The following is an English translation of the Items subject to measures for electronic provision that are not provided in the documents delivered to shareholders who requested their physical delivery for the 23rd Annual General Meeting of Shareholders of Renesas Electronics Corporation disclosed in Japan. This translation is provided for your reference and convenience only. If there is any inconsistency between this translation and the official Japanese Original, the latter shall prevail.

Other Items for Electric Provision
for the 23rd Annual General Meeting of Shareholders
(Items Omitted from Written Documents Delivered)

For the 23rd Business Period (From January 1, 2024 to December 31, 2024)

■ Business Report

・Matters related to Stock Acquisition Rights, etc.

■ Consolidated Financial Statements

・Consolidated Statement of Changes in Equity

・Notes to Consolidated Financial Statements

■ Non-consolidated Financial Statements

・Non-Consolidated Statement of Changes in Net Assets

・Notes to Non-Consolidated Financial Statements

Renesas Electronics Corporation

The abovementioned items are not provided in the documents delivered to shareholders who requested their physical delivery, in accordance with the provisions of relevant law and regulations and Renesas Electronics Corporation’s Article of Incorporation.

Business Report

Matters related to Stock Acquisition Rights, etc.

Stock acquisition rights granted by the Company as stock option are as follows (as of December 31, 2024).

Name (Date of resolution for granting)	Number of Stock Acquisition Rights	Class and Number of Shares to be Allotted	Issue Price	Exercise Price (Per share)	Exercise Period
No. 2 of FY2017 (March 13, 2017)	42	Common stock 4,200 shares	gratis	1 yen	From April 4, 2017 to April 3, 2027
No. 1 of FY2018 (March 16, 2018)	4	Common stock 400 shares	1,092 yen	1 yen	From April 3, 2018 to April 2, 2028
No. 2 of FY2018 (March 16, 2018)	33	Common stock 3,300 shares	gratis	1 yen	From April 3, 2018 to April 2, 2028
No. 3 of FY2018 (June 27, 2018)	43	Common stock 4,300 shares	995 yen	1 yen	From August 1, 2018 to July 31, 2028
No. 4 of FY2018 (June 27, 2018)	9	Common stock 900 shares	gratis	1 yen	From August 1, 2018 to July 31, 2028
No. 6 of FY2019 (June 25, 2019)	34	Common stock 3,400 shares	638 yen	1 yen	From July 26, 2019 to July 25, 2029
No. 7 of FY2019 (June 25, 2019)	56	Common stock 5,600 shares	gratis	1 yen	From July 26, 2019 to July 25, 2029
No. 11 of FY2019 (September 24, 2019)	30	Common stock 3,000 shares	739 yen	1 yen	From November 1, 2019 to October 31, 2029
No. 1 of FY2020 (May 26, 2020)	5,691	Common stock 569,100 shares	550 yen	1 yen	From July 1, 2020 to June 30, 2030
No. 2 of FY2020 (May 26, 2020)	6,549	Common stock 654,900 shares	gratis	1 yen	From July 1, 2020 to June 30, 2030
No. 3 of FY2020 (July 30, 2020)	1,819	Common stock 181,900 shares	666 yen	1 yen	From August 31, 2020 to August 30, 2030
No. 4 of FY2020 (July 30, 2020)	1,328	Common stock 132,800 shares	gratis	1 yen	From August 31, 2020 to August 30, 2030
No. 5 of FY2020 (July 30, 2020))	1,896	Common stock 189,600 shares	666 yen	1 yen	From September 1, 2020 to August 30, 2030
No. 6 of FY2020 (July 30, 2020)	412	Common stock 41,200 shares	gratis	1 yen	From September 1, 2020 to August 30, 2030
No. 7 of FY2020 (October 29, 2020)	5	Common stock 500 shares	927 yen	1 yen	From December 1, 2020 to November 30, 2030
No. 8 of FY2020 (October 29, 2020)	87	Common stock 8,700 shares	gratis	1 yen	From December 1, 2020 to November 30, 2030
No. 1 of FY2021 (January 29, 2021)	99	Common stock 9,900 shares	1,168 yen	1 yen	From February 27, 2021 to February 26, 2031
No. 2 of FY2021 (January 29, 2021)	70	Common stock 7,000 shares	gratis	1 yen	From February 27, 2021 to February 26, 2031

(Notes) 1. After the prescribed date set for each stock acquisition right has passed, holders of stock acquisition rights may exercise stock acquisition rights at the respective ratios specified in advance each time the prescribed date for exercising rights arrives.

2. If a holder of stock acquisition rights loses his/her position as Director, Executive Corporate Officer, etc. of the Company, he or she may exercise the stock acquisition rights that became capable of being exercised before the date of loss of the position until the day after the passage of 13 months from the date of loss of the position.

3. Upon issuance of No. 1 of FY2018, No. 3 of FY 2018, No. 6 of FY2019, No. 11 of FY2019, No. 1 of FY2020, No. 3 of FY2020, No. 5 of FY2020, No. 7 of FY2020 and No. 1 of FY2021 stock acquisition rights, the obligations of payment based on the above-stated issue price were set off against compensation claims to the Company and therefore no payment of money occurred.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The Year Ended December 31, 2024)

(In millions of yen)

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to Basis of Consolidated Financial Statements

1. Basis for Preparation

Renesas Electronics Corporation (hereinafter "the Company") and its subsidiaries (hereinafter "the Group") prepare the notes to consolidated financial statements in accordance with the International Financial Reporting Standards (hereinafter "IFRS") pursuant to Article 120, paragraph 1 of the Regulation on Corporate Accounting. The Group adopts the provision to Article 120, paragraph 1 of the Regulation on Corporate Accounting and omits certain disclosures required by IFRS in the notes to consolidated financial statements.

2. Scope of Consolidation

All subsidiaries are consolidated.
The number of consolidated companies of Renesas Electronics Corporation Group: 122
The names of major subsidiaries: Names of the major consolidated subsidiaries are listed on "Overview of Group Operations, Principal Subsidiaries (as of December 31, 2024)" in the Business Report and omitted in this part.
(Number of subsidiaries decreased mainly due to liquidation: 10)
iWatt B.V. and 9 other companies.
(Number of subsidiaries increased mainly due to acquisition of shares: 37)
Altium Limited (hereinafter "Altium") and 36 other companies.
Altium changed its company name to Altium Pty Ltd on December 12, 2024.

3. Application of Equity Method

The acquisition of shares in Transphorm, Inc. (hereinafter "Transphorm") has resulted in including one additional company within the scope of equity method application.

4. Accounting Policies

(1) Financial instruments

A. Financial assets other than derivatives

(a) Initial recognition and measurement

Trade and other receivables are initially recognized at their transaction price on that date, and all other financial assets are initially recognized on the date of the transaction when the Company becomes the contracting party to the financial assets.

At the time of initial recognition, financial assets are classified as financial assets measured at amortized cost or financial assets measured at fair value.

(i) Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met or otherwise classified as financial assets measured at fair value.

- Assets are held within a business model that aims to hold assets to collect contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) If both of the following conditions are met, financial assets are classified as debt instruments measured at fair value through other comprehensive income.

- Assets are held within a business model whose objective is achieved by both the collection and sale of contractual cash flows.
- The contract terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Of financial assets measured at amortized cost, or financial assets other than debt instruments measured at fair value through other comprehensive income, when an irrevocable election at the time of initial recognition is made, subsequent changes in fair value are recognized in other comprehensive income and such equity instruments are classified as financial assets measured at fair value through other comprehensive income.

(iii) Financial assets that do not meet the criteria for either (i) or (ii) above are classified into financial assets measured at fair value through profit or loss.

(b) Impairment of financial assets

For impairment of financial assets measured at amortized cost, the Group has decided to recognize an allowance for expected credit losses of financial assets. On each reporting date, the Group assesses whether the credit losses of the financial instruments have increased significantly since the initial recognition.

If the credit losses of the financial instruments have not increased significantly since the initial recognition, the allowance for credit losses of the financial instruments is measured at the amount of 12-month expected credit losses, and if the credit losses of the financial instruments have increased significantly since the initial recognition, the allowance for credit losses of the financial instruments is measured at the amount of lifetime expected credit losses.

However, for trade receivables, the allowance for credit losses is always measured at the amount of lifetime expected credit losses.

(c) Derecognition

The Group derecognizes financial assets if the contractual rights to the cash flows from the financial assets expire, or if substantially all risks and rewards associated with ownership of the financial assets are transferred as a result of assigning the contractual right to receive cash flows from the financial assets.

B. Financial liabilities other than derivatives

(a) Initial recognition and measurement

At the time of initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss. Although all financial liabilities are initially measured at fair value, financial liabilities measured at amortized cost are measured at an amount obtained by deducting directly attributable transaction costs.

(b) Derecognition

The Group derecognizes financial liabilities when they are extinguished, for example when their obligations specified in the contract are discharged, cancelled or expired.

C. Derivatives and hedge accounting

The Group holds derivative financial instruments for the purpose of hedging the risk of exchange rate fluctuations and others. The Group has a policy of not conducting speculative derivative transactions.

Derivatives are initially recognized at fair value, related transaction costs and the difference between the fair value at the time of initial recognition and the transaction price are recognized in profit or loss when they are incurred. After the initial recognition, derivatives are remeasured at fair value, and changes in the fair value are accounted for as described below, depending on whether the derivative financial instruments that are designated as hedging instruments meet the requirements for hedge accounting. The Group designates the derivatives that meet the requirements for hedge accounting as hedging instruments and applies hedge accounting. In addition, at the inception of a hedge, the Group formally documents the risk management objective, the relationship between hedging instruments and the hedged items, along with strategies when executing hedging transactions, the nature of the risk being hedged and the method of assessing hedge effectiveness.

(a) Cash flow hedges

Of gains or losses from hedging instruments, the effective portion of the hedge is recognized in other comprehensive income, and the ineffective portion is recognized in profit or loss.

When applying cash flow hedges to currency swap contracts, the portion excluding the currency basis spread is designated as the hedging instruments, and for the currency basis spread portion, the amount of change in fair value is recognized as hedging cost through other components of equity and included in the comprehensive income. The amount accumulated in other components of equity is transferred to profit or loss during the same period in which the cash flows to be hedged affect profit or loss. If the hedged item is the acquisition of a non-financial asset, the amount accumulated in other components of equity will be treated as an adjustment to the initial acquisition cost of the non-financial asset.

When the Group recognizes hedging cost for a derivative transaction entered in order to hedge a time-period related hedged item, it transfers the cumulative costs of hedging accumulated in other components of equity to profit or loss on a systematic and rational basis over the period during which the hedge adjustment from the hedging instrument affects profit or loss.

The amount of hedging instruments that is recorded in other comprehensive income is reclassified to profit or loss at the time when the underlying hedged transactions affect profit or loss. If the hedged items give rise to the recognition of non-financial assets or non-financial liabilities, the amount that is recognized in other comprehensive income is reclassified as an adjustment to the initial carrying amount of non-financial assets or non-financial liabilities.

For cash flow hedges other than the above, the amount is reclassified from other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if the accumulated amount is a loss and if all or part of the loss is not expected to be recovered in the future, the amount that is not expected to be recovered is immediately reclassified to profit or loss.

When hedge accounting is terminated, this accumulated amount remains in other comprehensive income until the expected future cash flows occur, and if the forecast transaction is no longer expected to occur, this amount is immediately reclassified to profit or loss.

(b) Derivatives that do not meet requirements for hedge accounting

Changes in fair value are recognized in profit or loss.

D. Difference between the fair value at initial recognition and the transaction price

In cases where the transaction price of a financial instrument differs from its fair value at the initial recognition, and the fair value is determined using unobservable inputs, the difference between the transaction price and fair value is deferred. This difference is recognized in profit or loss either when amortized over the term of the contract using the straight-line method or when the financial instrument is derecognized.

(2) Inventories

The acquisition cost of inventories comprises all costs of purchase, costs of conversion and all other costs incurred in bringing the inventories to their present location and condition.

After the initial recognition, inventories are measured at the lower of cost and net realizable value, but if cost exceeds net realizable value, the inventories are written down to net realizable value. The net realizable value is calculated by deducting the estimated costs of completion and the estimated costs necessary to make the sale from the estimated selling price in the ordinary course of business.

(3) Property, plant and equipment (other than leased assets)

The acquisition cost of property, plant and equipment includes costs directly related to the acquisition of assets, dismantling, disposal and restoration costs and borrowing costs that meet the requirements for capitalization.

The cost model is used in the measurement of property, plant and equipment, and they are presented at the carrying value obtained by deducting accumulated depreciation and accumulated impairment losses from the acquisition cost.

Except for land and construction in progress, the acquisition cost of each asset after deducting the residual value is depreciated over the estimated useful life using the straight-line method.

The estimated useful life, the residual value and the depreciation method are reviewed at the end of each fiscal year, and any changes are applied to the period when the estimates are changed and future periods prospectively as a change in the accounting estimate. The impact of the change of these estimates is recognized in the period when the estimates are changed and future periods.

(4) Goodwill and intangible assets

A. Goodwill

Any excess of the consideration for acquisition, the non-controlling interests in the acquiree and the fair value of assets of the acquiree that the acquirer previously held over the net amount of identifiable assets and liabilities as of the date of acquisition is recognized as goodwill. Goodwill is not amortized and is presented at cost, less any accumulated impairment losses.

B. Intangible assets

The cost model is used for intangible assets, and they are presented at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets acquired separately are measured at cost at the time of initial recognition and intangible assets acquired in a business combination are measured at fair value as of the date of acquisition.

For internally generated intangible assets (Capitalized development cost), research and development costs that do not meet the criteria for capitalization are recognized in profit or loss when they are incurred. Internally generated intangible assets are amortized using the straight-line method based on an estimated useful life (5 years) that is expected to provide net cash inflow.

Intangible assets with finite useful lives are amortized over their respective estimated useful life using the straight-line method, etc. and an impairment test is performed if any indications of impairment exist. For intangible assets with finite useful lives, their useful lives and amortization method are reviewed at the end of each fiscal year, and if there is a change, it is applied to the period when the estimates are changed and future periods prospectively as a change in the accounting estimate.

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use are not amortized, and an impairment test is performed at a certain time each fiscal year and whenever any indication of impairment exists.

(5) Leases

The leased assets for the Group are land, office building, and machinery, equipment and vehicles.

The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. The right-of-use assets are measured at the initial measurement of the lease liabilities, adjusted by items such as prepaid lease payments, adding costs to be incurred by the lessee in restoring the underlying assets to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated over the lease term on a systemic basis.

Lease payments are apportioned between finance costs and repayments of lease liabilities so as to produce a constant interest rate in proportion to the remaining balance of lease liabilities. Finance costs are separately presented from the depreciation charge for the right-of-use assets in the consolidated statement of profit or loss.

In addition, lease payments for lease transactions with lease term under 12 months and leases of small-value assets are recognized as expense over the lease term on a straight-line basis.

(6) Impairment of non-financial assets

The Group determines whether there is any indication that assets (except for inventories, deferred tax assets and assets pertaining to retirement benefits) may be impaired each fiscal year, and if such indication exists, an impairment test is performed. However, for goodwill or intangible assets with indefinite useful lives or that are not yet available for use, an impairment test is performed at a certain time each fiscal year or when any signs of impairment are identified.

In the impairment test, a recoverable amount is estimated, and the carrying amount and the recoverable amount are compared. The recoverable amount of assets, cash-generating units or groups of cash-generating units is calculated at the higher of the value in use and the fair value less costs of disposal. The value in use is calculated by discounting the estimated future cash flows to the present value, using the pre-tax discount rate that reflects the time value of money and risks specific to the asset.

If the recoverable amount of assets, cash-generating units or groups of cash-generating units is lower than the carrying amount as a result of the impairment test, an impairment loss is recognized. When the impairment loss of a cash-generating unit including goodwill is recognized, an allocation is made first to reduce the carrying amount of goodwill that is allocated to the cash-generating unit, and then an allocation is made to proportionally reduce the carrying amount of other assets in the cash-generating unit.

The impairment loss is reversed if there is any indication that the impairment loss recognized in a prior period may no longer exist or may have decreased and if the estimated recoverable amount exceeds the carrying amount. The upper limit of the reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years, net of normal depreciation or amortization. The impairment loss on goodwill is not reversed.

(7) Provisions

The Company recognizes a provision if the Group has assumed a legal or constructive obligation as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and if a reliable estimate can be made of the amount of the obligation.

If the time value of the money of the provision is significant, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of the money and risks specific to the liability.

The unwinding of the discount amount due to the passage of time is recognized as a finance cost.

(8) Employee benefits

A. Short-term employee benefits

A short-term employee benefit is an employee benefit that will be settled within 12 months from the end of the fiscal year in which the employee renders the related service to the Group, and the Group recognizes an amount expected to be paid in exchange for the services rendered during a certain accounting period. Short-term employee benefits in the Group include bonuses and benefits related to paid leave.

Bonuses are recognized as a liability if the Group has a legal or constructive obligation to pay as a result of the provision of service by the employee in the past and if the obligation can be estimated reliably.

B. Post-employment benefits

For post-employment benefit plans, the Group has adopted defined benefit plans and defined contribution plans.

(a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense when they are incurred unless they are included in inventories or property, plant and equipment.

(b) Defined benefit plans

The net amount of assets or liabilities of the defined benefit plan is the amount obtained by deducting the fair value of the plan assets (including the upper limit of the plan assets and adjustments to minimum funding requirements, if necessary) from the present value of defined benefit obligations, and it is recognized in the consolidated financial statements as an asset or a liability. The defined benefit obligations are calculated using the projected unit credit method, and the present value of defined benefit obligations is calculated by applying a discount rate to the expected payment amount in the future. The discount rate is calculated based on market yields at the end of the reporting period on high quality corporate bonds corresponding to the discount period by setting the discount period based on the period until the future expected benefit payment date in each reporting period.

Service costs and net interest expense for the net amount of assets or liabilities related to the defined benefit obligations are recognized in profit or loss. Actuarial gains or losses and fluctuations in the return on the plan assets excluding the portion included in the net interest expense are recognized in other comprehensive income as "Remeasurements of defined benefit plans" in the corresponding period and are immediately transferred from other components of equity to retained earnings. Past service costs are recognized in profit or loss when the plan is revised or curtailed, or when related restructuring costs or termination benefits are recognized, whichever is earlier.

(9) Foreign currency translation

A. Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the spot exchange rate or a rate approximate to the spot exchange rate on the date of the transaction. Monetary items denominated in a foreign currency at the end of the reporting period are translated into the functional currency using the closing rate, while non-monetary items denominated in a foreign currency that are measured at historical cost are translated using the exchange rate in effect on the date of the initial transaction, and those that are measured at fair value are translated using the exchange rate in effect on the date when the fair value was calculated.

Exchange differences from translation or settlement are recognized in profit or loss during the period when they arise. However, exchange differences arising from equity instruments and cash flow hedges measured through other comprehensive income are recognized in other comprehensive income.

B. Foreign operations

In preparing the consolidated financial statements, the assets and liabilities of a foreign operation whose functional currency is other than Japanese yen are translated into Japanese yen at the exchange rate as of the closing date of the consolidated financial statements, and profit or loss and cash flows of the foreign operation are translated into Japanese yen at the exchange rate on the date of the transaction or the average exchange rate for the period that is approximate to the exchange rate. Exchange differences are recognized in other comprehensive income, and the cumulative amount thereof is recognized in other components of equity.

On disposal of the entire ownership interest in a foreign operation or part of the interest that results in a loss of control or significant influence, the exchange differences of the foreign operation that were recognized in other comprehensive income and accumulated in equity are reclassified from equity to profit or loss when the related gains or losses on disposal are recognized.

Monetary items, which are receivables or payables from foreign operations that settlements are neither planned nor likely to occur in the foreseeable future, are a part of the entity’s net investment in that foreign operation. Exchange differences arising from the monetary items are recognized in other comprehensive income.

(10) Revenue recognition

The Group recognizes revenue based on the following five-step model.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is mainly recognized when the goods are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are identified at the time of delivery.

Also, revenue is measured at the amount of the consideration received after deducting discounts, rebates and returns.

Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time we record sales to the specific distributors, we accrue for refund liabilities and deduct the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. We accrue for refund liabilities related to the stock rotation program on a quarterly basis and deduct the same amount from revenue.

(11) Other significant accounting policies

Adoption of the group tax sharing system

The Group adopted the group tax sharing system.

Note to Accounting Estimates

In preparing the consolidated financial statements, management of the Group makes judgments, accounting estimates and assumptions that impacted 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, considering 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 in future periods.

Estimates and assumptions that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

Valuation of goodwill

The carrying amount of goodwill recorded in the consolidated statement of financial position as of December 31, 2024 was 2,256,169 million yen.

The impairment test is performed by comparing the carrying amount and the recoverable amount of the assets, and if the recoverable amount is lower than the carrying amount, an impairment loss is recorded. The recoverable amount is calculated mainly using the discounted cash flow model, where certain assumptions are made, including, but not limited to, gross margin, perpetual growth rate, and discount rate, as included in the business plan.

The fair value evaluation of intangible assets associated with the business combination of Altium

The book value of the intangible assets identified in the business combination of Altium in the consolidated statement of financial position as of December 31, 2024, was 320,942 million yen, with the main asset being developed technology (291,714 million yen).

The acquisition-date fair value of the technology assets has been calculated using the excess earnings method. This method estimates the future cash flows derived from existing technologies, subtracting the expected future cash flows from contributing assets such as working capital and fixed assets, to determine the present value of the residual income. Certain assumptions have been made in the calculation, including Altium’s future business plans and discount rates.

Notes to Consolidated Statement of Financial Position

1. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

The shares of subsidiaries (638,841 million yen) which have been eliminated in consolidation was provided as collateral.

(2) Secured liabilities

	(In millions of yen)
Current portion of long-term borrowings	34,541
Long-term borrowings	34,062
Total	68,603

2. Accumulated Depreciation of Property, Plant and Equipment: 966,418 million yen
(Including accumulated impairment losses of property, plant and equipment)

3.Guarantees:

Guarantees for employees' housing loans: 2 million yen

4. Other:

As the Group conducts business worldwide, it is possible that the Group may become a party to lawsuits, arbitration, investigation by regulatory authorities and other legal proceedings in various countries.

The legal proceedings that the Group is currently involved in, or may become involved in the future, may take considerable time and incur significant costs to resolve, and it is difficult to predict the outcomes. However, such outcomes could negatively impact the Group's business, performance, financial position, cash flow, reputation, and credit. In accordance with paragraph 92 of IFRS 37 "Provisions, Contingent Liabilities and Contingent Assets," we have not disclosed detailed information about these legal proceedings as they may put the Group in an unfavorable position.

To the extent reasonably estimable, the Group has recognized provisions for litigation losses related to some of the matters listed below. Additionally, provisions for litigation losses have been recognized for lawsuits and damage claims with other companies, which are not listed below, in preparation for potential payments.

The Group's subsidiary has been named as a defendant in a civil lawsuit in the United States related to the alleged patent infringement and trade secret violation.

The Group's subsidiary in Taiwan may be subject to requests for restitution for environmental pollution associated with a factory in Taiwan owned by the subsidiary's predecessor company.

Notes to Consolidated Statement of Changes in Equity

1. The type and total number of shares issued and outstanding as of December 31, 2024
Common stock 1,870,614,885 shares

2. The type and number of shares to be acquired upon exercise of the stock options (excluding share acquisition rights of which the commencement date of exercise period has not yet arrived) as of December 31, 2024
Common stock 1,820,700 shares

3. Dividends

(1) Dividend payment amounts

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

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

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

Notes to Financial Instruments

1. Situations of financial instruments

(1) Policies for Financial Instruments

The Group aims to achieve sustainable growth and maximize its corporate value. Regarding fund operation, the Group uses only short-term deposits and financial assets which are relatively safe. Regarding financing, the Group uses mainly borrowings from banks. The Group utilizes derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest payments. The Group's policies prohibit holding or issuing derivative financial instruments for trading purposes.

(2) Contents and Risks of Financial Instruments and Risk Management

The Group is exposed to financial risks (credit risk, liquidity risk and market risk) in the process of executing its business activities. Accordingly, the Group regularly monitors the financial risks based on internal management regulations and takes measures to avoid or reduce the risks as required.
The Group does not engage in derivative transactions for speculative purposes.

(3) Credit risk

Notes and trade receivables are exposed to the credit risk of customers. Conforming to the internal rules for the management of receivables, the Group regularly monitors major customers' credit and manages the due dates of collection and the balance for each customer. Other receivables are exposed to the credit risk of customers, but most of them are settled in the short term. Short-term investments are financial assets invested on a short-time basis, and the Group transacts with highly creditworthy financial institutions. Trade receivables are regarded as non-performing if all or part of them cannot be collected or if collection is deemed extremely difficult. The Group does not have any exposure to the significant credit risk of certain customers, and there is no excessive concentration of credit risk that requires special management.

(4) Liquidity risk

The Group is exposed to liquidity risk whereby the performance of payment obligations could become difficult. To limit its exposure to liquidity risk, however, the Group works to maintain fund management through the optimization of capital efficiency through the efficient management of working capital and the central management of funds by the Company. The Group also manages the liquidity risk by appropriately maintaining liquidity on hand through the timely preparation and updating of the financing plan and taking the external financial environment into account.

(5) Market risk

(a) Foreign currency exchange risk

Foreign currency receivables and obligations arising from the global business development of the Group are exposed to the risk of foreign exchange rate fluctuations. To reduce the risk of foreign exchange rate fluctuations, the Group uses forward exchange contracts, currency options and currency swaps.

(b) Interest rate risk

The Group raises funds mainly through borrowings and bonds for the purpose of securing funds for long-term working capital and the promotion of growth strategies. The Group is exposed to the risk of interest rate fluctuations because borrowings are mainly made at floating interest rates. To reduce the risk of changes in the interest paid on borrowings, the Group uses interest rate swaps as required. Additionally, bonds are issued with fixed interest rates. Accordingly, the Group has decided that the impact of the risk of interest rate fluctuations on the Company is limited and insignificant and does not conduct a sensitive analysis for interest rate risk.

(c) Stock price risk

The Group has adopted an incentive plan for its employees for the purpose of securing excellent human resources, particularly at subsidiaries. To operate the incentive plan, the Group holds shares and other financial instruments for the long term and is exposed to the risk of changes in their market prices. Please note that, following the introduction of the stock option plan, the incentive plan was abolished and there was no new issuance.

The Group does not conduct a sensitivity analysis for the risk of changes in share prices since the impact of changes in share prices are immaterial.

2. Fair value of financial instruments

(1) Calculation method of fair value

The calculation method of the fair value of financial instruments is as follows.

(a) Cash and cash equivalents, trade and other receivables

The fair value of these instruments approximates their carrying amount due to short term maturities.

(b) Trade and other payables

For trade and other payables that will mature within a short amount of time, the fair value approximates the carrying amount. The fair value of trade and other payables that will not mature in a short amount of time is calculated by the present value that is discounted by an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(c) Securities

If the market price of a security is available in an active market, the securities are measured using this market price and classified as Level 1. If the market price is not available, the fair value is measured mainly by a method based on net assets (method of calculating by making adjustments to the market value as required based on the net assets of the entity that issues shares), etc. and classified as Level 3.

(d) Loans
The fair value of loans is calculated based on the present value discounted at an interest rate that takes into account credit risk and classified as Level 3.

(e) Long-term borrowings
The fair value of long-term borrowings is calculated at the present value that is discounted using an interest rate assumed for the case where a similar borrowing is newly made and classified as Level 2.

(f) Derivative transactions
The fair value of forward exchange contracts, currency options and currency swaps are calculated based on the price, etc. provide by customers' financial institutions and classified as Level 2. In addition, derivative transactions measured using unobservable inputs are classified as Level 3.

(g) Bonds
The fair value of bonds is calculated by referring to a market price and classified as Level 2.

(h) Contingent consideration
The fair value of the contingent consideration is calculated as the present value of the payments in future using appropriate valuation methods with consideration of the probability of occurrence and classified as Level 3.

(i) Other financial assets and liabilities
Time deposits with maturities of more than three months, long-term accounts receivable, security deposits and guarantee deposits received that are measured at amortized cost are classified as Level 2. Because their fair value approximates their carrying amount, they are omitted from the following table.

(2) Classification of financial instruments measured at fair value by levels
In the fair value hierarchy, financial instruments are classified from Level 1 to Level 3 as follows.
Level 1: Fair value measured using unadjusted quoted prices in the active markets
Level 2: Fair value calculated using observable inputs, either directly or indirectly, other than those classified as Level 1
Level 3: Fair value calculated by using a valuation technique including inputs that are not based on observable market data
Transfers between the levels in the fair value hierarchy are recognized on the assumption that the transfers occur at the end of each reporting period.

(a) Financial instruments measured at amortized cost
The carrying amount and the fair value of financial instruments measured at amortized cost are as follows. Financial instruments measured at fair value, financial instruments whose carrying amount closely approximates fair value and lease liabilities are not included in the table below.

(In millions of yen)

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Borrowings	1,266,418	—	1,261,146	—	1,261,146
Bonds	134,254	—	134,254	—	134,254
Other payables	86,696	—	87,403	—	87,403
Total	1,487,368	—	1,482,803	—	1,482,803

(b) Financial instruments measured at fair value

A breakdown of financial assets and financial liabilities measured at fair value on a recurring basis by level of the fair value hierarchy is as follows.

(In millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	43,493	—	43,493
Investment trust	11,069	—	—	11,069
Unlisted securities	—	—	3,838	3,838
Loans	—	—	327,973	327,973
Equity instruments measured at fair value through other comprehensive income				
Listed securities	458	—	—	458
Unlisted securities	—	—	9,060	9,060
Total	11,527	43,493	340,871	395,891
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	—	—	—
Contingent consideration (Note)	—	—	1,582	1,582
Total	—	—	1,582	1,582

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

(3) Changes in financial assets and financial liabilities that are classified as Level 3 are as follows.

(In millions of yen)

	Financial assets	Financial liabilities
Beginning balance	158,023	3,298
Total gains or losses in the period	33,184	(1,716)
Profit or loss (Note1, 3)	14,146	(1,960)
Other comprehensive income (Note 2)	19,038	244
Purchases	155,845	—
Sale	(50)	—
Settlement	(6,131)	—
Acquisition due to business combination	—	—
Other	—	—
Ending balance	340,871	1,582
Changes in unrealized gains or losses recorded in profit or loss for the balance held at the end of the reporting period (Note1, 3)	14,146	(1,374)

(Note 1) Amounts relate to financial assets measured at fair value through profit or loss and included in “Finance income” and “Finance costs” in the consolidated statement of profit or loss.

(Note 2) Amounts relate to exchange differences on translation of foreign operations and equity instruments measured at fair value through other comprehensive income. They are presented in ”Exchange differences on translation of foreign operations” and “Equity instruments measured at fair value through other comprehensive income” in the consolidated statement of changes in equity respectively.

(Note 3) Amounts relate to financial liabilities measured at fair value through profit or loss and included in “Finance costs”, “Other expenses” and “Other income” in the consolidated statement of profit or loss.

(Note 4) Financial instruments that are classified as Level 3 consist of derivative assets, unlisted securities, loans, and contingent consideration for acquisitions. The fair value measurement results are reviewed and approved by the appropriate authorized persons.

Derivative assets are valued based on the prices provided by financial institutions, considering factors such as the probability of success of corporate acquisitions.

Unlisted securities are mainly investments in funds, and the fair value of the unlisted securities is measured based on the value of net asset as a valuation technique.

Loans are valued by discounting future expected cash flows to their present value, based on the interest rates that take into account the term to maturity and credit risk, as well as the performance status of the contractual terms. As the estimates involve uncertainty, fluctuations in significant unobservable inputs may impact the fair value, resulting in increases or decreases.

In addition, the fair value of contingent consideration is measured in consideration of the possibility of achieving for developmental milestones and the time value of money. Since these estimates are uncertain, fair value may increase if significant non-observable development milestones become more likely to be achieved.

(4) The aggregate difference yet to be recognized in profit or loss at the beginning and end of the period and changes in the balance of this difference are as follows.

(In millions of yen)

	Financial assets
Financial assets measured at fair value through profit or loss	
Loans	
Beginning balance	42,043
Increase	
Increase due to new transactions	44,833
Decrease	
Decrease due to amortization	(7,770)
Others	4,622
Ending balance	83,728

Notes to Per Share Information

Equity attributable to owners per share: 1,413.77 yen
Basic earnings per share: 122.51 yen

Notes to Revenue Recognition

(1) Disaggregation of revenue

The Group disaggregates its revenue by reported segment and by region, and the disaggregation is as follows. All revenue is derived from contracts with customers.

a. Reportable Segments

(In millions of yen)

Reportable segments		Other	Total	Adjustments	Consolidation basis
Automotive	Industrial/ Infrastructure/ IoT				
702,812	636,760	8,907	1,348,479	—	1,348,479

(Note) 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. Additionally, commissioned development and manufacturing from the Group's design and manufacturing subsidiaries are categorized as "Other." The total revenue is calculated by excluding the non-recurring items related to business combinations (Adjustments) from IFRS revenue (Consolidation basis). The Group's Executive Officers assess the performance after eliminating intragroup transactions, and therefore, there are no transfers between reportable segments included within the segment results.

b. Region

(In millions of yen)

	Revenue
China	375,214
Asia (Excluding Japan and China)	300,786
Japan	283,663
Europe	230,627
North America	155,628
Others	2,561
Total	1,348,479

The Group engages in research, development, design, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors, and the revenue is mainly due to sales of semiconductor products.

Regarding the sales of these products, the Group recognizes revenue when the customer obtains control over the product which is at the time of delivery of a product because legal title of the product, physical possession of the asset, the significant risks and rewards of ownership are transferred to the customer, and the customer has an obligation to pay for the products at the time of delivery of the product.

Revenue is measured at the amount of promised consideration in contracts with customers.

With regard to sales contract including variable consideration such as rebate and discounts, the transaction price is estimated and determined using the most-likely-amount method based largely on historical data, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Consideration under sales contracts is recovered mainly within one year from satisfaction of a performance obligation and includes no significant financing components.

(2) Accounts arising from contracts

(In millions of yen)

	Beginning balance	Ending balance
Trade receivables	210,964	204,149
Contract assets	167	8,973
Contract liabilities	97	10,452

(Note 1) Trade receivables are included in the consolidated statement of financial position under "Trade and other receivables" and "Other financial assets."
(Note 2) Contract assets are company's rights to the consideration received in exchange for goods or services transferred to the customer by the company, on condition of something other than the passage of time (for example, future performance of the company). Contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract assets are included in “Trade and other receivables” in the consolidated statement of financial position.
(Note 3) Contract liabilities relate to the payment received in advance of performance under the contract. The contract liabilities are reclassified to revenue when the Group satisfies a performance obligation based on the contract. Contract liabilities are included in “Other current liabilities” and “Other non-current liabilities” in the consolidated statement of financial position.
(Note 4) For the year ended December 31, 2024, contract assets and contract liabilities increased by 8,927 million yen and 9,806 million yen, respectively, due to the acquisition of Altium.
(Note 5) The amounts of revenues recognized from the performance obligations satisfied in the past periods were immaterial.
(Note 6) Of the revenues recognized in the current fiscal year, 82 million yen was included in the balance of contract liabilities as of January 1, 2024.

(3) Transaction price allocated to the remaining performance obligation

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, there are no significant amounts in consideration from contracts with customers that are not included in transaction prices.

(4) Assets recognized from the cost to obtain or fulfill contracts with customers

There are no assets recognized from the cost to obtain or fulfill contracts with customers.

Other Notes

1. Business restructuring expenses

The main components of business restructuring expenses include personnel-related expenses such as special retirement allowances and facility removal costs associated with the consolidation of locations. Business restructuring expenses are included under "Other expenses" in the consolidated statement of profit or loss.

2. Impairment Losses

For the year ended December 31, 2024, impairment losses are mainly recognized in assets intended for disposal that are unlikely to be used, and included in “Other expenses” in the consolidated statement of profit or loss.

The components of assets for which the impairment losses are recorded are as follows.

(In millions of yen)

	The year ended December 31, 2024
Property, plant and equipment	2,430
Intangible assets	585
Total	3,015

3. Business Combinations

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

(Steradian Semiconductors Private Limited)

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

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

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

(In millions of yen)

	The year ended December 31, 2024
Beginning balance	586
Changes in fair value	(606)
Exchange differences	20
Ending balance	—

Of the amount of change in fair value related to contingent consideration, the fluctuated amount due to the time value of money is recorded in "Finance costs," and the fluctuated amount due to factors other than the time value of money is recorded in "Other income" or "Other expenses." For the year ended December 31, 2024, "Other income" of 606 million yen was recorded for the change of fair value.

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

(Panthronics AG)

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

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

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

(In millions of yen)

	The year ended December 31, 2024
Beginning balance	2,711
Changes in fair value	(1,278)
Exchange differences	149
Ending balance	1,582

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

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

(Transphorm, Inc.)

a. Overview of business combination

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

1) Name and overview of the acquiree

Name of the acquiree: Transphorm, Inc.

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

2) Date of the acquisition

June 20, 2024

3) Purpose of the acquisition

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

4) Acquisition Method

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

b. Consideration for the acquisition and its breakdown

(In millions of yen)

Consideration		Amount
Cash		53,533
Acquisition consideration from Restricted Stock Unit		386
Total	A	53,919

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

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

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

(Note 1) For the year ended December 31, 2024, the allocation of acquisition costs to intangible assets has been completed upon the finalization of the fair value assessment, and the amount of goodwill has been determined.
(Note 2) There are no significant receivables from acquired debts that are estimated to be uncollectible.
(Note 3) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Transphorm. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

(In millions of yen)

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

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

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

f. Revenue and profit / loss of the acquired company

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

(Altium Limited)

a. Overview of business combination

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

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

1) Name and overview of the acquiree

Name of the acquiree: Altium Limited

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

2) Date of the acquisition

August 1, 2024

3) Purpose of the acquisition

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

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

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

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

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

4) Acquisition Method

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

b. Consideration for the acquisition and its breakdown

(In millions of yen)

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

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

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

(In millions of yen)

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

(Note 1) For the year ended December 31, 2024, the allocation of acquisition costs to intangible assets has been completed upon the finalization of the fair value assessment, and the amount of goodwill has been determined.
(Note 2) There are no significant receivables from acquired debts that are estimated to be uncollectible.
(Note 3) The amount allocated to intangible assets is mainly composed of developed technology, and the fair value of such intangible assets (284,278 million yen) is measured using the excess earnings method based on assumptions such as future business plans and discount rates.
(Note 4) The Company enters into currency options and forward exchange contracts to hedge against exchange rate risks associated with the payment of acquisition consideration denominated in Australian dollars, and applies hedge accounting. These hedging instruments are settled in cash at fair value on the acquisition date. The basis adjustment represents the change in fair value of the hedging instruments recognized in other comprehensive income on the acquisition date, and is added to the carrying amount of goodwill.
(Note 5) Goodwill reflects expected synergies with existing business and future excess earning power arising from the acquisition of Altium. No amount of goodwill is expected to be deductible for tax purposes.

d. Payments for acquisition of subsidiaries

(In millions of yen)

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

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

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

f. Revenue and profit / loss of the acquired company

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

4. Bonds

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

5. Borrowings

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

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

6. Purchase and disposal of treasury shares

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

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

Non-Consolidated Financial Statements

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(The Year Ended December 31, 2024)

(In millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of period	153,209	143,209	208,969	352,177	873,594	(217,691)	1,161,289
Changes during period							
Dividends of surplus					(49,758)		(49,758)
Net income					189,972		189,972
Purchase of treasury shares						(0)	(0)
Disposal of treasury shares			20,750	20,750		23,853	44,603
Cancellation of treasury shares			(104,529)	(104,529)		104,529	—
Net changes in items other than shareholders' equity							
Total changes during period	—	—	(83,779)	(83,779)	140,214	128,381	184,817
Balance at end of period	153,209	143,209	125,190	268,399	1,013,808	(89,310)	1,346,106

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
Balance at the beginning of period	62	(8,589)	(8,527)	3,106	1,155,868
Changes during period					
Dividends of surplus					(49,758)
Net income					189,972
Purchase of treasury shares					(0)
Disposal of treasury shares					44,603
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	567	8,589	9,156	(2,019)	7,138
Total changes during period	567	8,589	9,156	(2,019)	191,954
Balance at end of period	629	—	629	1,087	1,347,822

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

All figures are rounded to the nearest 1 million yen.

Notes to Significant Accounting Policies

1. Valuation Methods for Assets

1) Securities

Shares of subsidiaries and affiliates:

These shares are carried at cost determined by the moving-average method.

Other securities:

Securities other than shares that do not have a market value :

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method).

Shares that do not have a market value:

Moving average cost method.

2) Derivatives

Derivative financial instruments are stated at the fair value.

3) Inventories

Inventories are stated at the lower of cost or market. The costs are stated as follows;

Finished goods:

Custom-made products:

Specific identification method

Mass products:

Average method

Work in process:

Custom-made products:

Specific identification method

Mass products:

Average method

Raw materials and supplies:

Average method as principal method

2. Depreciation and Amortization Method for Non-current assets

1) Property, plant and equipment other than leased assets

Depreciated by the straight-line method

2) Intangible assets

Amortized by the straight-line method

3) Leased assets

Leased assets under finance leases under which the ownership of the assets is transferred to the lessee

Depreciated in the same way as self-owned Non-current assets.

Leased assets under finance leases other than those under which ownership of the assets is transferred to the lessee

Amortized by the straight-line method over the lease term, assuming no residual value.

4) Long-term prepaid expenses

Amortized by straight-line method

3. Treatment of Deferred assets

Bond issuance costs are amortized over the period until the bonds are redeemed using the straight-line method.

4. Basis of Allowances and Provisions

1) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experiences for normal receivables and on an individual estimate of the collectability for receivables from companies in financial difficulty.

2) Provision for retirement benefits

Provision for retirement benefits or prepaid pension costs is recorded for employees' pension and severance payments based on the projected benefit obligation and the estimated fair value of plan assets as of the fiscal year-end.

Actuarial gains and losses are amortized on a straight-line basis over the employees' estimated average remaining service periods. The amortization starts from the following year of the gains and losses recognized.

Prior service costs are amortized on a straight-line basis over the employees' estimated average remaining service periods.

3) Provision for products warranties

The Company accrues product warranty liabilities for estimated future warranty costs using the individual estimates for the specific matters as well as historical ratio of warranty costs to net sales.

4) Provision for business restructuring

Provision for business restructuring is made for the amount of the estimated losses to be incurred in connection with business structure reconstructions and consolidation.

5) Provision for contingent loss

In relation to matters such as legal proceedings and litigations, a provision for the amount of expected losses and expenses is made when a provision is made at the reasonably estimated amount with a consideration of individual risks associated with each contingency.

6) Provision for share-based payments

In order to prepare for the delivery of the Company's shares to directors, executive officers and employees based on rules of share delivery, the Company records provision for share-based payments based on the estimated amount of share delivery obligations at the end of the current fiscal year.

5. Recognition criteria for revenue and expenses

The Company recognizes revenue based on the following five-step model.
Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company engages in research, design, development, manufacturing, sales and services related to various kinds of semiconductors as a manufacturer specializing in semiconductors. Revenue is mainly recognized when the goods are delivered as the ownership of these goods has been transferred to the customer and the performance obligations are identified at the time of delivery.

Also, revenue is measured at the amount of the consideration received after deducting discounts, rebates and returns. Sales to specific distributors may be subject to the following various sales promotion programs.

Ship and debit is a program designed to assist specific distributors on their sales to end customers through pricing adjustments. Under this program, the selling prices will be adjusted when the specific distributors sell the products to the end customers. At the time the Company records sales to the specific distributors, it accrues for refund liabilities and deduct the same amounts from revenue based on the estimate of the variable consideration resulting from the possible application of the ship and debit program upon the future sales by the distributors. In addition, the related balance of accounts receivable-trade is transferred to long-term accounts receivable in order to reduce specific distributors' financial burden caused by a time lag, and will be reversed in the future based on the contract.

Stock rotation is a program whereby on a semiannual basis, specific distributors are allowed to return, for credit, inventories equal to a certain percentage of their purchases for the previous six months. The Company accrues for refund liabilities related to the stock rotation program on a quarterly basis and deduct the same amount from revenue.

6. Accounting Treatment for Retirement Benefits

Accounting treatment for actuarial gains and losses and prior service costs differ from those applied in the consolidated financial statements.

7. Hedge Accounting Method

1) Hedge accounting method

Hedging activities are accounted for under the deferred hedge method in principle. Currency swaps that meet the certain requirements for allocation, the allocation treatment is applied. Interest rate and Currency swaps that meet the certain requirements for the unified method (the special treatment and the allocation treatment), the unified method is applied.

2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, Currency options, Currency swaps, Interest rate and Currency swap

Hedged items: Forecasted transaction in foreign currency, Bonds in foreign currency, Borrowings in foreign currency

3) Hedging policy

Based on the Group's internal rules, the Company enters hedge transactions to reduce the foreign exchange risks associated with the hedged items.

4) Assessment of hedge effectiveness

The effectiveness of the hedging is evaluated by comparing the accumulated cash flow of the hedging instruments with that of the hedged items.

Since currency swaps meet the requirements for the allocation method, and interest rate and currency swaps meet the requirements for the unified method, the effectiveness evaluation is omitted.

8. Adoption of the Group Tax Sharing System

The Company adopts the group tax sharing system. Regarding the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting, the Company has applied "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (the Practical Solution No.42, August 12, 2021).

Notes to Accounting Estimates

Valuation of Shares of Subsidiaries and Affiliates

The book value of the shares of subsidiaries and affiliates in the non-consolidated financial statements at the end of the fiscal year is 2,735,984 million yen. In the valuation of shares of subsidiaries and affiliates, the Company compares the book value with the actual value, reflecting the expected future excess earning power at the time of acquisition, to assess whether there is a significant decrease in actual value. This valuation takes into account the same assumptions used in the goodwill impairment test in the preparation of the consolidated financial statements.

Notes to Balance Sheet

1. Assets Pledged as Collateral and Secured liabilities

(1) Assets pledged as collateral

	(In millions of yen)
Shares of subsidiaries and affiliates	638,841
Total	638,841

(2) Secured liabilities

	(In millions of yen)
Current portion for long-term borrowings	34,541
Long-term borrowings	34,543
Total	69,084

2. Accumulated Depreciation of Property, Plant and Equipment: 678,605 million yen

3. Accumulated Impairment Losses of Property, Plant and Equipment:

Accumulated impairment losses are included in accumulated depreciation of property, plant and equipment.

4. Guarantees:

Liabilities for Guarantee	(In millions of yen)
Loan of affiliated companies	86,469
Guarantees for employees' housing loans	2

5. Monetary Receivables from and Payables to Affiliated Companies:

	(In millions of yen)
Short-term receivable	170,499
Long-term receivable	2,764
Short-term payable	459,617
Long-term payable	91,744

Notes to Statement of Operations

1. Transactions with Affiliated Companies:

	(In millions of yen)
Amounts of operating transactions	
Net sales	609,164
Purchases	406,268
Amounts of non-operating transactions	31,864

2. Gain on extinguishment of tie-in shares

As a result of the absorption merger of Renesas Engineering Services Co., Ltd. which was a consolidated subsidiary, gain on extinguishment if tie-in shares was recorded.

3. Business restructuring expenses

The breakdown of the business restructuring expenses (1,095 million yen) is as follows:

	(In millions of yen)
Expenses associated with reorganization of bases	1,088
Others	6
Total	1,095

Notes to Statement of Changes in Net Assets

Type and Number of Treasury Shares as of December 31, 2024

Common Stock	73,486,312 shares

Notes to Tax-Effect Accounting

Significant components of deferred tax assets were provision for share-based payments, loss on valuation of shares of subsidiaries and affiliates and others, in view of the possibility of recoverability, the company has posted a valuation allowance for 12,121 million yen.

In addition, significant components of deferred tax liabilities were prepaid pension costs, valuation difference of assets acquired by merger and others.

Notes to Transactions with Related Parties

Subsidiaries, affiliates and others: (In millions of yen)

Attribute	Company name	Ratio of Share-Holding (Owned)	Relation with related parties	Contents of transaction	Amounts of transaction	Account	Balance as of December 31, 2024
Subsidiary	Renesas Semiconductor Manufacturing Co., Ltd.	(Own) Direct 100.0 %	Purchases of parts of our products	Purchases of products (*1)	106,208	Accounts payable-trade	4,606
Subsidiary	Renesas Electronics America Inc.	(Own) Direct 100.0 %	Sales of our products, Manufacturing and development	Sales of products (*1) Paid capital reduction (*2)	103,621 42,855	Accounts receivable-trade —	14,543 —
Subsidiary	Renesas Electronics Europe GmbH	(Own) Direct 100.0 %	Sales of our products, Consignment of design and development	Sales of products (*1) Money deposited (*3)	170,313 —	Accounts receivable-trade Deposits received	20,183 37,831
Subsidiary	Renesas Electronics Hong Kong Limited	(Own) Direct 100.0 %	Sales of our products	Sales of products (*1)	145,787	Accounts receivable-trade	23,724
Subsidiary	Renesas Electronics Singapore Pte. Ltd.	(Own) Direct 100.0 %	Sales of our products	Money deposited (*3)	—	Deposits received	41,640
Subsidiary	Dialog Semiconductor Limited	(Own) Direct 100.0 %	Sales of our products, Manufacturing and development	Money deposited (*3) Liabilities for guarantee (*4)	— 63,272	Deposits received —	149,457 —
Subsidiary	Renesas International Operations Sdn. Bhd.	(Own) Indirect 100.0 %	Management of parts of consignment business of our Group companies	Purchases of products (*1)	101,291	Accounts payable-trade	10,858
Subsidiary	Renesas Electronics Australia Pty Ltd	(Own) Direct 100.0 %	Holding company of our Group companies	Underwriting of capital increase (*5)	920,544	—	—

Terms and conditions of transactions and polices on deciding terms and conditions

(*1) Price and other transaction conditions were determined based on a price negotiation.

(*2) Amounts related to the paid capital reduction conducted by Renesas Electronics America Inc.

(*3) Rate for money deposited from subsidiaries was determined by considering the market rate.

(*4) Liabilities for guarantee are conducted in regard to consignment manufacturing of subsidiaries and general fund operation.

(*5) The subsidiary's capital increase has been fully underwritten by the Company.

Notes to Per Share Information

Net assets per share: 758.78 yen
Net income per share: 106.19 yen

Notes to Revenue Recognition

Basic information for understanding revenue

Please refer to “Notes to Significant Accounting Policies 5. Recognition criteria for revenue and expenses.”

Other Notes

1. Bonds

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

2. Borrowings

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

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