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## Renesas Reports Financial Results for the Third Quarter Ended September 30, 2023

**TOKYO, Japan, October 26, 2023** — Renesas Electronics Corporation (TSE:6723) today announced consolidated financial results in accordance with IFRS for the nine months ended September 30, 2023.

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

	Three months ended September 30, 2023		Nine months ended September 30, 2023	
	Billion Yen	% of Revenue	Billion Yen	% of Revenue
Revenue	379.4	100.0	1,107.5	100.0
Operating profit	98.0	25.8	318.5	28.8
Profit attributable to owners of parent	75.3	19.9	271.1	24.5
Capital expenditures (Note 2)	21.3		63.2	
Depreciation and amortization	46.9		137.3	
R&D expenses (Note 3)	61.2		173.1	
	Yen		Yen	
Exchange rate (USD)	142		137	
Exchange rate (EUR)	156		148	

	As of September 30, 2023
	Billion Yen
Total assets	3,291.2
Total equity	2,056.4
Equity attributable to owners of parent	2,052.1
Equity ratio attributable to owners of parent (%)	62.4
Interest-bearing liabilities	710.3

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

Note 2: Capital expenditures refer to the amount of capital for property, plant and equipment (manufacturing equipment) and intangible assets based on the amount of investment decisions made during the three months and nine months ended September 30, 2023. However, the investments from Dialog Semiconductor Limited (hereinafter "Dialog") and Celeno Communications Inc. (hereinafter "Celeno") are listed as an input basis. It should be noted that as of September 29, 2023, Celeno changed its company name from Celeno Communications Inc. to Renesas Semiconductor Design US Inc.

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

Note 4: The allocation of the acquisition costs for the business combination with Steradian Semiconductors Private Limited (hereinafter "Steradian"), which was completed on October 17, 2022, has been revised at the end of three months ended March 31, 2023. This revision to the allocation of the acquisition costs has been reflected in the consolidated financial results for the year ended December 31, 2022.

**RENESAS ELECTRONICS CORPORATION**  
**Consolidated Financial Results for the Third Quarter Ended September 30, 2023**  
 English translation from the original Japanese-language document



**October 26, 2023**

Company name : **Renesas Electronics Corporation**  
 Stock exchanges on which the shares are listed : Tokyo Stock Exchange, Prime Market  
 Code number : 6723  
 URL : <https://www.renesas.com>  
 Representative : Hidetoshi Shibata, President and CEO  
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 Filing date of Shihanki Hokokusho (scheduled) : November 2, 2023

(Amounts are rounded to the nearest million yen)

**1. Consolidated financial results for the nine months ended September 30, 2023**

**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	%
Nine months ended September 30, 2023	1,107,482	(0.2)	318,528	(2.9)	343,631	41.4	271,513	46.4	271,134	46.4	551,605	(19.7)
Nine months ended September 30, 2022	1,110,040	63.3	327,938	—	243,098	—	185,433	—	185,148	—	687,254	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	152.60	149.66
Nine months ended September 30, 2022	98.07	96.21

**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	%
September 30, 2023	3,291,158	2,056,431	2,052,115	62.4
December 31, 2022	2,812,491	1,537,463	1,533,735	54.5

## 2. Cash dividends

	Cash dividends per share				
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of year	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	---	0.00	---	0.00	0.00
Year ending December 31, 2023	---	0.00	---		
Year ending December 31, 2023 (forecast)				---	---

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

## 3. Forecast of consolidated results for the nine months ending September 30, 2023

	Non-GAAP Revenue		Non-GAAP Gross Margin		Non-GAAP Operating Margin	
	Million yen	%	%	%pts	%	%pts
Full year ending December 31, 2023	1,458,274 to 1,473,274	(3.0) to (2.0)	56.9	(0.6)	33.8	(3.4)

Note 1: The Group reports its consolidated forecast for the full year in a range format. The non-GAAP gross margin and the non-GAAP operating margin forecasts are provided assuming the midpoint in the non-GAAP revenue forecast.

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

## 4. Others

4.1 Changes in significant subsidiaries for the nine months ended September 30, 2023: 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: Yes
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 September 30, 2023:	1,958,454,023 shares
As of December 31, 2022:	1,958,454,023 shares
2. Number of treasury stock
 

As of September 30, 2023:	187,168,918 shares
As of December 31, 2022:	161,488,167 shares
3. Average number of shares issued and outstanding
 

Nine months ended September 30, 2023:	1,776,811,215 shares
Nine months ended September 30, 2022:	1,888,006,185 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 October 26, 2023. The Group plans to post the materials which are provided at the meeting, on the Group's website on that day.

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

The allocation of the acquisition costs for the business combination with Steradian has been revised at the end of three months ended March 31, 2023. This revision to the allocation of the acquisition costs has been reflected in the consolidated financial results for the year ended December 31, 2022. For details, please refer to Appendix 1.5, "Notes to Condensed Consolidated Financial Statements (Business Combinations)" on page 17.

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

	(In millions of yen)	
	As of December 31, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	336,068	392,506
Trade and other receivables	162,623	204,177
Inventories	187,958	177,847
Other current financial assets	6,688	4,011
Income taxes receivable	4,462	1,259
Other current assets	17,320	26,563
Total current assets	<u>715,119</u>	<u>806,363</u>
Non-current assets		
Property, plant and equipment	208,042	248,403
Goodwill	1,264,275	1,441,130
Intangible assets	488,839	462,612
Other non-current financial assets	84,149	263,387
Deferred tax assets	37,876	52,916
Other non-current assets	14,191	16,347
Total non-current assets	<u>2,097,372</u>	<u>2,484,795</u>
Total assets	<u><u>2,812,491</u></u>	<u><u>3,291,158</u></u>

	(In millions of yen)	
	As of December 31, 2022	As of September 30, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	222,941	259,418
Bonds and borrowings	120,005	372,278
Other current financial liabilities	13,838	38,703
Income taxes payable	79,025	31,710
Provisions	8,099	8,339
Other current liabilities	81,565	82,799
<b>Total current liabilities</b>	<b>525,473</b>	<b>793,247</b>
<b>Non-current liabilities</b>		
Trade and other payables	3,382	501
Bonds and borrowings	635,738	320,414
Other non-current financial liabilities	11,301	16,453
Income taxes payable	2,551	5,926
Retirement benefit liability	24,102	24,285
Provisions	3,289	3,554
Deferred tax liabilities	63,757	63,222
Other non-current liabilities	5,435	7,125
<b>Total non-current liabilities</b>	<b>749,555</b>	<b>441,480</b>
<b>Total liabilities</b>	<b>1,275,028</b>	<b>1,234,727</b>
<b>Equity</b>		
Share capital	153,209	153,209
Capital surplus	348,446	355,521
Retained earnings	828,582	1,095,463
Treasury shares	(192,171)	(224,592)
Other components of equity	395,669	672,514
<b>Total equity attributable to owners of parent</b>	<b>1,533,735</b>	<b>2,052,115</b>
Non-controlling interests	3,728	4,316
<b>Total equity</b>	<b>1,537,463</b>	<b>2,056,431</b>
<b>Total liabilities and equity</b>	<b>2,812,491</b>	<b>3,291,158</b>

## 1.2 Condensed Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss

(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Revenue	1,110,040	1,107,482
Cost of sales	(474,293)	(476,651)
Gross profit	635,747	630,831
Selling, general and administrative expenses	(309,876)	(342,735)
Other income	15,679	36,616
Other expenses	(13,612)	(6,184)
Operating profit	327,938	318,528
Finance income	649	31,672
Finance costs	(85,489)	(6,569)
Profit before tax	243,098	343,631
Income tax expense	(57,665)	(72,118)
Profit	185,433	271,513
Profit attributable to		
Owners of parent	185,148	271,134
Non-controlling interests	285	379
Profit	185,433	271,513
Earnings per share		
Basic earnings per share (yen)	98.07	152.60
Diluted earnings per share (yen)	96.21	149.66

Condensed Consolidated Statement of Comprehensive Income  
(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	185,433	271,513
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(267)	(114)
Equity instruments measured at fair value through other comprehensive income	(638)	(454)
Total of items that will not be reclassified to profit or loss	(905)	(568)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	531,771	306,307
Cash flow hedges	(34,018)	(25,323)
Cost of hedges	4,973	(324)
Total of items that may be reclassified subsequently to profit or loss	502,726	280,660
Total other comprehensive income	501,821	280,092
Total comprehensive income	687,254	551,605
Comprehensive income attributable to		
Owners of parent	686,566	551,011
Non-controlling interests	688	594
Total comprehensive income	687,254	551,605

Condensed Consolidated Statement of Profit or Loss  
(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Revenue	387,132	379,391
Cost of sales	(167,171)	(159,840)
Gross profit	219,961	219,551
Selling, general and administrative expenses	(109,132)	(121,106)
Other income	9,472	1,697
Other expenses	(2,368)	(2,136)
Operating profit	117,933	98,006
Finance income	259	9,164
Finance costs	(22,517)	(4,150)
Profit before tax	95,675	103,020
Income tax expense	(20,817)	(27,556)
Profit	<u>74,858</u>	<u>75,464</u>
Profit attributable to		
Owners of parent	74,711	75,329
Non-controlling interests	147	135
Profit	<u>74,858</u>	<u>75,464</u>
Earnings per share		
Basic earnings per share (yen)	41.79	42.58
Diluted earnings per share (yen)	41.13	41.83

Condensed Consolidated Statement of Comprehensive Income  
(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Profit	74,858	75,464
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(25)	(56)
Equity instruments measured at fair value through other comprehensive income	42	10
Total of items that will not be reclassified to profit or loss	17	(46)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	140,422	82,753
Cash flow hedges	(21,117)	(1,823)
Cost of hedges	6,670	(1,745)
Total of items that may be reclassified subsequently to profit or loss	125,975	79,185
Total other comprehensive income	125,992	79,139
Total comprehensive income	200,850	154,603
Comprehensive income attributable to		
Owners of parent	200,675	154,357
Non-controlling interests	175	246
Total comprehensive income	200,850	154,603

**1.3 Condensed Consolidated Statement of Changes in Equity**  
(Nine months ended September 30, 2022)

(In millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Share acquisition rights	Remeasurements of defined benefit plans	Equity instruments measured at fair value through other comprehensive income
Balance as of January 1, 2022	147,133	337,989	570,292	(11)	13,270	—	(1,475)
Profit	—	—	185,148	—	—	—	—
Other comprehensive income	—	—	—	—	—	(267)	(638)
Total comprehensive income	—	—	185,148	—	—	(267)	(638)
Issuance of new shares	5,834	5,799	—	—	—	—	—
Purchase and disposal of treasury shares	—	(22)	—	(200,000)	—	—	—
Share-based payment transactions	—	6,113	—	—	(4,144)	—	—
Transfer to retained earnings	—	—	(373)	—	20	267	53
Total transactions with owners	5,834	11,890	(373)	(200,000)	(4,124)	267	53
Balance as of September 30, 2022	152,967	349,879	755,067	(200,011)	9,146	—	(2,060)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2022	83,454	(418)	(153)	94,678	1,150,081	3,317	1,153,398
Profit	—	—	—	—	185,148	285	185,433
Other comprehensive income	531,368	(34,018)	4,973	501,418	501,418	403	501,821
Total comprehensive income	531,368	(34,018)	4,973	501,418	686,566	688	687,254
Issuance of new shares	—	—	—	—	11,633	—	11,633
Purchase and disposal of treasury shares	—	—	—	—	(200,022)	—	(200,022)
Share-based payment transactions	—	—	—	(4,144)	1,969	—	1,969
Transfer to retained earnings	—	—	—	340	(33)	—	(33)
Total transactions with owners	—	—	—	(3,804)	(186,453)	—	(186,453)
Balance as of September 30, 2022	614,822	(34,436)	4,820	592,292	1,650,194	4,005	1,654,199

(Nine months ended September 30, 2023)

(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, 2023	153,209	348,446	828,582	(192,171)	7,602	—	(1,976)
Profit	—	—	271,134	—	—	—	—
Other comprehensive income	—	—	—	—	—	(114)	(454)
Total comprehensive income	—	—	271,134	—	—	(114)	(454)
Purchase and disposal of treasury shares	—	(81)	—	(32,421)	—	—	—
Share-based payment transactions	—	3,621	—	—	(3,750)	—	—
Transfer to retained earnings	—	3,535	(4,253)	—	592	114	12
Other	—	—	—	—	—	—	—
Total transactions with owners	—	7,075	(4,253)	(32,421)	(3,158)	114	12
Balance as of September 30, 2023	153,209	355,521	1,095,463	(224,592)	4,444	—	(2,418)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Cash flow hedges	Cost of hedges	Total			
Balance as of January 1, 2023	395,907	(12,364)	6,500	395,669	1,533,735	3,728	1,537,463
Profit	—	—	—	—	271,134	379	271,513
Other comprehensive income	306,092	(25,323)	(324)	279,877	279,877	215	280,092
Total comprehensive income	306,092	(25,323)	(324)	279,877	551,011	594	551,605
Purchase and disposal of treasury shares	—	—	—	—	(32,502)	—	(32,502)
Share-based payment transactions	—	—	—	(3,750)	(129)	—	(129)
Transfer to retained earnings	—	—	—	718	—	—	—
Other	—	—	—	—	—	(6)	(6)
Total transactions with owners	—	—	—	(3,032)	(32,631)	(6)	(32,637)
Balance as of September 30, 2023	701,999	(37,687)	6,176	672,514	2,052,115	4,316	2,056,431

## 1.4 Condensed Consolidated Statement of Cash Flows

(In millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before tax	243,098	343,631
Depreciation and amortization	137,898	137,349
Impairment losses	7,132	1,532
Finance income and finance costs	9,290	(11,777)
Share-based payment expenses	13,598	17,345
Insurance claim income	(1,455)	(30,621)
Foreign exchange loss (gain)	73,291	(11,533)
Loss (gain) on sales of property, plant and equipment, and intangible assets	(9,047)	(1,217)
Decrease (increase) in inventories	(36,518)	18,251
Decrease (increase) in trade and other receivables	(15,472)	(23,291)
Decrease (increase) in other financial assets	(20,608)	(4,541)
Increase (decrease) in trade and other payables	32,627	13,604
Increase (decrease) in retirement benefit liability	(1,207)	(696)
Increase (decrease) in provisions	(2,297)	(525)
Increase (decrease) in other current liabilities	(8,432)	(10,205)
Increase (decrease) in other financial liabilities	(1,163)	(3,474)
Other	(6,665)	(1,959)
Subtotal	414,070	431,873
Interest received	404	14,964
Dividends received	146	291
Proceeds from insurance income	1,455	17,288
Income taxes paid	(42,907)	(124,302)
Net cash flows from operating activities	373,168	340,114
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(48,974)	(52,132)
Proceeds from sales of property, plant and equipment	10,007	1,338
Purchase of intangible assets	(16,105)	(25,868)
Purchase of other financial assets	(5,195)	(2,170)
Proceeds from sales of other financial assets	1,044	(1,371)
Payments for acquisitions of subsidiaries	(1,878)	(9,738)
Payments for settlement of contingent consideration of subsidiary shares	—	(205)
Proceeds from insurance income	—	13,333
Proceeds from government grant income	—	5,493
Payments for long-term loans receivable	—	(144,150)
Other	(7,162)	(2,828)
Net cash flows from investing activities	(68,263)	(218,298)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	50,000	—
Repayments of short-term borrowings	(51,136)	—
Proceeds from long-term borrowings	47,096	—
Repayments of long-term borrowings	(98,760)	(90,015)
Purchase of treasury shares	(200,000)	(50,000)
Repayments of lease liabilities	(5,371)	(4,818)
Interest paid	(3,496)	(2,947)
Other	(73)	(13)
Net cash flows from financing activities	(261,740)	(147,793)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Effect of exchange rate changes on cash and cash equivalents	45,027	82,415
Net increase (decrease) in cash and cash equivalents	88,192	56,438
Cash and cash equivalents at beginning of the period	221,924	336,068
Cash and cash equivalents at end of the period	<u>310,116</u>	<u>392,506</u>

## 1.5 Notes to Condensed Consolidated Financial Statements

(Notes about Going Concern Assumption)

Not applicable

(Basis for Preparation)

(1) Compliance with IFRS

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

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

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

(4) Change in Presentation

(Condensed Consolidated Statement of Cash Flows)

Within cash flows from operating activities category, "Insurance claim income" and "Proceeds from insurance income," which were disclosed in "Other" for the nine months ended September 30, 2022, have been presented separately for the nine months ended September 30, 2023 due to the increase in their materiality.

As a result, in the condensed consolidated statement of cash flows for the nine months ended September 30, 2022, "Insurance claim income" of (1,455) million yen and "Proceeds from insurance income" of 1,455 million yen are separately presented under cash flows from operating activities. Consequently, "Subtotal" of cash flows from operating activities has been revised from 415,525 million yen to 414,070 million yen.

(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, 2023.

A company has been newly included in the scope of consolidation due to the acquisition of Panthronics AG (hereinafter "Panthronics") for the three months ended June 30, 2023. Four companies have been excluded from the scope of consolidation mainly due to liquidation for the three months ended June 30, 2023.

A company has been newly included in the scope of consolidation due to acquisition for the three months ended September 30, 2023. Three companies have been excluded from the scope of consolidation mainly due to liquidation for the three months ended September 30, 2023.

(Significant Accounting Policies)

Except as stated below, 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 nine months ended September 30, 2023 are calculated using the estimated annual effective tax rate.

Amendments to International Accounting Standard No. 12 "Income Taxes" (hereinafter "IAS 12")

The Group applied the 'International Tax Reform - Pillar Two Model Rules' (Amended IAS 12) for the three months ended June 30, 2023. Based on the exceptions provided in the amended IAS 12, the Group does not recognize deferred tax assets and deferred tax liabilities related to corporate income taxes arising from tax systems that have been established or substantially enacted for the purpose of introducing the second pillar model rules published by the Organization for Economic Cooperation and Development (OECD).

Addition of Accounting Policies

The Group initiated a new loan transaction during the three months ended September 30, 2023, and adopted the following accounting policy.

In cases where the transaction price of a financial instrument differs from its fair value at the inception of the transaction, 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.

(Significant Accounting Estimates and Judgments)

In preparing the condensed consolidated financial statements, management of the Group makes judgements, accounting estimates and assumptions that could have an impact on the application of accounting policies and the reporting amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based on the best judgment of management, taking into account various factors that are deemed reasonable on the closing date in light

of past experience and available information. However, figures based on these estimates and assumptions may differ from the actual results due to their nature.

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

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

(Business Segments)

(1) Overview of reportable segments

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

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

(2) Information on reportable segments

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

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

Information on reportable segments is as follows.

(Nine months ended September 30, 2022)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	475,438	627,014	8,921	—	1,111,373	(1,333)	1,110,040
Segment gross profit	242,610	398,502	2,478	479	644,069	(8,322)	635,747
Segment operating profit	166,568	251,509	2,478	3,139	423,694	(95,756)	327,938
Finance income							649
Finance costs							(85,489)
Profit before tax							243,098
(Other items)							
Depreciation and amortization	31,990	28,066	—	—	60,056	77,842	137,898

(Nine months ended September 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	513,956	586,032	7,786	—	1,107,774	(292)	1,107,482
Segment gross profit	269,217	361,433	2,842	(177)	633,315	(2,484)	630,831
Segment operating profit	179,648	204,659	2,842	(1,034)	386,115	(67,587)	318,528
Finance income							31,672
Finance costs							(6,569)
Profit before tax							343,631
(Other items)							
Depreciation and amortization	29,657	30,070	—	—	59,727	77,622	137,349

(Three months ended September 30, 2022)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	157,781	226,811	3,022	—	387,614	(482)	387,132
Segment gross profit	77,717	142,147	841	201	220,906	(945)	219,961
Segment operating profit	49,676	91,445	842	871	142,834	(24,901)	117,933
Finance income							259
Finance costs							(22,517)
Profit before tax							95,675
(Other items)							
Depreciation and amortization	10,562	9,961	—	—	20,523	27,452	47,975

(Three months ended September 30, 2023)

(In millions of yen)

	Reportable Segments		Other	Adjustments 1	Total	Adjustments 2	Consolidation basis
	Automotive	Industrial/ Infrastructure/ IoT					
Revenue from external customers	176,314	200,735	2,342	—	379,391	—	379,391
Segment gross profit	93,099	126,315	548	(154)	219,808	(257)	219,551
Segment operating profit	59,895	71,893	548	(44)	132,292	(34,286)	98,006
Finance income							9,164
Finance costs							(4,150)
Profit before tax							103,020
(Other items)							
Depreciation and amortization	10,241	10,029	—	—	20,270	26,664	46,934

(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.

(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Japan	290,156	291,978
China	308,941	266,116
Asia (Excluding Japan and China)	240,346	229,048
Europe	167,474	197,652
North America	98,624	118,269
Others	4,499	4,419
Total	1,110,040	1,107,482

(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Japan	92,426	90,317
China	112,158	94,486
Asia (Excluding Japan and China)	84,151	79,578
Europe	60,092	69,032
North America	36,679	44,435
Others	1,626	1,543
Total	387,132	379,391

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

(Business Combinations)

Business combinations that occurred during the nine months ended September 30, 2022 and the nine months ended September 30, 2023 are as follows. Immaterial business combinations are not included in this disclosure.

Nine months ended September 30, 2022

(Dialog Semiconductor Plc)

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

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

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

(Note 1) Goodwill reflects future excess earning power expected from synergies between the Company and Dialog Semiconductor Plc (hereinafter "Dialog"). No amount of goodwill is expected to be deductible for tax purposes.

(Note 2) The amount allocated to intangible assets is mainly composed of developed technology, and the fair value of such intangible assets is measured using the excess earnings method based on assumptions such as future business plans and discount rates.

Dialog changed its company name from Dialog Semiconductor Plc to Dialog Semiconductor Limited on September 14, 2021.

(Celeno Communications Inc.)

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

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

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

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

Celeno changed its company name from Celeno Communications Inc. to Renesas Semiconductor Design US Inc. on September 29, 2023.

Nine months ended September 30, 2023

(Celeno Communications Inc.)

Contingent consideration includes \$45 million which will be paid based on the contract when several certain conditions (milestones) related to Celeno's future product development and mass production progress are met.

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

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

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Beginning balance	4,681	1,265
Settlement	—	(40)
Changes in fair value	(2,118)	(1,235)
Exchange differences	946	10
Ending balance	3,509	—

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" and "Other expenses." For the nine months ended September 30, 2022, other income of 2,371 million yen and finance costs of 253 million yen were recorded for the change of fair value. For the nine months ended September 30, 2023, other income of 1,242 million yen and finance costs of 7 million yen were recorded for the change of fair value.

(Steradian Semiconductors Private Limited)

As of December 31, 2022, the acquisition was accounted for using provisional amounts determined based on reasonable information available at the time of preparing consolidated financial statements. Since the recognition and fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date had not been finalized, the purchase price allocation was provisionally accounted for. For the three months ended March 31, 2023, the Group has completed the purchase price allocation and revised the goodwill amount as follows. Adjustment in consideration for the acquisition is reflected for the three months ended March 31, 2023.

Fair value of assets acquired, liabilities assumed on the acquisition date (October 17, 2022)

	(In millions of yen)	
Adjusted items	Adjustments of goodwill	
Goodwill (before adjustment) (Note)	7,609	
Intangible assets	(1,593)	
Deferred tax liabilities	264	
Adjustment in consideration for the acquisition	88	
Total adjustments	(1,241)	
Goodwill (after adjustment) (Note)	6,368	

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

The condensed consolidated statement of financial position as of December 31, 2022 has been revised upon the completion of the purchase price allocation. After the revision, goodwill has decreased by 1,182 million yen and intangible assets has increased by 1,401 million yen.

In addition, the revision has no impact on the condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income for the nine months ended September 30, 2022.

Contingent consideration includes \$11 million which will be paid when certain conditions 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)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Beginning balance	—	1,078
Exchange differences	—	137
Ending balance	—	1,215

(Panthronics AG)

a. Overview of business combination

On June 1, 2023, the Company completed the acquisition of Panthronics, a semiconductor company headquartered in Austria. Following the completion of the acquisition, Panthronics has become a wholly-owned subsidiary of the Company.

1) Name and overview of the acquiree

Name of the acquiree: Panthronics AG.

Business overview: Development and sales of semiconductor solutions such as Near-Field Communication (NFC).

2) Date of the acquisition

June 1, 2023. (Central European Summer Time)

3) Purpose of the acquisition

Headquartered in Austria, Panthronics has been offering advanced NFC chipsets and software. NFC has emerged as a de facto standard in the digital economy and touches many aspects of daily life. Fintech, such as mobile point-of-sale (mPoS) terminals and contactless payment, IoT, asset tracking, and wireless charging are highlights of NFC's increasing presence. Acquiring Panthronics' competitive NFC technology will provide Renesas with in-house capability to instantly capture growing and emerging market opportunities for NFC.

Combining Panthronics' NFC technology with Renesas' broad product portfolio and security functions in microcontrollers (MCU) / microprocessors (MPU) will provide Renesas' wide customer base with a multitude of options to create innovative, ready-to-market NFC system solutions.

4) Acquisition Method

Acquisition of shares for cash consideration.

b. Consideration for the acquisition and its breakdown

		(In millions of yen)
Consideration		Amount
Cash		9,801
Contingent consideration		2,794
Total	A	12,595

Expenses related to the acquisition were 194 million yen, which were recorded in "Selling, general and administrative expenses" for the nine months ended September 30, 2023.



d. Payments for acquisition of subsidiaries

		(In millions of yen)
Item	Amount	
Consideration for acquisition in cash	9,801	
Cash and cash equivalents held by the acquiree at the time of obtaining control	(63)	
Amount of cash paid for the acquisition of subsidiaries (net amount)	9,738	

The acquisition consideration may change due to price adjustments in response to changes in working capital.

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 Panthronics 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 nine months ended September 30, 2023 would not be material.

f. Revenue and profit / loss of the acquired company

For the nine months ended September 30, 2023, the revenue and profit of Panthronics from the acquisition date to September 30, 2023 had no significant impact on the consolidated financial statements.

g. Contingent consideration

Contingent consideration includes \$61 million which will be paid when 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)
	Nine months ended September 30, 2022		Nine months ended September 30, 2023
Beginning balance	—		—
Increase due to the business combination	—		2,794
Exchange differences	—		208
Ending balance	—		3,002

(Trade and Other Receivables)

The components of trade and other receivables are as follows.

(In millions of yen)

	As of December 31, 2022	As of September 30, 2023
Notes and trade receivables	158,242	198,154
Other receivables	4,538	6,475
Loss allowance	(157)	(452)
Total	162,623	204,177

(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, 2022	As of September 30, 2023
Trade payables	105,362	97,730
Other payables	41,206	51,169
Electronically recorded obligations	13,940	15,723
Refund liabilities	65,815	95,297
Total	226,323	259,919
Current liabilities	222,941	259,418
Non-current liabilities	3,382	501

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

(Bonds and Borrowings)

a. Bonds

Nine months ended September 30, 2022

Not applicable.

Nine months ended September 30, 2023

Not applicable.

b. Borrowings

Nine months ended September 30, 2022

In April 2022, the Company had borrowed 50,000 million yen from MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited. under a commitment line agreement dated January 15, 2019. In July 2022, the Company has fully repaid this borrowing.

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

Nine months ended September 30, 2023

Not applicable.

(Equity and Other Equity Items)

Nine months ended September 30, 2022

Based on the resolution at the Board of Directors' meeting held on April 27, 2022, the Company conducted a tender offer to acquire its own shares and purchased 168,067,250 shares from April 28, 2022 to May 31, 2022. As a result, treasury shares increased by 200,000 million yen. The treasury shares was 200,011 million yen as of September 30, 2022.

Nine months ended September 30, 2023

Based on the resolution at the Board of Directors' meeting held on February 9, 2023, the Company conducted a tender offer to acquire its own shares and purchased 40,453,107 shares from February 10, 2023 to March 10, 2023. As a result, treasury shares increased by 50,000 million yen for the nine months ended September 30, 2023. The number of treasury shares decreased by 14,772,356 shares, due to disposals of treasury shares based on the exercise of stock options and the vesting of Restricted Stock Unit (RSU) for the nine months ended September 30, 2023. As a result, treasury shares decreased by 17,579 million yen for the nine months ended September 30, 2023. The treasury shares was 224,592 million yen as of September 30, 2023.

(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.

(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Research and development expenses	149,656	172,555
Depreciation and amortization	81,894	81,865
Personnel expenses	49,308	58,630
Retirement benefit expenses	1,717	2,772
Other	27,301	26,913
Total	309,876	342,735

(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Research and development expenses	53,026	61,091
Depreciation and amortization	28,985	28,208
Personnel expenses	16,904	20,451
Retirement benefit expenses	643	815
Other	9,574	10,541
Total	109,132	121,106

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

(Other Income)

The components of other income are as follows.

(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Insurance claim income (Note 1)	1,455	30,621
Gain on sales of property, plant and equipment (Note 2)	9,200	1,243
Other	5,024	4,752
Total	15,679	36,616

(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Gain on sales of property, plant and equipment (Note 2)	8,675	544
Penalty income	—	518
Other	797	635
Total	9,472	1,697

(Note 1) Insurance claim income recognized during the nine months ended September 30, 2023 is the amount received related to a fire that occurred at Naka Factory of Renesas Semiconductor Manufacturing Co., Ltd, a wholly owned subsidiary of the Company, on March 19, 2021. This insurance payments include the amount for loss of profits due to the fire damage.

(Note 2) Gain on sales of property, plant and equipment recognized during both the nine months ended September 30, 2022 and the three months ended September 30, 2022 is mainly due to the sale of Yamaguchi Factory of Renesas Semiconductor Manufacturing Co., Ltd., a subsidiary of the Company, which completed consolidation on June 30, 2022.

(Other Expenses)

The components of other expenses are as follows.

(Nine months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Business restructuring expenses	3,095	1,739
Impairment losses (Note)	7,132	1,532
Other	3,385	2,913
Total	13,612	6,184

(Three months ended September 30, 2022 and September 30, 2023)

	(In millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
Impairment losses	1,371	709
Business structure improvement expenses	662	569
Other	335	858
Total	2,368	2,136

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

(Subsequent Events)

Not applicable.

**About Renesas Electronics Corporation**

Renesas Electronics Corporation ([TSE: 6723](#)) empowers a safer, smarter and more sustainable future where technology helps make our lives easier. The leading global provider of microcontrollers, Renesas combines our expertise in embedded processing, analog, power and connectivity to deliver complete semiconductor solutions. These Winning Combinations accelerate time to market for automotive, industrial, infrastructure and IoT applications, enabling billions of connected, intelligent devices that enhance the way people work and live. Learn more at [renesas.com](https://www.renesas.com). Follow us on [LinkedIn](#), [Facebook](#), [Twitter](#), [YouTube](#), and [Instagram](#).

**(FORWARD-LOOKING STATEMENTS)**

The statements in this press release with respect to the plans, strategies and financial outlook of Renesas and its consolidated subsidiaries (collectively “we”) are forward-looking statements involving risks and uncertainties. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “continue,” “endeavor,” “estimate,” “expect,” “initiative,” “intend,” “may,” “plan,” “potential,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target,” “will” and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements discuss future expectations, identify strategies, contain projections of our results of operations or financial condition, or state other forward-looking information based on our current expectations, assumptions, estimates and projections about our business and industry, our future business strategies and the environment in which we will operate in the future. Known and unknown risks, uncertainties and other factors could cause our actual results, performance or achievements to differ materially from those contained or implied in any forward-looking statement, including, but not limited to, general economic conditions in our markets, which are primarily Japan, North America, Asia, and Europe; demand for, and competitive pricing pressure on, 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.

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