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## Renesas Reports Financial Results for the Second Quarter Ended June 30, 2022

**TOKYO, Japan, July 28, 2022** — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the six months ended June 30, 2022.

**Summary of Consolidated Financial Results (Note 1)**

	Three months ended June 30, 2022		Six months ended June 30, 2022	
	Billion Yen	% of Revenue	Billion Yen	% of Revenue
Revenue	376.6	100.0	722.9	100.0
Operating profit	110.2	29.3	210.0	29.1
Profit attributable to owners of parent	50.6	13.4	110.4	15.3
Capital expenditures (Note 2)	148.6		180.5	
Depreciation and amortization	45.9		89.9	
R&D expenses (Note 3)	51.4		97.0	
	Yen		Yen	
Exchange rate (USD)	124		120	
Exchange rate (EUR)	134		132	

	As of June 30, 2022
	Billion Yen
Total assets	2,840.3
Total equity	1,449.2
Equity attributable to owners of parent	1,445.3
Equity ratio attributable to owners of parent (%)	50.9
Interest-bearing liabilities	886.0

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

Note 2: Capital expenditures refer to the amount of capital for property, plant and equipment (manufacturing equipment) and intangible assets based on the amount of investment decisions made during the three months and six months ended June 30, 2022. However, the investments from the former Dialog Semiconductors Plc (hereinafter "Dialog") and Celeno Communications Inc. (hereinafter "Celeno") are listed as an input basis. It should be noted that as of September 14, 2021, Dialog has changed its company name to Dialog Semiconductor Limited.

Note 3: R&D expenses includes capitalized R&D expenses recorded as intangible assets.

Note 4: The allocation of the acquisition costs for the business combinations with Dialog has been revised at the end of the three months ended March 31, 2022 and for the business combinations with Celeno at the end of the three months ended June 30, 2022. The revised allocation of the acquisition costs (PPA) has been reflected in the consolidated financial results for the year ended December 31, 2021 and for the three months ended March 31, 2022.

**RENESAS ELECTRONICS CORPORATION**  
**Consolidated Financial Results for the Second Quarter Ended June 30, 2022**  
 English translation from the original Japanese-language document



July 28, 2022

Company name : **Renesas Electronics Corporation**  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, Prime Market  
 Code number : 6723  
 URL : <https://www.renesas.com>  
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 Filing date of Shihanki Hokokusho (scheduled) : August 10, 2022

(Amounts are rounded to the nearest million yen)

**1. Consolidated financial results for the six months ended June 30, 2022**

**1.1 Consolidated financial results** (% of change from corresponding period of the previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2022	722,908	71.5	210,005	219.8	147,423	190.6	110,575	191.9	110,437	192.9	486,404	285.0
Six months ended June 30, 2021	421,553	22.0	65,661	114.8	50,736	70.4	37,879	62.9	37,705	62.4	126,334	---

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	56.96	55.82
Six months ended June 30, 2021	21.53	21.07

**1.2 Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners	Ratio of equity attributable to owners
	Million yen	Million yen	Million yen	%
June 30, 2022	2,840,293	1,449,179	1,445,349	50.9
December 31, 2021	2,426,301	1,153,398	1,150,081	47.4

## 2. Cash dividends

	Cash 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
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2021	---	0.00	---	0.00	0.00
Year ending December 31, 2022	---	0.00			
Year ending December 31, 2022 (forecast)			---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: No

## 3. Forecast of consolidated results for the nine months ending September 30, 2022

	Non-GAAP Revenue		Non-GAAP Gross Margin		Non-GAAP Operating Margin	
	Million yen	%	%	%pts	%	%pts
Nine months ending September 30, 2022	1,103,759 to 1,111,759	62.3 to 63.5	57.8	5.1	37.3	8.2

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

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

## 4. Others

4.1 Changes in significant subsidiaries for the six months ended June 30, 2022: No  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)

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

1. Changes in accounting policies with revision of accounting standard: No
2. Changes in accounting policies except for 4.2.1: No
3. Changes in accounting estimates: No

4.3 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)
  - As of June 30, 2022: 1,952,747,173 shares
  - As of December 31, 2021: 1,943,805,775 shares

2. Number of treasury stock
  - As of June 30, 2022: 168,069,831 shares
  - As of December 31, 2021: 2,581 shares

3. Average number of shares issued and outstanding
  - Six months ended June 30, 2022: 1,938,971,343 shares
  - Six months ended June 30, 2021: 1,751,223,268 shares

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

Cautionary Statement

The Group will hold an earnings conference for institutional investors and analysts on July 28, 2022. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

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

The allocation of the acquisition costs for the business combinations with Dialog has been revised at the end of the three months ended March 31, 2022, and for the business combinations with Celeno at the end of the three months ended June 30, 2022. The revised allocation of the acquisition costs (PPA) has been reflected in the consolidated financial results for the year ended December 31, 2021 and for the three months ended March 31, 2022. For details, please refer to Appendix 1.5, "Notes to Quarterly Consolidated Financial Statements (Business Combinations)" on page 16.

## [APPENDIX]

<b>1. Condensed Consolidated Financial Statements</b>	<b>2</b>
1.1 Condensed Consolidated Statement of Financial Position	2
1.2 Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income	4
1.3 Condensed Consolidated Statement of Changes in Equity	8
1.4 Condensed Consolidated Statement of Cash Flows	10
1.5 Notes to Condensed Consolidated Financial Statements	12
(Notes about Going Concern Assumption)	12
(Basis for Preparation)	12
(Basis of Condensed Consolidated Financial Statements)	12
(Significant Accounting Policies)	12
(Significant Accounting Estimates and Judgments)	12
(Business Segments)	13
(Business Combinations)	16
(Trade and Other Receivables)	18
(Trade and Other Payables)	18
(Bonds and Borrowings)	18
(Equity and Other Equity Items)	19
(Revenue)	19
(Selling, General and Administrative Expenses)	19
(Other Income)	20
(Other Expenses)	20
(Additional Information)	21
(Subsequent Events)	21

**1. Condensed Consolidated Financial Statements**  
**1.1 Condensed Consolidated Statement of Financial Position**

(In millions of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	221,924	247,854
Trade and other receivables	140,478	190,985
Inventories	137,759	173,318
Other current financial assets	737	5,322
Income taxes receivable	4,395	3,992
Other current assets	12,352	14,908
Total current assets	<u>517,645</u>	<u>636,379</u>
Non-current assets		
Property, plant and equipment	198,165	205,895
Goodwill	1,089,452	1,294,611
Intangible assets	534,778	559,699
Other non-current financial assets	34,633	76,948
Deferred tax assets	42,537	52,757
Other non-current assets	9,091	14,004
Total non-current assets	<u>1,908,656</u>	<u>2,203,914</u>
Total assets	<u>2,426,301</u>	<u>2,840,293</u>

	(In millions of yen)	
	As of December 31, 2021	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	204,330	237,209
Bonds and borrowings	121,105	160,034
Other current financial liabilities	11,595	22,224
Income taxes payable	22,050	43,069
Provisions	11,185	10,701
Other current liabilities	75,623	69,231
Total current liabilities	<u>445,888</u>	<u>542,468</u>
Non-current liabilities		
Trade and other payables	15,100	10,145
Bonds and borrowings	692,983	709,690
Other non-current financial liabilities	11,868	16,325
Income taxes payable	3,792	4,561
Retirement benefit liability	27,926	28,023
Provisions	3,795	3,827
Deferred tax liabilities	65,788	70,521
Other non-current liabilities	5,763	5,554
Total non-current liabilities	<u>827,015</u>	<u>848,646</u>
Total liabilities	<u>1,272,903</u>	<u>1,391,114</u>
Equity		
Share capital	147,133	151,341
Capital surplus	337,989	344,840
Retained earnings	570,292	680,421
Treasury shares	(11)	(200,011)
Other components of equity	94,678	468,758
Total equity attributable to owners of parent	<u>1,150,081</u>	<u>1,445,349</u>
Non-controlling interests	3,317	3,830
Total equity	<u>1,153,398</u>	<u>1,449,179</u>
Total liabilities and equity	<u>2,426,301</u>	<u>2,840,293</u>

**1.2 Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income**Condensed Consolidated Statement of Profit or Loss  
(Six months ended June 30, 2021 and June 30, 2022)

	(In millions of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Revenue	421,553	722,908
Cost of sales	(218,867)	(307,122)
Gross profit	<u>202,686</u>	<u>415,786</u>
Selling, general and administrative expenses	(135,432)	(200,744)
Other income	4,611	6,207
Other expenses	(6,204)	(11,244)
Operating profit	<u>65,661</u>	<u>210,005</u>
Finance income	1,430	390
Finance costs	(16,355)	(62,972)
Profit before tax	<u>50,736</u>	<u>147,423</u>
Income tax expense	(12,857)	(36,848)
Profit	<u><u>37,879</u></u>	<u><u>110,575</u></u>
Profit attributable to		
Owners of parent	37,705	110,437
Non-controlling interests	174	138
Profit	<u><u>37,879</u></u>	<u><u>110,575</u></u>
Earnings per share		
Basic earnings per share (yen)	21.53	56.96
Diluted earnings per share (yen)	21.07	55.82



Condensed Consolidated Statement of Comprehensive Income  
(Six months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	37,879	110,575
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(140)	(242)
Equity instruments measured at fair value through other comprehensive income	—	(680)
Total of items that will not be reclassified to profit or loss	(140)	(922)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	85,178	391,349
Cash flow hedges	3,417	(12,901)
Cost of hedges	—	(1,697)
Total of items that may be reclassified subsequently to profit or loss	88,595	376,751
Total other comprehensive income	88,455	375,829
Total comprehensive income	126,334	486,404
Comprehensive income attributable to		
Owners of parent	126,053	485,891
Non-controlling interests	281	513
Total comprehensive income	126,334	486,404

Condensed Consolidated Statement of Profit or Loss  
(Three months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	217,875	376,620
Cost of sales	(112,944)	(158,722)
Gross profit	<u>104,931</u>	<u>217,898</u>
Selling, general and administrative expenses	(69,602)	(106,004)
Other income	1,456	1,131
Other expenses	(1,315)	(2,843)
Operating profit	<u>35,470</u>	<u>110,182</u>
Finance income	49	248
Finance costs	(2,407)	(41,749)
Profit before tax	<u>33,112</u>	<u>68,681</u>
Income tax expense	(9,039)	(18,043)
Profit	<u><u>24,073</u></u>	<u><u>50,638</u></u>
Profit attributable to		
Owners of parent	23,991	50,554
Non-controlling interests	82	84
Profit	<u><u>24,073</u></u>	<u><u>50,638</u></u>
Earnings per share		
Basic earnings per share (yen)	13.56	26.15
Diluted earnings per share (yen)	13.28	25.67

Condensed Consolidated Statement of Comprehensive Income  
(Three months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	24,073	50,638
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(42)	(132)
Equity instruments measured at fair value through other comprehensive income	—	(265)
Total of items that will not be reclassified to profit or loss	(42)	(397)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	412	256,363
Cash flow hedges	3,416	(6,977)
Cost of hedges	—	(1,724)
Total of items that may be reclassified subsequently to profit or loss	3,828	247,662
Total other comprehensive income	3,786	247,265
Total comprehensive income	27,859	297,903
Comprehensive income attributable to		
Owners of parent	27,778	297,610
Non-controlling interests	81	293
Total comprehensive income	27,859	297,903

### 1.3 Condensed Consolidated Statement of Changes in Equity

(Six months ended June 30, 2021)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2021	28,971	208,253	449,975	(11)	15,959	—	(1,131)
Profit	—	—	37,705	—	—	—	—
Other comprehensive income	—	—	—	—	—	(140)	—
Total comprehensive income	—	—	37,705	—	—	(140)	—
Issuance of new shares	113,862	113,044	—	—	—	—	—
Share-based payment transactions	—	1,552	—	—	1,351	—	—
Transfer to retained earnings	—	—	129	—	(269)	140	—
Total transactions with owners	113,862	114,596	129	—	1,082	140	—
Balance as of June 30, 2021	142,833	322,849	487,809	(11)	17,041	—	(1,131)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2021	(85,315)	—	—	(70,487)	616,701	2,960	619,661
Profit	—	—	—	—	37,705	174	37,879
Other comprehensive income	85,071	3,417	—	88,348	88,348	107	88,455
Total comprehensive income	85,071	3,417	—	88,348	126,053	281	126,334
Issuance of new shares	—	—	—	—	226,906	—	226,906
Share-based payment transactions	—	—	—	1,351	2,903	—	2,903
Transfer to retained earnings	—	—	—	(129)	—	—	—
Total transactions with owners	—	—	—	1,222	229,809	—	229,809
Balance as of June 30, 2021	(244)	3,417	—	19,083	972,563	3,241	975,804

(Six months ended June 30, 2022)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2022	147,133	337,989	570,292	(11)	13,270	—	(1,475)
Profit	—	—	110,437	—	—	—	—
Other comprehensive income	—	—	—	—	—	(242)	(680)
Total comprehensive income	—	—	110,437	—	—	(242)	(680)
Issuance of new shares	4,208	4,183	—	—	—	—	—
Purchase of treasury shares	—	(22)	—	(200,000)	—	—	—
Share-based payment transactions	—	2,690	—	—	(1,682)	—	—
Transfer to retained earnings	—	—	(308)	—	20	242	46
Total transactions with owners	4,208	6,851	(308)	(200,000)	(1,662)	242	46
Balance as of June 30, 2022	151,341	344,840	680,421	(200,011)	11,608	—	(2,109)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2022	83,454	(418)	(153)	94,678	1,150,081	3,317	1,153,398
Profit	—	—	—	—	110,437	138	110,575
Other comprehensive income	390,974	(12,901)	(1,697)	375,454	375,454	375	375,829
Total comprehensive income	390,974	(12,901)	(1,697)	375,454	485,891	513	486,404
Issuance of new shares	—	—	—	—	8,391	—	8,391
Purchase of treasury shares	—	—	—	—	(200,022)	—	(200,022)
Share-based payment transactions	—	—	—	(1,682)	1,008	—	1,008
Transfer to retained earnings	—	—	—	308	—	—	—
Total transactions with owners	—	—	—	(1,374)	(190,623)	—	(190,623)
Balance as of June 30, 2022	474,428	(13,319)	(1,850)	468,758	1,445,349	3,830	1,449,179

## 1.4 Condensed Consolidated Statement of Cash Flows

(In millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
<b>Cash flows from operating activities</b>		
Profit before tax	50,736	147,423
Depreciation and amortization	65,724	89,923
Impairment losses	61	5,761
Finance income and finance costs	2,077	6,015
Share-based payment expenses	6,821	9,421
Foreign exchange loss (gain)	12,323	57,143
Loss (gain) on sales of property, plant and equipment, and intangible assets	(3,447)	(373)
Decrease (increase) in inventories	(2,711)	(22,978)
Decrease (increase) in trade and other receivables	(7,697)	(30,669)
Decrease (increase) in other financial assets	(3,854)	(16,056)
Increase (decrease) in trade and other payables	20,234	24,727
Increase (decrease) in retirement benefit liability	(1,033)	(891)
Increase (decrease) in provisions	2,350	(1,756)
Increase (decrease) in other current liabilities	(12,227)	(11,789)
Increase (decrease) in other financial liabilities	—	(1,647)
Other	2,678	(614)
Subtotal	132,035	253,640
Interest received	87	168
Dividends received	211	132
Income taxes paid	(11,700)	(25,637)
Net cash flows from operating activities	120,633	228,303
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(11,894)	(30,931)
Proceeds from sales of property, plant and equipment	3,777	1,277
Purchase of intangible assets	(6,821)	(10,972)
Purchase of other financial assets	(1,239)	(4,083)
Proceeds from sales of other financial assets	386	911
Payments for acquisitions of subsidiaries	—	(29)
Other	(1,113)	(5,986)
Net cash flows from investing activities	(16,904)	(49,813)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	—	50,000
Repayments of short-term borrowings	—	(11,088)
Proceeds from long-term borrowings	—	47,096
Repayments of long-term borrowings	(46,695)	(60,433)
Proceeds from issuance of shares	223,799	—
Payments for share issuance costs	(820)	—
Purchase of treasury shares	—	(200,000)
Repayments of lease liabilities	(1,572)	(3,916)
Interest paid	(2,776)	(2,838)
Other	(10)	(63)
Net cash flows from financing activities	171,926	(181,242)

	(In millions of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Effect of exchange rate changes on cash and cash equivalents	9,330	28,682
Net increase (decrease) in cash and cash equivalents	284,985	25,930
Cash and cash equivalents at beginning of the period	219,786	221,924
Cash and cash equivalents at end of the period	<u>504,771</u>	<u>247,854</u>

## 1.5 Notes to Condensed Consolidated Financial Statements

(Notes about Going Concern Assumption)  
Not applicable

(Basis for Preparation)

(1) Compliance with IFRS

Because the Group meets the requirements for "Specified Companies Complying with Designated International Accounting Standards" stated in Article 1-2 of Ordinance on Consolidated Financial Statements, the Group has adopted the provisions of Article 93 of the Ordinance. The condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" (hereinafter "IAS 34").

The condensed consolidated financial statements do not contain all of the information that would be required on consolidated financial statements for a fiscal year. Therefore, the condensed consolidated financial statements should be used with the consolidated financial statements for the prior fiscal year.

(2) Basis of measurement

In the condensed consolidated financial statements of the Group, assets and liabilities are measured at a historical cost basis except for items such as financial instruments measured at fair value.

(3) Functional currency and presentation currency

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

(4) Change in Presentation

(Condensed Consolidated Statement of Cash Flows)

Within "Cash flows from operating activities" category, "Decrease (increase) in other financial assets," which was disclosed in "Other" for the six months ended June 30, 2021, has been presented separately for the six months ended June 30, 2022 due to the increase in its materiality. Also, Loss (gain) on sales and valuation of investment securities, which was disclosed in "Other" for the six months ended June 30, 2021, has been classified to "Finance income and finance costs" for the six months ended June 30, 2022.

In order to reflect those changes in presentation, Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2021 has been reclassified. Consequently, within "Cash flows from operating activities" category, (2,307) million yen of "Other" has been classified to (3,854) million yen of "Decrease (increase) in other financial assets", 2,678 million yen of "Other" and (1,131) million yen of "Finance income and finance costs."

(Basis of Condensed Consolidated Financial Statements)

Scope of consolidation

A company has been excluded from the scope of consolidation due to liquidation for the three months ended March 31, 2022.

No change in the scope of consolidation for the three months ended June 30, 2022.

(Significant Accounting Policies)

The significant accounting policies for the condensed consolidated financial statements of the Group are the same with the accounting policies applied in preparing the Group's consolidated financial statements for the prior fiscal year.

In addition, income taxes for the six months ended June 30, 2022 are calculated using the estimated annual effective tax rate.

(Significant Accounting Estimates and Judgments)

In preparing the condensed consolidated financial statements, management of the Group makes judgements, accounting estimates and assumptions that could have an impact on the application of accounting policies and the reporting amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on the best judgment of management, taking into account various factors that are deemed reasonable on the closing date in light of past experience and available information. However, figures based on these estimates and assumptions may differ from the actual results due to their nature.

Estimates and underlying assumptions are reviewed continuously. The results of the review of these estimates are reflected in the period when the estimates are revised and for the future periods.

Estimates and assumptions that could have a significant impact on the figures in the condensed consolidated financial statements are the same with those stated in the Group's consolidated financial statements for the prior fiscal year.

The Group reflects the impact of the spread of COVID-19 to estimates and assumptions (such as judgment to indication of impairment of goodwill and collectability of deferred tax assets), to a reasonable extent based on available information.



(Business Segments)

(1) Overview of reportable segments

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

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

(2) Information on reportable segments

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

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

Information on reportable segments is as follows.

(Six months ended June 30, 2021)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	209,356	203,486	8,711	—	421,553	—	421,553
Segment gross profit	90,288	123,809	1,086	289	215,472	(12,786)	202,686
Segment operating profit	47,841	59,471	1,086	5,594	113,992	(48,331)	65,661
Finance income							1,430
Finance costs							(16,355)
Profit before tax							50,736
(Other items)							
Depreciation and amortization	22,088	16,276	—	—	38,364	27,360	65,724

(Six months ended June 30, 2022)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	317,657	400,203	5,899	—	723,759	(851)	722,908
Segment gross profit	164,893	256,355	1,637	278	423,163	(7,377)	415,786
Segment operating profit	116,892	160,064	1,636	2,268	280,860	(70,855)	210,005
Finance income							390
Finance costs							(62,972)
Profit before tax							147,423
(Other items)							
Depreciation and amortization	21,428	18,105	—	—	39,533	50,390	89,923

(Three months ended June 30, 2021)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	106,108	106,881	4,886	—	217,875	—	217,875
Segment gross profit	46,470	66,021	671	93	113,255	(8,324)	104,931
Segment operating profit	25,050	34,583	672	1,080	61,385	(25,915)	35,470
Finance income							49
Finance costs							(2,407)
Profit before tax							33,112
(Other items) Depreciation and amortization	10,965	8,207	—	—	19,172	14,082	33,254

(Three months ended June 30, 2022)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	163,770	210,374	2,919	—	377,063	(443)	376,620
Segment gross profit	85,186	134,716	827	127	220,856	(2,958)	217,898
Segment operating profit	59,376	84,320	826	797	145,319	(35,137)	110,182
Finance income							248
Finance costs							(41,749)
Profit before tax							68,681
(Other items) Depreciation and amortization	10,646	9,192	—	—	19,838	26,059	45,897

(3) Information on products and services

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

(4) Information on regions and countries

The components of revenue from external customers by region and country are as follows.

(Six months ended June 30, 2021 and June 30, 2022)

	(In millions of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Japan	140,686	197,730
China	88,895	196,783
Asia (Excluding Japan and China)	85,840	156,195
Europe	67,308	107,382
North America	37,411	61,945
Others	1,413	2,873
Total	421,553	722,908

(Three months ended June 30, 2021 and June 30, 2022)

	(In millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Japan	69,615	99,870
China	48,650	106,602
Asia (Excluding Japan and China)	46,651	80,590
Europe	33,550	54,993
North America	18,641	33,002
Others	768	1,563
Total	217,875	376,620

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

(Business Combinations)  
Six months ended June 30, 2022

(Dialog Semiconductor Plc)

As of December 31, 2021, the acquisition was accounted for using provisional amounts determined based on reasonable information available at the time of preparing consolidated financial statements. Since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date had not been finalized, the purchase price allocation was provisionally accounted. For the three months ended March 31, 2022, the Group has completed the purchase price allocation and revised the goodwill amount as follows:

Fair value of assets acquired and liabilities assumed on the acquisition date (August 31, 2021)  
(In millions of yen)

Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note)	519,618
Inventories	316
Property, plant and equipment	(2,531)
Intangible assets	(146,963)
Other (Non-current assets)	(125)
Other (Current liabilities)	(1,458)
Other financial liabilities	345
Deferred tax liabilities	29,731
Other (Non-current liabilities)	(763)
Total adjustments	(121,448)
Goodwill (after adjustment) (Note)	398,170

(Note) Goodwill reflects future excess earning power expected from synergies between the Company and Dialog Semiconductor Plc (hereinafter "Dialog"). No amount of goodwill is expected to be deductible for tax purposes.

Condensed Consolidated Statement of Financial Position as of December 31, 2021 has been revised retrospectively upon the completion of the purchase price allocation. After the revision, goodwill has decreased by 127,106 million yen and retained earnings has decreased by 7,725 million yen. On the other hand, property, plant and equipment, intangible assets, and deferred tax liabilities have increased by 2,436 million yen, 144,165 million yen, and 29,150 million yen, respectively.

In addition, the revision has no impact on the Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income for the six months ended June 30, 2021.

It should be noted that as of September 14, 2021, Dialog has changed its company name to Dialog Semiconductor Limited.

(Celeno Communications Inc.)

As of December 31, 2021, the acquisition was accounted for using provisional amounts determined based on reasonable information available at the time of preparing consolidated financial statements. Since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date had not been finalized, the purchase price allocation was provisionally accounted. For the three months ended June 30, 2022, the Group has completed the purchase price allocation and revised the goodwill amount as follows. Adjustment in consideration for the acquisition is reflected for the six months ended June 30, 2022.

Fair value of assets acquired and liabilities assumed on the acquisition date (December 20, 2021)  
(In millions of yen)

Adjusted items	Adjustments of goodwill
Goodwill (before adjustment) (Note)	34,193
Inventories	166
Intangible assets	(18,644)
Deferred tax liabilities	409
Adjustment in consideration for the acquisition (Cash)	26
Total adjustments	(18,043)
Goodwill (after adjustment) (Note)	16,150

(Note) Goodwill reflects future excess earning power expected from synergies between the Company and Celeno Communications Inc. (hereinafter "Celeno"). No amount of goodwill is expected to be deductible for tax purposes.

Condensed Consolidated Statement of Financial Position as of December 31, 2021 has been revised retrospectively upon the completion of the purchase price allocation. After the revision, goodwill has decreased by 18,042 million yen and intangible assets has increased by 18,644 million yen.

In addition, the revision has no impact on the Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income for the six months ended June 30, 2021.

Contingent consideration includes \$45 million which will be paid based on the contract when several certain conditions (milestones) related to Celeno's future product development and mass production progress are met. As of June 30, 2022, none of the conditions has been met.

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

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

	Six months ended June 30, 2021	Six months ended June 30, 2022
Beginning balance	—	4,681
Changes in fair value	—	(2,271)
Exchange differences	—	624
Ending balance	—	3,034

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "financial expenses", and the fluctuated amount due to other than the time value of money is recorded in "other income" or "other expenses". For the six months ended June 30, 2022, other income of 2,271 million yen was recorded for the change of fair value.

(Trade and Other Receivables)

The components of trade and other receivables are as follows.

(In millions of yen)

	As of December 31, 2021	As of June 30, 2022
Notes and trade receivables	136,810	187,718
Other receivables	3,737	3,440
Loss allowance	(69)	(173)
Total	140,478	190,985

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

(Trade and Other Payables)

The components of trade and other payables are as follows.

(In millions of yen)

	As of December 31, 2021	As of June 30, 2022
Trade payables	104,775	110,027
Other payables	59,262	48,356
Electronically recorded obligations	14,808	11,545
Refund liabilities	40,585	77,426
Total	219,430	247,354
Current liabilities	204,330	237,209
Non-current liabilities	15,100	10,145

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

(Bonds and Borrowings)

a. Bonds

Six months ended June 30, 2021

Not applicable.

Six months ended June 30, 2022

Not applicable.

b. Borrowings

Six months ended June 30, 2021

Not applicable.

Six months ended June 30, 2022

In April 2022, the Company had borrowed 500,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. under a commitment line agreement dated January 15, 2019.

In June 2022, the Company has entered into a term loan agreement dated June 28, 2022(Loan amount: \$200 million, Borrowing date: June 30, 2022, Repayment date: June 30, 2027, Interest rate: Basic interest rate+0.91448%, Participating financial institutions: Bank of America NA Tokyo Branch) and a term loan agreement dated June 30, 2022(Loan amount: 20,000 million yen, Borrowing date: June 30, 2022, Repayment date: June 30, 2027, Interest rate: 0.495%, Participating financial institutions: MUFG Bank, Ltd.). As a result, the Company has borrowed a total of 47,096 million yen under these agreements on June 30, 2022.

(Equity and Other Equity Items)

Six months ended June 30, 2021

Based on the resolution at the Board of Directors' meeting held on May 28, 2021, the Company issued 192,252,800 shares through a public offering with the payment due date on June 15, 2021 and 2,067,600 shares of common stock through a third-party allotment with the payment due date of June 28, 2021. As a consequence, share capital increased by 111,899 million yen and capital surplus increased by 111,092 million yen for the six months ended June 30, 2021.

As a result, the share capital was 142,833 million yen and the capital surplus was 322,849 million yen as of June 30, 2021.

Six months ended June 30, 2022

Based on the resolution at the Board of Directors' meeting held on April 27, 2022, the Company conducted a tender offer to acquire its own shares and purchased 168,067,250 shares from April 28, 2022 to May 31, 2022. As a consequence, treasury shares increased by 200,000 million yen for the six months ended June 30, 2022.

As a result, the treasury shares was 200,011 million yen as of June 30, 2022.

(Revenue)

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

(Selling, General and Administrative Expenses)

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

(Six months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Research and development expenses	66,814	96,630
Depreciation and amortization	30,241	52,909
Personnel expenses	24,132	32,404
Retirement benefit expenses	1,261	1,074
Other	12,984	17,727
Total	135,432	200,744

(Three months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Research and development expenses	33,862	51,235
Depreciation and amortization	15,571	27,161
Personnel expenses	13,266	16,749
Retirement benefit expenses	661	426
Other	6,242	10,433
Total	69,602	106,004

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

(Other Income)

The components of other income are as follows.  
(Six months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Fair value remeasurements on contingent considerations (Note)	—	2,271
Reversal of provision for business restructuring	—	1,068
Insurance claim income	331	1,005
Gain on sales of property, plant and equipment	3,500	525
Other	780	1,338
Total	4,611	6,207

(Three months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Gain on sales of property, plant and equipment	807	432
Insurance claim income	307	—
Other	342	699
Total	1,456	1,131

(Note) For details, please refer to "Business Combinations."

(Other Expenses)

The components of other expenses are as follows.  
(Six months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Impairment losses (Note)	61	5,761
Business restructuring expenses	816	2,433
Provision for loss on litigation	4,494	1,072
Other	833	1,978
Total	6,204	11,244

(Three months ended June 30, 2021 and June 30, 2022)

(In millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Business structure improvement expenses	297	1,943
Provision for loss on litigation	667	137
Other	351	763
Total	1,315	2,843

(Note) Impairment losses are mainly due to the discontinuation of certain in-process research and development projects for the six months ended June 30, 2022.



(Additional Information)

Fire outbreak in a wholly-owned manufacturing subsidiary

On March 19, 2021, a fire broke out at a manufacturing line of Naka Factory (located in Hitachinaka, Ibaraki Prefecture) of Renesas Semiconductor Manufacturing Co., Ltd, a wholly-owned manufacturing subsidiary of the Company.

Due to this fire, the Group recorded 12,315 million yen for restoration and repairment costs of property, plant and equipment, disposal costs and reinspection fees of inventories and fixed costs during the shutdown for the six months ended June 30, 2021. These are included in cost of sales of 12,260 million yen and other expenses of 55 million yen in the Condensed Consolidated Statement of Profit or Loss.

The Group recorded 10,080 million yen for restoration and repairment costs of property, plant and equipment, disposal costs and reinspection fees of inventories and fixed costs during the shutdown for the three months ended June 30, 2021. These are included in cost of sales of 10,042 million yen and other expenses of 38 million yen in the Condensed Consolidated Statement of Profit or Loss. In addition, other payables of the fire related costs are recorded in trade and other payables and other liabilities of 6,147 million yen in the Consolidated Statement of Financial Position as of December 31, 2021.

The Group recorded 942 million yen for restoration and repairment costs of property, plant and equipment for the six months ended June 30, 2022. These are included in cost of sales in the Condensed Consolidated Statement of Profit or Loss. The Group recorded 193 million yen for restoration and repairment costs of property, plant and equipment for the three months ended June 30, 2022. These are included in cost of sales in the Condensed Consolidated Statement of Profit or Loss. In addition, the Group received part of fire insurance payments and recorded in "Other income" for the six months ended June 30, 2022.

(Subsequent Events)

Not applicable.

**Forward-Looking Statements**

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas Electronics Corporation and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. We caution you in advance that actual results may differ materially from such forward-looking statements due to several important factors including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, products and services in the marketplace; ability to continue to win acceptance of products and services in these highly competitive markets; and fluctuations in currency exchange rates, particularly between the yen and the U.S. dollar. Among other factors, downturn of the world economy; deteriorating financial conditions in world markets, or deterioration in domestic and overseas stock markets, may cause actual results to differ from the projected results forecast.

**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](https://www.renesas.com). Follow us on LinkedIn, Facebook, Twitter, YouTube, and Instagram.