

FY19/12 Q2 PRESENTATION

RENESAS ELECTRONICS CORPORATION
AUGUST 6, 2019

NON-GAAP BASIS INFORMATION

In this section, Renesas Electronics Group (hereinafter “the Group”) applies Non-GAAP financial measures (hereinafter “Non-GAAP basis”) used for management’s decision making. The Group defines the Non-GAAP consolidated financial results as financial accounting figures (hereinafter “GAAP (IFRS based)”) excluding or adjusting non-recurring and other items following a certain set of rules. The Group believes Non-GAAP operating income is useful information to understand its recurring operating performance.

The Group reports its consolidated forecast on a quarterly basis (cumulative quarter total) as a substitute for a yearly forecast.

ADOPTION OF IFRS AND CHANGES IN GUIDANCE

- With the outlook that the Group will continue to expand globally and to provide financial figures that can be compared on a global scale, the Group discloses its consolidated financial statements in accordance with the International Financial Reporting Standards (“IFRS”) starting from the annual securities report for the fiscal year ended December 31, 2018.
- Starting from the consolidated forecasts for the three months ended March 31, 2019, the Group presents its financial forecasts as a range. In order to provide useful information that will help to better understand the Group’s constant business results, figures such as revenue, revenue from semiconductors, gross margin and operating margin will be presented in the non-GAAP format, which excludes or adjusts the non-recurring items related to acquisitions and other adjustments removed as non-recurring expenses or income. The gross margin and operating margin forecasts are given assuming the midpoint in the sales revenue forecast.

FY19/12 Q2 FINANCIAL SNAPSHOT

IFRS, NON-GAAP BASIS*1*2

YoY and QoQ results as well as the changes from FCTs of the Net Sales and Semi Sales are rounded off to one decimal place.

(B yen)	FY18/12		FY19/12								
	Q2 (Apr-Jun)	1H (Jan-Jun)	Q1 (Jan-Mar)	Q2 (Apr-Jun) Forecast	Q2 (Apr-Jun) Actual	YoY	QoQ	Change from May 14 FCT*3	1H (Jan-Jun) Actual	YoY	Change from May 14 FCT*3
Sales Revenue	203.3	388.9	150.3	185.0 to 193.0	192.6	-5.3%	+28.2%	+1.9%	342.9	-11.8%	+1.1%
Revenue from Semiconductors	199.1	381.0	146.7	181.5 to 189.5	189.0	-5.1%	+28.8%	+1.9%	335.7	-11.9%	+1.0%
Gross Margin*3	44.9%	46.1%	39.3%	43.5%	44.8%	-0.1pt	+5.5pts	+1.3pts	42.4%	-3.7pts	+0.8pt
Operating Income/ Loss (Margin) *3	33.0 (16.3%)	63.1 (16.2%)	7.2 (4.8%)	18.0 (9.5%)	27.4 (14.2%)	-5.6 (-2.0pts)	+20.2 (+9.4pts)	+9.4 (+4.7pts)	34.6 (10.1%)	-28.5 (-6.1pts)	+9.4 (+2.7pts)
Net Income/Loss Attributable to Shareholders of Parent Company	31.2	56.5	6.6	-	25.8	-5.5	+19.2	-	32.4	-24.1	-
EBITDA*4	57.1	110.8	32.3	-	53.2	-3.9	+20.9	-	85.5	-25.3	-
1 US\$=	108 yen	109 yen	111 yen	110 yen	111 yen	3 yen depreciation	0 yen depreciation	1 yen depreciation	111 yen	2 yen depreciation	0 yen depreciation
1 Euro=	131 yen	133 yen	126 yen	124 yen	125 yen	6 yen appreciation	1 yen appreciation	2 yen depreciation	125 yen	7 yen appreciation	0 yen depreciation

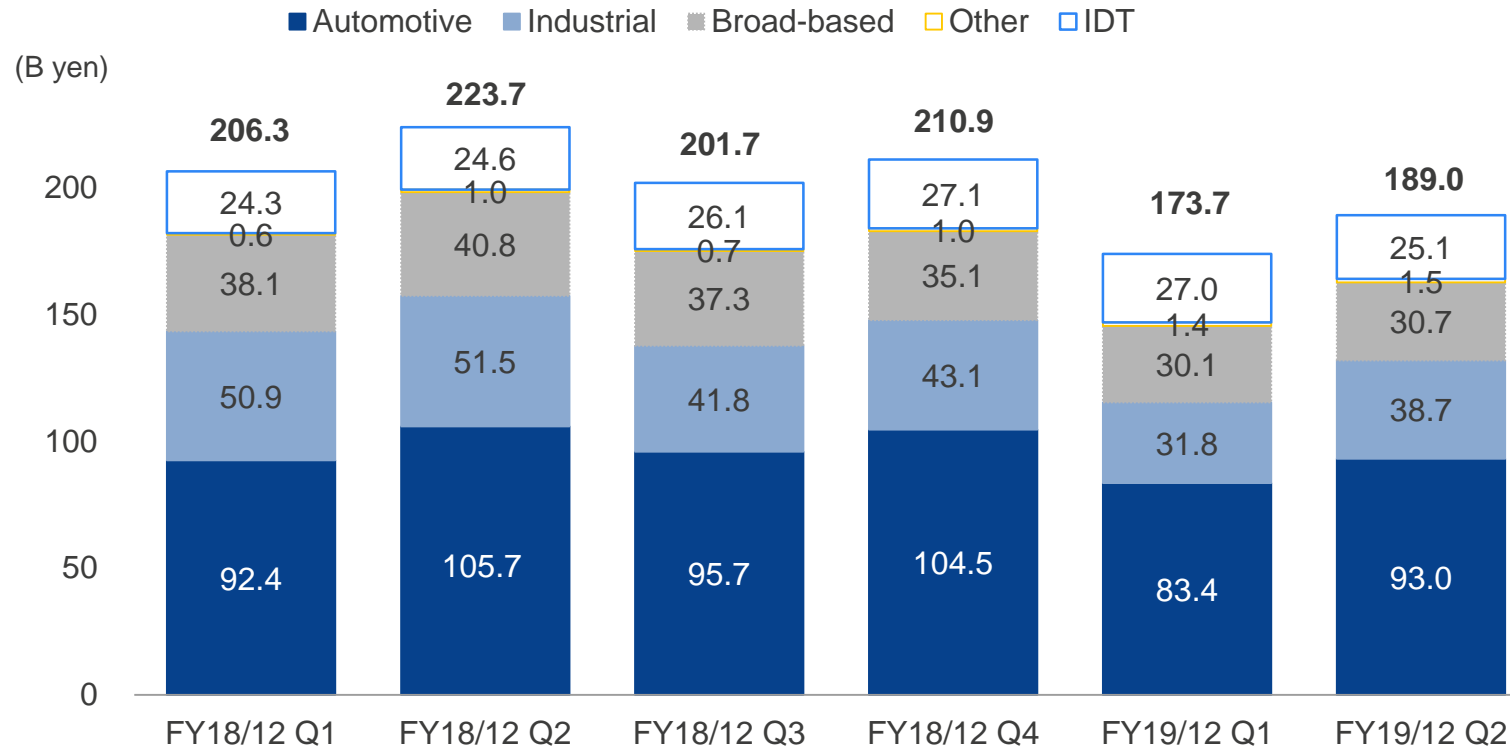
*1: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS based) figures following a certain set of rules. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.

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*3: Each figure represents comparisons of the midpoint in the sales revenue forecast range *4: Operating income + Depreciation and amortization

QUARTERLY SEMICONDUCTOR REVENUE TRENDS

IFRS, NON-GAAP, PRO-FORMA BASIS*1*2*3



Revenue from Semiconductors

YoY: -15.5%

QoQ: +8.8%

IDT

YoY: +1.8%

QoQ: -7.2%

Broad-based

YoY: -24.7%

QoQ: +2.1%

Industrial

YoY: -24.8%

QoQ: +21.7%

Automotive

YoY: -12.0%

QoQ: +11.5%

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*3: Pro-forma basis includes IDT revenue prior to the completion of the acquisition on March 30, 2019.

FY19/12 Q2 GROSS MARGIN

IFRS, NON-GAAP BASIS*1*2

FY18/12 Q2 Actual (Apr-Jun 2018)	FY19/12 Q1 Actual (Jan-Mar 2019)	FY19/12 Q2 Forecast (Apr-Jun 2019)	FY19/12 Q2 Actual (Apr-Jun 2019)
44.9%	39.3%	43.5%	44.8%

YoY: -0.1pt
QoQ: +5.5pts
vs Forecast: + 1.3pts

YoY -0.1pt

- Currency Impact
- Sales Decrease
- Fixed manufacturing costs and others
- IDT

QoQ +5.5pts

- Currency Impact
- Sales Increase
- Fixed manufacturing costs and others
- IDT

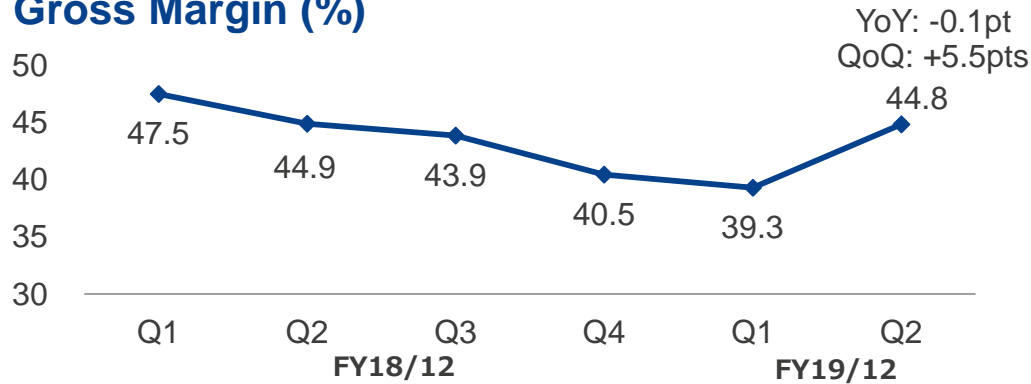
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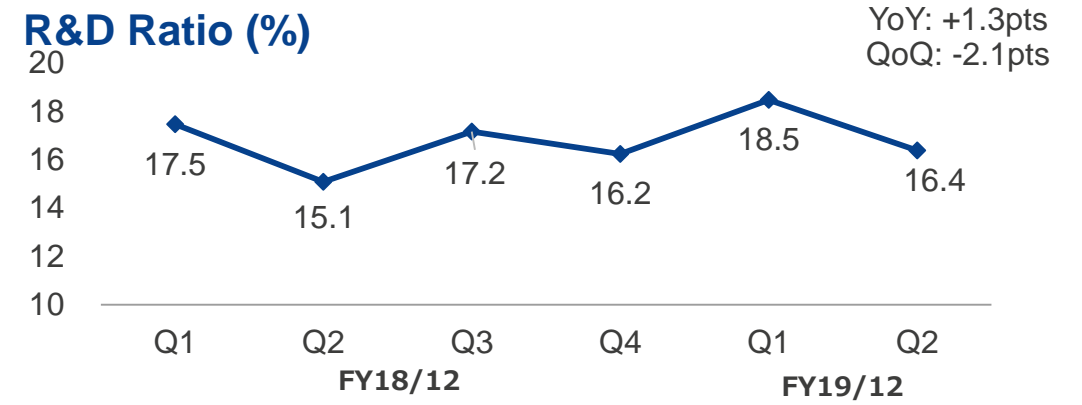
GROSS MARGIN, OPERATING MARGIN AND OPEX TRAJECTORY

IFRS, NON-GAAP BASIS*1*2

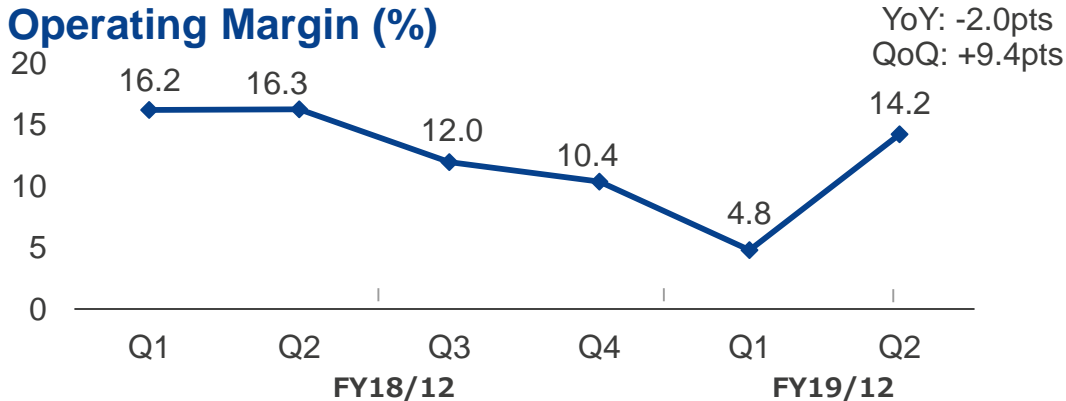
Gross Margin (%)



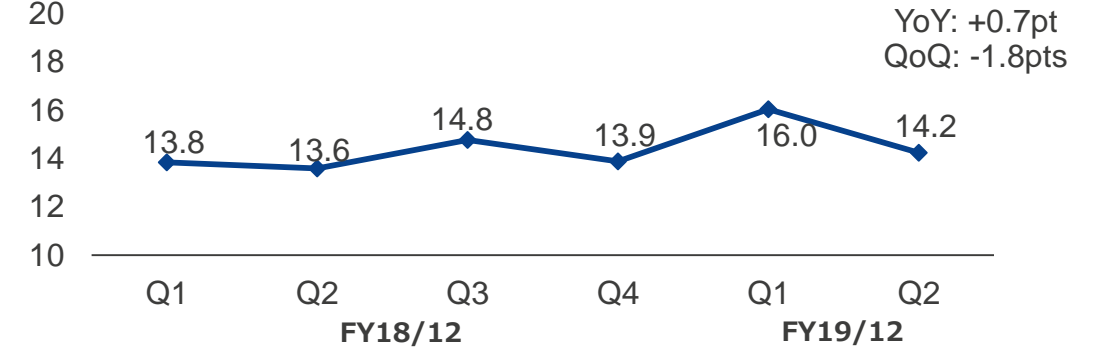
R&D Ratio (%)



Operating Margin (%)



SG&A/Others Ratio (%)



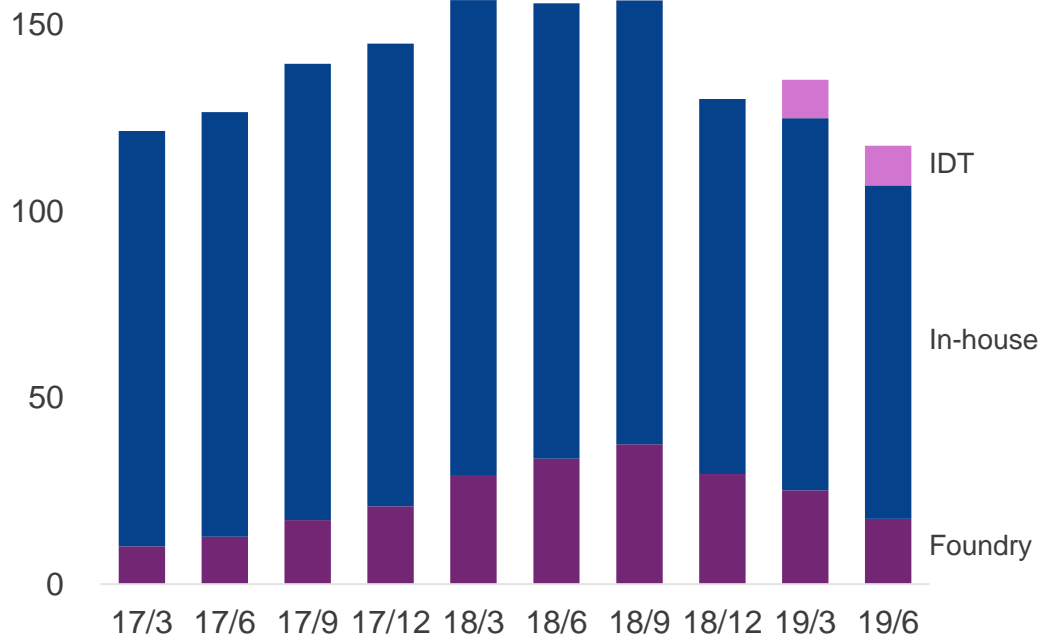
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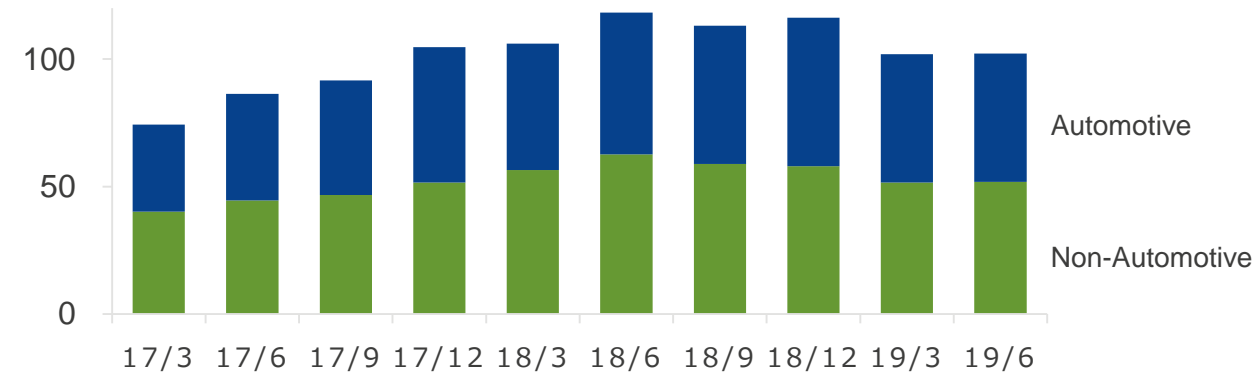
INVENTORY

MANAGERIAL ACCOUNTING BASIS, BILLION YEN

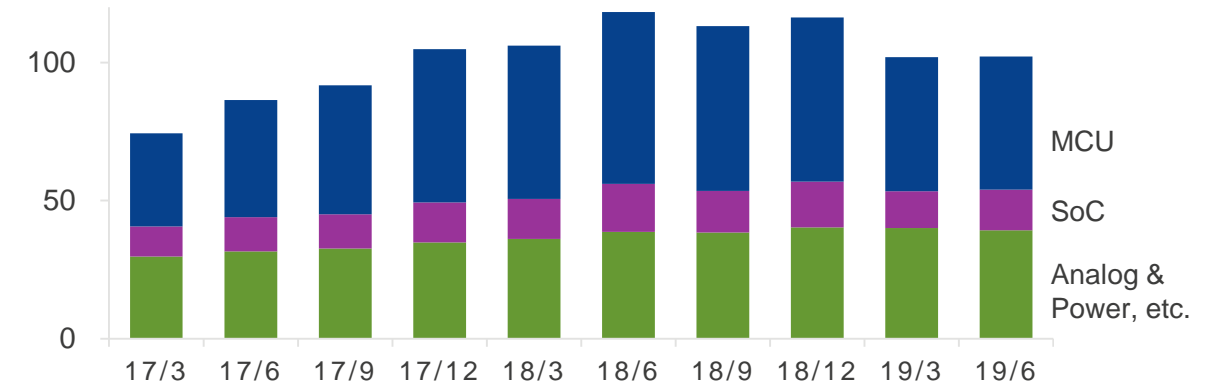
Inventory Change (Work in Process + Finished Goods)



Sales Channel Inventory*1 (by application)



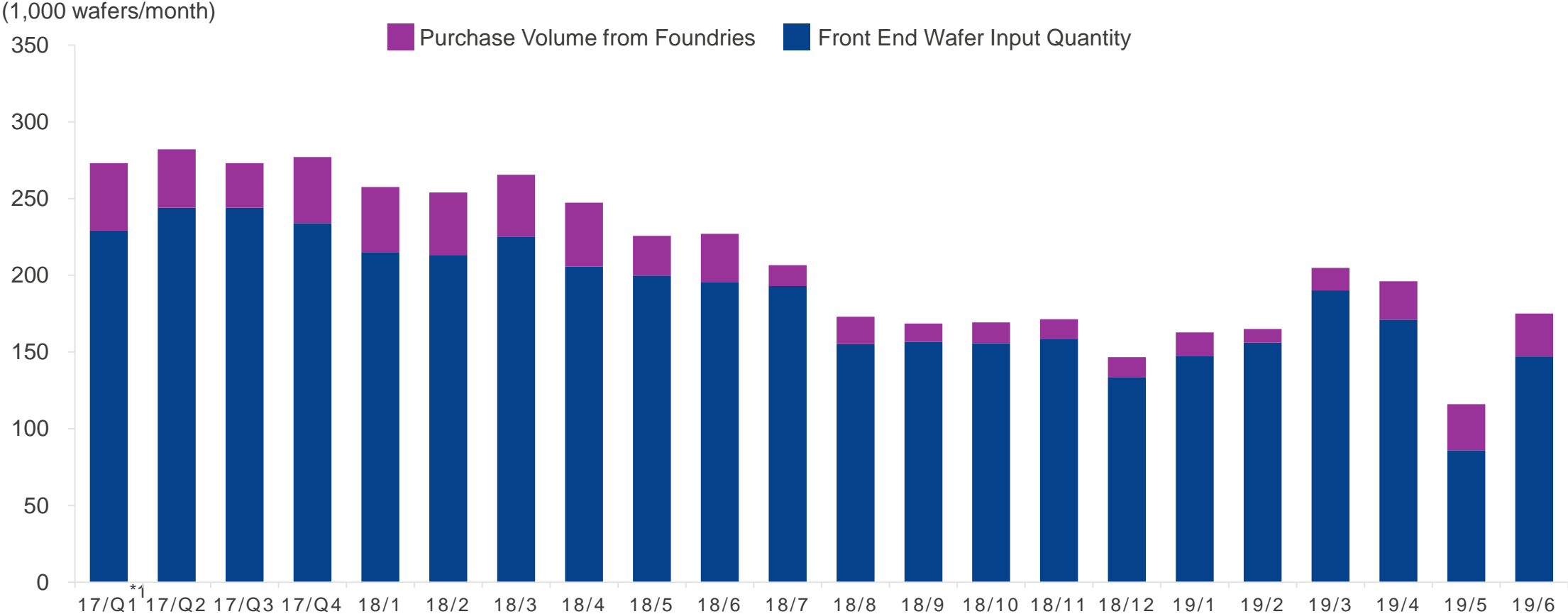
Sales Channel Inventory (by product)



*1: Total inventory of the 16 exclusive sales distributors for Japanese customers and overseas distributors including distributors for former Intersil.

MONTHLY CHANGES IN FRONT-END WAFER INPUT QUANTITY AND PURCHASE VOLUME FROM FOUNDRIES

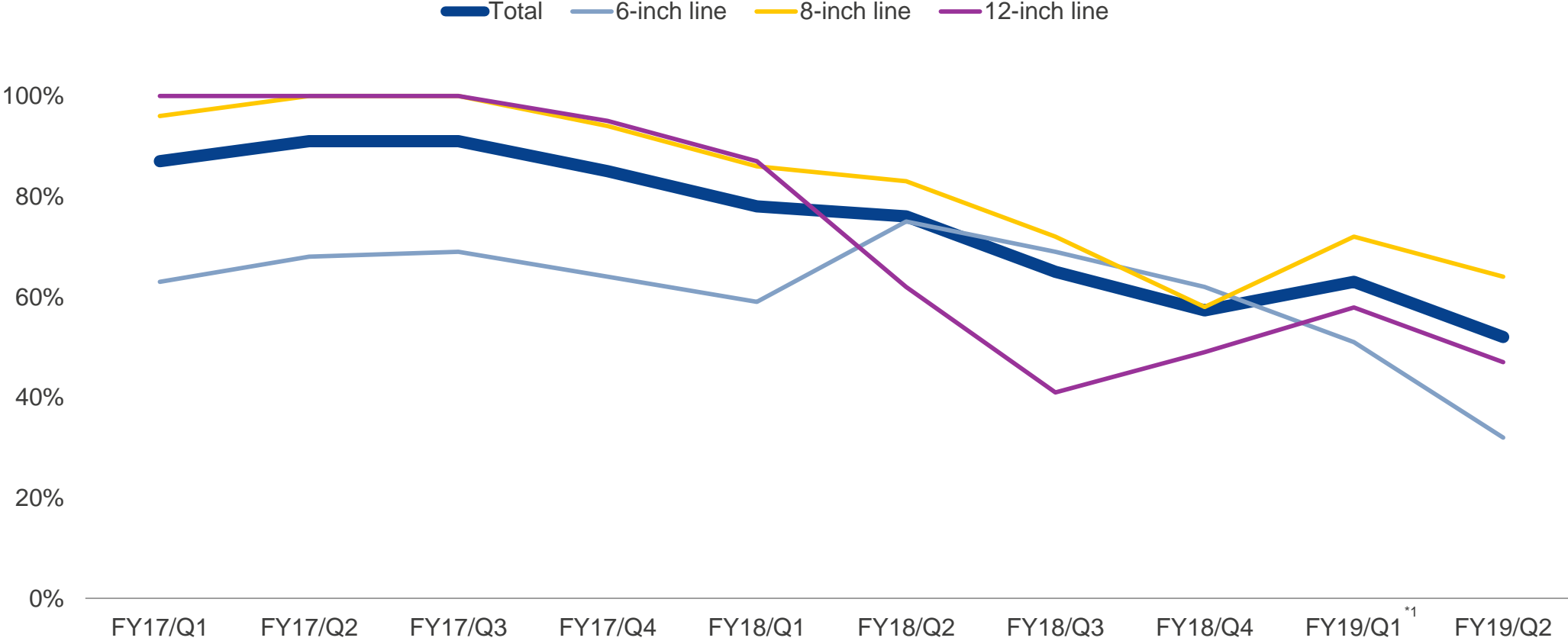
8-INCH EQUIVALENT



*1: FY17 includes average monthly wafer input per quarter as well as purchase volume from foundries.

QUARTERLY TRENDS IN FRONT-END UTILIZATION RATE

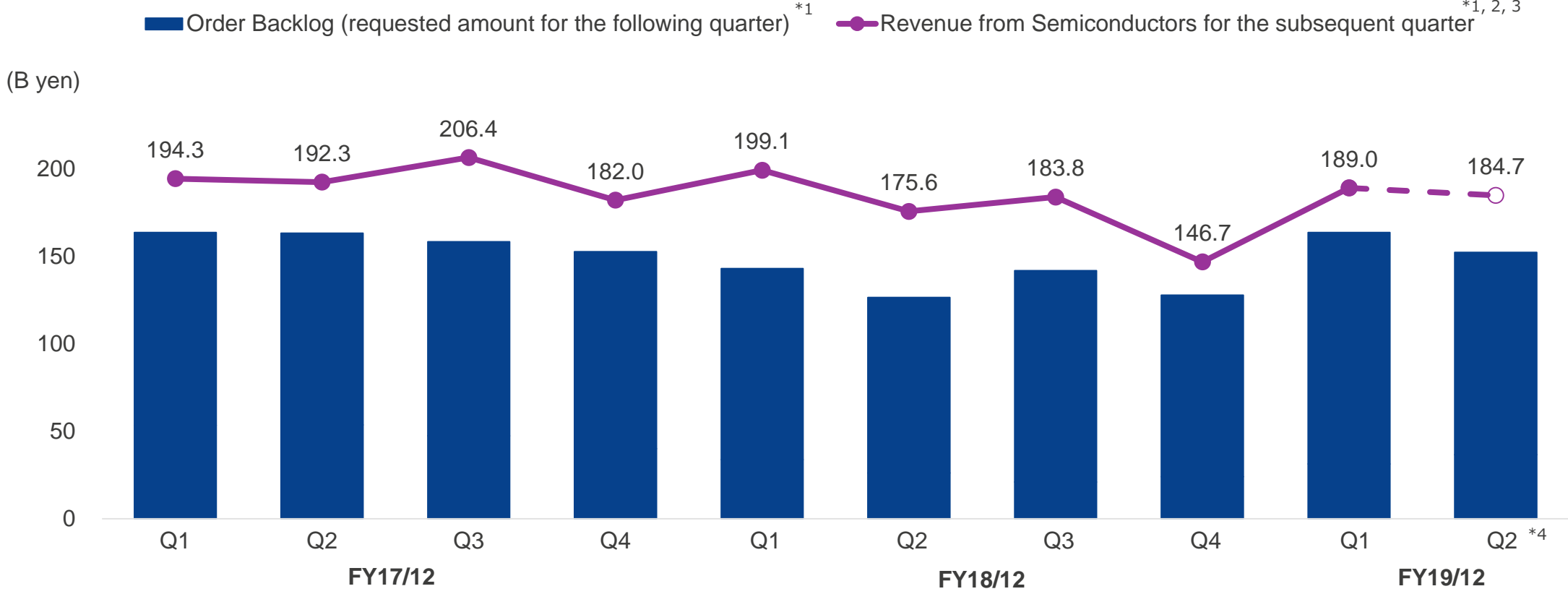
WAFER INPUT BASIS



*1: The utilization rate of the 6-inch line was revised from the previous earnings announcement (May 14, 2019).

QUARTER-END ORDER BACKLOG AND SUBSEQUENT QUARTERS' REVENUE FROM SEMICONDUCTORS

ORDER BACKLOG: AMOUNT OF CUSTOMER ORDERS DUE EVERY SUBSEQUENT QUARTER



*1 : Figures based on the actual exchange rate
 *2 : Figures for FY17/12 are J-GAAP (Non-GAAP) semiconductor sales for the following quarter.
 *3 : The following quarters' revenue from semiconductor is listed above each quarters' bar as a line chart.
 *4 : Revenue from semiconductors for the following quarter of FY19/12 Q2 is the midpoint based on forecasted revenue as a range.

FY19/12 Q3 FINANCIAL FORECASTS

IFRS, NON-GAAP BASIS*1*2

YoY and QoQ results of the Net Sales and Semi Sales are rounded off to one decimal place.

(B yen)	FY18/12		FY19/12					
	Q3 (Jul-Sep)	9 months (Jan-Sep)	Q2 (Apr-Jun)	Q3 (Jul-Sep) Forecast	YoY	QoQ	9 months (Jan-Sep) Forecast	YoY
Sales Revenue	179.9	568.8	192.6	184.0 to 192.0	+2.3% to +6.8%	-4.5% to -0.3%	526.9 to 534.9	-7.4% to -6.0%
Revenue from Semiconductors	175.6	556.6	189.0	180.7 to 188.7	+2.9% to +7.5%	-4.4% to -0.1%	516.4 to 524.4	-7.2% to -5.8%
Gross Margin* ³	43.9%	45.4%	44.8%	45.0%	+1.1pts	+0.2pt	43.3%	-2.1pts
Operating Margin* ³	12.0%	14.9%	14.2%	16.5%	+4.6pts	+2.3pts	12.4%	-2.5pts
1 US\$=	111 yen	110 yen	111 yen	108 yen	3 yen appreciation	3 yen appreciation	110 yen	0 yen depreciation
1 Euro=	129 yen	131 yen	125 yen	121 yen	8 yen appreciation	4 yen appreciation	124 yen	7 yen appreciation

*1: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS based) figures following a certain set of rules. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.

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*3: Each figure represents comparisons of the midpoint in the sales revenue forecast range

APPENDIX

The figures in this section are mainly based on GAAP (IFRS) stated on a financial reporting basis and are provided as additional information.

GAAP(IFRS) / NON-GAAP RECONCILIATION

FY18/12- *1

- Non-GAAP Basis: Non-GAAP figures are calculated by adjusting or removing non-recurring items and other adjustments from GAAP figures following a certain set of rules. The Group believe non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.
- PPA effects include market valuations of inventories and fixed assets, etc.

(B yen)	FY18/12				FY19/12	
	Q1	Q2	Q3	Q4	Q1	Q2
Sales Revenue (After PPA)	185.6	203.3	179.9	187.7	150.3	192.6
PPA Effects (Net Sales)	-	-	-	-	-	-
Sales Revenue (Non-GAAP)	185.6	203.3	179.9	187.7	150.3	192.6
Gross Margin (GAAP/After PPA)	86.7	90.8	78.9	75.9	57.2	73.5
PPA Effects (Depreciation of Fixed Assets: COGS*2)	+0.3	+0.3	+0.3	+0.3	+0.3	+0.3
PPA Effects (Amortization of Intangible Assets: COGS)	-	-	-	-	-	+0.7
PPA Effects (Market Valuation of Inventories: COGS)	-	-	-	-	-	+13.0
Stock-Based Compensation (COGS)	+0.1	+0.1	+0.2	+0.2	+0.2	+0.1
Other Adjustments*3 (COGS)	+0.9	+0.0	-0.5	-0.5	+1.3	-0.5
Other Non-recurring Adjustments*4 (COGS)	-	-	-	-	-	-0.8
Gross Profit (Non-GAAP)	88.1	91.3	78.9	76.0	59.0	86.4
Gross Margin (Non-GAAP) (%)	47.5%	44.9%	43.9%	40.5%	39.3%	44.8%

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*2: Cost of goods sold *3: Adjustments to equalize period expenses such as taxes *4: Include non-recurring profit or losses above a certain amount

GAAP(IFRS) / NON-GAAP*1 RECONCILIATION

FY18/12- *2

(B yen)	FY18/12				FY19/12	
	Q1	Q2	Q3	Q4	Q1	Q2
Operating Profit (GAAP/After PPA)	23.4	32.8	13.1	-1.1	-1.3	-2.5
Reconciliations in Gross Profit Level	+1.4	+0.5	-0.0	+0.0	+1.9	+12.8
PPA Effects*3 (Amortization of Intangible Assets: SG&A*4)	+4.1	+3.7	+3.8	+3.9	+3.8	+4.1
PPA Effects (Depreciation of Fixed Assets: R&D*5)	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
PPA Effects (Depreciation of Fixed Assets: SG&A)	+0.0	+0.0	+0.0	+0.0	+0.0	+0.0
Stock-Based Compensation (R&D)	+0.3	+0.5	+0.5	+0.5	+0.4	+1.2
Stock-Based Compensation (SG&A)	+0.8	+0.8	+0.7	+0.7	+1.0	+1.5
Other Adjustments*6 (R&D)	+0.1	-0.0	-0.0	-0.0	+0.1	-0.0
Other Adjustments (SG&A)	-0.7	-1.0	-0.9	+2.6	-0.7	-0.9
Other Non-Recurring Adjustments*7 (R&D)	-	-	-	-	-	-0.8
Other Non-Recurring Adjustments (SG&A, Others)	+0.7	-4.4	+4.3	+12.7	+2.0	+11.9
Operating Profit (Non-GAAP)	30.1	33.0	21.5	19.4	7.2	27.4
Operating Margin (Non-GAAP) (%)	16.2%	16.3%	12.0%	10.4%	4.8%	14.2%

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*3: PPA effects include market valuations of inventories and fixed assets. *4: Selling, general and administrative expenses *5: Research & development expenses *6: Include adjustments to equalize period expenses such as taxes

*7: Include non-recurring profit or losses above a certain amount such as acquisition related costs and costs related to offering

IFRS GAAP / NON-GAAP*1 RECONCILIATION

FY18/12- *2

(B yen)	FY18/12				FY19/12	
	Q1	Q2	Q3	Q4	Q1	Q2
Net Profit (GAAP/After PPA)	18.6	31.6	11.8	-10.9	-1.8	-1.2
Reconciliations in Operating Profit Level	+6.7	+0.3	+8.4	+20.5	+8.5	+29.9
Reconciliations in Net Profit (PPA Effects*3)	-	-	-	-	-	-
Reconciliations in Net Profit (Tax Impacts from Non-GAAP Adjustments)	-0.1	-0.6	-0.4	-2.4	+0.0	-3.0
Net Profit (Non-GAAP)	25.2	31.2	19.8	7.2	6.6	25.8
Non-GAAP EPS*4	15.1	18.7	11.9	4.3	4.0	15.2

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*3: PPA effects include market valuations of inventories and fixed assets. *4: Earnings per share

FY19/12 Q2 FINANCIAL SNAPSHOT

IFRS*1

YoY and QoQ results of the Net Sales and Semi Sales are rounded off to one decimal place.

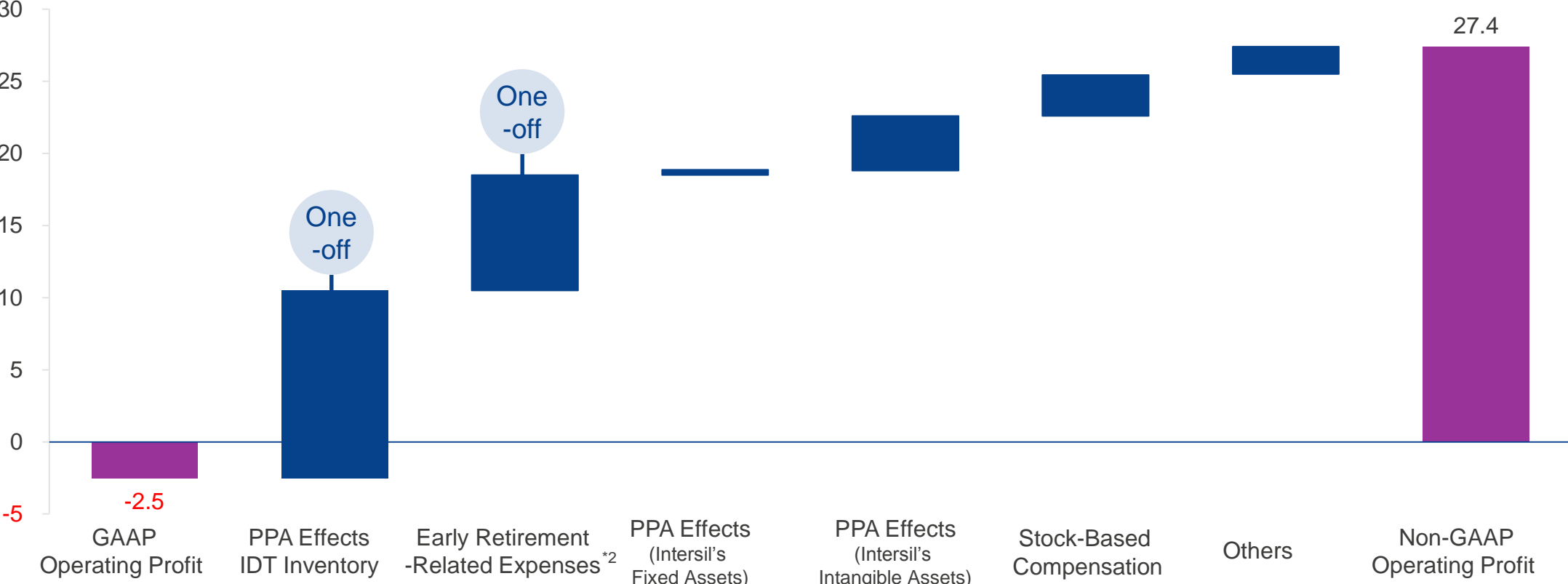
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Sales Revenue	203.3	388.9	150.3	192.6	-5.3%	+28.2%	342.9	-11.8%
Revenue from Semiconductors	199.1	381.0	146.7	189.0	-5.1%	+28.8%	335.7	-11.9%
Gross Margin	44.7%	45.7%	38.1%	38.2%	-6.5pts	+0.1pt	38.1%	-7.5pts
Operating Income/Loss (Margin)	32.8 (16.1%)	56.1 (14.4%)	-1.3 (-0.8%)	-2.5 (-1.3%)	-35.3 (-17.4pts)	-1.3 (-0.5pt)	-38 (-1.1%)	-59.9 (-15.5pts)
Net Income/Loss	31.6	50.2	-1.8	-1.2	-32.7	+0.7	-3.0	-53.2
EBITDA*2	60.9	112.5	28.0	28.5	-32.4	+0.5	56.6	-55.9
1 US\$=	108 yen	109 yen	111 yen	111 yen	3 yen depreciation	0 yen depreciation	111 yen	2 yen depreciation
1 Euro=	131 yen	133 yen	126 yen	125 yen	6 yen appreciation	1 yen appreciation	125 yen	7 yen appreciation

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*2: Operating income + Depreciation and amortization

GAAP (IFRS) / NON-GAAP*1 RECONCILIATION IN FY19/12 Q2 OPERATING PROFIT

GAAP → Non-GAAP (B yen)



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*2: Early Retirement Related Expenses refers to the net sum of early retirement and reversal of bonus provision and paid leave provision related to early retirement.

BALANCE SHEETS

IFRS*1

(B yen)	As of Mar. 31, 2018	As of Jun. 30, 2018	As of Sep. 30, 2018	As of Dec. 31, 2018	As of Mar. 31, 2019 ^{*7}	As of Jun. 30, 2019 ^{*7}
Total Assets	1,085.7	1,119.7	1,125.3	1,055.2	1,843.2	1,673.7
Cash and Cash Equivalents ^{*2}	124.3	160.3	184.5	188.8	196.7	116.5
Inventories	136.7	135.5	138.6	115.4	129.8 ^{*8} (Prior to consolidation of IDT: 109.3)	99.4
Goodwill	179.2	186.5	191.6	187.2	910.8 ^{*9}	885.2
Intangible Assets	185.9	183.4	178.0	166.5	175.1 ^{*9}	160.5
Total Liabilities	515.7	504.0	488.5	454.3	1,205.2	1,074.7
Interest-Bearing Debt ^{*3}	229.5	233.9	231.2	195.0	965.1	852.7
Total Equity	570.0	615.7	636.8	601.0	638.0	599.0
D/E Ratio (Gross) ^{*4}	0.40	0.38	0.36	0.33	1.52	1.43
D/E Ratio (Net) ^{*5}	0.18	0.11	0.07	0.01	1.21	1.23
Equity Ratio ^{*6}	52.2%	54.7%	56.3%	56.7%	34.5%	35.6%

*1: As of the first quarter ended March 31, 2019, there has been a change in the Group's auditor, and therefore quarterly figures of the year ended December 31, 2018, provided under IFRS are not reviewed by the previous auditor.

However, for each of the quarterly figures of the year ended December 31, 2018 provided under the generally accepted accounting principal in Japan (J-GAAP) have been reviewed by the Group's previous auditor.

*2: Sum of Cash and deposits and Short-term investment securities minus the Time deposits with maturities of more than three months and securities with maturities of more than three months

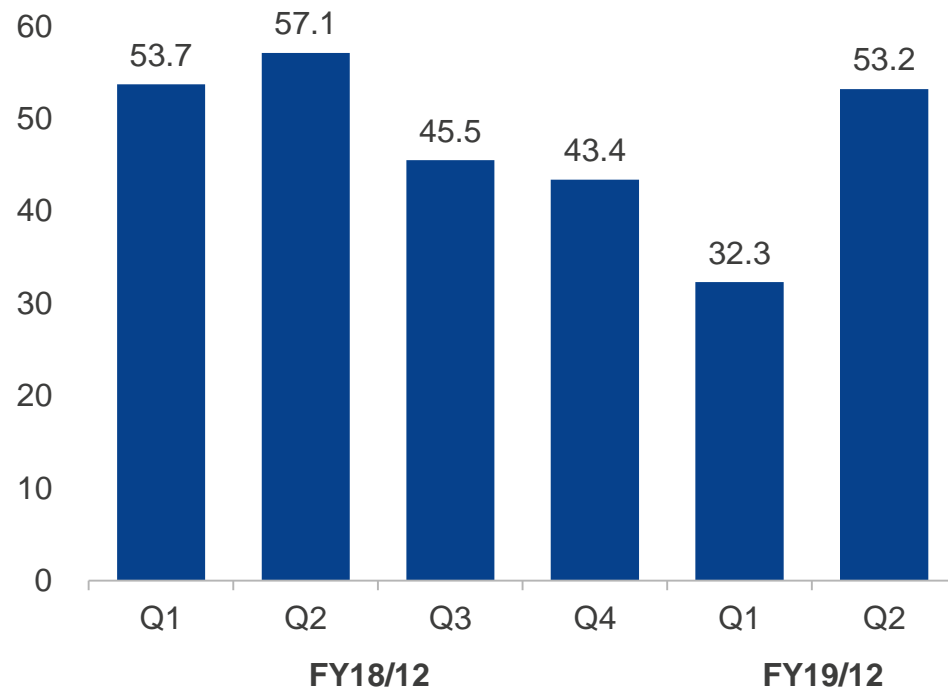
*3: Borrowings (current and non-current liabilities) + Lease Obligations (current and non-current liabilities) + Corporate bonds *4: Interest-Bearing Debt / Equity *5: (Interest-Bearing Debt - Cash and Cash Equivalents) / Equity

*6: Total equity attributable to the parent / Total liabilities and equity *7: Figures after consolidation of IDT *8: The Group's inventories prior to the consolidation of IDT of 109.3 billion yen+ IDT's inventory of 7.5 billion yen

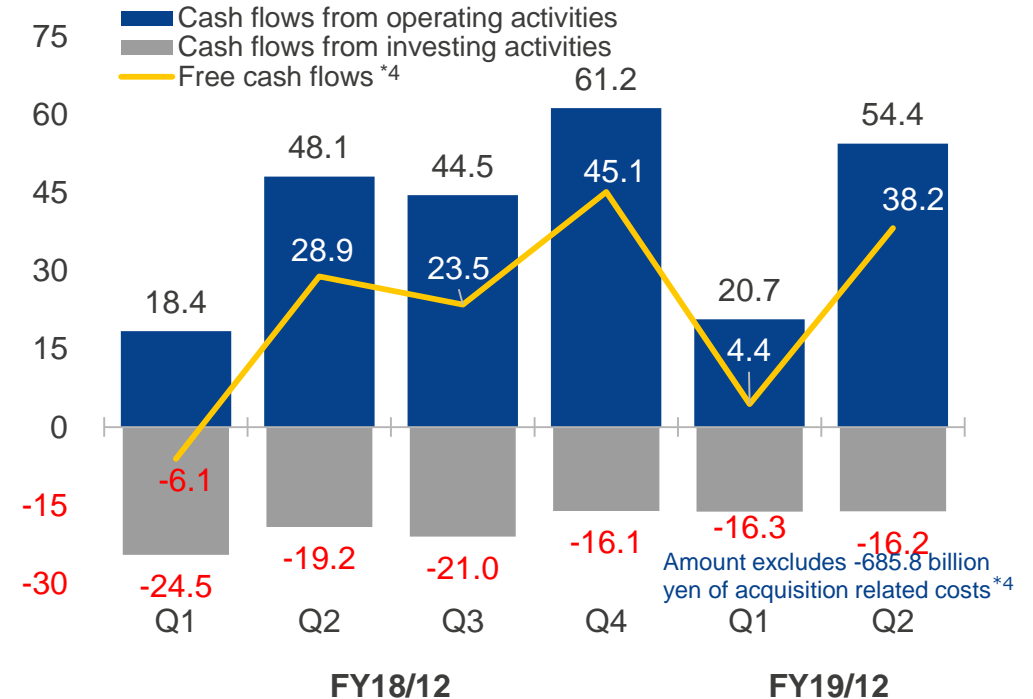
+ PPA (purchase price allocation of the acquisition of IDT) effects (fair price evaluation of IDT inventory) of 13.0 billion yen *9: Tentative calculation based on available information, as PPA has not been completed for IDT acquired in March 2019

NON-GAAP*1 EBITDA*2 AND IFRS*3 CASH FLOWS

Non-GAAP EBITDA (B yen)



IFRS Cash Flows (B yen)



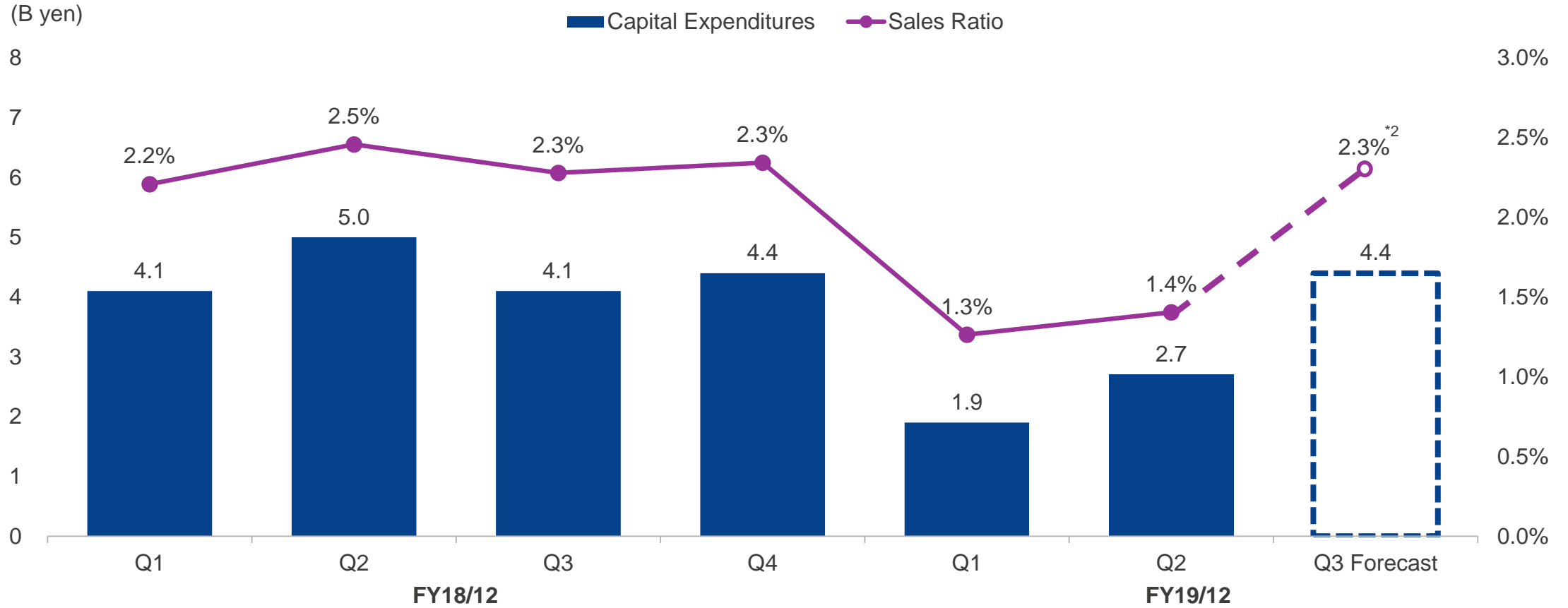
*1: Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS based) figures following a certain set of rules. The Group believes non-GAAP measures provide useful information in understanding and evaluating the Group's constant business results, and therefore results are provided in non-GAAP base. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments and costs relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.

*2: Operating income + Depreciation and amortization

*3: As of the first quarter ended March 31, 2019, there has been a change in the Group's auditor, and therefore quarterly figures of the year ended December 31, 2018, provided under IFRS are not reviewed by the previous auditor. However, for each of the quarterly figures of the year ended December 31, 2018 provided under the generally accepted accounting principal in Japan (J-GAAP) have been reviewed by the Group's previous auditor.

*4: Cash flows from operating activities + Cash flows from investing activities *5 Acquisition-related payments of IDT

CAPITAL EXPENDITURES *1



*1: The figure is investment decision basis of tangible and intangible fixed assets and does not match the sum listed in the cash flow statement.

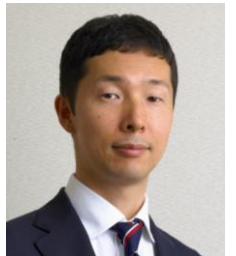
*2: Sales ratio represents a comparison of the midpoint in the sales revenue forecast range

HIGHLIGHTS FROM FY19/12 Q2

MAJOR ANNOUNCEMENTS FROM APRIL 1, 2019 TO JUNE 30, 2019

Corporate

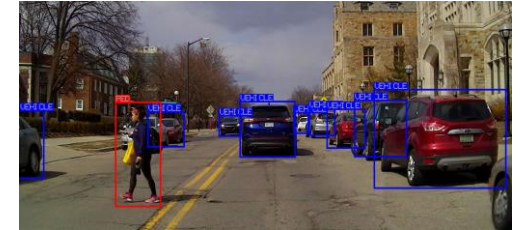
- Named CFO Hidetoshi Shibata as next Representative Director, President and CEO, effective July 1
- Announced further Renesas + IDT Winning Combination solutions for a wide range of markets including Industrial, bringing the total to 32



Hidetoshi Shibata

Automotive

- Established a joint laboratory with SAIC Volkswagen to accelerate development for China's automotive market
- Developed a new flash memory technology achieving higher capacities, faster read operation and OTA *1 support in Automotive microcontrollers based on next-generation 28nm process
- Launched Automotive ADAS development for perception quick start software



Industrial and Others

- Developed new processing-in-memory *2 technology for next-generation AI chips that achieves AI processing performance of 8.8 TOPS/W*3
- Launched RX72M microcontrollers with EtherCAT® support for Industrial applications
- Launched RX23E-A Group, first RX microcontroller group with built-in industry-leading analog front end for high-precision sensing and measurement equipment
- Shipped first plastic packaged, radiation-tolerant PWM controller and GaN FET driver for new space SmallSats



*1:OTA: Over the Air. Allows wireless software updates *2: An approach for AI technology in which multiply-and-accumulate operations performed in the memory circuit as data is read out from that memory
*3:TOPS/W: Tera Operations per Second per Watt. A rating that indicates the number of computations that can be performed in one second with one watt of power. The performance of 8.8 TOPS/W corresponds to performing 8.8×10^{12} calculations in one second with one watt of power.

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(FORWARD-LOOKING STATEMENTS)

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

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