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## Renesas Electronics Reports Financial Results for the First Quarter Ended March 31, 2021

**TOKYO, Japan, April 28, 2021** — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the three months ended March 31, 2021.

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

	<b>Three months ended March 31, 2021</b>	
	Billion Yen	% of Revenue
Revenue	203.7	100.0
Operating profit	30.2	14.8
Profit attributable to owners of parent	13.7	6.7
Capital expenditures (Note 2)	28.1	
Depreciation and others	32.5	
R&D expenses (Note 3)	33.2	
	Yen	
Exchange rate (USD)	104	
Exchange rate (EUR)	127	

	<b>As of March 31, 2021</b>
	Billion Yen
Total assets	1,688.1
Total equity	721.1
Equity attributable to owners of parent	718.0
Equity ratio attributable to owners of parent (%)	42.5
Interest-bearing liabilities	671.1

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

Note 2: Capital expenditures refer to the amount of capital for property, plant and equipment (manufacturing equipment) and intangible assets based on the amount of investment decisions made during the three months ended March 31, 2021. However, the investments from the former Integrated Device Technology, Inc. (hereinafter "IDT") are listed as an input basis.

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

**RENESAS ELECTRONICS CORPORATION**  
**Consolidated Financial Results for the First Quarter Ended March 31, 2021**  
 English translation from the original Japanese-language document



April 28, 2021

Company name : **Renesas Electronics Corporation**  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, First Section  
 Code number : 6723  
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 Filing date of Shihanki Hokokusho (scheduled) : May 14, 2021

(Amounts are rounded to the nearest million yen)

**1. Consolidated financial results for the three months ended March 31, 2021**

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2021	203,678	14.0	30,191	126.8	17,624	24.3	13,806	21.6	13,714	21.5	98,475	---
Three months ended March 31, 2020	178,743	19.0	13,313	---	14,178	---	11,358	---	11,289	---	(985)	---

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2021	7.92	7.75
Three months ended March 31, 2020	6.60	6.49

**1.2 Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners	Ratio of equity attributable to owners
	Million yen	Million yen	Million yen	%
March 31, 2021	1,688,082	721,134	717,974	42.5
December 31, 2020	1,608,985	619,661	616,701	38.3

## 2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
Year ended December 31, 2020	Yen ---	Yen 0.00	Yen ---	Yen 0.00	Yen 0.00
Year ending December 31, 2021	---				
Year ending December 31, 2021 (forecast)		0.00	---	---	---

Note: Change in forecast of cash dividends since the most recently announced forecast: Yes  
For details, please refer to Appendix 1.4. "Forecasts of Cash Dividends" on page 6.

## 3. Forecast of consolidated results for the six months ending June 30, 2021

	Non-GAAP Revenue		Non-GAAP Gross Margin		Non-GAAP Operating Margin	
	Million yen	%	%	%pts	%	%pts
Six months ending June 30 2021	407,678 (±4,000)	18.2 (±1.2)	50.1	2.7	24.7	6.2

Note 1: The Group reports its consolidated forecast on a quarterly basis (cumulative quarters) as substitute for a yearly forecast in a range format. The revenue forecast is provided assuming the midpoint and the range of the forecast are listed in brackets. The gross margin and the operating margin forecasts are provided assuming the midpoint in the revenue forecast. For details, please refer to Appendix 1.3. "Consolidated Forecasts" on page 6.

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

## 4. Others

4.1 Changes in significant subsidiaries for the three months ended March 31, 2021: No  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)

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

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

4.3 Number of shares issued and outstanding (common stock)

1. Number of shares issued and outstanding (including treasury stock)
 

As of March 31, 2021:	1,732,968,290 shares
As of December 31, 2020:	1,731,898,990 shares
2. Number of treasury stock
 

As of March 31, 2021:	2,581 shares
As of December 31, 2020:	2,581 shares
3. Average number of shares issued and outstanding
 

Three months ended March 31, 2021:	1,732,607,242 shares
Three months ended March 31, 2020:	1,710,788,376 shares

(Note) Information regarding the implementation of audit procedures

These financial results are not subject to quarterly review procedures by the independent auditor.

### Cautionary Statement

The Group will hold an earnings conference for institutional investors and analysts on April 28, 2021. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

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

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## 1. Business Results

### 1.1 Analysis of Business Results

The Group discloses consolidated business results in terms of both its internal measures which the management relies upon in making decisions (hereinafter the “Non-GAAP” financial measures) and those under IFRS.

Non-GAAP gross profit and Non-GAAP operating profit are gross profit and operating profit under IFRS (hereinafter “IFRS gross profit” and “IFRS operating profit”) after excluding or adjusting non-recurring items and other adjustments following a certain set of rules. The Group believes providing non-GAAP forecasts will help to better understand the Group’s constant business results. Non-recurring items include depreciation of intangible assets recognized from acquisitions, other purchase price allocation (hereinafter “PPA”) adjustments and stock-based compensation as well as other non-recurring expenses and income the Group believes to be applicable.

The Group consists of “Automotive Business” and “Industrial/Infrastructure/IoT Business” and those are the Group’s reportable segments. For details, please refer to Appendix 2 “Condensed Consolidated Financial Statements, 2.5 Notes to Condensed Consolidated Financial Statements (Business Segments).”

(Note): For disclosure of Non-GAAP financial measures, the Group refers to the rules specified by the U.S. Securities and Exchange Commission but does not fully comply with such rules.

#### 1) Summary of Consolidated Financial Results for the Three Months ended March 31, 2021 (Non-GAAP basis)

	Three months ended March 31, 2020	Three months ended March 31, 2021	Increase (Decrease)	
	(Jan 1 – Mar 31, 2020)	(Jan 1 – Mar 31, 2021)	Billion yen	% Change
Non-GAAP Revenue	178.7	203.7	24.9	14.0%
Automotive	93.5	103.2	9.7	10.4%
Industrial/Infrastructure/IoT	82.6	96.6	14.1	17.0%
Non-GAAP Gross Profit	84.5	102.2	17.7	21.0%
Non-GAAP Gross Margin	47.3%	50.2%	2.9pts	---
Automotive	36.3 38.8%	43.8 42.4%	7.5 3.6pts	20.6% --
Industrial/Infrastructure/IoT	47.9 58.0%	57.8 59.8%	9.9 1.8pts	20.7% ---
Non-GAAP Operating Profit	33.7	52.6	18.9	56.2%
Non-GAAP Operating Margin	18.8%	25.8%	7.0pts	---
Automotive	14.4 15.4%	22.8 22.1%	8.4 6.7pts	58.3% ---
Industrial/Infrastructure/IoT	19.0 23.0%	24.9 25.8%	5.9 2.8pts	31.2% ---

Note: For details on the above, please refer to Appendix 2 “Condensed Consolidated Financial Statements, 2.5. Notes to Condensed Consolidated Financial Statements (Business Segments).”

The financial results for the three months ended March 31, 2021 are as follows:

#### <Non-GAAP Revenue>

Consolidated non-GAAP revenue for the three months ended March 31, 2021 was 203.7 billion yen, a 14.0% increase year on year. This was due to an increase in revenue in the Automotive Business as a result of the recovery from the reduced vehicle production caused by the COVID-19 pandemic in addition to an increase in revenue in the Industrial/Infrastructure/IoT Business.

#### <Non-GAAP Gross Profit (Margin)>

Non-GAAP gross profits for the three months ended March 31, 2021 was 102.2 billion yen, a 17.7 billion yen increase year on year. This was mainly due to increases in revenue for both Automotive and Industrial/Infrastructure/IoT Businesses as well as effects from increase in sales of high margin products and improvements in the factory utilization rate. As a result, non-GAAP gross margin for the three months ended March 31, 2021 was 50.2%, an increase by 2.9 points year on year.

#### <Non-GAAP Operating Profit (Margin)>

Non-GAAP operating profit for the three months ended March 31, 2021 was 52.6 billion yen, an 18.9 billion yen increase year on year. This was mainly due to an increase in gross profit as well as reduction of costs, mainly in selling, general and administrative expenses. As a result, non-GAAP operating margin for the three months ended March 31, 2021 was 25.8%, an increase by 7.0 points year on year.

The non-GAAP revenue breakdown of the business segments for the three months ended March 31, 2021 are as follows:

#### Automotive Business

The Automotive Business includes the product categories “Automotive Control,” comprising semiconductor devices for controlling automobile engines and bodies, and “Automotive Information,” comprising of semiconductor devices used in sensing systems for detecting environments inside and outside the vehicle as well as Automotive Information devices such as IVI (in-vehicle infotainment) and instrument panels used to give various information to the driver of the vehicle. The Group mainly supplies microcontrollers (MCUs), system-on-chips (SoCs), analog semiconductor devices and power semiconductor devices in each of these categories.

Non-GAAP revenue of the Automotive Business for the three months ended March 31, 2021 was 103.2 billion yen, a 10.4% increase year on year. This was mainly due to increases in sales in both the “Automotive Control” and “Automotive Information” categories owing to the recovery from the reduced vehicle production.

Non-GAAP operating profit of the Automotive Business for the three months ended March 31, 2021 was 22.8 billion yen, an 8.4 billion yen increase year on year. This was mainly due to an increase in gross profit owing to improvements to the product mix as well as a decrease in selling, general and administrative expenses in addition to an increase in revenue.

#### Industrial/Infrastructure/IoT Business

The Industrial/Infrastructure/IoT Business includes the categories “Industrial,” “Infrastructure” and “IoT” which support the smart society. The Group mainly supplies MCUs and SoCs in each of these categories.

Non-GAAP revenue of the Industrial/Infrastructure/IoT Business for the three months ended March 31, 2021 was 96.6 billion yen, a 17.0% increase year on year. This was mainly due to revenue increase owing to steady demand in the “Industrial” category mainly in factory automation, the “Infrastructure” category mainly including data centers and mobile phone base stations, and the “IoT” category, in OA devices for PCs which have seen increased demands owing to remote work and remote learning.

Non-GAAP operating profit of the Industrial/Infrastructure/IoT Business for the three months ended March 31, 2021 was 24.9 billion yen, a 5.9 billion yen increase year on year, due to a sales increase effect as well as an increase in profits owing to gross margin improvements.

## 2) Reconciliation of Non-GAAP gross profit to IFRS gross profit and Non-GAAP operating profit to IFRS operating profit

(Billion yen)

	Three months ended March 31, 2020 (Jan 1 – Mar 31, 2020)	Three months ended March 31, 2021 (Jan 1 – Mar 31, 2021)
Non-GAAP gross profit	84.5	102.2
Non-GAAP gross margin	47.3%	50.2%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(0.6)	(0.3)
Stock-based compensation	(0.3)	(0.3)
Other reconciliation items in non-recurring expenses and adjustments	(1.3)	(3.9)
IFRS gross profit	82.3	97.8
IFRS gross margin	46.0%	48.0%
Non-GAAP operating profit	33.7	52.6
Non-GAAP operating margin	18.8%	25.8%
Amortization of purchased intangible assets and depreciation of property, plant and equipment	(14.9)	(13.2)
Stock-based compensation	(3.9)	(3.0)
Other reconciliation items in non-recurring expenses and adjustments	(1.6)	(6.2)
IFRS operating profit	13.3	30.2
IFRS operating margin	7.4%	14.8%

(Note): “Other reconciliation items in non-recurring expenses and adjustments” includes the non-recurring items related to acquisitions and other adjustments as well as non-recurring profits or losses.

3) Summary of Consolidated Financial Results for the Three Months ended March 31, 2021 (IFRS basis)

	Three months ended March 31, 2020 (Jan 1 – Mar 31, 2020)	Three months ended March 31, 2021 (Jan 1 – Mar 31, 2021)	Increase (Decrease)	
	Billion yen	Billion yen	Billion yen	% Change
Revenue	178.7	203.7	24.9	14.0%
Gross Profit	82.3	97.8	15.5	18.8%
Gross Margin	46.0%	48.0%	2.0pts	---
Operating Profit	13.3	30.2	16.9	126.8%
Operating Margin	7.4%	14.8%	7.4pts	---

## 1.2 Consolidated Financial Condition

### 1.2.1 Total Assets, Liabilities and Total Equity

	December 31, 2020	March 31, 2021	Increase (Decrease)
	Billion yen	Billion yen	Billion yen
Total assets	1,609.0	1,688.1	79.1
Total equity	619.7	721.1	101.5
Equity attributable to owners of parent	616.7	718.0	101.3
Equity ratio attributable to owners of parent (%)	38.3	42.5	4.2
Interest-bearing liabilities	693.7	671.1	(22.6)
Debt to equity ratio	1.12	0.93	(0.19)

Total assets at March 31, 2021 were 1,688.1 billion yen, a 79.1 billion yen increase from December 31, 2020. This was mainly due to an increase in accounts receivable owing to increase in revenue and increase in cash and cash equivalents and goodwill owing to fluctuations in the exchange rate despite decreases in property, plant and equipment due to depreciation. Total equity was 721.1 billion yen, a 101.5 billion yen increase from December 31, 2020. This was mainly due to an increase in other components of equity owing to an increase in exchange differences on translation of foreign operations following fluctuations in the exchange and an increase in retained earnings.

Equity attributable to owners of parent increased by 101.3 billion yen from December 31, 2020, and Equity ratio attributable to owners of parent was 42.5%. In addition, Interest-bearing liabilities decreased by 22.6 billion yen from December 31, 2020, mainly due to debt repayment. Consequently, Debt to equity ratio was 0.93.

### 1.2.2 Cash Flows

	Three months ended March 31, 2020 (Jan 1 – Mar 31, 2020)	Three months ended March 31, 2021 (Jan 1 – Mar 31, 2021)
	Billion yen	Billion yen
Net cash provided by (used in) operating activities	28.7	47.3
Net cash provided by (used in) investing activities	(10.1)	(6.1)
Free cash flows (Non-GAAP) (Note)	18.7	41.2
Net cash provided by (used in) financing activities	(26.6)	(25.7)
Cash and cash equivalents at the beginning of period	146.5	219.8
Cash and cash equivalents at the end of period	136.9	243.6

Note: As defined as a total of net cash flows provided by (used in) operating and investing activities

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities for the three months ended March 31, 2021 was 47.3 billion yen. This was mainly due to a recording of 17.6 billion yen in profit before tax as well as adjustments in non-cash items such as depreciation.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities for the three months ended March 31, 2021 was 6.1 billion yen. This was mainly due to the purchase of property, plant and equipment and intangible assets.

The foregoing resulted in positive free cash flows of 41.2 billion yen for the three months ended March 31, 2021.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities for the three months ended March 31, 2021 was 25.7 billion yen. This was mainly due to repayments of borrowings to main financing banks.

### 1.3 Consolidated Forecasts

The Group reports its consolidated forecasts on a quarterly basis as a range because of the difficulty of forecasting full-year results with high accuracy due to the short-term volatility of the semiconductor market.

Additionally, in order to provide useful information to better understand the Group's constant business results, figures such as revenue and gross margin are presented in the non-GAAP format, which excludes or adjusts the non-recurring items related to acquisitions and other adjustments including non-recurring income or loss from the figures based on GAAP (IFRS based) following a certain set of rules. The gross margin and operating margin forecasts are provided assuming the midpoint in the revenue forecast and the range of the forecast are listed in brackets.

**(For the six months ending June 30, 2021)**

	Non-GAAP Revenue	Non-GAAP Gross Margin	Non-GAAP Operating Margin
Previous forecasts	---	---	---
	Million yen	%	%
Forecasts as of April 28, 2021	407,678 (±4,000)	50.1	24.7
Increase (decrease)	---	---	---
Percentage change	---	---	---
Reference: The second quarter results of the six months ended June 30, 2020	345,415	47.4	18.5

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

The consolidated forecasts for the six months ending June 30, 2021 are calculated by combining the forecasts for the three months ending June 30, 2021, to the financial results of the three months ended March 31, 2021. The consolidated forecasts for the six months ending June 30, 2021 are calculated at the rate of 106 yen per USD and 127 yen per Euro.

The statements with respect to the financial outlook of the Group are forward-looking statements involving risks and uncertainties. The Company cautions you in advance that actual results may vary materially from such forward-looking statements due to several important factors.

### 1.4 Forecasts of Cash Dividend

The Group will divert its retained earnings for strategic investment opportunities that will enable the Group to respond to rapid environmental changes in order to thrive in the global marketplace, thus increasing shareholder profit by improving corporate value. Based on a long-term standpoint, the Group aims to realize stable and sustained growth in profits to allow dividends to be reinstated. However, for the six months ending June 30, 2021, the Group will forego interim dividend payment for this period.

For the year ending December 31, 2021, whether the Group provides year-end dividend payments remain undecided, and the Group will immediately announce it when the decisions are made.

**(For the year ending December 31, 2021)**

Interim Dividend	Year-End Dividend	Annual Dividend
0 Yen	---	---

**2. Condensed Consolidated Financial Statements**  
**2.1 Condensed Consolidated Statement of Financial Position**

(In millions of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	219,786	243,627
Trade and other receivables	82,318	95,173
Inventories	89,761	86,556
Other current financial assets	605	1,372
Income taxes receivable	2,190	2,053
Other current assets	8,162	5,500
Total current assets	<u>402,822</u>	<u>434,281</u>
Non-current assets		
Property, plant and equipment	187,354	182,439
Goodwill	590,459	631,591
Intangible assets	364,764	369,694
Other non-current financial assets	18,101	23,363
Deferred tax assets	40,600	42,225
Other non-current assets	4,885	4,489
Total non-current assets	<u>1,206,163</u>	<u>1,253,801</u>
Total assets	<u>1,608,985</u>	<u>1,688,082</u>

	(In millions of yen)	
	As of December 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	114,235	125,254
Bonds and borrowings	93,181	93,182
Other current financial liabilities	4,036	5,109
Income taxes payable	10,337	7,238
Provisions	6,383	8,850
Other current liabilities	58,873	47,245
Total current liabilities	<u>287,045</u>	<u>286,878</u>
Non-current liabilities		
Trade and other payables	25,177	23,983
Bonds and borrowings	586,563	563,591
Other non-current financial liabilities	10,241	10,535
Income taxes payable	4,084	4,375
Retirement benefit liability	30,012	29,609
Provisions	3,033	3,035
Deferred tax liabilities	38,680	39,913
Other non-current liabilities	4,489	5,029
Total non-current liabilities	<u>702,279</u>	<u>680,070</u>
Total liabilities	<u>989,324</u>	<u>966,948</u>
Equity		
Share capital	28,971	29,321
Capital surplus	208,253	208,600
Retained earnings	449,975	463,597
Treasury shares	(11)	(11)
Other components of equity	(70,487)	16,467
Total equity attributable to owners of parent	<u>616,701</u>	<u>717,974</u>
Non-controlling interests	2,960	3,160
Total equity	<u>619,661</u>	<u>721,134</u>
Total liabilities and equity	<u>1,608,985</u>	<u>1,688,082</u>

**2.2 Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income**Condensed Consolidated Statement of Profit or Loss  
(Three months ended March 31, 2020 and March 31, 2021)

	(In millions of yen)	
	Three months ended March 31, 2020	Three months ended March 31, 2021
Revenue	178,743	203,678
Cost of sales	(96,443)	(105,923)
Gross profit	82,300	97,755
Selling, general and administrative expenses	(68,326)	(65,830)
Other income	633	3,155
Other expenses	(1,294)	(4,889)
Operating profit	13,313	30,191
Finance income	3,063	1,618
Finance costs	(2,198)	(14,185)
Profit before tax	14,178	17,624
Income tax expense	(2,820)	(3,818)
Profit	11,358	13,806
Profit attributable to		
Owners of parent	11,289	13,714
Non-controlling interests	69	92
Profit	11,358	13,806
Earnings per share		
Basic earnings per share (yen)	6.60	7.92
Diluted earnings per share (yen)	6.49	7.75

Condensed Consolidated Statement of Comprehensive Income  
(Three months ended March 31, 2020 and March 31, 2021)

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	11,358	13,806
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	266	(98)
Total of items that will not be reclassified to profit or loss	266	(98)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(12,609)	84,766
Cash flow hedges	—	1
Total of items that may be reclassified subsequently to profit or loss	(12,609)	84,767
Total other comprehensive income	(12,343)	84,669
Total comprehensive income	(985)	98,475
Comprehensive income attributable to		
Owners of parent	(920)	98,275
Non-controlling interests	(65)	200
Total comprehensive income	(985)	98,475

**2.3 Condensed Consolidated Statement of Changes in Equity**  
(Three months ended March 31, 2020)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2020	22,213	201,588	403,857	(11)	16,053	—	(1,131)
Profit	—	—	11,289	—	—	—	—
Other comprehensive income	—	—	—	—	—	266	—
Total comprehensive income	—	—	11,289	—	—	266	—
Issuance of new shares	299	299	—	—	—	—	—
Share-based payment transactions	—	—	—	—	3,310	—	—
Transfer to retained earnings	—	—	497	—	(231)	(266)	—
Total transactions with owners	299	299	497	—	3,079	(266)	—
Balance as of March 31, 2020	22,512	201,887	415,643	(11)	19,132	—	(1,131)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of January 1, 2020	(21,114)	—	(6,192)	621,455	2,949	624,404
Profit	—	—	—	11,289	69	11,358
Other comprehensive income	(12,475)	—	(12,209)	(12,209)	(134)	(12,343)
Total comprehensive income	(12,475)	—	(12,209)	(920)	(65)	(985)
Issuance of new shares	—	—	—	598	—	598
Share-based payment transactions	—	—	3,310	3,310	—	3,310
Transfer to retained earnings	—	—	(497)	—	—	—
Total transactions with owners	—	—	2,813	3,908	—	3,908
Balance as of March 31, 2020	(33,589)	—	(15,588)	624,443	2,884	627,327

(Three months ended March 31, 2021)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2021	28,971	208,253	449,975	(11)	15,959	—	(1,131)
Profit	—	—	13,714	—	—	—	—
Other comprehensive income	—	—	—	—	—	(98)	—
Total comprehensive income	—	—	13,714	—	—	(98)	—
Issuance of new shares	350	347	—	—	—	—	—
Share-based payment transactions	—	—	—	—	2,301	—	—
Transfer to retained earnings	—	—	(92)	—	(6)	98	—
Total transactions with owners	350	347	(92)	—	2,295	98	—
Balance as of March 31, 2021	29,321	208,600	463,597	(11)	18,254	—	(1,131)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of January 1, 2021	(85,315)	—	(70,487)	616,701	2,960	619,661
Profit	—	—	—	13,714	92	13,806
Other comprehensive income	84,658	1	84,561	84,561	108	84,669
Total comprehensive income	84,658	1	84,561	98,275	200	98,475
Issuance of new shares	—	—	—	697	—	697
Share-based payment transactions	—	—	2,301	2,301	—	2,301
Transfer to retained earnings	—	—	92	—	—	—
Total transactions with owners	—	—	2,393	2,998	—	2,998
Balance as of March 31, 2021	(657)	1	16,467	717,974	3,160	721,134

## 2.4 Condensed Consolidated Statement of Cash Flows

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Cash flows from operating activities		
Profit before tax	14,178	17,624
Depreciation and amortization	38,829	32,470
Impairment losses	85	—
Finance income and finance costs	1,576	1,533
Share-based payment expenses	3,904	2,998
Foreign exchange loss (gain)	(1,496)	10,397
Loss (gain) on sales of property, plant and equipment, and intangible assets	(430)	(2,655)
Decrease (increase) in inventories	(6,698)	5,024
Decrease (increase) in trade and other receivables	3,158	(9,682)
Increase (decrease) in trade and other payables	(7,785)	7,754
Increase (decrease) in retirement benefit liability	(128)	(679)
Increase (decrease) in provisions	(3,301)	2,200
Increase (decrease) in other current liabilities	(11,832)	(11,414)
Other	1,241	1,207
Subtotal	31,301	56,777
Interest received	192	63
Dividends received	210	201
Income taxes paid	(2,974)	(9,759)
Net cash flows from operating activities	28,729	47,282
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,599)	(4,608)
Proceeds from sales of property, plant and equipment	626	2,743
Purchase of intangible assets	(4,189)	(2,323)
Purchase of other financial assets	(192)	(1,536)
Proceeds from sales of other financial assets	126	233
Other	(846)	(608)
Net cash flows from investing activities	(10,074)	(6,099)
Cash flows from financing activities		
Repayments of long-term borrowings	(23,418)	(23,293)
Repayments of lease liabilities	(1,465)	(950)
Interest paid	(1,678)	(1,441)
Other	1	(2)
Net cash flows from financing activities	(26,560)	(25,686)
Effect of exchange rate changes on cash and cash equivalents	(1,627)	8,344
Net increase (decrease) in cash and cash equivalents	(9,532)	23,841
Cash and cash equivalents at beginning of the period	146,468	219,786
Cash and cash equivalents at end of the period	136,936	243,627

## 2.5 Notes to Condensed Consolidated Financial Statements

(Notes about Going Concern Assumption)  
Not applicable

(Basis for Preparation)

(1) Compliance with IFRS

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

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

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

(4) Change in Presentation

(Condensed Consolidated Statement of Cash Flows)

“Foreign exchange loss (gain),” which was disclosed under “Other” under “Cash flows from operating activities” for the prior fiscal year, has been presented independently from the current fiscal year due to the increase in its materiality. In order to reflect this change in presentation, Condensed Consolidated Statement of Cash Flows for the prior fiscal year has been reclassified. Consequently, (255) million yen of “Other”, which was disclosed under “Cash flows from operating activities,” has been classified to (1,496) million yen of “Foreign exchange loss (gain)” and 1,241 million yen of “Other.”

(Basis of Condensed Consolidated Financial Statements)

Scope of consolidation

Two companies have been excluded from the scope of consolidation due to liquidation for the three months ended March 31, 2021.

(Significant Accounting Policies)

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

In addition, income taxes for the three months ended March 31, 2021 are calculated using the estimated annual effective tax rate.

(Significant Accounting Estimates and Judgments)

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

Estimates and underlying assumptions are reviewed continuously. The impact of the review of these estimates is recognized in the period when the estimates are revised and future periods.

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

The Group reflects the impact of the spread of COVID-19 and the fire outbreak at Naka Factory of Renesas Semiconductor Manufacturing Co., Ltd, a wholly-owned manufacturing subsidiary of the Company on March 19, 2021 to estimates and assumptions (judgment to indication of impairment of goodwill and collectability of deferred tax assets, etc.), to a reasonable extent based on available information.

(Business Segments)

(1) Overview of reportable segments

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

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

(2) Information on reportable segments

The accounting treatment for the reportable segments is same as described in "Significant Accounting Policies." As for information on the reportable segments, the Group discloses revenue from external customers, segment gross profit, and segment operating profit (which is the segment profit). The Group added segment gross profit as a disclosure item in the business segments from the three months ended March 31, 2021. This change is reflected to the business segments for the three months ended March 31, 2020.

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

Information on reportable segments is as follows.

Three months ended March 31, 2020

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	93,548	82,555	2,640	—	178,743	—	178,743
Segment gross profit	36,337	47,883	267	—	84,487	(2,187)	82,300
Segment operating profit	14,395	18,974	302	—	33,671	(20,358)	13,313
Finance income							3,063
Finance costs							(2,198)
Profit before tax							14,178
(Other adjustments)							
Depreciation and amortization	13,839	9,896	236	—	23,971	14,858	38,829

Three months ended March 31, 2021

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	103,248	96,605	3,825	—	203,678	—	203,678
Segment gross profit	43,818	57,788	415	196	102,217	(4,462)	97,755
Segment operating profit	22,791	24,888	414	4,514	52,607	(22,416)	30,191
Finance income							1,618
Finance costs							(14,185)
Profit before tax							17,624
(Other adjustments)							
Depreciation and amortization	11,123	8,069	—	—	19,192	13,278	32,470

(3) Information on products and services

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

(4) Information on regions and countries

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

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Japan	63,638	71,071
China	38,646	40,245
Asia (Excluding Japan and China)	27,676	39,189
Europe	30,014	33,758
North America	18,043	18,770
Others	726	645
Total	178,743	203,678

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

(Trade and Other Receivables)

The components of trade and other receivables are as follows.

(In millions of yen)

	As of December 31, 2020	As of March 31, 2021
Notes and trade receivables	77,686	91,547
Other receivables	4,751	3,734
Loss allowance	(119)	(108)
Total	82,318	95,173

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

(Trade and Other Payables)

The components of trade and other payables are as follows.

(In millions of yen)

	As of December 31, 2020	As of March 31, 2021
Trade payables	67,008	69,335
Other payables	47,433	53,167
Electronically recorded obligations	7,852	7,172
Refund liabilities	17,119	19,563
Total	139,412	149,237
Current liabilities	114,235	125,254
Non-current liabilities	25,177	23,983

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

(Revenue)

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

(Selling, General and Administrative Expenses)

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

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Research and development expenses	33,285	32,952
Depreciation and amortization	17,147	14,670
Personnel expenses	11,100	10,866
Retirement benefit expenses	554	600
Other	6,240	6,742
Total	68,326	65,830

(Other Income)

The components of other income are as follows.

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Gain on sales of property, plant and equipment	470	2,693
Other	163	462
Total	633	3,155

(Other Expenses)

The components of other expenses are as follows.

(In millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Provision for loss on litigation	—	3,827
Business restructuring expenses	952	519
Other	342	543
Total	1,294	4,889

(Additional Information)

Fire outbreak in a wholly-owned manufacturing subsidiary

On March 19, 2021, a fire broke out at a manufacturing line in the N3 Building (300mm line) of Naka Factory (located in Hitachinaka, Ibaraki Prefecture) of Renesas Semiconductor Manufacturing Co., Ltd, a wholly-owned manufacturing subsidiary of the Company. Due to this fire, certain property, plant and equipment such as machinery and equipment and inventories such as work in progress were damaged.

Regarding the resumption of manufacturing at the N3 Building, the operation of the clean room was resumed on April 9, 2021 and production capacity is just under 10% in comparison to the production capacity before the occurrence of the fire as of April 17, 2021. Production capacity is expected to gradually recover from now on.

Due to this fire, the Group recorded 2,235 million yen for restoration and repair costs of property, plant and equipment, disposal costs and reinspection fees of inventories and fixed costs during the shutdown for the three months ended March 31, 2021. These are included in cost of sales of 2,218 million yen and other expenses of 17 million yen in the condensed consolidated statement of profit or loss. Due to the disposal of the inventories, inventories in the condensed consolidated statement of financial position decreased 1,077 million yen and accrued expenses of the fire related costs are recorded in other liabilities of 492 million yen. The amounts of loss may be changed depending on the situation of the repairment of property, plant and equipment and the determination of insurance claim income.

## Acquisition of Stock of Dialog Semiconductor Plc (hereafter "Dialog")

On February 8, 2021, the Company has reached an agreement with Dialog in the UK, on the terms of a recommended all-cash acquisition by the Company of the entire issued and to be issued share capital of Dialog, thereby making Dialog a wholly-owned subsidiary of the Company (the "Acquisition").

### 1) Purpose of the Acquisition

Dialog is an innovative provider of highly-integrated and power-efficient mixed-signal ICs for a broad array of customers within IoT, consumer electronics and high-growth segments of automotive and industrial end-markets. Centered around its low-power and mixed-signal expertise, Dialog brings a wide range of product offerings including battery and power management, power conversion, configurable mixed-signal (CMIC), LED drivers, custom mixed-signal ICs (ASICs) and automotive power management ICs (PMICs), wireless charging technology, and more. Dialog also offers broad and differentiated Bluetooth® Low Energy (BLE), WiFi and audio system-on-chips (SoCs) that deliver advanced connectivity for a wide range of applications; from smart home/building automation, wearables, to connected medical. All these systems complement and expand the Company's leadership portfolio in delivering comprehensive solutions to improve performance and efficiency in high-computing electronic systems.

The Acquisition demonstrates the Company's continued and unwavering commitment to further advance its solution offering. The complementary nature of the Companies' technological assets and the scale of the combined portfolios will enable the Company to build more robust and comprehensive solutions to serve high-growth segments of the IoT and automotive markets.

### 2) Overview of the acquiree

(1) Name	Dialog Semiconductor Plc
(2) Address	100 Longwater Avenue, Reading, RG2 6GP, United Kingdom
(3) Business description	Development, manufacturing and sales of analog ICs such as mixed-signal devices
(4) Capital amount	14,253 thousand USD (As of September 2020)
(5) Date of foundation / incorporation	February 1998

### 3) Acquisition Method

The Company will implement a scheme of arrangement pursuant to UK law. The scheme of arrangement is a method of acquisition whereby, with the agreement of Dialog, the Acquisition will be executed by obtaining approvals from Dialog shareholders and the Court. Through this method, the Company will acquire 100% of the issued and to be issued share capital of Dialog.

The Acquisition needs to be approved by an affirmative vote of a majority of the shareholders in attendance at a meeting of shareholders convened by the Court and the number of the voting rights held by such shareholders who approve the Acquisition needs to represent 75% or more of the total number of voting rights. In addition, approval must be obtained from the Court following the necessary regulatory clearances from the relevant countries including United States, China and Germany.

Number of shares to be acquired, acquisition price, and share ownership before and after the Acquisition are as follows.

(1) Number of shares owned before the Acquisition	0 share (Ownership ratio: 0.0%)
(2) Number of shares to be acquired	72,387,613 shares (Note) (Ratio to the number of issued shares: 100.0%)
(3) Acquisition Value	Approximately EUR 4,886 million (approximately 615.7 billion yen, calculated at 126 yen per euro)
(4) Number of shares owned after the Acquisition	72,387,613 shares (Ratio to the number of issued shares: 100.0%)

Note: The number of shares is on a fully-diluted basis as of December 31, 2020

The Company sent the "Scheme Document" (announcement and procedural document regarding the scheme of arrangement) to the shareholders of Dialog on March 8, 2021 (London time). At the Dialog General Meeting and the Court Meeting held on April 9, 2021 (London time) convened in accordance with the direction of the Court, the scheme of arrangement including the Acquisition has been approved by the shareholders of Dialog.

### 4) Schedule

As described in the Scheme Document, the completion of the Acquisition is subject to the approval by the relevant regulatory authorities in each country and the approval of the scheme by the Court at the Court hearing. With the aforementioned conditions, the Acquisition is expected to become effective by the end of the fiscal year ending December 31, 2021.

### 5) Execution of Loan Agreement in relation to the Acquisition

To procure the funds for the Acquisition, the Company entered into a loan agreement (Facilities Agreement) as described below on February 8, 2021.

(1) Borrowing limit	735.4 billion yen
(2) Execution date of agreement	February 8, 2021
(3) Period of loan execution	From the execution date of the Facilities Agreement until February 3, 2022
(4) Repayment date	February 7, 2022
(5) Participating financial institutions	MUFG Bank, Ltd. and Mizuho Bank, Ltd.

6) Filing of Shelf Registration Statement for the Issuance of New Shares

To enable the Company to flexibly issue new shares to procure a portion of the funds for the Acquisition, the Company has filed the Shelf Registration Statement in Japan for the issuance of new shares as follows on February 8, 2021.

(1) Class of Securities to be offered	Shares of common stock of the Company
(2) Scheduled Issue Period	For one year from the scheduled effective date of the Shelf Registration (From February 24, 2021 to February 23, 2022)
(3) Scheduled Issue Amount	Up to 270 billion yen
(4) Offering Method	To be determined
(5) Use of Proceeds	To procure the funds for the Acquisition, or for repayment of the borrowing conducted to procure the fund for the Acquisition
(6) Underwriters	To be determined

(Subsequent Events)

(Grant of share-based payments)

Based on the resolution of the Board of Directors held on February 19, 2021 and the shareholders meeting held on March 31, 2021, the Company introduced performance-linked restricted share unit (Performance Share Unit: PSU) and restricted share unit (Restricted Stock Unit: RSU) from April 2021. These replaced the performance-based One Yen Stock Option (Performance-based Stock Option: PSO) and the tenure-based One Yen Stock Option (Time-based Stock Option: TSO).

The Company resolved the issuance and the granting of the RSU and PSU for directors and corporate officers, and employees of the Company and employees of the subsidiaries at the Board of Directors held on April 9, 2021.

Date of resolution		April 9, 2021
Date of grant of RSU and PSU		April 30, 2021
Category and number of grantees		Outside Directors 2 Director and Corporate officer 1 Corporate Officers 10 Employees 2,922
Vesting conditions	RSU	Vested according to the lapse of the period (One third each will be vested after 1 year, 2 years and 3 years from the date of grant, except that all units will be vested after 1 year from the grant date for the Outside Directors)
	PSU	Vested according to the performance (According to the performance achieved, all units will be vested after 3 years from the grant date)
Number of units	RSU	7,579,400
	PSU	1,195,800
	Total	8,775,200

- (Note) 1. Our common stock (1 unit = 1 share) is delivered based on the number of units at the time of vesting the rights. There is no payment from Directors, Corporate Officers and Employees at the time of delivering the stocks.
2. The number of units for PSU will be determined based on the number of base units using factors such as the three-year growth rate of the total shareholder return.

**Forward-Looking Statements**

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

**About Renesas Electronics Corporation**

Renesas Electronics Corporation (TSE: 6723) delivers trusted embedded design innovation with complete semiconductor solutions that enable billions of connected, intelligent devices to enhance the way people work and live—securely and safely. A global leader in microcontrollers, analog, power, and SoC products and integrated platforms, Renesas provides the expertise, quality, and comprehensive solutions for a broad range of Automotive, Industrial, Home Electronics, Office Automation and Information Communication Technology applications to help shape a limitless future. Learn more at [renesas.com](http://renesas.com).