

Renesas Announces Acquisition of and Tender Offer for Own Shares

TOKYO, Japan, April 27, 2022 —Renesas Electronics Corporation (“Renesas”, TSE:6723), a premier supplier of advanced semiconductor solutions, today announced that it has resolved at the Meeting of Board of Directors dated April 27, 2022, to authorize an acquisition of its own shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86 of 2005; as amended, the “Companies Act”), as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and the provisions of its Articles of Incorporation and conduct a tender offer to acquire its own shares (the “Tender Offer”) as the specific acquisition method.

1. Purposes of Tender Offer

Renesas has been working to improve its corporate value and increase shareholder profits by diverting retained earnings to strategic investment opportunities that will enable the company to respond to business environmental changes and thrive in the global marketplace; by realizing a durable financial structure while enhancing the ability to generate cash flow.

In pursuing strategic investment opportunities, Renesas has allocated its capital to large-scale M&As on a priority basis: Renesas acquired Intersil Corporation (“Intersil”) in February 2017 (total acquisition price: approximately US\$ 3,219 million, approximately 321.9 billion yen at an exchange rate of US\$ 1 to 100 yen), Integrated Device Technology, Inc. (“IDT”) in March 2019 (total acquisition price: approximately US\$ 6.3 billion, approximately 693 billion yen at an exchange rate of US\$ 1 to 110 yen) and Dialog Semiconductor Plc (“Dialog”) in August 2021 (total acquisition price: approximately 4.8 billion Euros, approximately 624 billion yen at an exchange rate of 1 Euro to 130 yen) (Note 1).

On the other hand, Renesas recognizes that, as part of its policy concerning allocation of management resources and capital (capital allocation), returning profits to shareholders is one of the key measures, alongside strategic investments. Renesas has not paid dividends or acquired its own shares since its establishment on April 1, 2010, up to today. However, Renesas has been contemplating the appropriate time to return profits to shareholders since its establishment (Note 2). With respect to the acquisition of its own shares, Renesas believes that it will contribute to improving its earnings per share (EPS: 68.96 yen for the fiscal year ended December 31, 2021, Note 3) and capital efficiency, such as return on equity (ROE: 11.0% for the fiscal year ended December 31, 2021, Note 4). In addition, Renesas provides in its Articles of Incorporation that it may acquire its own shares by a resolution of the Board of Directors in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act.

Therefore, from the standpoint of being able to respond flexibly to changes in the business environment, Renesas has regarded the acquisition of its own shares as a preferred method of returning profits to shareholders compared with paying dividends, which requires a resolution of a Shareholders’ Meeting (excluding interim dividends, which may be paid with the record date being June 30 of each year by a resolution of the Board of Directors pursuant to the provisions of Article 454, Paragraph 5 of the Companies Act).

(Note 1) At the time of each acquisition, Intersil’s main businesses were the development, manufacturing and sales of power management and precision analog integrated circuits, IDT’s main businesses were the development, manufacturing and sales of analog integrated circuits including mixed-signal solutions, and Dialog’s main businesses were the

development, manufacturing and sales of analog integrated circuits including mixed-signal solutions.

(Note 2) Renesas holds 2,581 shares of its treasury stock as of March 31, 2022. 100 shares of its treasury stock were originally held by former Renesas Technology Corporation and then transferred to Renesas upon the merger of Renesas Technology Corporation into Renesas on April 1, 2010. Renesas acquired all other shares of the treasury stock by accepting requests for a purchase from shareholders holding less-than-one-unit shares up to March 31, 2022.

(Note 3) Earnings per share (EPS) = Profit attributable to owners of parent ÷ Average number of shares issued and outstanding.

(Note 4) Return on equity (ROE) = Profit attributable to owners of parent divided by Equity attributable to owners of parent.

Since the completion of the acquisition of Dialog in August 2021, Renesas has focused on the post-merger integration (PMI) (Note 5) of Dialog and repaying the interest-bearing debt increased by financing funds for acquisition costs of IDT and Dialog. Since then, Renesas has made steady progress in the PMI of Dialog and repaying the aforementioned interest-bearing debt.

As a result, Renesas improved various financial figures. For instance, Renesas achieved an improvement of net interest-bearing debt/EBITDA ratio (Note 6) (non-GAAP measure, Note 7) from 2.2 times immediately after completing the acquisition of Dialog (as of September 30, 2021) to 1.6 times during the relevant quarter (as of December 31, 2021). Given cash flow generated from Renesas' business in the future, Renesas expects to achieve further improvement to net interest-bearing debt/EBITDA ratio of 1.0 times, which Renesas has set as its target after the acquisition of Dialog. Moreover, D/E ratio (Note 8) decreased from 1.26 times as of December 31, 2019, to 0.72 times as of December 31, 2021. Accordingly, Renesas reached the conclusion by the middle of February 2022 that it had achieved a durable financial structure.

Based on these changes in its financial condition, Renesas has begun considering, since the middle of March 2022, whether or not and how to implement the acquisition of its own shares with the purpose of returning profits to shareholders and improving capital efficiency. Consequently, Renesas reconfirmed its recognition in the middle of March 2022 that it had achieved a durable financial structure as stated above, and reached the conclusion that it should return profits to shareholders as soon as it confirmed to have established the necessary financial basis, against the backdrop of growing interest of shareholders in profit returns.

In addition, Renesas determined (i) that it would be appropriate to carry out the acquisition of its own shares, which Renesas has regarded as a preferred method of returning profits to shareholders compared with paying dividend, and (ii) that the acquisition of the shares of Renesas' common stock from INCJ, Ltd. ("INCJ"), the largest shareholder of Renesas, with which Renesas has continuously discussed the method and timing of the sales of the shares owned by INCJ as stated below, will be the reasonable option for Renesas and its shareholders to return profits to shareholders. Although Renesas believed the amounts of the acquisition of its own shares should be decided based on the intention of INCJ, Renesas considered in the middle of March 2022 that the total amount would be 150 to 200 billion yen on the assumption that Renesas ensures its financial stability after acquiring its own shares and desires to return profits to shareholders as much as possible.

(Note 5) The term "PMI (Post Merger Integration)" refers to the integration work to be implemented

after the merger and acquisition so that the management of the merging company and the merged company will be integrated.

(Note 6) Net interest-bearing debt/EBITDA ratio = (Interest-bearing debt - Cash and cash equivalents) divided by EBITDA (non-GAAP base)

EBITDA (non-GAAP base) = Operating income + Depreciation and amortization

(Note 7) Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS (International Financial Reporting Standards) based) figures following a certain set of rules. Renesas believes non-GAAP measures provide useful information in understanding and evaluating its constant business results, and therefore results are provided in non-GAAP base.

(Note 8) D/E ratio = Interest-bearing debt divided by equity attributable to owners of parent.

As announced in a press release titled "*Renesas Electronics Announces Share Issue through Third-Party Allotment, and Change in Major Shareholders, Largest Shareholder who is a Major Shareholder, Parent Company and Other Related Companies*" dated December 10, 2012 and a press release titled "*Notice Regarding Completion of Payment for Issue of New Shares through Third-Party Allotment*" dated September 30, 2013, Renesas issued, on September 30, 2013, 1,250,000,000 shares of common stock through a third-party allotment in order to raise capital with the aim of establishing a financial foundation resistant to changes in the business environment and making growth investment to enable recovery in performance.

By subscribing to a portion of such shares (1,152,917,000 shares), Innovation Network Corporation of Japan (the "Former INCJ") became a major shareholder owning 1,152,917,000 shares of Renesas (approximately 69.16%) out of the total number of issued shares (1,667,124,490 shares) after such issuance of new shares (for the reference, the Former INCJ conducted a corporate split on September 21, 2018 and transferred all of the shares of Renesas' common stock held at that time to INCJ as a company incorporated through an incorporation-type company split).

Both the Former INCJ and INCJ are organizations that will finish their activities by the end of March 2025 in accordance with the Act on Strengthening Industrial Competitiveness (Act No. 98 of 2013, as amended). Therefore, both companies, since June 2017, sold a certain number of their shares of Renesas' common stock in stages through secondary offerings or other means (Note 9). As of today, INCJ still owns 391,547,575 shares of Renesas' common stock (ownership ratio (Note 10): 20.14%) as the largest major shareholder of Renesas.

For this reason, Renesas has been continuously discussing the method and time for the sale of the shares of its common stock with INCJ, taking all available options into account. In considering the options, Renesas was concerned that, if INCJ were to sell its shares of Renesas' common stock in the same manner as INCJ did in the past through a secondary offering, a bulk of the shares would be temporarily released in the market and result in significant downward pressure on market prices.

On the other hand, if Renesas can acquire its own shares from INCJ, no shares will be released in the market, unlike in the case of a secondary offering, and Renesas will be able to avoid such adverse effects on the market share price.

Moreover, Renesas will be able to return profits to shareholders and improve capital efficiency by acquiring its own shares. Accordingly, Renesas believes that this will be the reasonable option for Renesas and its shareholders.

(Note 9) Former INCJ and INCJ submitted the amendments to the large shareholding report in connection with each sale stated above.

By	Filing date	Number of shares held	Holding ratio
Former INCJ	June 19, 2017	1,152,917,000	69.15
Former INCJ	June 27, 2017	835,228,200	50.10
Former INCJ	March 16, 2018	760,201,775	45.60
Former INCJ	May 8, 2018	556,842,175	33.40
INCJ	June 16, 2021	393,306,275	22.65
INCJ	July 2, 2021	391,547,575	20.30

(Note 10) The term "ownership ratio" (rounded to the second decimal place; the same shall apply hereinafter in the calculation of any ownership ratio) refers to the ratio of the number of the shares held by a shareholder to 1,943,803,194 shares, which is calculated by deducting the 2,581 shares of treasury stock held by Renesas as of December 31, 2021 from 1,943,805,775 shares, which is the total number of the issued shares of common stock as of December 31, 2021, as described in the 20th Annual Securities Report submitted by Renesas on March 30, 2022.

As a result of the above, Renesas, in the middle of March 2022, began considering the acquisition of its own shares and also started to assess the specific methods for acquiring its own shares. In determining the method for acquiring its own shares, Renesas considered it appropriate to take into account, among other factors, (i) equality among shareholders, (ii) transparency of transaction, (iii) certainty that Renesas can acquire the intended number of the shares of Renesas' common stock from INCJ and (iv) the possibility that Renesas can curb the amount of funds required to acquire its own shares.

Based on such consideration, Renesas has made a decision in the middle of March 2022 that, by providing shareholders other than INCJ with an opportunity to determine whether or not to tender their shares based on market-price trends after a certain amount of time for consideration, a tender offer would not give rise to the issue of equality among shareholders. Renesas also determined that, by acquiring its own shares in accordance with the statutory procedures for tender offers, a tender offer would also ensure the transparency of the transaction.

In addition, if Renesas acquires its own shares through a tender offer, the purchase price may be determined at a certain discount from the market price. As stated below, Renesas believes that, when calculating the purchase price per share in the Tender Offer (the "Tender Offer Price"), priority should be given to the market value of the shares of Renesas' common stock. If INCJ agrees that Renesas will purchase the shares at a discount from the market price, shareholders other than INCJ will be less likely to tender the shares. This increases the likelihood that Renesas will be able to acquire the intended number of shares of Renesas' common stock from INCJ and at the same time, Renesas will be able to curb the amount of funds required to acquire its own shares rather than acquiring its own shares at the market price.

On the other hand, although acquisition of its own shares through market purchases or ToSTNeT-3 ensures equality among shareholders, the system requires the purchase price to be the market price; purchases cannot be made at a discount from the market price.

Therefore, Renesas believes that such methods cannot be the preferred method over a tender offer. As a result, Renesas determined in the middle of March 2022 that it would be most appropriate to acquire its own shares through a tender offer that enables Renesas to purchase the shares at a discount from the market price.

Accordingly, on March 22, 2022, Renesas approached INCJ to sell a portion of its shares of Renesas' common stock to Renesas in response to the acquisition of its own shares to be conducted by Renesas (the total amount would be 150 to 200 billion yen) and also informed INCJ that it desired to acquire shares at a discount from the market price through a tender offer. As a result, on the same day, INCJ answered that it will specifically consider whether to accept the proposal by Renesas and the terms desired by INCJ.

With respect to the calculation of the Tender Offer Price, Renesas believes priority should be given to the market price of the shares of its common stock, because Renesas' common stock is listed on a financial instruments exchange and the basis for calculating the Tender Offer Price should be clear and objective. In addition, the higher the discount rate, the more Renesas will be able to curb the amount of funds required to acquire its own shares and the more likely that the market price will not fall below the Tender Offer Price during the period of the Tender Offer (the "Tender Offer Period") than to conduct share repurchases at the market price. Consequently, Renesas considered it less likely that the total number of shares to be tendered through the Tender Offer will exceed the upper limit of the number of shares to be purchased. Therefore, Renesas believes that setting a certain discount rate will also increase the certainty of it being able to acquire Renesas' common stock from INCJ. As stated below, based on such consideration, Renesas referred to the trend and volatility of the share price of Renesas' common stock and examples of other companies' cases in the past of tender offers made on their own shares. As a result, Renesas determined that, in order to relatively increase the possibility of the market price not falling below the Tender Offer Price during the Tender Offer Period, setting the discount rate at around 15%, which was close to 16%, the maximum discount rate that was actually set by other companies, would be a level that ensures Renesas achieves its goal of acquiring its common stock from INCJ. Then, on March 22, 2022, when Renesas informed INCJ of its intention to purchase its own shares, Renesas also notified INCJ that it would like to set the discount rate at 15%.

On the same day, Renesas received a reply from INCJ that it would also consider whether to accept the aforementioned discount rate. With respect to the abovementioned trend and volatility of the share price of Renesas' common stock, which was taken into account when setting the discount rate proposed to INCJ, Renesas confirmed that the share price of Renesas' common stock showed certain volatility as the minimum share price of its common stock on the First Section of the Tokyo Stock Exchange for the six-month period from September 20, 2021 to March 18, 2022 was 1,145 yen and the maximum share price was 1,577 yen.

In addition, regarding the discount rate (rounded to the nearest whole number) of other companies' cases, of the 50 cases of the tender offer of a company's own shares that were resolved during the period from January 2019 to March 2022, Renesas decided to refer to 39 cases (one case with a 16% discount rate, two cases with a 14% discount rate, two cases with an 11% discount rate, twenty-two cases with a 10% discount rate, three cases with a 9% discount rate, two cases with an 8% discount rate, one case with a 7% discount rate, two cases with a 6% discount rate, three cases with a 5% discount rate and one case with a 4%

discount rate), which exclude the cases where a premium was set or the purchase price was determined using a share value calculation report (a total of 11 cases).

Renesas has also discussed with INCJ the method of setting the market price of Renesas' common stock, which is the basis for calculating the Tender Offer Price. As a result, Renesas and INCJ were able to share the understanding that, among the cases in the past in which a tender offer of a company's own shares was conducted at a price discounted from the market price, there were cases where the tender offer price was calculated based on (i) the market stock price on the business day immediately prior to the date of the resolution of the Board of Directors regarding the tender offer or (ii) the average stock price of a certain period up to the date of the resolution of the Board of Directors regarding the tender offer. Renesas has not found any special factors with respect to Renesas that might cause temporary fluctuations in its stock price that should be eliminated when calculating the Tender Offer Price based on the average stock price of a certain period of time. In addition, as there is no necessity to use the average stock price of a certain period of time. Therefore, Renesas considered it reasonable to use the market stock price on the business day immediately prior to the date of the resolution of the Board of Directors regarding the tender offer as the basis to calculate the Tender Offer Price. On April 13, 2022, Renesas confirmed that INCJ has the same understanding.

Accordingly, Renesas decided to calculate the Tender Offer Price based on the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of the Board of Directors regarding the Tender Offer.

Further, Renesas and INCJ also discussed about the specific level of the discount rate. As described above, on March 22, 2022, Renesas informed INCJ of its intention to set the discount rate at 15% from the viewpoint of increasing the certainty of it being able to acquire Renesas' common stock from INCJ. On the same day, Renesas received a reply from INCJ that they would like to continue to discuss the discount rate based on Renesas' proposal and other matters. Accordingly, Renesas held a meeting again with INCJ on April 1, 2022. In this meeting, INCJ informed its intention to discuss the reasonable level of discount rate, while based on Renesas' proposal and by referring to the examples of other companies' cases and Renesas came to conclusion that Renesas and INCJ continue the discussion of the discount rate based on the same recognition. In response to this, Renesas and INCJ discussed the discount rate again on April 13, 2022 and decided to consider the possibility of accepting the discount rate at 12.5% on the discount rates adopted by other companies respectively. Thereafter, as a result of further mutual consideration, on April 22, 2022, Renesas and INCJ confirmed to be able to continue the discussion with the assumption of setting the discount rate at 12.5%. Thus, Renesas determined that if the discount rate is set at 12.5%, it would be sufficient even in comparison with other companies' cases. This is because it is within the range of the discount rates of the above 39 cases of other companies' tender offer that Renesas referred to, and would still be reasonable from the viewpoint of increasing the certainty of it being able to acquire its common stock from INCJ.

Further, Renesas had contemplated that it would return profits to its shareholders as much as possible to the extent that Renesas would ensure its financial stability even after acquiring its own shares. Considering the above, on April 14, 2022, Renesas determined and informed to INCJ to set the total amount of the acquisition of its own shares at around 200 billion yen. On the same day, INCJ responded to consider whether or not to tender to the Tender Offer

and the number of the shares to be tendered assuming such total amount of acquisition.

Based on the foregoing, on April 26, 2022, Renesas determined to set the purchase price at 1,190 yen (rounded up to the nearest yen) by applying a discount rate of 12.5% to the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors regarding the Tender Offer. Renesas also determined to set the number of shares to be purchased at 168,067,226 shares (fractions less than one share are rounded down) calculated by dividing the total acquisition price of 200 billion yen by the purchase price (1,190 yen). Further, on the same day, Renesas informed INCJ of the above purchase price and the number of shares to be purchased and enquired whether INCJ would tender the shares if the tender offer is made under such conditions. On the same day, Renesas received a reply from INCJ stating that if the tender offer is implemented under the above conditions, INCJ will tender 168,067,175 shares (ownership ratio: 8.65%). This is, of the 391,547,575 shares of Renesas' common stock owned by INCJ, (i) a number that is closest to the number of shares to be purchased (168,067,226 shares) and (ii) a number to ensure that there will be no less-than-one-unit shares in the number of shares of Renesas' common stock that will be owned by INCJ after the sale.

Following the foregoing review and decision, at the meeting of Board of Directors dated April 27, 2022, Renesas resolved to authorize the acquisition of its own shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and its Articles of Incorporation and conduct the Tender Offer as the specific acquisition method. In this resolution, (i) the Tender Offer Price was set at 1,190 yen (rounded up to the nearest yen), which was calculated by applying the discount rate of 12.5% to 1,359 yen, the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors determining the implementation of the Tender Offer, and (ii) the number of shares to be purchased under the Tender Offer was set at 168,067,226 shares (fractions less than one share are rounded down), calculated by dividing the total acquisition price of 200 billion yen by the purchase price (1,190 yen). If all of the shares to be purchased under the Tender Offer (168,067,226 shares) is purchased at the Tender Offer Price (1,190 yen), Renesas' earnings per share (EPS; 68.96 yen for the fiscal year ended December 31, 2021) and return on equity (ROE; 11.0% for the fiscal year ended December 31, 2021) are expected to increase to 75.87 yen and 13.3%, respectively (Note 11).

(Note 11) EPS is calculated by using the number of shares obtained by deducting (i) the number of shares to be purchased under the Tender Offer from (ii) the average number of shares issued and outstanding for the fiscal year ended December 31, 2021, as "Average number of shares issued and outstanding."

ROE is calculated based on the assumption that the aggregate purchase price for the number of shares to be purchased under the Tender Offer was paid on December 31, 2021.

If the total number of share certificates, etc. tendered for sale through the Tender Offer (the "Tendered Shares") exceeds the number of shares to be purchased, the shares will be purchased by the pro rata allocation method provided for in provisions of Article 27-13, Paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended; the "Act") as applied mutatis mutandis pursuant to provisions of Article 27-22-(2), Paragraph 2 of the Act, and provisions of Article 21 of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates by Issuers (Ministry of Finance Order No. 95,

1994 as amended; the “Cabinet Office Order”). Renesas has received a reply from INCJ stating that if the total number of Tendered Shares exceeds the number of shares to be purchased and the purchase will be made on a pro rata basis, resulting in some of the shares intended to be tendered by INCJ (168,067,175 shares) not being purchased, INCJ will consider selling the shares not purchased by Renesas in the future, together with Renesas’ common stock owned by INCJ after the completion of the Tender Offer.

In addition, on April 27, 2022, Renesas entered into a tender agreement with INCJ (the “Tender Agreement”) in which INCJ agreed to tender 168,067,175 shares (ownership ratio: 8.65%; the “INCJ Tendered Shares”), a part of the shares of Renesas’ common stock owned by INCJ, through the Tender Offer. Under the Tender Agreement, INCJ shall not enter into any contract or other agreement with any third party other than Renesas that conflicts with (i) the selling of all or any part of the INCJ Tendered Shares through the Tender Offer, or (ii) the Tender Offer, or makes the foregoing difficult, nor shall INCJ, directly or indirectly, make an offer for such agreement, induce, accept, discuss, negotiate, solicit such offer or otherwise provide any information (including, without limitation, information relating to Renesas Group) with respect to the offer to any third party other than Renesas; provided, however, that in the event that a tender offer for share certificates, etc. issued by Renesas is commenced by the end of the Tender Offer Period by a third party other than Renesas (the “Competitive Tender Offer”), and if, with respect to all or part of INCJ Tendered Shares, INCJ’s non-tendering of shares in the Competitive Tender Offer and non-termination of the contracts relating to the Tender Offer constitutes, or is objectively and reasonably determined to constitute, a breach of the duty of due care of a good manager as a director of INCJ, INCJ shall be entitled to terminate the contracts relating to the Tender Offer and tender all or part of the INCJ Tendered Shares in the Competitive Tender Offer on the condition that INCJ pays a penalty to Renesas. Further, there are no preconditions for the tender by INCJ in the Tender Agreement. As of today, INCJ is the largest shareholder among other major shareholders of Renesas, and even if 168,067,175 shares (ownership ratio: 8.65%) are tendered in the Tender Offer pursuant to the Tender Agreement and Renesas purchases all of the relevant INCJ Tendered Shares, the major shareholders are not expected to change.

Renesas plans to apply its cash on hand to the entire amount necessary for the Tender Offer (approximately 200 billion yen). Renesas’ liquidity (cash and deposits) as of March 31, 2022, on a consolidated basis, as set forth in the Earnings Report for the first quarter ended March 31, 2022, was approximately 260 billion yen (liquidity ratio (Note 12): 3.1 months). In addition, in April 2022, Renesas drew down the loan under the commitment line agreements and secured an additional 50 billion yen as its working capital.

Accordingly, even after the allocation of its cash on hand to the purchase of shares, Renesas will have a liquidity of approximately 110 billion yen (including its working capital) (liquidity ratio: 1.3 months) and is also expected to increase the amount of cash flows generated from Renesas’ business in the future (the consolidated cash flows from operating activities for the fiscal year ended December 31, 2021 was 307.4 billion yen). Therefore, Renesas believes that it is capable of securing sufficient funds in order to operate its business and maintaining its financial health and security.

(Note 12) Liquidity ratio (rounded to the first decimal place) is calculated by dividing Renesas’ consolidated liquidity by the monthly sales (consolidated revenue for a full year divided by 12 months) calculated based on the Annual Securities Report for the fiscal year ended December 31, 2021, which was submitted by Renesas on March 30, 2022.

While Renesas has not decided on the policy of disposing of its own shares acquired through the Tender Offer as of today, as a general policy relating to the disposal of its own shares, Renesas plans to continue to own a number of shares required for use in stock compensation and M&A considerations. On the other hand, Renesas plans to retire its own shares that are not expected to be used in the long term at an appropriate time.

2. Resolution of the Board of Directors on the Acquisition of Own Shares

(1) Details of the resolution

Class of share certificates, etc.	Total number of shares	Total acquisition price
Common stock	168,067,326 shares (maximum)	200,000,117,940 yen (maximum)

(Note 1) Total number of issued shares (as of April 27, 2022): 1,945,692,637 shares; the number does not include the number of shares increased upon the exercise of the stock acquisition rights from April 1, 2022 to today.)

(Note 2) Ratio of the total number of issued shares (1,945,692,637): 8.64% (rounded to the second decimal place)

(Note 3) Period of acquisition: From Thursday, April 28, 2022 to Thursday, June 30, 2022

(Note 4) The total number of shares to be purchased pursuant to the resolution of the Meeting of Board of Directors is calculated by adding the number of shares corresponding to one minimum trading unit (100 shares) to the number of shares to be purchased, because the number of tendered shares may exceed the number of shares to be purchased and the actual number of shares purchased may exceed the number of shares to be purchased as a result of unit adjustment on a pro rata basis.

(2) Listed share certificates, etc. relating to the treasury stock already acquired based on the aforementioned resolution: Not applicable

3. Outline of Tender Offer

(1) Schedule

(i) Resolution date of the Meeting of Board of Directors	Wednesday, April 27, 2022
(ii) Date of public notice of commencement of tender offer	Thursday, April 28, 2022 Public notice will be made electronically via the Internet, and a notice to that effect will be published in The Nikkei. (URL of the electronic notice: https://disclosure.edinet-fsa.go.jp/)
(iii) Filing date of tender offer registration statement	Thursday, April 28, 2022
(iv) Period of Tender Offer	From Thursday, April 28, 2022 to Tuesday, May 31, 2022 (20 business days)

(2) Price of purchase

1,190 yen per share of common stock

(3) Basis for the calculation of the tender offer price

(A) Basis of calculation

With respect to the calculation of the Tender Offer Price, Renesas believes priority should be given to the market price of the shares of its common stock, because Renesas' common stock is listed on a financial instruments exchange and the basis for calculating the Tender Offer Price should be clear and objective. In addition, with respect to the discount rate, the higher the discount rate, the more Renesas will be able to curb the amount of funds required to acquire its own shares and the more likely that the market price will not fall below the Tender Offer Price during the Tender Offer Period than to conduct share repurchases at the market price. Subsequently, Renesas considered it less likely that the total number of shares to be tendered through the Tender Offer will exceed the upper limit of the number of shares to be purchased. Therefore, Renesas believes that setting a certain discount rate will also increase the certainty of it being able to acquire its common stock from INCJ. As stated below, based on such consideration, Renesas referred to the trend and volatility of the share price of Renesas' common stock and examples of other companies' cases in the past of tender offers made on their own shares. As a result, Renesas determined that, in order to relatively increase the possibility of the market price not falling below the Tender Offer Price during the Tender Offer Period, setting the discount rate at around 15%, which was close to 16%, the maximum discount rate that was actually set by other companies, would be a level that ensures Renesas achieves its goal of acquiring its common stock from INCJ. Then, on March 22, 2022, when Renesas informed INCJ of its intention to purchase its own shares, Renesas also notified INCJ that it would like to set the discount rate at 15%.

On the same day, Renesas received a reply from INCJ that it would also consider whether to accept the aforementioned discount rate. With respect to the abovementioned trend and volatility of the share price of its common stock, which was taken into account when setting the discount rate proposed to INCJ, Renesas confirmed that the share price of Renesas' common stock showed certain volatility as the minimum share price of Renesas' common stock on the First Section of the Tokyo Stock Exchange for the six-month period from September 20, 2021 to March 18, 2022 was 1,145 yen and the maximum share price was 1,577 yen.

In addition, regarding the discount rate (rounded to the nearest whole number) of other companies' cases, of the 50 cases of the tender offer of a company's own shares that were resolved during the period from January 2019 to March 2022, Renesas decided to refer to 39 cases (one case with a 16% discount rate, two cases with a 14% discount rate, two cases with an 11% discount rate, twenty-two cases with a 10% discount rate, three cases with a 9% discount rate, two cases with an 8% discount rate, one case with a 7% discount rate, two cases with a 6% discount rate, three cases with a 5% discount rate and one case with a 4% discount rate), which exclude the cases where a premium was set or the purchase price was determined using a share value calculation report (a total of 11 cases).

Thereafter, as described in the “(B) Process of calculation” below, Renesas has also discussed with INCJ the method of setting the market price of Renesas’ common stock, which is the basis for calculating the Tender Offer Price. As a result, at the meeting of Board of Directors dated April 27, 2022, Renesas resolved to authorize the acquisition of its own shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and the provisions of its Articles of Incorporation and conduct the Tender Offer as the specific acquisition method. In this resolution, the Tender Offer Price was set at 1,190 yen (rounded up to the nearest yen), which was calculated by applying the discount rate of 12.5% to 1,359 yen, the closing price of Renesas’ common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors determining the implementation of the Tender Offer.

The Tender Offer Price of 1,190 yen is equivalent to the price representing a 12.44% discount (rounded to the second decimal place; hereinafter the same shall apply to calculations of discount rate) from 1,359 yen, which is the closing price of Renesas’ common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors resolving the implementation of the Tender Offer (April 27, 2022); equivalent to the price representing a 12.44% discount from 1,359 yen, which is the simple average of the closing prices of Renesas’ common stock for the one-month period ending April 26, 2022 (rounded to the nearest yen; hereinafter the same shall apply to calculations of the simple average of the closing prices); equivalent to the price representing a 10.19% discount from 1,325 yen, which is the simple average of the closing prices of Renesas’ common stock for the three-month period ending April 26, 2022; and equivalent to the price representing a 13.71% discount from 1,379 yen, which is the simple average of the closing prices of the Renesas’ common stock for the six-month period ending April 26, 2022.

(B) Process of calculation

As set forth in “(A) Basis of calculation” above, on March 22, 2022, when Renesas informed INCJ of its intention to purchase its own shares, Renesas also notified INCJ that it would like to set the discount rate at 15%. On the same day, Renesas received a reply from INCJ that it would also consider whether to accept the aforementioned discount rate.

Based on the above reply, Renesas has also discussed with INCJ the method of setting the market price of Renesas’ common stock, which is the basis for calculating the Tender Offer Price. As a result, Renesas and INCJ were able to share the understanding that, among the cases in the past in which a tender offer of a company’s own shares was conducted at a price discounted from the market price, there were cases where the tender offer price was calculated based on (i) the market stock price on the business day immediately prior to the date of the resolution of the Board of Directors regarding the tender offer or (ii) the average stock price of a certain period up to the date of the resolution of the Board of Directors regarding the tender offer. Renesas has not found

any special factors with respect to Renesas that might cause temporary fluctuations in the stock price that should be eliminated when calculating the Tender Offer Price based on the average stock price of a certain period of time, and there is no necessity to use the average stock price of a certain period of time, Renesas considered it reasonable to use the market stock price on the business day immediately prior to the date of the resolution of the Board of Directors regarding the tender offer as the basis to calculate the Tender Offer Price. On April 13, 2022, Renesas confirmed that INCJ has the same understanding.

Accordingly, Renesas decided to calculate the Tender Offer Price based on the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of the Board of Directors regarding the Tender Offer.

Further, Renesas and INCJ also discussed about the specific level of the discount rate. As described above, on March 22, 2022, Renesas informed INCJ of its intention to set the discount rate at 15% from the viewpoint of increasing the certainty of it being able to acquire Renesas' common stock from INCJ. On the same day, Renesas received a reply from INCJ that they would like to continue to discuss the discount rate based on Renesas' proposal and other matters. Accordingly, Renesas held a meeting again with INCJ on April 1, 2022. In this meeting, INCJ informed its intention to discuss the reasonable level of discount rate, while based on Renesas' proposal and by referring to the examples of other companies' cases and Renesas came to conclusion that Renesas and INCJ continue the discussion of the discount rate based on the same recognition. In response to this, Renesas and INCJ discussed the discount rate again on April 13, 2022, and decided to consider the possibility of accepting the discount rate at 12.5% on the discount rates adopted by other companies respectively. Thereafter, as a result of further mutual consideration, on April 22, 2022, Renesas and INCJ confirmed to be able to continue the discussion with the assumption of setting the discount rate at 12.5%. Thus, Renesas determined that if the discount rate is set at 12.5%, it would be sufficient even in comparison with other companies' cases. This is because it is within the range of the discount rates of the above 39 cases of other companies' tender offers that Renesas referred to, and would still be reasonable from the viewpoint of increasing the certainty of it being able to acquire its common stock from INCJ.

Further, Renesas had contemplated that it would return profits to its shareholders as much as possible to the extent that Renesas will ensure its financial stability even after acquiring its own shares. Considering the above, on April 14, 2022, Renesas determined and informed to INCJ to set the total amount of the acquisition of its own shares at around 200 billion yen. On the same day, INCJ responded to consider whether or not to tender to the Tender Offer and the number of the shares to be tendered assuming such total amount of acquisition.

Based on the foregoing, on April 26, 2022, Renesas determined to set the purchase price at 1,190 yen (rounded up to the nearest yen) by applying a

discount rate of 12.5% to the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors regarding the Tender Offer. Renesas also determined to set the number of shares to be purchased at 168,067,226 shares (fractions less than one share are rounded down) calculated by dividing the total acquisition price of 200 billion yen by the purchase price (1,190 yen). Further, on the same day, Renesas informed INCJ of the above purchase price and the number of shares to be purchased and enquired whether INCJ would tender the shares if the tender offer is made under such conditions. On the same day, Renesas received a reply from INCJ stating that if the tender offer is implemented under the above conditions, INCJ will tender 168,067,175 shares (ownership ratio: 8.65%). This is, of the 391,547,575 shares of Renesas' common stock owned by INCJ, (i) a number that is closest to the number of shares to be purchased (168,067,226 shares) and (ii) a number to ensure that there will be no less-than-one-unit shares in the number of shares of Renesas' common stock that will be owned by INCJ after the sale.

Following the foregoing review and decision, at the meeting of Board of Directors dated April 27, 2022, Renesas resolved to authorize the acquisition of its own shares pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act and its Articles of Incorporation and conduct the Tender Offer as the specific acquisition method. In this resolution, the Tender Offer Price was set at 1,190 yen (rounded up to the nearest yen), which was calculated by applying the discount rate of 12.5% to 1,359 yen, the closing price of Renesas' common stock on the Prime Market of the Tokyo Stock Exchange on April 26, 2022, the business day immediately prior to the date of the resolution of the Board of Directors determining the implementation of the Tender Offer.

(4) Number of shares to be purchased

Class of share certificates, etc.	Number of shares to be purchased	Expected number of excess shares	Total
Common stock	168,067,226 (shares)	- (shares)	168,067,226 (shares)

(Note 1) If the total number of the Tendered Shares does not exceed the number of shares to be purchased (168,067,226 shares), Renesas will purchase all of the Tendered Shares. However, if the total number of the Tendered Shares exceeds the number of shares to be purchased (168,067,226 shares), Renesas will not purchase all or part of such excess, and will implement the transfer of shares and other settlement with regard to the purchase, etc. of share certificates and the like by the pro rata allocation method provided in provisions of Article 27-13, Paragraph 5 of the Act as applied mutatis mutandis pursuant to provisions of Article 27-22-(2), Paragraph 2 of the Act, and provisions of Article 21 of the Cabinet Office Order.

(Note 2) Shares less than one unit are also covered by the Tender Offer. If a

shareholder exercises its right to request purchase of shares less than one unit pursuant to the Companies Act, Renesas may repurchase its shares during the period of the Tender Offer Period pursuant to the procedures prescribed under the relevant laws and regulations.

(Note 3) Renesas issued stock acquisition rights and such stock acquisition rights may be exercised during the Tender Offer Period. Shares of Renesas' common stock to be issued or transferred upon the exercise of such stock acquisition rights will also be subject to the Tender Offer.

(5) Funds necessary for tender offer

200,022,998,940 yen

(Note) The above-mentioned figure represents the amount of payment for purchasing all the shares to be purchased (168,067,226 shares), plus the estimated purchase commissions (commissions to be paid to the tender offer agent) and other miscellaneous expenses (including expenses for the public notice of the Tender Offer and the printing costs for required documents such as the Tender Offer explanation statement).

(6) Method of settlement

(A) Name and location of head office of financial instruments business operator/bank etc. in charge of settlement of tender offer

(Tender offer agent)

Daiwa Securities Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(B) Commencement date of settlement

Wednesday, June 22, 2022

(C) Method of settlement

A notice regarding the tender offer will be mailed to the address or location of those shareholders who have accepted the offer for purchase of the share certificates, etc. or have offered their share certificates, etc. for sale in connection with the Tender Offer (the "Tendering Shareholders") or to the standing proxy in the case of foreign resident shareholders (including corporate shareholders) (the "Foreign Shareholders") without delay after the expiration of the Tender Offer Period.

The purchase will be settled in cash. The purchase price less applicable withholding tax (Note) is to be remitted from the tender offer agent to the location specified by the Tendering Shareholders (or to the standing proxy in the case of the Foreign Shareholders), or to be paid at the head office or other Japanese branches of the tender offer agent which received the application, without delay after the commencement date of the settlement.

(Note): Taxation on shares purchased through a tender offer

For specific questions concerning taxation, each shareholder is kindly advised to consult professionals such as tax accountants and to make decisions at its own discretion.

(a) Individual shareholders

(i) If the Tendering Shareholder are individual shareholders who are either

residents in Japan or non-residents with permanent establishments in Japan:

If the amount of money to be delivered in return for tendering and delivering shares through the Tender Offer exceeds the portion of the amounts of Renesas' share capital, etc. (in the case of a consolidated entity, the amount of consolidated individual share capital, etc.) corresponding to the shares that gave rise to such delivery of money, the amount of such excess will be deemed to be dividend income and will be taxed. Such amount of deemed dividend income will be subject to 20.315% withholding tax in principle (income tax and special income tax for reconstruction under the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake (Act No. 117 of 2011, as amended) (the "Special Income Tax for Reconstruction") at 15.315% plus inhabitant tax at 5%) (in the case of non-residents with permanent establishments in Japan, no inhabitant tax will be withheld through special collection); provided, however, that with respect to shareholders who fall under the category of large shareholders, etc. (the "Large Shareholders") as provided for in provisions of Article 4-6-2, Paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43, 1957, as amended), such amount of deemed dividend income will be subject to 20.42% withholding tax (income tax and Special Income Tax for Reconstruction only). The amount of money to be delivered in return for tendering and delivering shares through the Tender Offer, less the amount of deemed dividend income, will be income from the transfer of shares. The amount of income from the transfer of shares less acquisition cost relating to such shares will, in principle, be subject to separate self-assessment taxation.

In the case where a shareholder tenders the shares in a tax-exempt account as provided for in provisions of Article 37-14 (Tax exemption for capital gains, etc. from small amounts of listed shares in a tax-exempt account) of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (the "Tax-exempt Account") pursuant to the Tender Offer, if the financial institution business operator at which such Tax-exempt Account is held is Daiwa Securities Co. Ltd., income from the transfer of shares pursuant to the Tender Offer will, in principle, be tax-exempt; provided, however, that if such Tax-exempt Account is held at a financial institution other than Daiwa Securities Co. Ltd., the aforementioned treatment may not apply.

(ii) If the Tendering Shareholders are non-residents without permanent establishments in Japan:

The amount deemed to be dividend income will be subject to 15.315% withholding tax (income tax and Special Income Tax for Reconstruction only); provided, however, that shareholders who fall under the category of the Large Shareholders will be subject to 20.42% withholding tax (income tax and Special Income Tax for Reconstruction only). Further, income arising from the transfer of shares is, in principle, not subject to taxation in Japan.

(b) If the Tendering Shareholders are corporate shareholders:

As taxation on deemed dividend, if the Tender Offer Price exceeds the amount of Renesas' share capital, etc. per share, the amount of such excess will be, in principle, subject to 15.315% withholding tax (income tax and Special Income Tax for Reconstruction only).

The Foreign Shareholders who, pursuant to an applicable tax treaty, wish to enjoy the benefit of reduction of or exemption from income tax and Special Income Tax for Reconstruction on such deemed dividend will be required to submit a written notification and other related documents concerning such tax treaty to the tender offer agent by May 31, 2022.

(7) Other matters

(A) The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement and other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Those who are tendering shares through the Tender Offer may be required to represent and warrant the following to the tender offer agent or subagent:

(a) The Tendering Shareholder is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (b) the Tendering Shareholder did not receive or send any information or document regarding the Tender Offer (including copies thereof), directly or indirectly, in, to or from the U.S.; (c) the Tendering Shareholder did not use, directly or indirectly, the U.S. postal service or any other means or instruments of interstate or foreign commerce (including, but not limited to, telephone, telex, facsimile, e-mail, and internet communication) or any facilities of a securities exchange in the U.S. with respect to the purchase or for signing or delivering the tender offer acceptance form; and (d) the Tendering Shareholder is not acting as an attorney, a trustee or a mandatary without discretion for any other person who is a resident of the U.S. (except for the case where the latter provides all instructions for the purchase from outside the U.S.).

(B) Renesas entered into the Tender Agreement with INCJ on April 27, 2022 by which INCJ will tender the INCJ Tendered Shares through the Tender Offer. For the details, please refer to "1. Purposes of Tender Offer" above. Further, if the number of tendered shares exceeds the number of shares to be purchased, the purchase will be made on a pro rata basis, some of the shares to be tendered by INCJ (168,067,175 shares) may not be purchased, and INCJ answered that INCJ will consider selling the shares not purchased by Renesas in the future, together with Renesas' common stock owned by INCJ after the completion of the Tender

Offer.

- (C) Renesas announced the “*Consolidated Financial Results for the First Quarter Ended March 31, 2022 (IFRS)*” on April 27, 2022. The outline of the announcement is as described below. Renesas has not undergone the quarterly review by an auditor pursuant to the provisions of Article 193-2, Paragraph 1 of the Act. The following summary is an extract from the announcement. For details, please refer to the content of the announcement.

(a) Profits and losses (consolidated)

Accounting period	First cumulative quarterly consolidated accounting period (From January 1, 2022 to March 31, 2022)
Revenue	346,696 million yen
Operating profit	100,077 million yen
Profit before tax	78,996 million yen
Profit	59,838 million yen
Profit attributable to owners of parent	59,784 million yen

(b) Per share information (consolidated)

Accounting period	First cumulative quarterly consolidated accounting period (From January 1, 2022 to March 31, 2022)
Basic earnings per share	30.74 yen

- (D) Renesas announced the “*Consolidated Forecasts and Forecasts of Cash Dividends*” on April 27, 2022. The outline of the announcement is as described below. For details, please refer to the content of the announcement.

(a) Consolidated forecasts for the six months ending June 30, 2022
(January 1, 2022 to June 30, 2022)

	Revenue	Non-GAAP Gross Margin	Non-GAAP Operating Margin
Previous forecasts	---	---	---
Forecasts as of April 27, 2022	721,696 (±4,000)	57.9%	37.7%
Increase (decrease)	---	---	---
Percentage change	---	---	---
Reference:	421,553	51.1%	27.0%

In millions of yen

Corresponding period of the previous year (January 1, 2021 to June 30, 2021)			
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(Note) Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP figures following a certain set of rules. Renesas Group believes non-GAAP measures provide useful information in understanding and evaluating Renesas Group's constant business results, and therefore, forecasts are provided as a non-GAAP basis. This adjustment and exclusion include amortization of intangible assets recognized from acquisitions, other PPA adjustments and stock-based compensation, as well as other non-recurring expenses and income Renesas Group believes to be applicable.

(b) Forecasts of cash dividends for the fiscal year ending December 31, 2022

	Dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
Previous forecasts	—	—	—	—	—
Forecasts as of April 27, 2022		0.00	—	—	—
Results for the year ending December 31, 2022	—				
Results for the year ended December 31, 2021	—	0.00	—	0.00	0.00

Reference: Status of treasury stock as of March 31, 2022

Number of shares issued (excluding treasury stock):

1,945,690,056 shares

Number of treasury stock:

2,581 shares

About Renesas Electronics Corporation

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

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