

3Q 2022 PRESENTATION

RENESAS ELECTRONICS CORPORATION
OCTOBER 26, 2022

NON-GAAP BASIS INFORMATION

In this section, Renesas Electronics Group (hereinafter “the Group”) applies non-GAAP financial measures (hereinafter “non-GAAP basis”) used for management’s decision making. Non-GAAP figures are calculated by removing or adjusting non-recurring items and other adjustments from GAAP (IFRS: International Financial Reporting Standards) figures following a certain set of rules. The Group believes providing non-GAAP figures will help to better understand the Group’s constant business results.

The Group reports its forecasts for the next quarter as a range. The forecast for the full year is calculated by adding the forecast as a range of the three months ending December 31, 2022 to the results of the nine months ended September 30, 2022.

DISCLAIMER

- **Adoption of IFRS:** With the outlook that the Group will continue to expand globally and to provide financial figures that can be compared on a global scale, the Group discloses its consolidated financial statements in accordance with IFRS starting from the annual securities report for FY2018/12.
- **Non-GAAP figures:** 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. This adjustment and exclusion include the amortization of intangible assets recognized from acquisitions, other PPA (purchase price allocation) adjustments relating to acquisitions, stock-based compensation, as well as other non-recurring expenses and income the Group believes to be applicable.
- **Presentation of financial forecasts:** Starting from the consolidated forecasts for the three months ended March 31, 2019, the Group presents its financial forecasts as a range, and gross margin and operating margin figures in the non-GAAP format. The gross margin and operating margin forecasts are given assuming the midpoint in the sales revenue forecast.
- **Start of consolidation of Reality AI:** The Group completed the acquisition of Reality Analytics, Inc. (“Reality AI”) on July 19, 2022. The Group has since begun the consolidation of their financial figures.
- **Purchase Price Allocation (PPA):** 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.

3Q 2022 FINANCIAL SNAPSHOT

NON-GAAP

(B yen)	2021		2022								
	3Q (Jul-Sep)	9 months (Jan-Sep)	2Q (Apr-Jun)	3Q (Jul-Sep) Forecast	3Q (Jul-Sep) Actual	YoY	QoQ	Change from Jul 28 FCT ^{*1}	9 months (Jan-Sep) Actual	YoY	Change from Jul 28 FCT ^{*1}
Revenue	258.4	680.0	377.1	384.0 (±4.0)	387.6	+50.0%	+2.8%	+0.9%	1,111.4	+63.4%	+0.3%
Gross Margin	55.2%	52.7%	58.6%	56.5%	57.0%	+1.8pts	-1.6pts	+0.5pt	58.0%	+5.3pts	+0.2pt
Operating Profit (Margin)	83.9 (32.5%)	197.9 (29.1%)	145.3 (38.5%)	132.5 (34.5%)	142.8 (36.8%)	+59.0 (+4.4pts)	-2.5 (-1.7pts)	+10.4 (+2.3pts)	423.7 (38.1%)	+225.8 (+9.0pts)	+10.4 (+0.8pt)
Profit Attributable to Owners of Parent	62.9	141.3	81.4	-	96.4	+33.5	+15.0	-	268.0	+126.7	-
Profit Attributable to Owners of Parent (Excluding Foreign Exchange Impact)* ²	66.3	157.6	120.4	-	115.4	+49.1	-5.1	-	343.6	+186.0	-
EBITDA* ³	103.6	256.0	165.2	-	163.4	+59.7	-1.8	-	483.8	+227.8	-
1 US\$=	110 yen	108 yen	124 yen	135 yen	135 yen	25 yen depreciation	11 yen depreciation	0 yen depreciation	125 yen	17 yen depreciation	0 yen depreciation
1 Euro=	131 yen	129 yen	134 yen	138 yen	139 yen	8 yen depreciation	5 yen depreciation	2 yen depreciation	135 yen	5 yen depreciation	1 yen depreciation

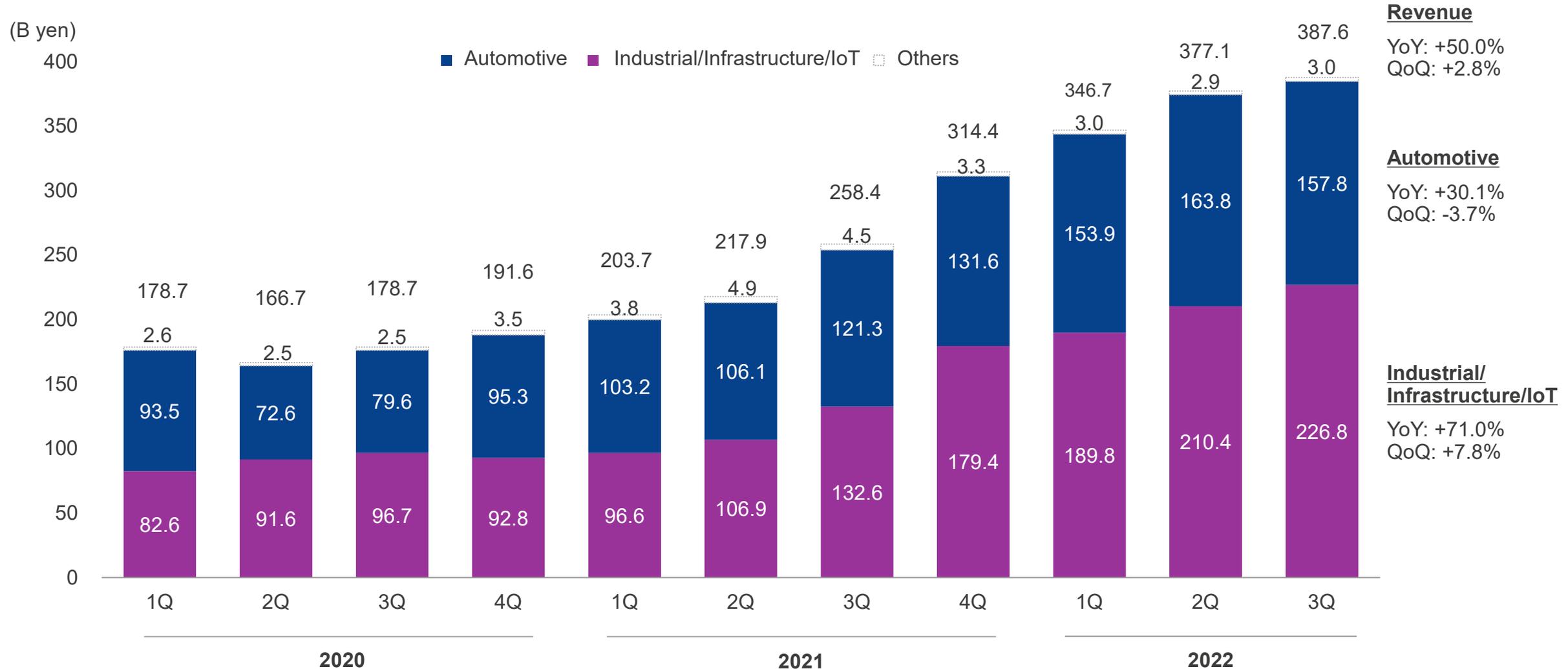
*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

*2: Profit attributable to owners of parent – foreign exchange loss

*3: Operating profit + Depreciation and amortization

QUARTERLY REVENUE TRENDS

NON-GAAP



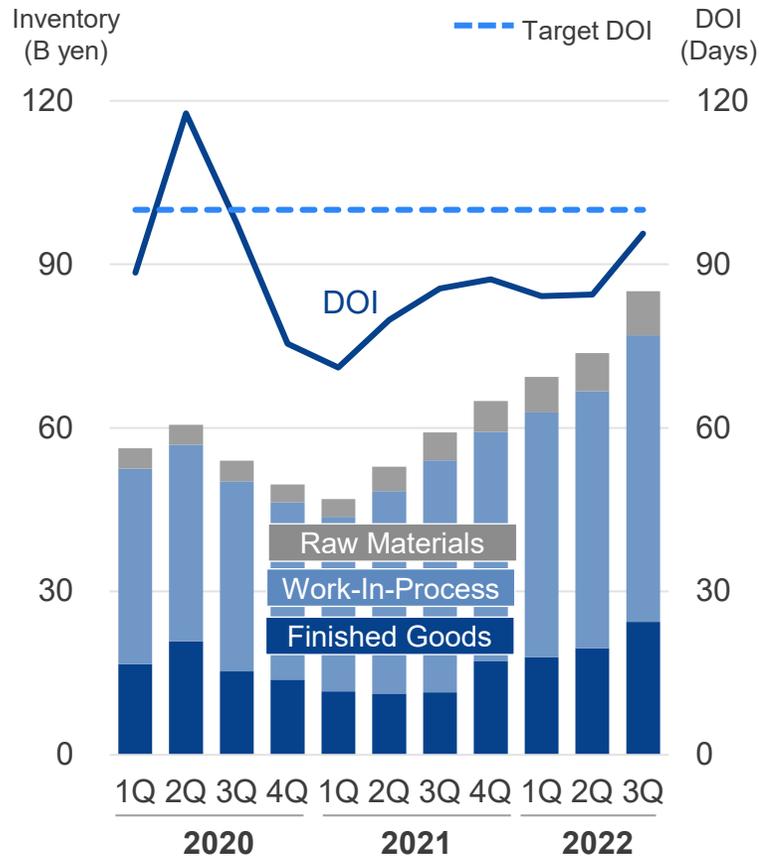
3Q 2022 REVENUE AND GROSS/OPERATING MARGIN

NON-GAAP

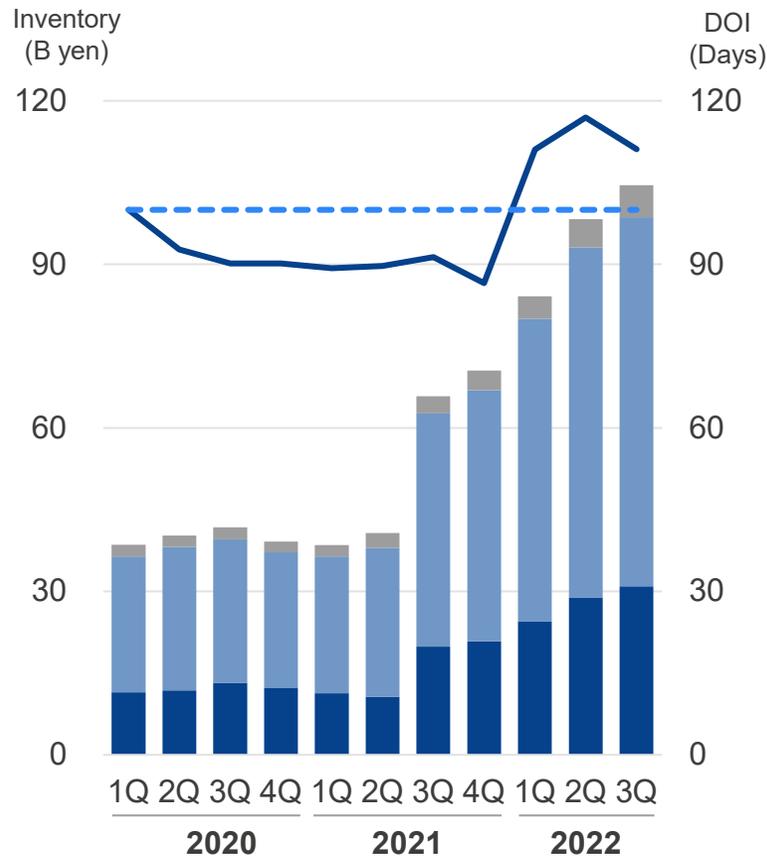
	Automotive	Industrial / Infrastructure / IoT	Company Total	
Revenue	157.8 B yen vs FCT: + QoQ: -3.7%	226.8 B yen vs FCT: + QoQ: +7.8%	387.6 B yen vs FCT: +0.9% QoQ: +2.8%	Operating Margin vs FCT +2.3pts Revenue Gross Margin vs FCT: +0.5pt Currency Impact Product Mix Production Recovery Production Costs, etc. Operating Expenses
Gross Margin	49.3% QoQ: -2.8pts	62.7% QoQ: -1.4pts	57.0% vs FCT: +0.5pt QoQ: -1.6pts	Operating Margin QoQ -1.7pts Revenue Gross Margin QoQ: -1.6pts Currency Impact Product Mix Production Recovery Production Costs, etc. Operating Expenses
Operating Margin	31.5% QoQ: -4.8pts	40.3% QoQ: +0.2pt	36.8% vs FCT: +2.3pts QoQ: -1.7pts	

IN-HOUSE INVENTORY (FINANCIAL ACCOUNTING BASIS) AND DOI*1*2

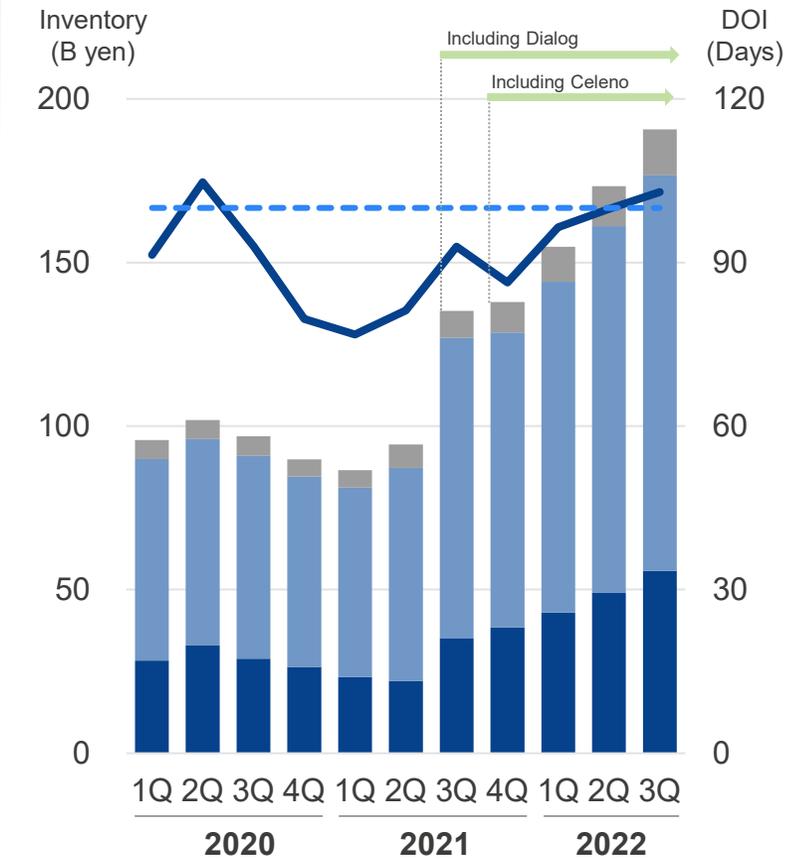
Automotive



Industrial/Infrastructure/IoT



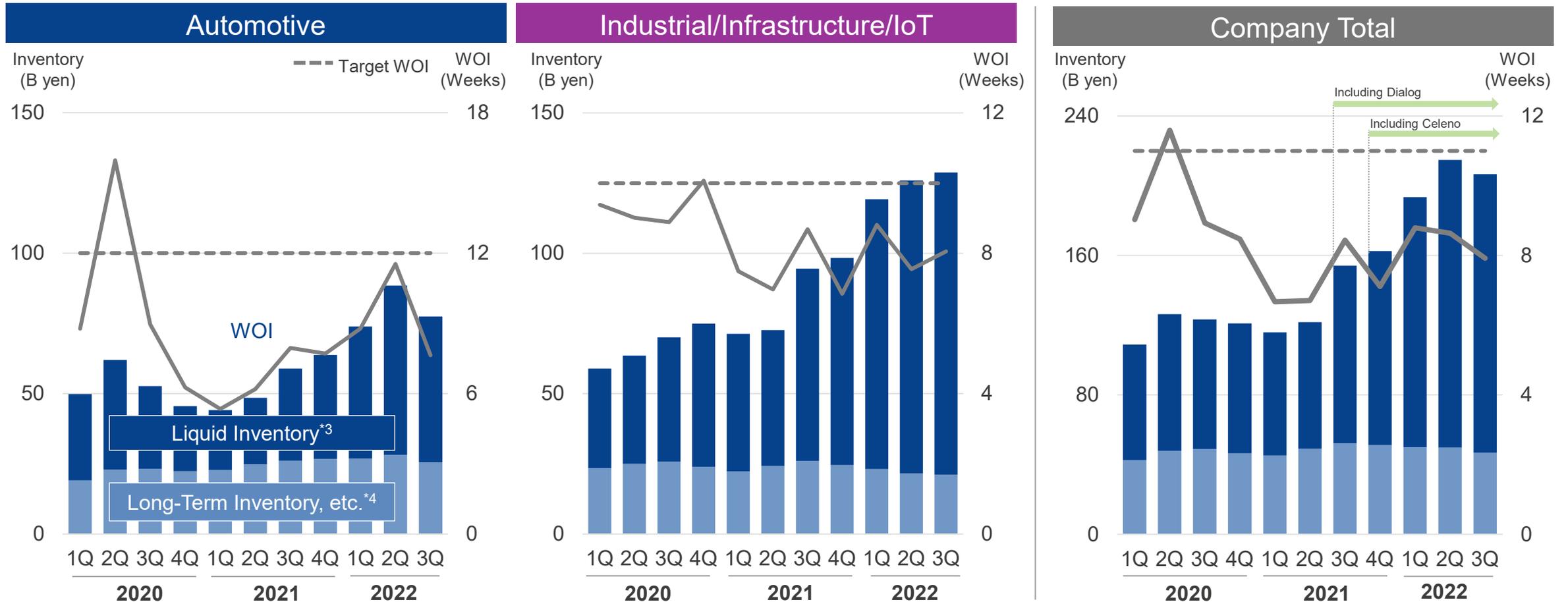
Company Total



*1: DOI: Days of Inventory = Inventory valuation balance at the end of the quarter / cost of sales of the quarter (Non-GAAP) × 90.

*2: The figures include Dialog's inventories from 3Q21 and Celeno's inventories from 4Q21. However, note that Dialog's quarterly cost of sales for 3Q21 is calculated by multiplying Dialog's September costs by 3.

SALES CHANNEL INVENTORY*1 (MANAGEMENT ACCOUNTING BASIS) AND WOI*2



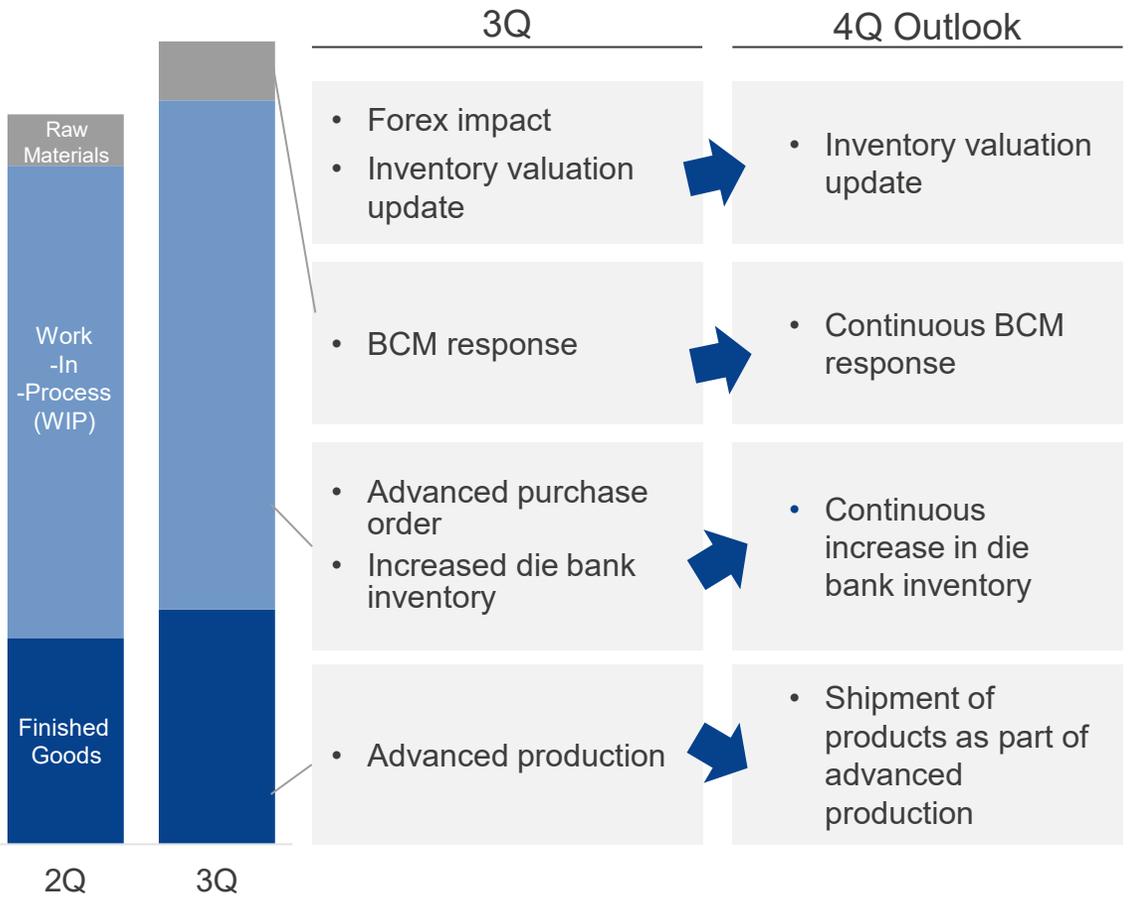
*1: Channel Inventory: Total inventory amount for Tokuyakutens for Japanese customers and overseas distributors (including channel inventories of Dialog from September 2021 and those of Celeno from March 2022)

*2: WOI: Weeks of Inventory = Channel inventory at the end of the quarter / (cost of channel sales in the quarter / 13 weeks). It should be noted that from the inventory management perspective, to calculate appropriate WOI, certain Long-Term Inventory is excluded from Channel Inventory

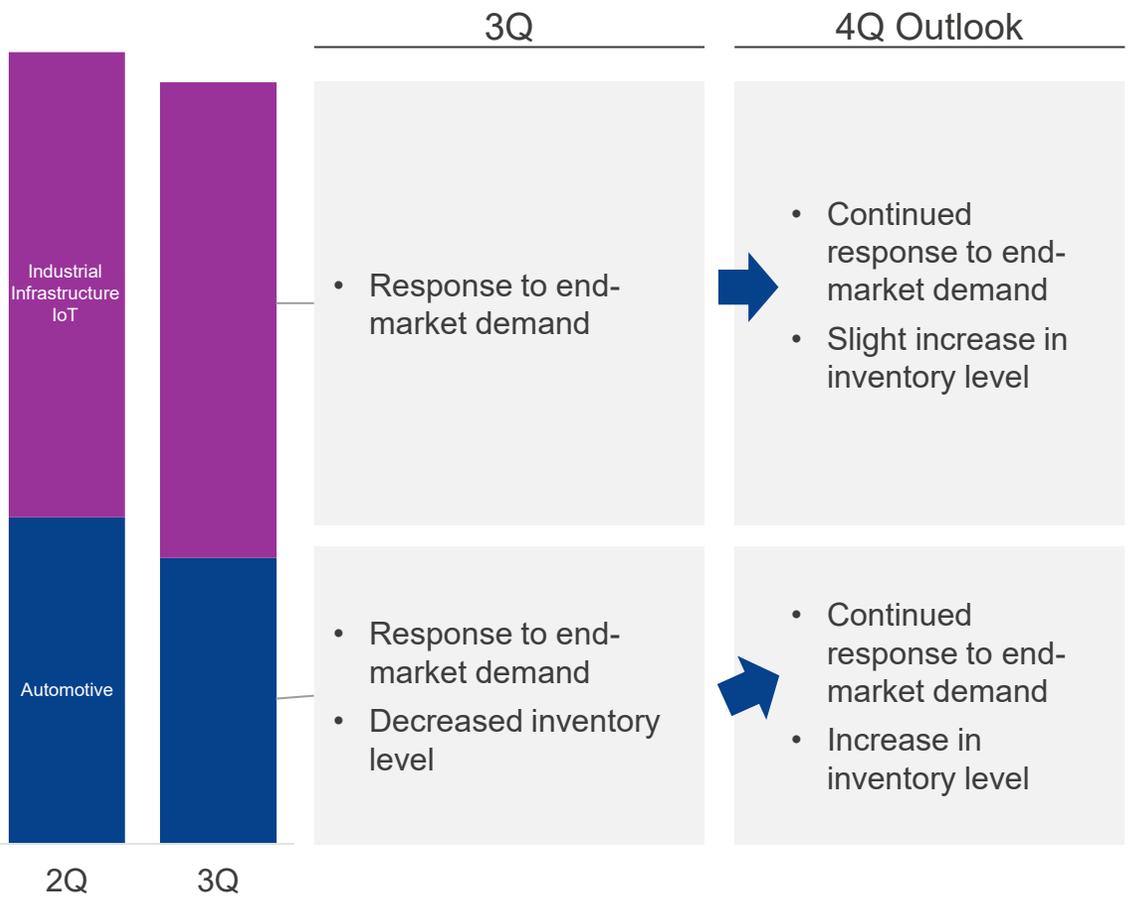
*3: Liquid Inventory: Channel Inventory – Long-Term Inventory, etc. *4: Long-Term Inventory: Inventory with unique holding periods (End of Life or "EOL" products, e-commerce inventory etc.)

INVENTORY ANALYSIS

In-House Inventory

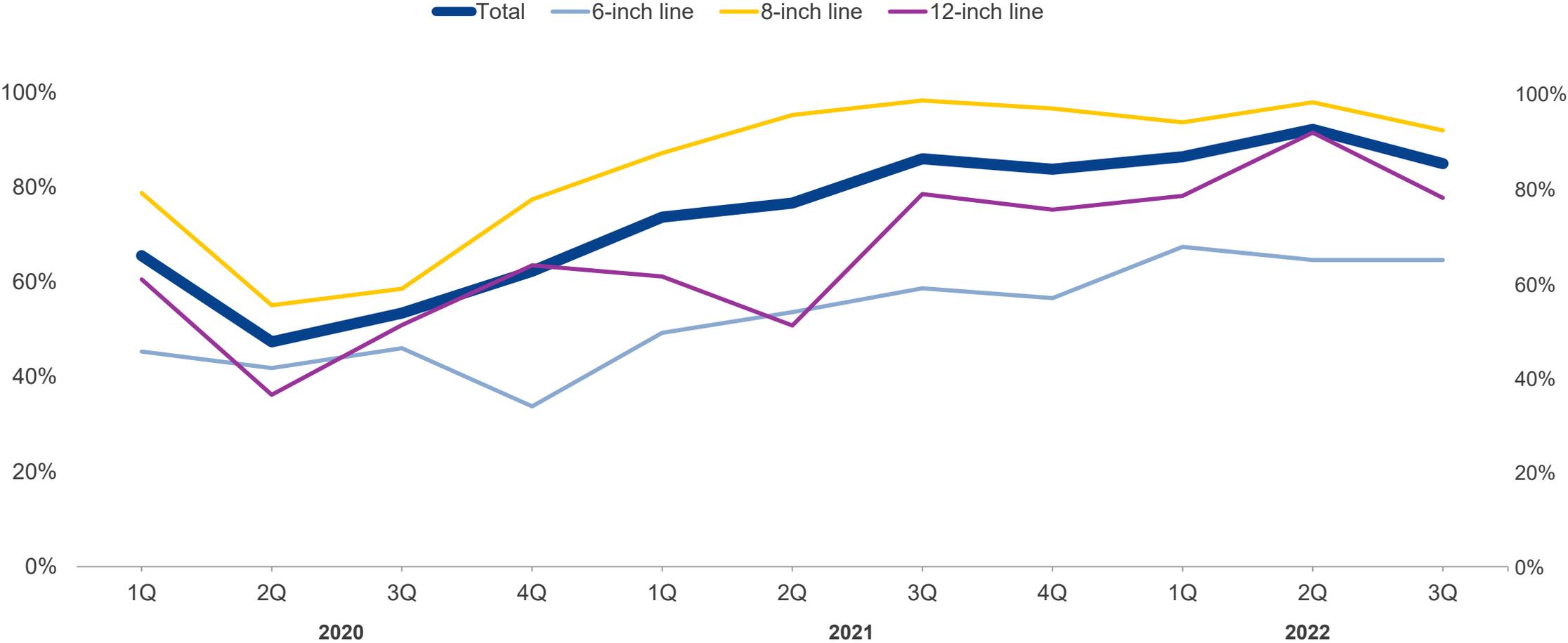


Sales Channel Inventory



QUARTERLY TRENDS IN FRONT-END UTILIZATION RATE*1

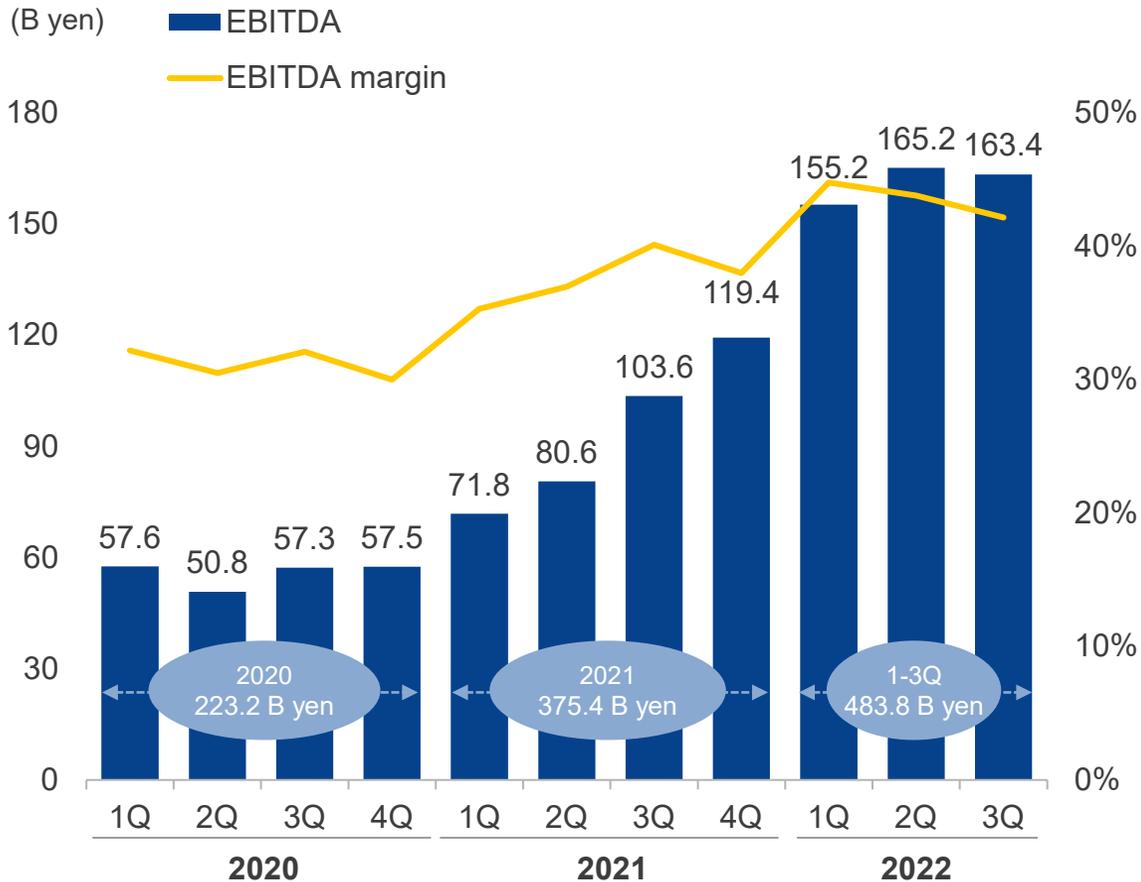
WAFER INPUT BASIS



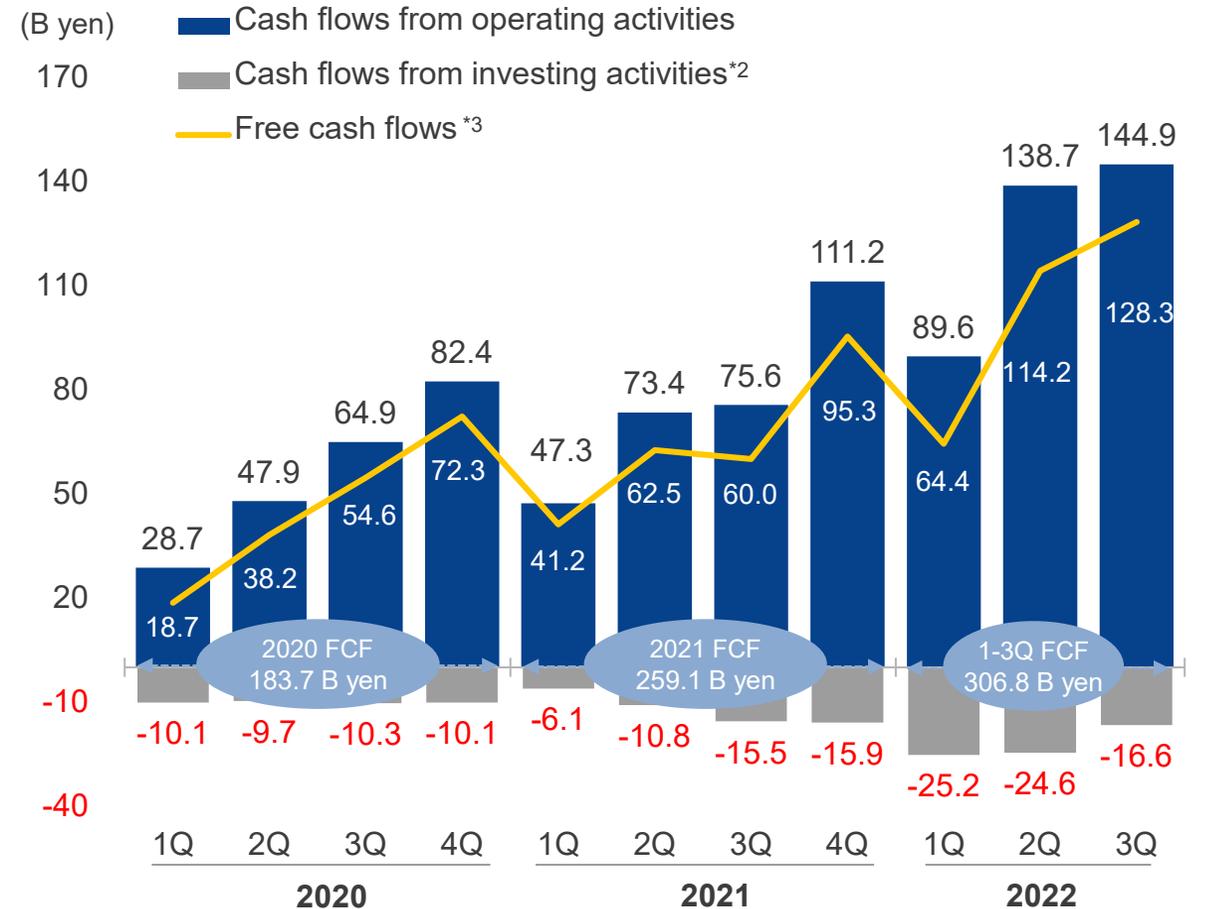
*1: Utilization rates are calculated by excluding the 6-inch line capacity of the Shiga Factory (closed in August 2021) and the Yamaguchi Factory (closed in June 2022) from 1Q21 and 1Q22 onwards, respectively.

NON-GAAP EBITDA*1 AND GAAP CASH FLOWS

Non-GAAP EBITDA



GAAP Cash Flows



*1: Operating profit + Depreciation and amortization *2: The figures exclude acquisition-related payments *3: Cash flows from operating activities + Cash flows from investing activities

4Q 2022 FORECAST

NON-GAAP

(B yen)	2021		2022					
	4Q (Oct-Dec)	Full year (Jan-Dec)	3Q (Jul-Sep)	4Q (Oct-Dec) Midpoint Forecast (Range)*1	YoY	QoQ	Full year (Jan-Dec) Forecast	YoY
Revenue	314.4	994.4	387.6	385.0 (±4.0)	+22.4% (±1.3pts)	-0.7% (±1.0pt)	1,496.4 (±4.0)	+50.5% (±0.4pt)
Gross Margin	54.3%	53.2%	57.0%	54.0%	-0.3pt	-3.0pts	56.9%	+3.8pts
Operating Margin	31.4%	29.8%	36.8%	30.5%	-0.9pt	-6.3pts	36.2%	+6.3pts
1 US\$ =	112 yen	109 yen	135 yen	144 yen	32 yen depreciation	9 yen depreciation	130 yen	21 yen depreciation
1 Euro=	130 yen	130 yen	139 yen	142 yen	12 yen depreciation	3 yen depreciation	136 yen	7 yen depreciation

*1: Each figure represents comparisons with the midpoint in the sales revenue forecast range

APPENDIX

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

REVENUE AND GROSS PROFIT BY SEGMENT

NON-GAAP

(B yen)		2021					2022						
		1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full-Year (Jan-Dec)	1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	YoY	QoQ	9 months (Jan-Sep)	YoY
Revenue		203.7	217.9	258.4	314.4	994.4	346.7	377.1	387.6	+50.0%	+2.8%	1,111.4	+63.4%
	Automotive	103.2	106.1	121.3	131.6	462.3	153.9	163.8	157.8	+30.1%	-3.7%	475.4	+43.8%
	Industrial, Infrastructure, IoT	96.6	106.9	132.6	179.4	515.5	189.8	210.4	226.8	+71.0%	+7.8%	627.0	+86.6%
	Others	3.8	4.9	4.5	3.3	16.6	3.0	2.9	3.0	-33.0%	+3.5%	8.9	-32.5%
Gross Profit (Margin)		102.2 (50.2%)	113.3 (52.0%)	142.7 (55.2%)	170.7 (54.3%)	528.9 (53.2%)	202.3 (58.4%)	220.9 (58.6%)	220.9 (57.0%)	+78.2 (+1.8pts)	+0.1 (-1.6pts)	644.1 (58.0%)	+285.9 (+5.3pts)
	Automotive	43.8 (42.4%)	46.5 (43.8%)	59.6 (49.2%)	64.6 (49.1%)	214.6 (46.4%)	79.7 (51.8%)	85.2 (52.0%)	77.7 (49.3%)	+18.1 (+0.1pt)	-7.5 (-2.8pts)	242.6 (51.0%)	+92.7 (+5.7pts)
	Industrial, Infrastructure, IoT	57.8 (59.8%)	66.0 (61.8%)	82.4 (62.1%)	106.1 (59.1%)	312.3 (60.6%)	121.6 (64.1%)	134.7 (64.0%)	142.1 (62.7%)	+59.7 (+0.5pt)	+7.4 (-1.4pts)	398.5 (63.6%)	+192.3 (+2.2pts)
	Others	0.4 (10.8%)	0.7 (13.7%)	0.6 (13.2%)	0.3 (9.4%)	2.0 (12.0%)	0.8 (27.2%)	0.8 (28.3%)	0.8 (27.8%)	+0.2 (+14.7pts)	+0.0 (-0.5pt)	2.5 (27.8%)	+0.8 (+15.1pts)
	Adjustments*1	0.2	0.1	0.1	-0.4	0.0	0.2	0.1	0.2	+0.1	+0.1	0.5	+0.1

*1: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments

OPERATING PROFIT AND EBITDA*¹ BY SEGMENT

NON-GAAP

(B yen)	2021					2022						
	1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	4Q (Oct-Dec)	Full Year (Jan-Dec)	1Q (Jan-Mar)	2Q (Apr-Jun)	3Q (Jul-Sep)	YoY	QoQ	9 months (Jan-Sep)	YoY
Operating Profit (Margin)	52.6 (25.8%)	61.4 (28.2%)	83.9 (32.5%)	98.7 (31.4%)	296.6 (29.8%)	135.5 (39.1%)	145.3 (38.5%)	142.8 (36.8%)	+59.0 (+4.4pts)	-2.5 (-1.7pts)	423.7 (38.1%)	+225.8 (+9.0pts)
Automotive	22.8 (22.1%)	25.1 (23.6%)	35.5 (29.2%)	39.2 (29.7%)	122.4 (26.5%)	57.5 (37.4%)	59.4 (36.3%)	49.7 (31.5%)	+14.2 (+2.3pts)	-9.7 (-4.8pts)	166.6 (35.0%)	+83.3 (+9.8pts)
Industrial, Infrastructure, IoT	24.9 (25.8%)	34.6 (32.4%)	47.5 (35.8%)	60.1 (33.5%)	167.1 (32.4%)	75.7 (39.9%)	84.3 (40.1%)	91.4 (40.3%)	+44.0 (+4.5pts)	+7.1 (+0.2pt)	251.5 (40.1%)	+144.6 (+8.3pts)
Others	0.4 (10.8%)	0.7 (13.8%)	0.6 (13.1%)	0.3 (9.4%)	2.0 (12.0%)	0.8 (27.2%)	0.8 (28.3%)	0.8 (27.9%)	+0.3 (+14.7pts)	+0.0 (-0.4pt)	2.5 (27.8%)	+0.8 (+15.1pts)
Adjustments* ²	4.5	1.1	0.3	-0.9	5.1	1.5	0.8	0.9	+0.5	+0.1	3.1	-2.8
EBITDA	71.8	80.6	103.6	119.4	375.4	155.2	165.2	163.4	+59.7	-1.8	483.8	+227.8
Automotive	33.9	36.0	46.3	49.7	165.9	68.3	70.0	60.2	+13.9	-9.8	198.6	+82.3
Industrial, Infrastructure, IoT	33.0	42.8	56.4	70.2	202.4	84.7	93.5	101.4	+45.0	+7.9	279.6	+147.4
Others	0.4	0.7	0.6	0.3	2.0	0.8	0.8	0.8	+0.3	+0.0	2.5	+0.8
Adjustments* ²	4.5	1.1	0.3	-0.9	5.1	1.5	0.8	0.9	+0.5	+0.1	3.1	-2.8

*1: Operating profit + Depreciation and amortization

*2: Adjustments include deductions or adjustments of non-recurring items or other specified adjustments, allocated in the reportable segments

STATEMENT OF FINANCIAL POSITION

GAAP

(B yen)	21/3	21/6	21/9	21/12	22/3	22/6	22/9
Total Assets	1,688.1	1,942.7	2,354.1	2,426.3	2,598.7	2,840.3	3,013.3
Cash and Cash Equivalents* ¹	243.6	504.8	223.0	221.9	267.2	247.9	310.1
Inventories	86.6	94.4	135.0	137.8	155.5	173.3	190.7
Goodwill	631.6	630.9	1,044.0	1,089.5	1,159.3	1,294.6	1,373.9
Intangible Assets	369.7	351.9	526.3	534.8	532.0	559.7	557.2
Total Liabilities	966.9	966.9	1,308.8	1,272.9	1,252.6	1,391.1	1,359.1
Interest-Bearing Liabilities* ²	671.1	647.7	898.0	831.3	810.5	886.0	820.4
Total Equity	721.1	975.8	1,045.2	1,153.4	1,346.1	1,449.2	1,654.2
D/E Ratio (Gross)*³	0.93	0.67	0.86	0.72	0.60	0.61	0.50
D/E Ratio (Net)*⁴	0.60	0.15	0.65	0.53	0.40	0.44	0.31
Equity Ratio Attributable to Owners of Parent*⁵	42.5%	50.1%	44.3%	47.4%	51.7%	50.9%	54.8%
Leverage Ratio (Gross)*⁶	2.8	2.4	2.9	2.2	1.8	1.6	1.4
Leverage Ratio (Net)*⁷	1.8	0.5	2.2	1.6	1.2	1.2	0.8
Average number of shares during the period (excluding treasury stock) (in million shares)	1,733	1,770	1,936	1,941	1,945	1,933	1,788

*1: This is comprised of cash on hand, demand deposit, and short-term investments that are readily convertible into cash, bearing low risk of changes in value and are redeemable in three months or less from each acquisition date

*2: Borrowings (current and non-current liabilities) + Lease Liabilities (current liabilities) + Lease Liabilities (non-current liabilities) + Bonds

*3: Interest-Bearing Liabilities / Equity attributable to owners of parent *4: (Interest-Bearing Liabilities - Cash and Cash Equivalents) / Equity attributable to owners of parent

*5: Equity attributable to owners of parent / Total liabilities and equity *6: Interest-Bearing Liabilities / EBITDA (Non-GAAP) *7: (Interest-Bearing Liabilities-Cash and Cash Equivalents) / EBITDA (Non-GAAP)

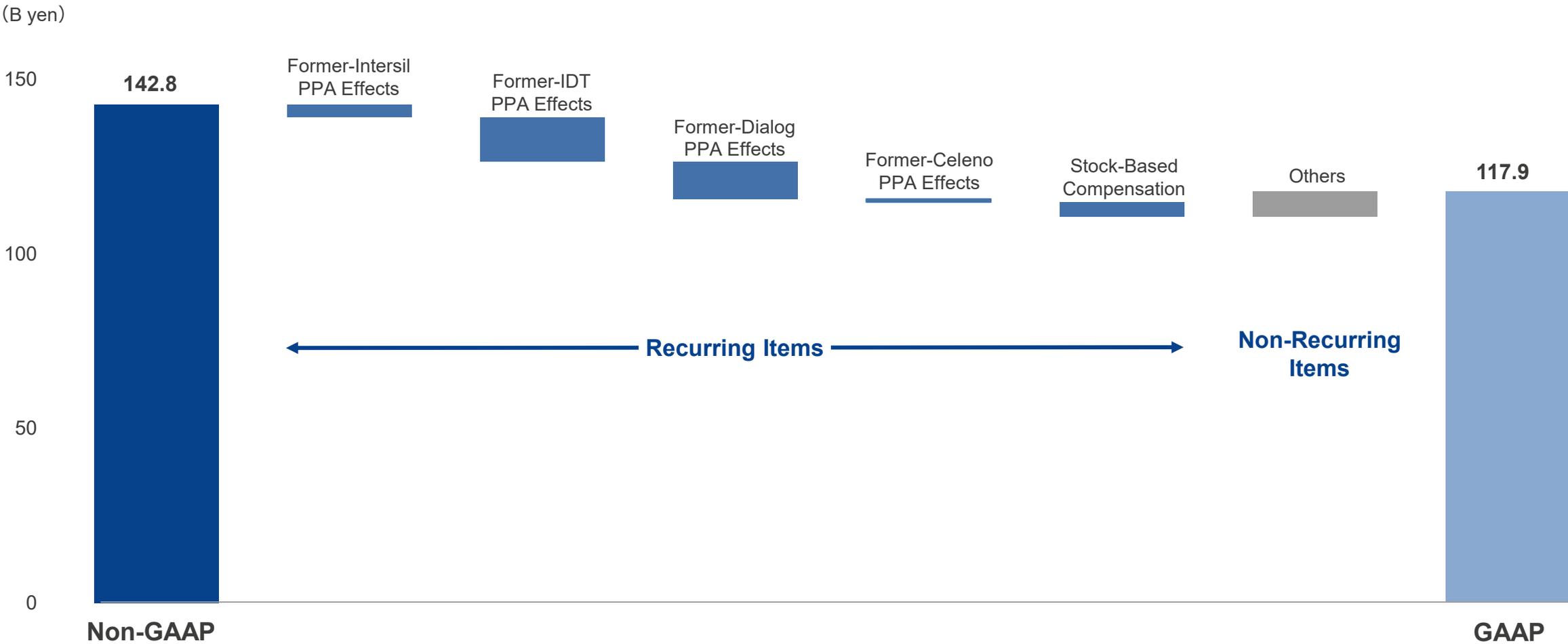
GAAP / NON-GAAP RECONCILIATION*1

(B yen)	Full-Year 2021 (Jan-Dec)								2022			
	3Q (Jul-Sep)								3Q (Jul-Sep)			
	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA	Gross Profit	Operating Profit	Net Profit	EBITDA
Non-GAAP (vs Revenue)	142.7 (55.2%)	83.9 (32.5%)	62.9 (24.3%)	103.6 (40.1%)	528.9 (53.2%)	296.6 (29.8%)	222.2 (22.3%)	375.4 (37.7%)	220.9 (57.0%)	142.8 (36.8%)	96.4 (24.9%)	163.4 (42.1%)
Recurring Items	-4.4	-24.3	-21.0	-7.4	-15.9	-95.6	-80.8	-28.5	-1.1	-32.1	-27.2	-4.7
Former-Intersil PPA Effects	-0.1	-3.9	-3.0	-	-0.3	-15.6	-12.0	-	-0.1	-3.6	-2.7	-
Former-IDT PPA Effects	-0.1	-10.3	-9.1	-	-0.5	-40.4	-34.2	-	-0.1	-12.7	-11.2	-
Former-Dialog PPA Effects	-3.9	-6.6	-5.4	-3.9	-13.7	-24.7	-19.8	-13.6	-0.6	-10.7	-8.3	-0.5
Former-Celero PPA Effects	-	-	-	-	-	-	-	-	-	-0.9	-0.9	-
Stock-Based Compensation	-0.3	-3.5	-3.5	-3.5	-1.4	-14.9	-14.9	-14.9	-0.4	-4.2	-4.2	-4.2
Non-Recurring Items	-3.3	-8.1	-6.1	-8.0	-16.9	-27.1	-21.8	-27.0	0.2	7.2	5.5	7.2
Naka Factory Fire Impact	-3.7	-3.7	-2.8	-3.7	-15.4	-15.5	-11.6	-15.5	-	-0.0	-0.0	-0.0
Others	0.3	-4.4	-3.3	-4.3	-1.5	-11.6	-10.3	-11.5	0.2	7.2	5.5	7.2
Non-GAAP Adjustments Total	-7.7	-32.4	-27.1	-15.4	-32.7	-122.8	-102.7	-55.5	-0.9	-24.9	-21.7	2.6
GAAP (vs Revenue)	135.0 (52.3%)	51.5 (19.9%)	35.9 (13.9%)	88.2 (34.1%)	496.1 (49.9%)	173.8 (17.5%)	119.5 (12.0%)	319.9 (32.2%)	220.0 (56.8%)	117.9 (30.5%)	74.7 (19.3%)	165.9 (42.9%)

*1: From 3Q 2021 onwards, Non-GAAP adjustments have been also applied to the revenue following the implementation of PPA

3Q 2022 CONSOLIDATED OPERATING PROFIT

BRIDGE FROM NON-GAAP TO GAAP



3Q 2022 FINANCIAL SNAPSHOT

GAAP

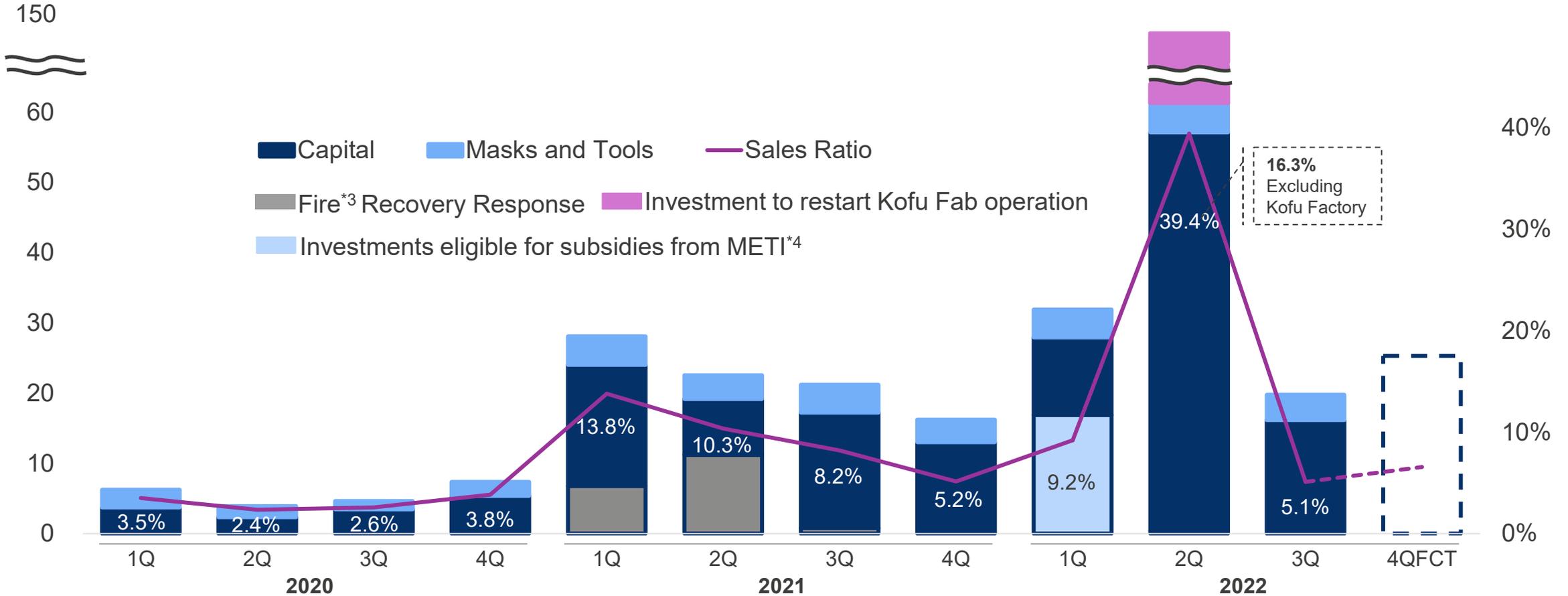
(B yen)	2021		2022					
	3Q (Jul-Sep)	9 months (Jan-Sep)	2Q (Apr-Jun)	3Q (Jul-Sep)	YoY	QoQ	9 months (Jan-Sep)	YoY
Revenue* ¹	258.3	679.9	376.6	387.1	+49.9%	+2.8%	1,110.0	+63.3%
Gross Margin	52.3%	49.7%	57.9%	56.8%	+4.6pts	-1.0pt	57.3%	+7.6pts
Operating Profit (Margin)	51.5 (19.9%)	117.1 (17.2%)	110.2 (29.3%)	117.9 (30.5%)	+66.5 (+10.5pts)	+7.8 (+1.2pts)	327.9 (29.5%)	+210.8 (+12.3pts)
Profit Attributable to Owners of Parent	35.9	73.6	50.6	74.7	+38.9	+24.2	185.2	+111.6
EBITDA* ²	88.2	219.6	156.1	165.9	+77.7	+9.8	465.8	+246.3
1 US\$=	110 yen	108 yen	124 yen	135 yen	25 yen depreciation	11 yen depreciation	125 yen	17 yen depreciation
1 Euro=	131 yen	129 yen	134 yen	139 yen	8 yen depreciation	5 yen depreciation	135 yen	5 yen depreciation

*1: Non-GAAP adjustments have been also applied to the revenue following the implementation of PPA. The revenue figures in this page are based on IFRS.

*2: Operating profit + Depreciation and amortization

CAPITAL EXPENDITURES*1*2

(B yen)



*1: The figures represent the investment decision basis tangible and intangible assets and do not match the sum listed in the cash flow statement. However, the investment amount for former Dialog and Celeno is based on equipment delivery
 *2: Total amount of the Group's capital investment, including investments made by former IDT from 2Q 2019, by former Dialog from 3Q 2021 and by former Celeno from 1Q 2022
 *3: The fire which occurred at a Renesas consolidated subsidiary on March 19, 2021 *4: METI: Ministry of Economy, Trade and Industry

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(FORWARD-LOOKING STATEMENTS)

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