka	Senior Vice President and CTO	Formulation of the Company's technology strategy and R&D policies
Chris Allexandre	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (Global Sales and Corporate Digital Marketing)
Roger Wendelken	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (MCU Business)
Shuhei Shinkai	Senior Vice President and CFO	Matters relating to Corporate Strategy & Finance Division, Accounting & Control Division, Human Resources & General Affairs Division
Jason Hall	Senior Vice President and CLO	Matters relating to Legal Division, Information Systems Division, Procurement Division and Supply Chain Management Division

**(ii) Outline of Liability Limitation Agreements**

Pursuant to the Articles of Incorporation of the Company, the Company executed liability limitation agreements with Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal, who are Outside Directors, and Mr. Kazuyoshi Yamazaki, Mr. Noboru Yamamoto and Mr. Takeshi Sekine, who are Outside Corporate Auditors, respectively, limiting their liabilities for damages as defined in Paragraph 1, Article 423 of the Companies Act. The liabilities pursuant to such agreements are limited to the minimum liability amount stipulated in the Articles of Incorporation of the Company.

**(iii) Compensation for Directors/Auditors**

**■ Compensation for Directors/Auditors**

**(a) Compensation for Directors**

**< Directors who concurrently serve as Executive Officer >**

Compensation for Directors who concurrently serve as Executive Officers shall be stated in “■ Compensation for Executive Officers” below.

**< Directors who do not concurrently serve as Executive Officer >**

Basic policy regarding compensation for Directors who do not concurrently serve as Executive Officers shall be as follows:

- Compensation should be highly transparent and objective
- Compensation should be linked with the increase of company value so that they can have the same mindset for profit with shareholders
- To achieve the realization of corporate vision, compensation should help to secure the global management team which fulfills the appropriate capacity requirement and enhances their retention.

For directors who do not concurrently serve as executive officers, we pay stock-based compensation (1 yen stock options (TSO) based on the term of office) to some persons, in order to secure diverse and excellent human resources and to raise awareness further of the roles, in addition to paying base salary as fixed compensation, up to the compensation limit (JPY2,000million per year, of which compensation for Outside Directors is up to JPY400M per year within the limitation) resolved at the Annual General Meeting of Shareholders held on March 29, 2018. (For details, please refer to “■ Compensation for Executive Officers (b) Details (i) Compensation Principles and Elements” below. If the Proposal 3, "Revision of Compensation for directors of the Company due to the introduction of the stock compensation plan" is approved at the 19th Annual General Meeting of Shareholders, stock-based compensation will be paid as the post-issuance stock-based compensation (restricted stock units).)

The Representative Director, Chairman received performance-linked compensation (Short-term

incentive (STI) while he was an Executive Officer, and the amount is included in the table of “(c) Total amount of compensation, etc. for Directors and Corporate Auditors” described below.

The compensation ratio and level, as well as mix of compensation, etc. of Directors who do not concurrently serve as Executive Officers are set for each Director taking into account the appropriate ratio and level in light of the above-mentioned basic policy, corresponding to the duties of the Directors. The Compensation Committee deliberates on them, and reports to the CEO, who is entrusted with the distribution of individual executive compensation by the Board of Directors, and CEO makes decisions. Half of the members of the Compensation Committee are occupied by Outside Directors and the committee is chaired by an Outside Director.

### (b) Compensation for Corporate Auditors

We pay annual retainer as fixed salary that is not tied to performance for Corporate Auditors to secure their independency. Compensation to Corporate Auditors is determined and paid within the compensation limit resolved at the Extraordinary General Meeting of Shareholders held on February 24, 2010 (up to 12 million yen per month) taking into consideration the discussion of Corporate Auditors.

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

	Number of officers to be paid	Total amount of compensation, etc. (Million yen)	Base salary (Million yen)	Short-term incentives (Million yen)	Long-term incentives, Stock-based compensation (Million yen)	
					Performance-based Stock Option (PSO)	Time-based Stock Option (TSO)
Directors (excluding Outside Directors)	2	225	86	77	0	61
Outside Directors	5	31	31	—	—	0
Corporate Auditors (excluding Outside Corporate Auditors)	1	20	20	—	—	—
Outside Corporate Auditors	2	12	12	—	—	—

- (Note) 1. As of the end of the current fiscal year, the number of Directors is 6 (including 4 Outside Directors) and the number of Auditors (including 3 Outside Auditors) is 4.
2. The compensation of Directors includes the compensation of the CEO who also serves as an Executive Officer.
3. Payment amount is calculated with rounding up, and total compensation amount may not be the same to the total of each compensation item.

4. Regarding compensation by stock acquisition rights granted as stock-based compensation type stock options, as the amounts in the table, fair value calculated based on the closing price of the stock, etc. on the vesting date for those whose exercise number was fixed during the current fiscal year is stated. The amount of accounting expenses recorded in the current consolidated fiscal year is 267 million yen for Internal Directors and 25 million yen for Outside Directors.
5. For non-resident officers in Japan, the currency for payment is converted to Japanese yen at the average rate during the period (1 dollar = 107.27 yen).

#### ■ Compensation for Executive Officers

The Executive Officers have the broadest job responsibilities and policy-making authority in the Company. We hold them accountable for the company's performance as well as for maintaining a culture of strong ethics and compliance.

Therefore, we aim to be transparent regarding executive compensation of not only our Directors, including the CEO, but also for our management team., and the following describes the outline of Renesas's compensation program for our Executive Officers. Executive Officers who are Directors will be remunerated as Directors.

The composition of the Company's Executive Officers is outlined below

Name	Title and Responsibilities	Director	Executive Officer
Hidetoshi Shibata	Representative Director, President and CEO	✓	✓
Masahiko Nozaki	Executive Vice President, General Manager of Production & Technology Unit	-	✓
Shingo Yamamoto	Executive Vice President, General Manager of Automotive Solution Business Unit	-	✓
Sailesh Chittipeddi	Executive Vice President, General Manager of IoT and Infrastructure Business Unit	-	✓
Tomomitsu Maoka	Senior Vice President, Deputy General Manager of Automotive Solution Business Unit (A&P Products)	-	✓
Hiroto Nitta	Senior Vice President, IoT and Infrastructure Business Unit (SoC Business)	-	✓
Shinichi Yoshioka	Senior Vice President and CTO, formulation of the Company's technology strategy and R&D policies	-	✓
Chris Allexandre	Senior Vice President, IoT and Infrastructure Business Unit (Global Sales and Corporate Digital Marketing)	-	✓
Roger Wendelken	Senior Vice President, IoT and Infrastructure	-	✓

	Business Unit (MCU Business)		
Shuhei Shinkai	Senior Vice President and CFO, Corporate Strategy & Finance Division, Accounting & Control Division, Human Resources & General Affairs Division	-	✓
Jason Hall	Senior Vice President and CLO, Legal Division, Information Systems Division, Procurement Division and Supply Chain Management Division	-	✓

### (a) Executive Summary

We regularly update our compensation programs for Executive Officers. We view compensation as one of the essential management tools to help us accelerate the strengthening of its business portfolio in the focus areas of Auto, IoT and Infrastructure, where we have already expanded our business globally and demonstrates strong market competitiveness.

In order to invite and retain excellent Executive Officers who can drive our business, we design compensation packages that are suitable and competitive as a global company.

Our compensation program is designed to include performance-linked compensation, to encourage Executive Officers to think and act in the best interests of shareholders in the short and long term. The majority of total compensation for our Executive Officers each year is paid as performance-linked compensation and stock price-linked compensation. Short-term incentives (STI), which are performance-linked compensation, are tied to our short-term performance, and stock price-linked compensation is tied to the long-term performance of the Company. We believe our compensation program holds our Executive Officers accountable for direct financial results and overall market competitiveness of the Company.

### (b) Details

#### 1) Compensation Philosophy and Elements

Our basic philosophy regarding compensation for Executive Officers is as follows:

- Highly linked to company performance, and highly transparent and objective
- Improvement of corporate value and compensation must interlock to share awareness of profit with shareholders
- Contribute to ensuring and retaining global management team that satisfies accurate ability requirements to realize corporate vision

The current compensation mix is composed of as follows:

- Base salary as fixed compensation
- Performance-linked compensation focused on achievement of nearer-term financial and strategic objectives (Short-term incentives)
- Stock options as stock price-linked compensation, where management is motivated to increase shareholder value (Long-term incentives)

We believe our current programs are aligned with global and Japanese market practices and interests of our stakeholders. The ratio of each kind of compensation to total compensation is set in consideration of the appropriate ratio, according to market comparisons, global trends, and the roles and achievements of each executive officer. In addition, in order to tie long-term performance to our executive compensation and create strong alignment between shareholders and the management team, we have been promoting a compensation strategy that emphasizes long-term incentives in comparison with many Japanese companies, therefore, we have set the ratio of stock-based compensation at such a level that it will comprise a majority of total compensation.

#### < Cash Compensation >

##### **(Base Salary)**

Base salary is the core compensation that reflects the market value for particular roles and responsibilities in the organization. It is a reward for actual responsibilities, competencies, and experience of each Executive Officer.

This compensation is paid as a fixed amount based on scope of responsibilities and the expected contribution to the company. This is the fundamental component of executive compensation, and is set at a level that invites and ensures retention of competent executive officers, and motivates them to drive global business expansion.

This compensation will be adjusted annually considering market salary increase rates, our performance and individual performance.

In July 2020, we have allowed Executive Officers and employees to apply for the voluntary 1 yen stock option program. This program is intended for Executive Officers and employees who have agreed to a reduction of their base salary, and to whom stock options at a value equivalent to the salary reduction will be granted, with a certain premium.

##### **(Performance-linked compensation (Short-term incentive (STI)))**

Short-term incentives (STIs) are offered to the Executive Officers in order to motivate and reward them for overall company financial results, as well as an assessment of the individual performance of Executive Officers each fiscal year. This compensation is an essential element of the executive compensation program and is focused on motivating Executive Officers' to contribution to the performance objectives for the company.

This compensation is based on one-year company performance, composed of Automotive solution Business Unit and the IoT and Infrastructure Business Unit, and evaluation is conducted using certain measures including the following to evaluate business expansion and its profitability.

- Revenue (growth rate)
- Operating profit margin

Evaluation measures and goals are set annually after deliberation by the Compensation Committee, as well as the amounts of payment in response to business performance.

#### < Stock-based Compensation >

##### **(Stock price-linked compensation (Long-term incentive (LTI)))**

Long-term incentives (LTIs) refer to variable pay based on measures that extend for a period of more than one year, and typically align payouts with value results experienced by shareholders. The role of long-term incentives is to link financial incentives to Executive Officers with organization's long-term performance, and shareholder's long-term focus.

The current long-term incentives are provided by Stock Options, and the actual profits received by Executive Officers are determined based on the payouts based on stock price growth, and 3-year total shareholder return (TSR).

Specifically, our stock-based compensation consists of Performance-based 1-Yen Stock Options (Performance-based Stock Options: PSO), where the number of stock acquisition rights exercised is determined according to the total shareholder return (TSR) and Time-based 1-Yen Stock Option (Time-based Stock Options: TSO) without such conditions. Of these, PSO is designed with our TSR added to the performance measures in order to connect further to strengthening awareness and activities aimed at maximizing corporate value over the medium-to-long term and contributing to stock prices. The number of stock options to be granted is determined based on the option price (note), on the basis of the grant level standard amount set for each person according to their responsibilities and roles. The composition ratio of grant level standard amount for the PSO and TSO is 50%: 50%.

(Note) Fair value of stock options at the time of resolution of the Board of Directors regarding the issuance of each stock option calculated by a fair calculation method such as the binomial model.

Type	Objective	Base	Composition ratio
Performance-based Stock Options (PSO)	To improve Officers' willingness to contribute to rise in share price and corporate value	TSR	50%
Time-based Stock Options (TSO)	To attract and retain outstanding human resources by increasing the linkage between compensation and stock price and sharing profits with shareholders.	Tenure of office	50%

As an alternative to the current stock-based compensation-type stock option plan, the Company plans to introduce a post-delivery type stock-based compensation plan, and at the 19th Annual General Meeting of Shareholders, the Company will propose the Proposal 3, "Revision of Compensation for directors of the Company due to the introduction of the stock compensation plan" as an agenda item concerning the revision of the compensation program for Directors of the Company. For an overview of such revisions, please refer to pages 13 through 17.

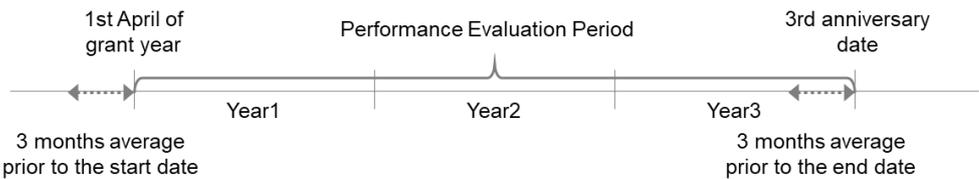
#### **【PSO】**

Grantees will be granted the number of stock acquisition rights calculated by the following formula:  
Number of stock acquisition rights to be granted = Grant level standard amount set for each person x 2 / Option price.

- (Note)
1. Above grant level standard amount set for each person may be adjusted within the range of -10% to +10% depending on the individual performance evaluation results set each year.
  2. The definitive number of stock acquisition rights to be granted will be decided by the Board of Directors.
  3. The number of stock acquisition rights that can be finally exercised will be fixed within the range of 0% to 200% of standard number which is calculated by dividing the grant level standard amount set for each person by option price taking into account performance condition. However, because it is impossible to grant additional stock acquisition right automatically under applicable laws and regulation, the Company grants grantee the maximum number of stock acquisition rights which the grantee can exercise in the best-case scenario, i.e. number of stock acquisition rights which is calculated by dividing the twice amount as granted level standard amount set for each person by option price at first. After that, when the number of stock acquisition rights which the grantee can finally exercise is fixed according to the following exercise condition, the excess number of stock option rights which is determined not to be exercised will be invalidated.

As a general rule, after the anniversary date three years after the grant date, the final number of stock

acquisition rights to be granted will be exercisable, taking into account the performance requirements for that period.

Performance Indicator	TSR: It is determined by comparison with the companies which constitute SOX (Philadelphia Semiconductor Index) and TOPIX (Tokyo Stock Price Index)
Performance Evaluation Period	Three (3) years from April 1 of the year of grant
Growth Rate of our TSR	<p>(Average stock price for the three (3) months prior to the end of the performance evaluation period</p> <p>- Average stock price for the three (3) months prior to the start date of the Performance Evaluation Period</p> <p>+ Total amount of dividends per share relating to the Company's surplus dividend on the base date of the performance evaluation period)</p> <p>/ Average stock price for three (3) months before the day before the start of Performance Evaluation Period</p>  <p>The diagram illustrates a timeline starting at the '1st April of grant year'. A bracket labeled 'Performance Evaluation Period' spans three years: 'Year1', 'Year2', and 'Year3'. The period ends at the '3rd anniversary date'. Below the timeline, two horizontal arrows indicate '3 months average prior to the start date' (from the start of Year 1 to 3 months before its start) and '3 months average prior to the end date' (from 3 months before the end of Year 3 to the end of Year 3).</p>
The way to determine the exercisable number of stock acquisition rights	<ul style="list-style-type: none"> <li>• When the growth rate of our TSR and the growth rate of TSR of companies constituting SOX are categorized from the lowest, check the percentage listed in the following (1) to (5) category which the growth rate of our TSR is classified (hereinafter called "SOX calculation rate").</li> <li>• When the growth rate of our TSR and the growth rate of TSR of companies constituting TOPIX are categorized from the lowest, check the percentage listed in the following (1) to (5) category which the growth rate of our TSR is classified (hereinafter called "TOPIX calculation rate").</li> <li>• Grantee can exercise only the number of stock acquisition rights obtained by multiplying the average number of SOX calculation rate and TOPIX calculation rate by the number of stock acquisition rights granted. Granter cannot exercise other stock acquisition rights. Notwithstanding the foregoing, if the growth rate of our TSR is less than 0%, the average number obtained above will be limited to 50%.</li> </ul>

	Relative TSR	Payout
1)	If less than 25%ile	0%
2)	If 25%ile or more and less than 50%ile	The rate (number) obtained as a result of calculating as increasing at the same ratio between 25% and 50%
3)	If 50%ile or more and less than 75%ile	The rate (number) obtained as a result of calculating as increasing at the same ratio between 50% and 75%
4)	If 75%ile or more and less than 90%ile	The rate (number) obtained as a result of calculating as increasing at the same ratio between 75% and 100%
5)	If 90%ile or more	100%

**【TSO】**

Grantees will be granted the number of stock acquisition rights calculated by the following formula:  
The number of stock acquisition rights to be granted =  
grant level standard amount set for each person / option price.

- (Note) 1. Above grant level standard amount set for each person may be adjusted within the range of -10% to +10% depending on the individual performance evaluation results set each year.  
2. The definitive number of stock acquisition rights to be granted will be decided by the Board of Directors.

As a general rule, one-third of the rights become exercisable each time a year passes from the day following the grant date, and consequently, all granted stock acquisition becomes exercisable on and after the anniversary date three years thereafter.

**2) Analysis regarding compensation determination**

The Compensation Committee examined both package-wide and type-by-type compensation before finally determining executive officer compensation. The target information includes the total amount of cash compensation (basic compensation and STI), stock-based compensation amount, and the total amount of compensation (basic compensation, STI and stock-based compensation), and the impact of the compensation plan on other compensation factors. In alignment with the basic philosophy of compensation, the committee reviewed each position, role, and status of service including career history, in deciding the amount, mix of compensation and incentive for the Executive Officers, in relation to company and individual performance and mid to long-term value creation of the company. The committee judged in assessing whether the total was consistent with the objectives of the program.

Based on this comprehensive review, the committee determined that the level and mix of compensation was appropriate for the current fiscal year.

### **3) Benefits**

Executive Officers are eligible to receive the same benefits as other employees of the Company, except for severance benefits. Such benefits include social insurance such as health insurance and employee pensions, accident insurance, commuting expenses, and group insurance enrollment rights.

#### **■ Voluntary Compensation Committee**

In order to ensure the appropriateness of compensation and transparency of the decision-making process, the Company has established a voluntary Compensation Committee dominated by Outside Officers and chaired by an Outside Director as an advisor to the Board of Directors.

The Compensation Committee deliberates on the level and mix of compensation of Directors and executive compensation, the setting of performance-linked compensation targets and other matters, and report to the CEO, who is entrusted with the distribution of individual executive compensation by the Board of Directors, and CEO makes decisions.

The Compensation Committee deliberates on proposals for the General Meeting of Shareholders (e.g., the upper limit on director compensation) and the grant of stock options, and the Board of Directors makes decisions on these matters after deliberation by the Compensation Committee.

The Compensation Committee held a total of eight meetings in this Business Period.

### **(3) Matters related to Outside Directors and Outside Corporate Auditors**

#### **(i) Important Concurrent Positions held by Outside Directors and Outside Corporate Auditors, and Relationships Between the Company and the Organizations where they hold Important Concurrent Positions (as of December 31, 2020)**

Important concurrent positions and relationships between the Company and organizations where they hold important concurrent positions are described in “2 (2)-(i) Name, etc. of Directors and Corporate Auditors of the Company” above.

#### **(ii) Principal Activities during this Business Period**

Title	Name	Principal Activities
Director	Tetsuro Toyoda	He attended all 8 meetings of the Board of Directors held during this Business Period and made remarks necessary to discussions of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in a wide-range investment business at INCJ, Ltd. and former Innovation Network Corporation of Japan.
	Jiro Iwasaki	He attended all 8 meetings of the Board of Directors held during this Business Period and made remarks necessary to discussions of proposals based on his extensive knowledge, experience and deep insight mainly gained from his career in business operations at various companies for many years.
	Selena Loh Lacroix	She attended all 6 meetings of the Board of Directors held since the appointment as Director in March 2020 and made remarks necessary to discussions of proposals based on her global insight in the field of corporate legal, corporate governance and human resources.
	Arunjai Mittal	He attended all 6 meetings of the Board of Directors held since the appointment as Director in March 2020 and made remarks necessary to discussions of proposals based on his global insight in the business operations cultivated through years of extensive experiences in the semiconductor industry and related industries.

Title	Name	Principal Activities
Corporate Auditor	Kazuyoshi Yamazaki	<p>(i) He attended 7 of 8 meetings of the Board of Directors held during this Business Period and, mainly from legal point of view as an attorney-at-law, made necessary remarks for ensuring procedures in accordance with the laws and regulations are being followed so that decisions at the meetings of the Board of Directors were fair and properly made.</p> <p>(ii) He attended all 9 meetings of the Corporate Auditors held during this Business Period and, from independent and fair position and from legal point of view as an attorney-at-law, made necessary remarks regarding establishment and maintenance of the Company's compliance system, etc.</p>

Title	Name	Principal Activities
	Noboru Yamamoto	<p>(i) He attended all 8 meetings of the Board of Directors held during this Business Period and, mainly based on his extensive knowledge, experience and deep insight gained from his career in global financial institution and business operations, made necessary remarks so that decisions at the meetings of the Board of Directors were fair and properly made.</p> <p>(ii) He attended all 9 meetings of the Corporate Auditors held during this Business Period and, based on his extensive knowledge, experience and deep insight gained from his career in global financial institution and business operations, made necessary remarks regarding improvement of the governance of global management, etc.</p>
	Takeshi Sekine	<p>(i) He attended all 8 meetings of the Board of Directors held during this Business Period and, mainly from accounting point of view as a certified public accountant, made necessary remarks on finance and accounting procedures so that decisions at the meetings of the Board of Directors were fair and properly made.</p> <p>(ii) He attended all 9 meetings of the Corporate Auditors held during this Business Period and, based on his specialized knowledge, experience and deep insight as a certified public accountant, made necessary remarks for ensuring appropriate accounting procedures were followed, etc.</p>

(Note) In addition to the above meetings of the Board of Directors, fourteen (14) written resolutions were made pursuant to Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company, which shall be deemed to constitute the resolutions of the meeting of the Board of Directors.

**(4) Accounting Auditors**

**(i) Accounting Auditor's Name:** PricewaterhouseCoopers Aarata LLC

**(ii) Remuneration and Other Amounts to be Paid to the Accounting Auditor for this Business Period:**

Classification	Amount (in millions of yen)
(i) The total amount of money and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	183
(ii) Remuneration and other amounts to be paid by the Company to the Accounting Auditor for the services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act.	164

- (Note) 1. As a result of obtaining necessary documents from and being reported by the Directors, relevant departments of the Company and the Accounting Auditor as well as reviewing an audit plan for previous and current Business Period, the status of actual audit, the basis for calculating the estimated remuneration amount and so on, the Board of Corporate Auditors determined that the above remuneration amounts are reasonable and has agreed to the amount.
2. As there is no explicit distinction in the audit contract (entered into between the Company and the Accounting Auditor) between the fees for audits under the Companies Act and the fees for audits based on the Financial Instruments and Exchange Law, and as it is unable to distinguish between these two (2) types of fees in substance, the remuneration and other amounts set forth in (ii) above include both of such fees.
3. All overseas subsidiaries described in “1-(7) Principal Subsidiaries” above were audited by auditors other than the Accounting Auditor.

**(iii) Non-Audit Services Rendered by Accounting Auditor**

The Company paid the Accounting Auditor compensations for the financial advisory services other than the services provided under Paragraph 1, Article 2 of the Certified Public Accountants Act.

**(iv) Policy Regarding a Decision to Either Dismiss or Not Reappoint Accounting Auditor**

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

**(5) Systems to Ensure Appropriate Operations of the Company and Operational Status thereof**

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

As to the operational status of the Internal Control System during this Business Period, related important matters were deliberated and reported through the Internal Control Promotion Committee lead by CEO as a chairman (during this Business Period, the committee held three (3) times in writing), and the committee also monitored and supervised an annual plan and operational status of the basic policies. Also, the Group promoted a compliance education and, in Japan, carried out the CSR Compliance Education for FY 2020 by using the IT systems in October and November of 2020. Further, after confirming that the Internal Control System works effectively based on the evaluation of its operation at the meeting of the Executive Committee, such results were reported at the meeting of the Board of Directors.

**(i) Systems to ensure that the execution of duties by Directors, Corporate Officers and employees (hereinafter “Members, etc.”) complies with laws and regulations and Articles of Incorporation**

- The Directors shall take the lead in complying with the “Renesas Electronics Group CSR Charter” and the “Renesas Electronics Group Code of Conduct” (collectively, “Code of Conduct”) that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Members, etc. The Directors shall keep the Members, etc. of the Group informed of and cause them to comply with such Code of Conduct.
- The Directors shall stipulate basic matters such as an implementation system and educational programs for compliance in “Global Rule for Compliance Management within the Renesas Group”, shall oblige members of the Internal Control Promotion Committee to deliberate and resolve matters regarding compliance, and shall offer training programs to the Group to ensure full awareness of compliance.
- The Directors shall set up “Renesas Electronics Group Hot Line” as internal contact points for the Group and its business partners to report any compliance issues. Furthermore, the Directors shall keep the Group and its business partners informed that they assure the anonymity of informants upon requests from informants and informants shall never be adversely affected.
- The Directors shall keep away from any antisocial force and shall work closely with external specialized institutions to act resolutely in an organized manner when contacted by antisocial forces.

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

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

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

- The Directors shall stipulate basic matters of risk management in the Company's own fundamental rules of risk and crisis management and shall establish a risk management framework in accordance with the rules.
- The Corporate Officers and division managers responsible for classified risks shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in case of risk materialization.
- When a serious risk materializes, the Corporate Officers shall, depending on the materiality of such risk, establish an appropriate organization chaired by themselves and implement appropriate measures in accordance with the Company's own fundamental rules of risk and crisis management.

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

- The Directors shall hold an ordinary meeting of the Board of Directors regularly once every three (3) months and extraordinary meetings as needed for the sake of quick decision-making.
- The Directors shall adopt a Corporate Officer System, shall make prompt decisions on the important management issues at the meeting of the Board of Directors, and shall supervise the execution of duties by the Corporate Officers. Furthermore, the important issues for the Company's management shall be discussed at meetings of the Executive Committee prior to meetings of the Board of Directors in order to enhance the deliberations by the Board of Directors.
- The Corporate Officers (including Corporate Officers who also act as Directors) shall make quick decisions for the business operations by transferring their authorities to the relevant division managers or other employees. The Corporate Officers, the relevant division managers, and other employees shall execute their authority properly and efficiently in accordance with "Basic Rules of Ringi Approval".
- The Corporate Officers (including Corporate Officers who also act as Directors) shall execute their duties quickly and efficiently in accordance with office routine regulations determined at the meeting of the Board of Directors, and shall periodically confirm the status of execution of management plans and budgets determined at meetings of the Board of Directors.

**(v) Systems to ensure appropriate operation of Corporate Group**

- The Directors shall guide and support the subsidiaries to establish a Group-wide compliance system in accordance with the "Renesas Electronics CSR Charter", "Renesas Electronics Group Code of Conduct" and "Global Rule for Compliance Management within the Renesas Group".
- The Directors shall constantly oversee, guide and support the Company's subsidiaries through the divisions responsible for the business and supervision of the subsidiaries and have the matters relating to the execution of duties by directors of the subsidiaries periodically reported, in accordance with "Basic Rule of Operation and Management of Affiliate Companies".
- The Directors shall, through a division responsible for risk management, have the subsidiaries

establish rules for risk and crisis management, and make contact lists and action plans in the event of an emergency.

- The Directors shall have Internal Audit Office audit the Group, assign internal auditing staffs or establish internal auditing divisions at principal subsidiaries, and have them cooperate with the Internal Audit Office and the subsidiaries' own Corporate Auditors to ensure Group-wide appropriate operations.

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

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

**(vii) Systems for Members, etc. of the Group, corporate auditors of the Company's subsidiaries etc. to report to Corporate Auditors**

Members, etc. of the Group shall, upon requests of the Corporate Auditors, report to the Corporate Auditors on matters such as the execution of their duties.

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

- The Corporate Auditors may attend meetings of the Board of Directors and important meetings of the Company as they deem necessary. Furthermore, the Directors shall guarantee the right of Corporate Auditors to access important corporate information.

In principle, the Corporate Auditors shall hold meetings of the Board of Corporate Auditors once every three (3) months and shall exchange information and deliberate on the status of audits and related matters. The Corporate Auditors shall also receive regular reports from the Accounting Auditors on their audit activities and shall exchange opinions on them.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****(As of December 31, 2020)**

(In millions of yen)

Accounts	Amount	Accounts	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>402,822</b>	<b>Current liabilities</b>	<b>287,045</b>
Cash and cash equivalents	219,786	Trade and other payables	114,235
Trade and other receivables	82,318	Bonds and borrowings	93,181
Inventories	89,761	Other current financial liabilities	4,036
Other current financial assets	605	Income taxes payable	10,337
Income taxes receivable	2,190	Provisions	6,383
Other current assets	8,162	Other current liabilities	58,873
<b>Non-current assets</b>	<b>1,206,163</b>	<b>Non-current liabilities</b>	<b>702,279</b>
Property, plant and equipment	187,354	Trade and other payables	25,177
Goodwill	590,459	Bonds and borrowings	586,563
Intangible assets	364,764	Other non-current financial liabilities	10,241
Other non-current financial assets	18,101	Income taxes payable	4,084
Deferred tax assets	40,600	Retirement benefit liability	30,012
Other non-current assets	4,885	Provisions	3,033
		Deferred tax liabilities	38,680
		Other non-current liabilities	4,489
		<b>Total liabilities</b>	<b>989,324</b>
		Equity	
		Share capital	28,971
		Capital surplus	208,253
		Retained earnings	449,975
		Treasury shares	(11)
		Other components of equity	(70,487)
		<b>Total equity attributable to owners of parent</b>	<b>616,701</b>
		<b>Non-controlling interests</b>	<b>2,960</b>
		<b>Total equity</b>	<b>619,661</b>
<b>Total assets</b>	<b>1,608,985</b>	<b>Total liabilities and equity</b>	<b>1,608,985</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS****(The Year Ended December 31, 2020)**

(In millions of yen)

Accounts	Amount
<b><u>Revenue</u></b>	<b><u>715,673</u></b>
Cost of sales	(379,984)
<b><u>Gross profit</u></b>	<b><u>335,689</u></b>
Selling, general and administrative expenses	(266,268)
Other income	4,036
Other expenses	(8,315)
<b><u>Operating profit</u></b>	<b><u>65,142</u></b>
Finance income	7,623
Finance costs	(7,549)
<b><u>Profit before tax</u></b>	<b><u>65,216</u></b>
Income tax expense	(19,490)
<b>Profit for the year</b>	<b>45,726</b>
<b><u>Profit for the year attributable to</u></b>	
Owners of parent	45,626
Non-controlling interests	100
<b>Profit for the year</b>	<b>45,726</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(The Year Ended December 31, 2020)**

(In millions of yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of January 1, 2020	22,213	201,588	403,857	(11)	627,647
Profit			45,626		45,626
Other comprehensive income					—
Total comprehensive income			45,626		45,626
Issuance of new shares	6,758	6,665			13,423
Share-based payment transactions					—
Transfer to retained earnings			492		492
Total transactions with owners	6,758	6,665	492	—	13,915
Balance as of December 31, 2020	28,971	208,253	449,975	(11)	687,188

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Other components of equity					Total equity attributable to owners of parent		
	Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Total other components of equity			
Balance as of January 1, 2020	16,053	—	(1,131)	(21,114)	(6,192)	621,455	2,949	624,404
Profit					—	45,626	100	45,726
Other comprehensive income		(334)	(330)	(64,201)	(64,865)	(64,865)	(89)	(64,954)
Total comprehensive income		(334)	(330)	(64,201)	(64,865)	(19,239)	11	(19,228)
Issuance of new shares					—	13,423		13,423
Share-based payment transactions	1,062				1,062	1,062		1,062
Transfer to retained earnings	(1,156)	334	330		(492)	—		—
Total transactions with owners	(94)	334	330	—	570	14,485	—	14,485
Balance as of December 31, 2020	15,959	—	(1,131)	(85,315)	(70,487)	616,701	2,960	619,661

**NON-CONSOLIDATED BALANCE SHEET****(As of December 31, 2020)**

(In millions of yen)

Accounts	Amount	Accounts	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>215,720</b>	<b>Current liabilities</b>	<b>430,765</b>
Cash and deposits	79,943	Electronically recorded obligations	3,917
Electronically recorded receivables	1,795	Accounts payable-trade	82,925
Accounts receivable-trade	66,418	Current portion of long-term borrowings	93,170
Finished goods	15,528	Lease obligations	27
Work in process	26,562	Accounts payable-other	20,755
Raw materials and supplies	1,520	Accrued expenses	21,146
Prepaid expenses	1,621	Income taxes payable	5,155
Accounts receivable-other	22,124	Advances received	1,023
Other current assets	208	Deposits received	195,454
<b>Non-current assets</b>	<b>1,413,001</b>	Unearned revenue	26
<b>Property, plant and equipment</b>	<b>114,040</b>	Provision for product warranties	139
Buildings	34,264	Provision for sales rebates	5,310
Structures	4,080	Provision for business restructuring	105
Machinery and equipment	36,237	Provision for contingent loss	623
Vehicles	409	Other current liabilities	991
Tools, furniture and fixtures	11,480	<b>Non-current liabilities</b>	<b>631,856</b>
Land	19,340	Long-term borrowings	590,633
Construction in progress	8,229	Lease obligations	110
<b>Intangible assets</b>	<b>13,039</b>	Provision for retirement benefits	13,758
Software	11,419	Asset retirement obligations	1,878
Other intangible assets	1,620	Other liabilities	25,477
<b>Investments and other assets</b>	<b>1,285,923</b>	<b>Total liabilities</b>	<b>1,062,621</b>
Investment securities	15	Net assets	
Shares of subsidiaries and affiliates	1,227,664	<b>Shareholders' equity</b>	<b>550,141</b>
Long-term prepaid expenses	39,831	<b>Share capital</b>	<b>28,971</b>
Prepaid pension costs	8,363	<b>Capital surplus</b>	<b>226,032</b>
Deferred tax assets	6,770	Legal capital surplus	18,971
Other assets	3,280	Other capital surplus	207,061
Allowance for doubtful accounts	(0)	<b>Retained earnings</b>	<b>295,148</b>
		Other retained earnings	295,148
		Retained earnings brought forward	295,148
		<b>Treasury shares</b>	<b>(11)</b>
		<b>Share acquisition rights</b>	<b>15,959</b>
		<b>Total net assets</b>	<b>566,100</b>
<b>Total assets</b>	<b>1,628,721</b>	<b>Total liabilities and net assets</b>	<b>1,628,721</b>

**NON-CONSOLIDATED STATEMENT OF OPERATIONS****(The Year Ended December 31, 2020)**

(In millions of yen)

Accounts	Amount
<b>Net sales</b>	<b>563,908</b>
Cost of sales	375,726
<b>Gross profit</b>	<b>188,182</b>
Selling, general and administrative expenses	138,735
<b>Operating income</b>	<b>49,447</b>
<b>Non-operating income</b>	<b>11,917</b>
Interest income	35
Foreign exchange gains	9,896
Subsidy income	1,909
Other non-operating income	76
<b>Non-operating expenses</b>	<b>8,521</b>
Interest expenses	7,749
Commission for syndicate loan	155
Other non-operating expenses	617
<b>Ordinary income</b>	<b>52,843</b>
<b>Extraordinary income</b>	<b>3,175</b>
Insurance claim income	2,313
Other extraordinary income	863
<b>Extraordinary losses</b>	<b>1,962</b>
Business restructuring expenses	793
Provision for contingent loss	633
Other extraordinary losses	535
<b>Income before income taxes</b>	<b>54,056</b>
Income taxes-current	5,848
Income taxes-deferred	750
<b>Net income</b>	<b>47,458</b>

**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**(The Year Ended December 31, 2020)**

(In millions of yen)

	Shareholders' equity						Total shareholders' equity
	Share capital	Capital surplus			Retained earnings	Treasury shares	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of period	22,213	12,213	207,061	219,274	247,690	(11)	489,167
Changes during period							
Issuance of new shares -exercise of share acquisition rights	6,758	6,758		6,758			13,516
Net income					47,458		47,458
Net changes in items other than shareholders' equity							
Total changes during period	6,758	6,758	—	6,758	47,458	—	60,974
Balance at end of period	28,971	18,971	207,061	226,032	295,148	(11)	550,141

	Share acquisition rights	Total net assets
Balance at the beginning of period	16,053	505,219
Changes during period		
Issuance of new shares -exercise of share acquisition rights		13,516
Net income		47,458
Net changes in items other than shareholders' equity	(93)	(93)
Total changes during period	(93)	60,881
Balance at end of period	15,959	566,100

[Translation]

Independent Auditor's Report

February 15, 2021

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Aarata LLC  
Tokyo office

Hiroyuki Sawayama, CPA  
Designated limited liability Partner  
Engagement Partner

Takeaki Ishibashi, CPA  
Designated limited liability Partner  
Engagement Partner

Hitoshi Kondo, CPA  
Designated limited liability Partner  
Engagement Partner

*Opinion*

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to the consolidated financial statements of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the 19<sup>th</sup> fiscal year from January 1, 2020 to December 31, 2020.

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

*Basis for Opinion*

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

*Emphasis of Matter*

We draw attention to the Subsequent Events note to the consolidated financial statements, which describes that on

February 8, 2021, the Company has reached an agreement with Dialog Semiconductor Plc whereby the Company will acquire Dialog Semiconductor Plc. In addition, to procure the funds for the acquisition, the Company entered into a loan agreement and filed the shelf registration statement for the issuance of new shares.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provision of the second sentence of Article 120 (1), which permits the omission of some disclosure items required under Designated International Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of the provision of the second sentence of Article 120 (1), which permits the omission of some disclosure items required under Designated International Accounting Standards unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit

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

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with the provision of the second sentence of Article 120 (1), which permits the omission of some disclosure items required under Designated International Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the instruction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

[Translation]

Independent Auditor's Report

February 15, 2021

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Aarata LLC  
Tokyo office

Hiroyuki Sawayama, CPA  
Designated limited liability Partner  
Engagement Partner

Takeaki Ishibashi, CPA  
Designated limited liability Partner  
Engagement Partner

Hitoshi Kondo, CPA  
Designated limited liability Partner  
Engagement Partner

*Opinion*

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the 19<sup>th</sup> fiscal year from January 1, 2020 to December 31, 2020.

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

*Basis for Opinion*

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

*Emphasis of Matter*

We draw attention to the Subsequent Events note to the financial statements, which describes that on February 8, 2021, the Company has reached an agreement with Dialog Semiconductor Plc whereby the Company will acquire Dialog Semiconductor Plc. In addition, to procure the funds for the acquisition, the Company entered into a loan agreement and filed the shelf registration statement for the issuance of new shares.

Our opinion is not modified in respect of this matter.

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

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

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

The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.

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

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

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

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

in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

### **Audit Report of Board of Corporate Auditors**

The Board of Corporate Auditors, after deliberating the contents, prepared this audit report regarding the execution of the duties by Directors for the 18th fiscal year from January 1, 2020 through December 31, 2020 based on the audit reports from each Corporate Auditor, and reports as follows.

1. Auditing Method Employed by the Corporate Auditors and Board of Corporate Auditors and the Details
  - (1) The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the status of the implementation of audits and the results thereof, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.
  - (2) On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with the auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors, corporate officers, and employees in their efforts to collect information and create an environment for audit, as well as conducted an audit as follows.
    1. Attended meetings of the Board of Directors and other important meetings, and received reports from Directors, corporate officers, and employees regarding performance of their duties, requested explanations as necessary, and perused important documents regarding decisions and approvals made, and investigated the status of operations and the financial position at the Group's head office and principal offices of business. Also, regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, received business reports from the subsidiaries.
    2. The Board of Corporate Auditors received the periodical reports from the Directors, corporate officers, and employees about its framework and operation status of (i) the contents of the Board of Director's resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha and its subsidiaries, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System"); requested explanations as necessary; and provided opinions on those.
    3. Regarding the Internal Control System for financial reporting, the Board of Corporate Auditors received the reports from the Directors and the Independent Auditors about its assessment and audit and requested explanations as necessary.
    4. The Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with "Quality Control Standards for Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanations as necessary.

Based on the above methods, the Board of Corporate Auditors audited the Business Report and supplementary schedules thereto for the 18th fiscal year ended December 31, 2019, the consolidated financial statements related to the 18th fiscal year ended December 31, 2019 (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to the consolidated financial statements) and supplementary schedules as well as the financial statements (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements).

2. Results of Audit
  - (1) Results of the Audit on the Business Report, etc.
    1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.
    2. No inappropriate conducts concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.  
We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to the information provided in the Business Report, or Director' execution of duties in regards to the Internal Control System.
  - (2) Results of the Audit on the Consolidated Financial Statements

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

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

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

February 16, 2021

Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time)	Kazuki Fukuda	(Seal)
Corporate Auditor	Kazuyoshi Yamazaki	(Seal)
Corporate Auditor	Noboru Yamamoto	(Seal)
Corporate Auditor	Takeshi Sekine	(Seal)

Note: Messrs. Kazuyoshi Yamazaki, Noboru Yamamoto and Takeshi Sekine are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.