

The following is an English translation of the Notice of the 20th Ordinary General Meeting of Shareholders of Renesas Electronics Corporation to be held on March 30, 2022 (as well as the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements with respect to the 20th Business Period, and the report on the results of the audit conducted on such Consolidated Financial Statements by the independent auditors and the Board of Corporate Auditors), except for translations of the instructions on voting rights and the access map for the place of the meeting in the notice. The following English translation is provided for your reference and convenience only. Should there be any inconsistency between this translation and the official Japanese original, the latter shall prevail.

Renesas Electronics Corporation

Securities Code: 6723
3-2-24 Toyosu, Koto-ku,
Tokyo

Hidetoshi Shibata
Representative Director,
President and CEO

March 11, 2022

To Our Shareholders:

NOTICE OF THE 20TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Twentieth Ordinary General Meeting of Shareholders (“General Meeting”) of Renesas Electronics Corporation (the “Company”) will be held as follows:

1. DATE AND TIME: March 30, 2022 (Wednesday) at 10:00 A.M. (Japan Standard Time)
(The reception will begin at 9:30 A.M.)
2. PLACE: Toyosu Foresia, 10F Meeting Room, at 2-24, Toyosu 3-chome, Koto-ku,
Tokyo, Japan
3. AGENDA OF THE GENERAL MEETING:
MATTERS TO BE REPORTED UPON

Report on the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, and report on the results of the audit conducted on the Consolidated Financial Statements by the independent auditors and the Board of Corporate Auditors with respect to the 20th Business Period from January 1, 2021 to December 31, 2021.

MATTERS TO BE VOTED UPON:

- (1) Partial Amendment to the Articles of Incorporation (Introduction of Shareholders Meetings without a Designated Location)
- (2) Partial Amendment to the Articles of Incorporation (Introduction of the electronic provision of materials for General Meetings of Shareholders)
- (3) Election of Five (5) Directors
- (4) Election of Two (2) Corporate Auditor

Please note that souvenirs will not be provided to the attendees at this General Meeting. We appreciate your understanding.

- Notes on Stock Acquisition Rights, etc. of the Company in the Business Report, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements are disclosed on the Company's website (<https://www.renesas.com/us/en/about/investor-relations>) in accordance with Article 16 of the Company's Articles of Incorporation, so they are not included in this notice.
- If revisions are made to the Reference Documents for this General Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, the Company will inform you through its website (<https://www.renesas.com/us/en/about/investor-relations>).

REFERENCE DOCUMENTS FOR THIS GENERAL MEETING

Proposal No. 1: Partial Amendment to the Articles of Incorporation (Introduction of Shareholders Meetings without a Designated Location)

1. Reason for the proposal

(1) Background of the proposal

The Act for Partially Amending the Industrial Competitiveness Act was promulgated in June 2021. Under the provisions of the Articles of Incorporation, when certain conditions are met, listed companies may hold "general shareholders' meetings with no designated location" (a general shareholders' meeting attended by directors and shareholders via the Internet without having a physical venue; hereinafter referred to as "Virtual Only Shareholders' Meeting").

In response to the amended Act, we propose an amendment to the Articles of Incorporation to enable the election of a Virtual Only Shareholders' Meeting as a method of holding our General Meeting of Shareholders.

As a global company, we are working to strengthen a variety of corporate governance measures with the aim of achieving sustainable increases in corporate value. Among these, we regard the General Meeting of Shareholders as a valuable opportunity to promote dialogue with shareholders. We believe it is important to reduce the physical constraints on shareholders who previously had difficulty attending the General Meeting of Shareholders due to factors such as travel time and expenses, and to provide more shareholders with the opportunity to attend the General Meeting of Shareholders.

In the current social environment, digitization is progressing rapidly, and the spread of the Covid-19 infection remains unpredictable. Even if this situation resolves, there are always risks associated with the outbreak of new infectious diseases and large-scale disasters including natural disasters. Even during such emergencies, we need to be prepared to hold a General Meeting of Shareholders while ensuring the health and safety of our shareholders.

In addition, holding a General Meeting of Shareholders in a physical venue during the current Covid-19 pandemic inevitably means people will physically gather in one place for the preparation and operation of the meeting, which increases the risk of disease transmission. If staff or other related individuals are subject to quarantine measures, preparation for or operation of the meeting may be hindered.

Overseas, the use of Virtual Only Shareholders' Meetings has been increasing in the United States and the United Kingdom for some time, and since the spread of the Covid-19 pandemic the use of such meetings has been increasing in European countries such as France and Germany.

Since the 18th Ordinary General Meeting of Shareholders held in March 2020, we have held a hybrid (virtual and in-person) General Meeting of Shareholders that allows shareholders to view, ask questions, express opinions, and exercise voting rights via the Internet and other means. In response to the recent revisions to the law, we intend to introduce a Virtual Only Shareholders' Meeting as a further step forward.

We believe it is vital to actively incorporate the development of information technology and build an optimal approach to enabling dialogue with many shareholders without being bound by traditional methods. In this sense, we believe that the introduction of a Virtual Only Shareholders' Meeting will further enhance accessibility for our shareholders and contribute to the vitalization, efficiency and facilitation of our General Meeting of Shareholders, and in turn, the benefit of our shareholders.

(2) Decision to hold, and management of, the Virtual Only Shareholders' Meeting

If this proposal is approved, the method of holding the General Meeting of Shareholders will be decided at the meeting of the Board of Directors, where a majority is comprised of Independent Outside Directors, each time a General Meeting of Shareholders is held. When deciding whether to hold a Virtual Only Shareholders' Meeting, we will carefully consider the decision, taking into account the circumstances surrounding the Company and our shareholders at the time of the meeting, the agenda of the General Meeting of Shareholders, and our shareholders' opinions. For example, in cases where it would be necessary to hold dialogue with shareholders, we would not hold a Virtual Only Shareholders' Meeting for the purpose of inappropriately hindering shareholders' right to dialogue.

In order to ensure the effective functioning of a Virtual Only Shareholders' Meeting, we will not only establish measures to address the infrastructure, communication problems, and support systems for shareholders, such as the IT system, but we will also notify shareholders of the reason for deciding to hold a Virtual Only Shareholders' Meeting, procedures for attending the meeting, the method of questions and motions, the method of exercising voting rights, and other necessary matters by giving notice of the General Meeting of Shareholders, in accordance with the Companies Act and related guidelines. On the day of the General Meeting of Shareholders, we will take the same approach as in previous General Meetings of Shareholders in answering questions to the greatest extent practicable, considering the public disclosure of questions and answers after the meeting, and taking measures to ensure the rights of shareholders are not impaired.

For the amendment of Articles of Incorporation to enable the holding of a Virtual Only Shareholders' Meeting, the law stipulates that a Virtual Only Shareholders' Meeting must contribute to strengthening industrial competitiveness while giving consideration to securing the interests of shareholders. It is therefore required to receive confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the requirements stipulated by the Ordinance of the Ministry of Economy, Trade and Industry and the Ordinance of the Ministry of Justice are met; the Company has already received these confirmations.

2. Contents of the amendments

The details of the amendments to the Articles of Incorporation are as follows.

(The underlined portion indicates the changed portion.)

Current Articles of Incorporation	Proposed amendments
<p>(Convocation)</p> <p>Article 13 An ordinary general meeting of shareholders shall be convened within three months after the end of each business year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p style="text-align: center;"><u>(New)</u></p>	<p>(Convocation)</p> <p>Article 13 An ordinary general meeting of shareholders shall be convened within three months after the end of each business year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.</p> <p><u>2. The Company may hold a general meeting of shareholders with no designated location.</u></p>

Proposal No. 2: Partial Amendment to the Articles of Incorporation (Introduction of electronic provision of materials for General Meetings of Shareholders)

1. Reason for the proposal

The Companies Act was amended in 2019 to permit the electronic provision system of materials for general meetings of shareholders (hereinafter referred to as the "electronic provision system"), and listed companies are obliged to adopt the electronic provision system of reference documents for general meetings of shareholders in their Articles of Incorporation after the amended Companies Act takes effect.

The amended Companies Act will take effect in 2022. To prepare for the introduction of the electronic provision system, we propose the following amendments to the Articles of Incorporation:

- (1) Article 16 (Measures for Electronic Provision of Materials, Etc.) of the Draft Amendment adopts the electronic provision system with regard to the materials for the General Meeting of Shareholders, and states that the matters stipulated in the Ministry of Justice Ordinance may be omitted with regard to matters stated in documents to be delivered to shareholders who make a Request for Delivery of Document.
- (2) Article 16 of the current Articles of Incorporation (Disclosure of Reference Documents for General Meetings of Shareholders, Etc. through the Internet and Deemed Provision) will be deleted because it will become superfluous as a result of the establishment of Article 16 (Measures for Electronic Provision of Materials, Etc.) under the proposed amendment.
- (3) In conjunction with the adoption and deletion of these Articles, we will establish Supplementary Provisions concerning the effective date, etc.

2. Contents of the amendments

The details of the amendments to the Articles of Incorporation are as follows.

(The underlined portion indicates the changed portion.)

Current Articles of Incorporation	Proposed changes
<p><u>(Disclosure of Reference Documents for General Meetings of Shareholders, Etc. through the Internet and Deemed Provision)</u> <u>Article 16 In convening a general meeting of shareholders, it may be deemed that the Company has provided the shareholders with the necessary information that should be described or indicated in the reference documents for the general meeting of shareholders, business reports, non-consolidated financial statements, and consolidated financial statements, on the condition that such information is disclosed through the Internet in accordance with the Ministry of Justice Ordinance.</u></p>	<p><u>(Deleted)</u></p>

Current Articles of Incorporation	Proposed changes
(New)	<p>(Measures for Electronic Provision of Materials, Etc.)</p> <p><u>Article 16 In convening a general meeting of shareholders, the Company may take measures for the electronic provision of information contained in the Reference Documents for the General Meeting of Shareholders, etc.</u></p> <p><u>2. The Company may refrain from describing all or part of the matters for which electronic provision measures are to be taken as prescribed by the applicable Ordinance of the Ministry of Justice in the document to be delivered to the shareholder who has requested delivery of the document by the record date of voting rights.</u></p>
(New)	<p>(Supplementary Provisions)</p> <p><u>Article 1 The deletion of Article 16 of the current Articles of Incorporation (Disclosure of Reference Documents for General Meetings of Shareholders, Etc. through the Internet and Deemed Provision) and the establishment of Article 16 of the proposed amendment (Measures for Electronic Provision of Materials, Etc.) shall come into force from the effective date (hereinafter referred to as the "Effective Date") as set forth in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Revision of the Companies Act (Act No. 70 of 2019).</u></p> <p>2. Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation (Disclosure of Reference Documents for General Meetings of Shareholders, Etc. through the Internet and Deemed Provision) shall remain in force with respect to a general meeting of shareholders with a date falling within six months from the Date of Enforcement as the date of the general meeting of shareholders.</p> <p>3. These Supplementary Provisions shall be deleted as of the date on which six months have elapsed from the Effective Date or as of the date on which three months have elapsed from the Shareholders' Meeting set forth in the preceding paragraph, whichever is later.</p>

Proposal No. 3: Election of Five (5) Directors

The terms of office held by all Directors will expire at the conclusion of this General Meeting. Accordingly, we request that six (5) Directors be elected at this General Meeting.

These candidates for Directors have been selected by the Board of Directors based on suggestion by the Voluntary Nomination Committee which is chaired by an Independent Outside Director and a majority of such committee being comprised of Independent Outside Directors.

The candidates are as follows.

No.	Name (Age)	Current Position at the Company	Years Served as Director	Attendance at Meetings of the Board of Directors
1	Hidetoshi Shibata (49) <Reappointment>	Representative Director, President and CEO	6 years and 8 months	100% (8 out of 8)
2	Jiro Iwasaki (76) <Reappointment> <Outside Director> <Independent Director>	Outside Director	5 years and 9 months	100% (8 out of 8)
3	Selena Loh Lacroix (57) <Reappointment> <Outside Director> <Independent Director>	Outside Director	2 year	100% (8 out of 8)
4	Arunjai Mittal (51) <Reappointment> <Outside Director> <Independent Director>	Outside Director	2 year	100% (8 out of 8)
5	Noboru Yamamoto (59) <Reappointment> <Outside Director> <Independent Director>	Outside Corporate Auditor	1 year	100% (6 out of 6)

- (Note) 1. “Years Served as Director” for Mr. Hidetoshi Shibata indicates the total period served as Director.
2. Ms. Selena Loh Lacroix is a foreign national and female Director candidate. Mr. Arunjai Mittal is a foreign national Director candidate.
3. “Attendance at Meetings of the Board of Directors” for Mr. Noboru Yamamoto indicates his attendance at the Board of Directors after his appointment as Director.

« Reference » Expertise and Experience of Director Candidates

The main expertise and experience of the candidates are as follows.

Name	Management Strategy	Leadership Experience	Risk Management	Legal Affairs	Finance	Sustainability	International Business	Semiconductor Technology / DX
Hidetoshi Shibata	•	•			•		•	•
Jiro Iwasaki	•	•	•				•	
Selena Loh Lacroix				•		•	•	•
Arunjai Mittal	•	•					•	•
Noboru Yamamoto		•	•		•		•	

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
1	Hidetoshi Shibata <Reappointment> Date of Birth: November 16, 1972 Number of the Company's Shares Held: 187,800 Attendance at Meetings of the Board of Directors: 8 out of 8 (100%)	April 1995 August 2001 August 2004 October 2007 September 2009 June 2012 October 2013 November 2013 June 2016 March 2018 July 2019	Joined Central Japan Railway Company Joined MKS Partners Limited as Principal Partner, MKS Partners Limited Joined Global Private Equity, Merrill Lynch Japan Securities Co., Ltd (currently, BofA Securities Japan Co., Ltd.) as Managing Director Joined Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) as Managing Director Executive Managing Director, Investment Group, Innovation Network Corporation of Japan (currently, Japan Investment Corporation) Member of the Board of Directors, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Executive Vice President and CFO, the Company Executive Vice President, Member of the Board of Directors and CFO, the Company Representative Director, President and CEO, the Company (present)
<p>【Reasons for selection as a candidate for Director】</p> <p>The Company selected this candidate for Director with the expectation that he would enhance corporate value by demonstrating leadership skills to expedite the decision-making process and strengthen the ability to propose semiconductor solutions, based on his abundant knowledge, experiences and achievements cultivated through global and various management experiences. He has served as Director for a combined total of 6 years and 8 months at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
2	Jiro Iwasaki <Reappointment> <Outside Director> <Independent Director> Date of Birth: December 6, 1945 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 8 out of 8 (100%)	April 1974 June 1996 June 1998 June 2006 March 2008 June 2009 March 2011 April 2011 March 2015 March 2016 June 2016	Joined Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) Director, General Manager of Human Resources, TDK Corporation Director and Senior Vice President, Executive Officer of Recording Media & Solutions Business Group, TDK Corporation Director and Executive Vice President, Senior Executive Officer of Administration Group, TDK Corporation Audit and Supervisory Board Member, GCA Savvian Corporation (currently, GCA Corporation) Director and Senior Vice President, Executive Officer of Strategic Human Resources and Administration Division, JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation) Audit and Supervisory Board Member, SBS Holdings, Inc. Professor at Teikyo University, Faculty of Economics/Department of Business Administration Outside Director, SBS Holdings, Inc. (present) Outside Director (Full-time Audit and Supervisory Committee Member), GCA Savvian Corporation (currently, GCA Corporation) Outside Member of the Board of Directors, the Company (present) (Important Concurrent Position) Outside Director, SBS Holdings, Inc.
<p>【Reasons for selection as a candidate for Outside Director】</p> <p>Mr. Jiro Iwasaki has served as a director at multiple companies for a long time and thus possesses management experiences in electrical and electronic components businesses. He currently serves as an outside director at other companies. Based on his abundant knowledge, experiences and deep insight cultivated through these experiences, the Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by his demonstration of supervising and monitoring capabilities for the overall management of the Company. He has served as Outside Director for 5 years and 9 months at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
3	Selena Loh Lacroix <Reappointment> <Outside Director> <Independent Director> Date of Birth: November 18, 1964 Number of the Company's Shares Held: 30,400 Attendance at Meetings of the Board of Directors: 8 out of 8 (100%)	1988 August 1992 June 1995 December 2004 May 2010 December 2016 June 2017 November 2017 December 2019 March 2020	Joined a Singaporean law firm as an associate Joined Gray Cary Ware & Freidenrich LLP (now DLA Piper) as an associate Senior Counsel, Texas Instruments Incorporated Vice President & General Counsel, Asia Pacific, Honeywell International Inc. Global Semiconductor Practice Leader & Global Legal, Regulatory and Compliance Practice Leader, Egon Zehnder Member of Board of Directors, Integrated Device Technology, Inc. (Part-time; resigned March 2019) Global Technology & Communication Practice Leader, Egon Zehnder Board Member, National Association of Corporate Directors - North Texas Chapter (Part-time; present) Vice Chair, Technology Practice, Korn Ferry (present) Outside Member of the Board of Directors, the Company (present) (Important Concurrent Positions) Vice Chair, Technology Practice, Korn Ferry Board Member, National Association of Corporate Directors - North Texas Chapter
<p>【Reasons for selection as a candidate for Outside Director】</p> <p>The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by her demonstration of supervising and monitoring capabilities for the overall management of the Company. Additionally, the Company selected this candidate from the perspective of promoting diversity as well as by leveraging her global insight in the field of corporate legal, corporate governance and human resources gained through extensive experiences in the semiconductor industry and several other industries. She has served as Outside Director for 2 years at the closure of this General Meeting.</p>			

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
4	<p>Arunjai Mittal</p> <p><Reappointment></p> <p><Outside Director></p> <p><Independent Director></p> <p>Date of Birth: February 8, 1971</p> <p>Number of the Company's Shares Held: 0</p> <p>Attendance at Meetings of the Board of Directors: 8 out of 8 (100%)</p>	<p>1996</p> <p>1998</p> <p>1999</p> <p>2001</p> <p>2005</p> <p>2006</p> <p>2008</p> <p>January 2012</p> <p>June 2014</p> <p>February 2015</p> <p>May 2018</p> <p>August 2018</p> <p>March 2019</p> <p>February 2020</p> <p>March 2020</p> <p>August 2020</p>	<p>Manager, Regional Development Asia-Pacific, Discrete & Power Semiconductors, Siemens Components Pte. Ltd.</p> <p>Senior Manager, Business Operations Asia-Pacific, Power Semiconductors, Siemens Components Pte. Ltd.</p> <p>Senior Manager, Business Operations Asia-Pacific, Power Semiconductor Business Group, Infineon Technologies AG</p> <p>Vice President & General Manager, Automotive & Industrial Business Group, Power Management & Supply Business Unit, Infineon Technologies AG</p> <p>Vice President & General Manager, Automotive, Industrial & Multimarket Business Group, Power Management & Drives Business Unit, Infineon Technologies AG</p> <p>Senior Vice President & General Manager, Automotive, Industrial & Multimarket Business Group, Power Management & Drives Business Unit, Infineon Technologies AG</p> <p>Business Division President & General Manager, Industry & Multimarket Division, Infineon Technologies AG</p> <p>Member of the Management Board, Infineon Technologies AG (responsible for Regions, Sales, Marketing, Strategy Development and M&A)</p> <p>Member of the Supervisory Board, tesa SE (present)</p> <p>Board Member, Singapore Economic Development Board</p> <p>Director, Silicon Solutions Ventures Pte. Ltd. (present)</p> <p>Member of the Supervisory Board, OSRAM Licht AG (present)</p> <p>Non-Executive Chairman, ZERO-ERROR SYSTEMS PTE. LTD. (present)</p> <p>Member of the Board, Agency for Science, Technology and Research (present)</p> <p>Outside Member of the Board of Directors, the Company (present)</p> <p>Non-Executive Chairman, Advanced Micro Foundry PTE. LTD. (present)</p>

		<p>(Important Concurrent Positions)</p> <p>Member of the Supervisory Board, tesa SE</p> <p>Director, Silicon Solutions Ventures Pte. Ltd.</p> <p>Non-Executive Chairman, ZERO-ERROR SYSTEMS PTE. LTD.</p> <p>Member of the Board, Agency for Science, Technology and Research</p> <p>Non-Executive Chairman, Advanced Micro Foundry PTE. LTD.</p>
<p>【Reasons for selection as a candidate for Outside Director】</p> <p>The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by his demonstration of supervising and monitoring capabilities for the overall management of the Company. Additionally, the Company selected this candidate from the perspective of promoting diversity as well as by leveraging his global insight in the business operations cultivated through years of extensive experiences in the semiconductor industry and related industries. He has served as Outside Director for 2 years at the closure of this General Meeting.</p>		

No.	Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
5	Noboru Yamamoto <Reappointment> <Outside Director> <Independent Director> Date of Birth: November 21, 1962 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 6 out of 6 (100%)	April 1986 May 1989 February 2002 April 2003 October 2006 October 2011 June 2016 September 2016 January 2017 March 2018 March 2018 March 2021	Joined Mazda Motor Corporation Joined Daiwa Securities Co. Ltd. Joined PricewaterhouseCoopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC) as Managing Director Joined Lazard Frères K.K. as Managing Director Joined Nikko Citigroup Securities Co., Ltd. (currently, Citigroup global Markets Japan Inc.), Investment Banking Unit, as Managing Director Joined BNP Paribas, Tokyo Branch, Investment Banking Division, as Co-head Outside Director, Hitachi Koki Co., Ltd. (currently, Koki Holdings Co., Ltd.) (present) Representative Director, Representative Partner & CEO, XIB Capital Partners Inc. (currently, XIB Inc.) (present) Senior Advisor, CLSA Capital Partners K.K. (present) Outside Director, Tsubaki Nakashima Co., Ltd. (present) Outside Corporate Auditor, the Company (present) Outside Member of the Board of Directors, the Company (present) (Important Concurrent Positions) Representative Director, Representative Partner & CEO, XIB Inc. Outside Director, Koki Holdings Co., Ltd. Outside Director, Tsubaki Nakashima Co., Ltd. Senior Advisor, CLSA Capital Partners K.K.
<p>【Reasons for selection as a candidate for Director】</p> <p>The Company selected this candidate for Outside Director with the expectation that the Board of Directors will be strengthened by his demonstration of supervising and monitoring capabilities for the overall management of the Company, based on the abundant knowledge, experiences and achievements cultivated through years of management experiences in the global finance and security industry and representative for M&A advisory companies.</p> <p>He has served as Outside Director for 1 year at the closure of this General Meeting.</p>			

- (Note) 1. None of the candidates have any special interest in the Company.
2. In addition to descriptions in the “Brief Employment History, Position, Responsibility and Important Concurrent Positions” section above, responsibilities held by each candidate who is currently a Director of the Company are described in the Business Report (p.31).
3. Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal and Mr. Noboru Yamamoto are

- candidates for Outside Directors.
4. The Company has notified the Tokyo Stock Exchange of Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal, and Mr. Noboru Yamamoto as Independent Executives as stipulated by the regulations of the Tokyo Stock Exchange. If their reappointments are approved, the Company will continue this notification.
 5. The Company has entered into liability limitation agreements with Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal and Mr. Noboru Yamamoto, limiting their liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if their reappointments are approved, the Company will continue such liability limitation agreements with them.
 6. The Company has executed a contract for Directors and Officers Liability (D&O) insurance with an insurance company, and it is expected to be renewed in the future. Under such insurance, it is expected that the damages and costs incurred by each candidate in connection with his or her performance of the duty for the Company are indemnified and the insurance premium is borne by the Company.

Proposal No. 4: Election of Two (2) Corporate Auditors

At the conclusion of this General Meeting, the term of office held by Corporate Auditor, Mr. Kazuyoshi Yamazaki, will expire, and Mr. Takeshi Sekine will resign as Corporate Auditor. Accordingly, we request that Two (2) Corporate Auditors be elected at this General Meeting.

The Board of Corporate Auditors has approved the submission of this proposal in advance. The Corporate Auditor candidates are as follows.

Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
Kazuyoshi Yamazaki <Reappointment> <Outside Corporate Auditor> <Independent Corporate Auditor> Date of Birth: July 19, 1949 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: 8 out of 8 (100%) Attendance at Meetings of the Board of Corporate Auditors: 8 out of 8 (100%)	April 1983 April 1987 June 2004 April 2008 June 2014 April 2015 March 2020	Registered as an Attorney-at-Law Managing Partner, Attorney-at-Law, Yamazaki Law Office (present) Statutory Auditor, KENCO Mayonnaise Co., Ltd. Vice-President, Dai-Ichi Tokyo Bar Association Outside Corporate Auditor, the Company (present) Executive Governor, Japan Federation of Bar Associations Outside Director, Nisul Co., Ltd. (present) Outside Director, REGAO Co., Ltd. (present) Outside Auditor, SEIBUNDO SHINKOSHA Publishing Co., Ltd.(present) (Important Concurrent Position) Managing Partner, Attorney-at-Law, Yamazaki Law Office Outside Director, Nisul Co., Ltd. Outside Director, REGAO Co., Ltd. Outside Auditor, SEIBUNDO SHINKOSHA Publishing Co., Ltd..
<p>【Reasons for selection as a candidate for Outside Corporate Auditor】</p> <p>The Company selected this candidate for Outside Corporate Auditor because he has been a lawyer for many years and has expertise, extensive experience, and high insight in the field of legal affairs. The Company expects him to utilize these capabilities to perform auditing functions for the overall management of the Company. In the past, he has not been involved in corporate management in a position other than outside corporate officer, but the Company has concluded that he will be able to perform his duties properly as an Outside Corporate Auditor based on the reasons noted above. The term of office of Mr. Kazuyoshi Yamazaki as an Outside Corporate Auditor of the Company will be approximately 7 years and 9 months at the closure of this General Meeting.</p>		

Name	Brief Employment History, Position, Responsibility and Important Concurrent Positions	
Miya Miyama <New appointment> <Outside Corporate Auditor> <Independent Corporate Auditor> Date of Birth: June 13, 1972 Number of the Company's Shares Held: 0 Attendance at Meetings of the Board of Directors: N/A Attendance at Meetings of the Board of Corporate Auditors: N/A	October 2002 July 2016 May 2018 April 2020 June 2020 June 2021	Prosecutor. Served several posts, including District Public Prosecutors Office in Tokyo, Chiba, Okayama, Osaka, and Saitama. Retirement as a Prosecutor Registered as a lawyer, joined City-Yuwa Partners (present) Outside Director and Audit and Supervisory Committee Member, RoomClip, Inc. Vice Chair, Gender Equality Committee of Kanto Federation of Bar Associations (present) Auditor, Japan International Cooperation System (present) Outside Director, Totetsu Kogyo, Co., Ltd. (present) (Important Concurrent Position) City-Yuwa Partners Vice Chair, Gender Equality Committee of Kanto Federation of Bar Associations Auditor, Japan International Cooperation System Outside Director, Totetsu Kogyo, Co., Ltd.
<p>【Reasons for selection as a candidate for Corporate Auditor】</p> <p>The Company selected this candidate for Outside Corporate Auditor with the expectation that she will leverage her skillset and expertise to audit the Company's overall management. In the past, she has not been involved in corporate management in a position other than outside corporate officer of companies, but the Company has concluded that she will be able to perform her duties properly as an Outside Corporate Auditor based on the reasons noted above.</p>		

- (Note)
1. Mr. Kazuyoshi Yamazaki and Ms. Miya Miyama have no special interest in the Company.
 2. Mr. Kazuyoshi Yamazaki and Ms. Miya Miyama are candidates for Outside Corporate Auditors.
 3. The Company has notified the Tokyo Stock Exchange of Mr. Kazuyoshi Yamazaki as an Independent Executive as stipulated by the regulations of the Tokyo Stock Exchange. If his reappointment is approved, the Company will continue this notification. Also, if the appointment of Ms. Miya Miyama is approved, the Company will notify the Tokyo Stock Exchange that she is an Independent Executive.
 4. Ms. Miya Miyama is a female candidate for Outside Corporate Auditor.
 5. The Company has entered into liability limitation agreements with Mr. Kazuyoshi Yamazaki, limiting his liabilities as defined in Paragraph 1, Article 423 of the Companies Act to the minimum liability amount specified in the Company's Articles of Incorporation, and if his reappointment is approved, the Company will continue such liability limitation agreements with him. Also, if the appointment of Ms. Miya Miyama is approved, the Company will enter into similar liability limitation agreements with her.
 6. The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company and plans to renew it in the future. The insurance will cover the damages and expenses that each candidate will incur as a result of receiving a claim for damages in connection with the performance of the Company's duties, and the insurance premium will be borne by the Company.

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Business Report

(For the period from January 1, 2021 to December 31, 2021 (this “Business Period”))

1. Overview of Group Operations

(1) Business Progress and Results

(i) Overview

In this Business Period, the global economy began to recover rapidly from the previous year’s economic slowdown caused by the Covid-19 pandemic; however, this recovery was stalled by the combined impact of supply disruptions in response to increased demand as economic activities resumed, rising and prolonged inflationary pressures, and labor shortages. Additionally, this Business Period was a year which saw many countries around the world accelerate various measures to enhance the realization of a carbon neutral, digital society in the future.

The semiconductor market, which is the Group’s business segment, saw the supply of semiconductors severely constrained by natural disasters and the Covid-19 pandemic. In particular, demand for automotive semiconductors began to increase sharply due to a recovery of automotive production, which declined in the previous Business Period. However, the supply of semiconductors, particularly microcontrollers and SoCs (System-on-Chip), remained insufficient. Supply and demand also tightened for analog semiconductors for audio products and power control systems, as well as microcontrollers for consumer and industrial use. On the other hand, demand for semiconductors for products related to remote work, online education, and healthcare remained firm, reflecting an increase in product demand associated with the ongoing Covid-19 pandemic. In terms of exports, the prolonged trade friction between the U.S. and China saw the U.S. government strengthen restrictions on semiconductor-related exports to Chinese companies.

In this business environment, the Group has been working to realize its purpose, “To Make Our Lives Easier” (building a sustainable future through technologies that make people’s lives easier), by aggressively implementing various measures to accelerate the achievement of its medium- to long-term management strategies and financial targets which the Group has been building since February 2020 to consolidate its growth as a global company. Consequently, this Business Period saw revenues increase significantly year on year, and operating income and EBITDA (operating income + depreciation and amortization) both reached record highs (on a Non-GAAP basis) since the establishment of the Group.

Specifically, the Group first developed and launched a number of semiconductors for industrial, infrastructural and IoT equipment, including over 130 winning combinations (such as analog, power, and embedded processing; comprehensive solutions that integrate the product portfolios of previously acquired companies Intersil and IDT with the Group), microcontrollers and SoCs for automotive applications such as "RH850/U2B," "R-CAR S4," and "RA MCU families," and "RZ MPU series". In this way, the Group promoted the expansion of its competitive product portfolio and enhanced scalability to meet customer needs, as well as acquiring many design-in products that will be a source of future revenue.

In addition, in the semiconductor industry, where alliances are advancing worldwide, in order to further strengthen its solution capabilities and expand its business growth opportunities, the Group pursued

mergers and acquisitions to enhance corporate value, including the successive acquisitions of Dialog, a British analog semiconductor company that has strengths mainly in power management and connectivity technologies, and Celeno, a U.S. holding company with an Israeli analog semiconductor subsidiary.

In terms of financing, the Group raised a total of approximately ¥222.6 billion by conducting public offering and third-party allocation of new shares to secure funds for acquisitions and diversify financing methods. The Group also raised a total of US\$1.35 billion by issuing unsecured straight bonds denominated in U.S. dollars, including Green Bonds, for use in projects that contribute to the improvement of the global environment.

In the ESG (Environment/Social/Governance) area, the Group endeavored to enhance information disclosure through the Group's website, in addition to proactively working to improve ESG in general through initiatives such as improving related systems and policies, joining international initiatives, promoting domestic and overseas social contribution activities, and strengthening governance with focus on the Board of Directors. As a result, the Group received ESG ratings from international independent research organizations (MSCI, Inc., FTSE, etc.) and was selected for inclusion in indexes such as the MSCI Japan Empowering Women Index (WIN).

For continued improvement of employees' awareness and conduct, and to improve operations, the Group worked to embed the Renesas Culture guideline of "Transparent, Agile, Global, Innovative, Entrepreneurial" ("TAGIE") that was formulated in 2020 as a conduct guideline shared across Group employees. To do this, the Group conducted activities including holding a CEO roundtable, opening a dedicated in-house portal site, and conducting surveys. In addition, from the viewpoint of optimizing its employee portfolio, the Group responded to the diversification of working styles, introduced an in-house free agent system, and strengthened the development of highly qualified human resources. The Group also worked to optimize its overall business efficiency through improving various Group systems such as the realignment of the Group's logistics flow.

The fire that affected part of the N3 building at the Group's Naka Factory in March 2021 may have been cause for shareholder concern, but as a result of the Group working together on recovery activities along with the support of those involved in the recovery process, production has since been restored ahead of schedule. The Group sincerely apologizes for any concerns and appreciates your understanding and cooperation. The Group will strive to strengthen disaster prevention measures, including the expansion of fire extinguishment and predictive maintenance systems within its plants, to prevent a reoccurrence.

(ii) Summary of Consolidated Financial Results

The Group discloses its consolidated financial results through both internal indicators used by management for decision-making ("Non-GAAP Indicators") and indicators based on IFRS (International Financial Reporting Standards) as helpful information for understanding the Group's ongoing business performance.

Non-GAAP gross income and operating income is derived as follows: IFRS gross income and operating income, respectively, subtracting or reconciling non-recurring items and other reconciliation items in accordance with specified rules. In particular, items such as amortization of intangible assets and other impacts of purchase price allocations recognized in connection with acquisitions, stock compensation

expenses, and one-off gains or losses that the Group deems should be deducted, are deducted or adjusted.

(Note) The Group references standards determined by the U.S. Securities and Exchange Commission in connection with disclosure of Non-GAAP Indicators, but the disclosures do not fully comply with these standards.

Consolidated financial results of the Group for this Business Period were as follows.

<Consolidated Financial Results for this Business Period (Non-GAAP Basis)>

(Non-GAAP Revenue)

Revenue for this Business Period increased 38.9% year on year to 994.4 billion yen. This was due to an increase in revenue in the Automotive Business linked to the recovery from the previous year's reduction in vehicle production as a result of the Covid-19 pandemic, an increase in revenue in response to growing demand in the Industrial, Infrastructure, and IoT businesses, and increased revenue following the consolidation of Dialog, which was completed in Aug. 2021.

(Non-GAAP Gross Profit)

Gross profit for this Business Period increased 190.1 billion yen (56.1%) year on year to 528.9 billion yen (gross profit margin of 53.2%). This was mainly due to an increase in revenue in both the Automotive Business and the Industrial, Infrastructure and IoT Business, as well as an improvement in product mix and plant utilization.

(Non-GAAP Operating Income)

Operating income increased by 159 billion yen (115.6%) year on year to 296.6 billion yen (operating margin of 29.8%). This was mainly due to increased gross margin and efforts to streamline SG&A expenses after adjusting for Non-GAAP.

(Adjustment from Non-GAAP Gross Profit to IFRS Gross Profit)

During this Business Period, amortization of intangibles and fixed assets deducted from Non-GAAP gross profit was 0.8 billion yen, fair market inventory valuation was 13.4 billion yen, and stock compensation expenses were 1.4 billion yen. Further, one-time and limited-in-scope gains or losses are included in non-recurring items of 16.9 billion yen.

(Adjustments from Non-GAAP Operating Income to IFRS Operating Income)

During this Business Period, amortization of intangibles and fixed assets deducted from Non-GAAP operating income was 57.6 billion yen, fair market inventory valuation was 13.4 billion yen, and stock compensation expenses were 14.9 billion yen. Further, one-time and limited-in-scope gains or losses are included in non-recurring items of 27.1 billion yen.

< Consolidated Financial Results for the Business Period (IFRS Basis)>

Revenues for this Business Period increased by 38.9% year on year to 994.4 billion yen, and gross profit increased 47.9% year on year to 496.4 billion yen (gross profit margin of 49.9%). Operating income

(Translation)

increased by 181.8% year on year to 183.6 billion yen (operating income margin of 18.5%). Further, net income attributable to shareholders of the parent company for this Business Period increased by 81.6 billion yen, resulting in 127.3 billion yen of profit.

(in billion yen)

Classification	19th Business Period (From Jan. 1, 2020 to Dec. 31, 2020)	20th Business Period (Current Business Period) (From Jan.1, 2021 to Dec. 31, 2021)
Revenue	715.7	994.4
Non-GAAP Gross Margin	338.7	528.9
Amortization of Intangibles and Fixed Assets	△1.5	△0.8
Market Inventory Value	-	△13.4
Stock Compensation Expenses	△1.2	△1.4
Non-Recurring Items	△0.3	△16.9
Gross Profit (IFRS Basis)	335.7	496.4
Non-GAAP Operating Income	137.5	296.6
Amortization of Intangible and Fixed Assets	△55.5	△57.6
Market Inventory Value	-	△13.4
Stock Compensation Expenses	△14.6	△14.9
Non-Recurring Items	△2.4	△27.1
IFRS Operating Income	65.1	183.6
Profit Attributable to Shareholders of the Parent (IFRS Basis)	45.6	127.3

<Segment Overview>

The performance of each segment is 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 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. Revenues of the Automotive Business for this Business Period were 462.3 billion yen, an increase of 35.6% year on year, mainly due to an increase in sales in

both the “Automotive Control” and “Automotive Information” categories reflecting a recovery from the reduction in vehicle production in the previous Business Period. Non-GAAP Gross profit also increased by 86.1 billion yen (67.0%) year on year to 214.6 billion yen (Non-GAAP gross profit margin of 46.4%), due to improvements to the product mix as well as increased revenue. Non-GAAP Operating income increased by 74.1 billion yen (153.2%) year on year to 122.4 billion yen (Non-GAAP operating margin of 26.5%), mainly due to the effect of higher sales.

(Industrial, Infrastructure and IoT Business)

The Industrial, Infrastructure and IoT Business includes “Industrial”, “Infrastructure” and “IoT” that support the smart society. The Group mainly supplies microcontrollers, SoCs and analog semiconductor devices in each of these categories. Revenue of the Industrial, Infrastructure and IoT Business for this Business Period was 515.5 billion yen, a 41.8% increase year on year. This was due to the revenue increase from the consolidation of Dialog as well as increased revenue from the Industrial, Infrastructure, and IoT segments, mainly for factory automation equipment, data centers and cellular network base stations, and OA devices for PCs. Non-GAAP Gross Profit increased by 103.2 billion yen (49.3%) year on year to 312.3 billion yen (Non-GAAP gross profit margin of 60.6%), mainly due to an improvement in the product mix as well as increased revenue.

Non-GAAP Operating income for this Business Period increased by 77.4 billion yen (86.3%) year on year to 167.1 billion yen (Non-GAAP operating margin of 32.4%) due to the effect of higher sales.

(Other)

The Other category includes contract development and contract manufacturing of semiconductors.

Other revenues for this Business Period increased 49.7% year on year to 16.6 billion yen. Non-GAAP Operating income increased 69.2% year on year to 2.0 billion yen.

We would like to forgo declaring dividends for this Business Period. The Group aims to increase corporate value and, in turn, shareholder returns, by allocating internal reserves to strategic investment opportunities to enable response to rapid environmental changes and survive global competition. In terms of shareholder return, we aim to proceed with the acquisition of treasury stock as soon as possible as a prerequisite for issuing dividends.

In this regard, we respectfully ask for our shareholders’ continuous understanding and support.

(2) Issues to be Addressed by the Group

(i) Sales growth, appropriate cost control and optimization of production structure

Firstly, the Group’s sales increased during this Business Period compared to the previous year as a result of recovering demand for automobiles and infrastructure development accelerating in line with digitization trends triggered by the Covid-19 pandemic, as well as the acquisition of Dialog reaching completion in August 2021. Additionally, design-in, which is a source of future sales revenue, was 8% over target for this Business Period, an increase of 6% year on year. To achieve further sales growth, the Group will strive to expand and strengthen its product portfolio and necessary technologies through both an organic

approach (expanding and strengthening existing businesses) and an inorganic approach (leveraging strategic alliances with other companies, acquisitions, and similar initiatives). Through the organic approach, the Group will promote intensive investment in research and development in the Group's focus areas. Specific areas of focus include SoCs for automated driving and automated driving assistance, microcontrollers for automotive domain control, Insulated Gate Bipolar Transistors (IGBTs) for xEVs, mixed signal products for ADAS and xEVs, microcontrollers mounting ARM cores and RISC-V cores, Battery Management Systems (BMS), MPUs with built-in Dynamically Reconfigurable Processor-AI (DRP-AI), and analog and mixed signals for data centers and 5G-related products. Meanwhile, the Group will take an inorganic approach by continuing to develop winning combinations and other initiatives to maximize synergies with Dialog and Celeno, which were acquired during this Business Period, in addition to the previously acquired former Intersil and IDT. In addition, through further M&A, the Group will, in a timely manner, expand its product portfolio and technologies to areas currently not held by the Group.

Secondly, on the cost front, despite the ongoing rise in transport costs due to the effects of the Covid-19 pandemic, the Group continues to implement logistics realignment measures, and the effects of these were seen in this Business Period. In terms of improving operational and IT system efficiency, the Group is strategically investing in integrating its existing the ERP (Enterprise Resource Planning) system, and believes these benefits will be felt over the mid- to long-term. In the short term, the Group will strive to control costs appropriately while ensuring it makes strategic investments necessary for future sales growth and business efficiency.

On the production front, the operating rates of the Group's production bases during the fiscal year under review were 57% for the 6-inch production plant, 97% for the 8-inch production plant, 75% for the 12-inch production plant, and 84% for all plants on average. Against the backdrop of a worldwide supply shortage of microcontrollers and SoCs for in-vehicle control and other semiconductors, the Group will work to expand production volumes at contract manufacturers in addition to expanding facilities at its own plants to ensure a stable supply. In addition, in light of the fire at the Naka Factory in March last year, the Group will strive to take disaster prevention measures, including expanding firefighting facilities and predictive maintenance systems at its own plants.

(ii) Strengthening software development capabilities

As of the end of this Business Period, software development personnel accounted for more than 10% of the Group's total development personnel.

However, in recent years, the added value of semiconductor-related software has increased further, and enhancing software development capabilities will also be important for the provision of the Group's products and solutions.

The Group is working to strengthen its software development and customer support systems by promoting internal development efficiency and leveraging outsourcing opportunities with software companies. Going forward, the Group will continue to expand and strengthen its development workforce through inorganic approaches and proactive recruitment and continue to build and implement strategies related to software development.

(iii) Responding to geopolitical issues

In recent years, trade conflicts between the United States and China have become increasingly prolonged and intense, and may develop into a more significant issue in the future in the semiconductor market, which is the business segment of the Group.

The Group is working to decentralize its design bases worldwide and optimize its resources from short-, medium-, and long-term perspectives. The Group will continue its activities to minimize such geopolitical risks in the future.

(iv) Responding to mergers and acquisitions in the semiconductor industry

The semiconductor industry, in which the Group operates, has traditionally experienced intense competition on a global level, and there is a trend toward mergers and acquisitions. In recent years, several large-scale M&A deals with acquisition values exceeding 1 trillion yen have been announced, accelerating this trend and highlighting the differences in the scale of business among semiconductor industry companies.

Considering these developments, in this Business Period the Group acquired Dialog and Celeno in order to expand and strengthen its business portfolio and rank as a competitor. Going forward, the Group will continue to list and update potential acquisition candidates and consider mergers and acquisitions that will contribute to increasing corporate value.

(v) Improving employee engagement and instilling Renesas Culture

With "To Make Our Lives Easier" as its purpose, the Group provides products and solutions that make people's lives easier. In the previous Business Period, the Group developed and launched the "Renesas Culture," which consists of five elements: "Transparent, Agile, Global, Innovative, Entrepreneurial," as a set of action guidelines shared by all Group organizations and employees worldwide to respond swiftly and flexibly to a constantly changing environment.

During this Business Period, the Group took various measures to accelerate the penetration of this "Renesas Culture." Going forward, the Group will further share each element of the "Renesas Culture" with its employees to further improve engagement.

(vi) Optimizing the employee portfolio

At this end of the Business Period, the Group's regional headcount was 45% in Japan, 10% in North America, 10% in Europe, and 35% in Asia-Pacific.

From a medium- to long-term perspective, the Group will implement a variety of personnel measures with the aim of achieving an optimal employee age composition and regional composition for the Group, as well as expanding the number of employees engaged in important fields such as software and in fields that are expected to grow in the future.

Specifically, the Group will organize a global talent recruitment team and implement more globally aligned and strategic recruitment activities in each region than ever before. At the same time, the Group will continue to optimize the portfolio of Group employees, using an inorganic approach.

(vii) Promotion of ESG activities and information disclosure

During this Business Period, the Group implemented several initiatives for ESG and SDGs (Sustainable Development Goals). Going forward, the Group will continue to promote activities that contribute to the environment and contribute to society, such as the diversity of human resources and employee health and safety, as well as activities that contribute to governance, such as the strengthening of the Board of Directors function.

The Group will also strive to further improve our corporate value by further enhancing non-financial information on this ESG activity, improving its ESG rating, and expanding information disclosure to various stakeholders surrounding the Group.

(viii) Optimization of the supply chain

The Group's supply chain faces challenges in terms of aligning production with order lead times and business practices related to order finalization.

To resolve these issues, the Group is making improvements to its structure and IT systems to modernize and bring them to industry standard, and will continue to work to optimize our supply chain through various measures, including establishment of chip stocks, in addition to consolidation and improvement of IT systems, review of business terms and conditions, and optimization of sales channels.

(3) The Group's Research and Development Activities

(i) Announcement of "RH850/U2B" to support next-generation hybrid and electric vehicle architecture

The Group unveiled "RH850/U2B", an in-vehicle microcontroller that employs 28-nanometer process technology. Sample shipments of this product are scheduled to begin in April 2022.

In recent years, as countries strengthen their CO2 emission controls in an effort to counter global warming, xEVs that can reduce CO2 emissions are quickly becoming widespread, since they contribute to the realization of an environmentally friendly, safe, comfortable, and sustainable society.

In the future, automotive system design is expected to move toward next-generation E/E architecture, so there is demand for automotive semiconductors that can help realize this.

This microcontroller is positioned at the highest end of the Group's RH850 family, with outstanding features such as high performance, scalability, virtualization compatibility, and security features. This allows the Group to meet the demanding requirements of automotive systems, and is best suited for zone domain controls, connected gateways, and other cornerstones of the next generation E/E architecture, such as powertrain control and inverter control.

The Group will continue to lead the industry in advancing a safe and secure automobile society.

(ii) Announcement of an in-vehicle gateway solution combining the newly developed gateway SoC "R-Car S4" and PMIC for the next generation of automotive central computers

The Group has announced automotive gateway solutions that combine the newly developed gateway SoC "R-Car S4" and Power Management ICs (PMIC) for the next generation of automotive central computers.

This solution not only meets the high standards that will be required as automobile E/E architecture evolves in the future, but also is a high-performance solution that accommodates multiple, diverse high-speed networks and is highly equipped with security features and functional safety levels.

The "R-Car S4" that comprises this solution is designed with an emphasis on reusing existing software, and can be used in conjunction with PMICs that operate seamlessly to improve user development efficiency. The PMICs also achieve ultra low-power operation, and are capable of supplying 12 volts of automotive battery power as well as the step-down voltage required by peripheral devices and other equipment, and can output up to 11 channels.

Sample shipments of both products have already started, and the Group has begun offering an evaluation board for this solution. In addition to R-Car S4 and PMIC, this board is equipped with the "Autoclock RC2121x" timing ICs, which is one of the Group's winning combinations.

By providing this solution, the Group is contributing to users' product design development efficiency and the shortening of development time.

(iii) Announcement of communication infrastructure solutions at base stations and data centers

The Group has expanded its 5G Beam Forming IC portfolio and launched a 2 millimeter-wave device optimized for 5G and broadband radio.

This product is an 8-channel high-integrated transmitter receiver that can transmit and receive data, including "F5288" for n257 frequency band (26.5GHz~29.5GHz) and "F5268" for n258/261 frequency band (24.25GHz~27.5GHz). By using this product, users can respond to broadband signals not only for various base stations, but also for fixed wireless access points, user premises equipment, and various other wireless infrastructures, enabling users to design cost-effective phased array systems.

As a winning combination using this product, the Group has begun offering the up-down converters "F5728", broadband mirroring synthetics "8V97003", and "Base Station Antenna and Front-End Solutions" combined with PMIC. This solution allows customers in the telecommunications industry to design cost-effective base stations and other devices for long distance wireless.

(iv) Release of a new ozone detection-specific firmware for the "ZMOD4510" outdoor air quality sensor platform

The Group expanded its "ZMOD4510" outdoor air quality (Outdoor Air Quality: OAQ) sensor platform and released ozone detection-specific firmware that delivers ultra-low power consumption.

High concentrations of ozone gas are a significant source of adverse air conditions and health risks. Ozone is used in various air quality indicators in various countries and regions, including the U.S. Environmental Protection Agency's Air Quality Index.

With the use of AI-based algorithms, this firmware can selectively measure ozone gas. The combination of this firmware and ZMOD4510 also makes it possible to operate at ultra-low power consumption of 200 microwatts or less, making it suitable for use in battery-powered equipment. These enable small mobile devices, such as smartwatches, smartphones, and gas detection devices, to easily measure air quality.

The Group provides a winning combination to add this platform to building automation lighting to help users design products and accelerate their launch into the market.

(4) Capital Investments of the Group

The total amount of capital investments made by the Group (on an investment decision basis) during this Business Period was 88.0 billion yen. This was mainly for renewing manufacturing equipment at production facilities, disaster prevention measures, and recovery from the fire at the Naka Factory.

(5) Financing Activities of the Group

In February 2021, the Company entered a Facilities Agreement (maximum borrowing amount: 665.4 billion yen) with Mitsubishi UFJ Bank, Ltd. and Mizuho Bank, Ltd. to raise funds required for the acquisition of Dialog, and in August we borrowed a total of 270 billion yen. In June 2021, the Company conducted a public offering and third-party allocation of new shares, raising a total of approximately 222.6 billion yen. To refinance this borrowing into medium- to long-term funds, the Company entered into a syndicated loan agreement (total loan: 96 billion yen) with Mitsubishi UFJ Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., and others, and a term loan agreement (total loan: 144 billion yen) with JBIC, in December 2021.

In addition, in November 2021, the Company raised a total of \$1.35 billion through the issuance of

unsecured U.S. dollar-denominated straight bonds (including Green Bonds) as part of its efforts for fund enhancement and diversification of financing methods.

The Group's interest-bearing debt as of the end of the Business Period was 830.9 billion yen, an increase of 137.2 billion yen year on year.

(6) Changes in the Results of Financial Position and Profit and Loss (Consolidated)

<IFRS>

Indices		17th Business Period (From Jan. 1, 2018 Until Dec. 31, 2018)	18th Business Period (From Jan. 1, 2019 Until Dec. 31, 2019)	19th Business Period (From Jan. 1, 2020 Until Dec. 31, 2020)	20th Business Period (This Business Period) (From Jan. 1, 2021 Until Dec. 31, 2021)
Revenue	(Billions of yen)	756.5	718.2	715.7	994.4
Operating Income	(Billions of yen)	68.2	6.3	65.1	183.6
Non-GAAP Operating Income	(Billions of yen)	104.0	92.5	137.5	296.6
Profit (losses) before income taxes	(Billions of yen)	67.7	(0.3)	65.2	152.5
Profits (losses) attributable to shareholders of parent company	(Billions of yen)	51.0	(6.3)	45.6	127.3
Basic earnings (losses) per share in yen	(Yen)	30.57	(3.73)	26.54	68.96
Total assets	(Billions of yen)	1,055.2	1,668.1	1,609.0	2,406.2
Total capital	(Billions of yen)	601.0	624.4	619.7	1,161.5

- (Note) 1. Starting from the 18th Business Period, the consolidated financial statements have been prepared in accordance with IFRS. As a reference, figures prepared in accordance with IFRS for the 17th Business Period are also shown above.
2. Basic earnings (losses) per share are calculated based on the average number of shares outstanding during the applicable Business Period.
3. Non-GAAP operating income is calculated by deducting or adjusting non-recurring items and other specific adjustment items from operating income in accordance with IFRS pursuant to certain rules. We determined such information is useful to understand the Group's constant operating results.

<Japanese GAAP>

Indices		16th Business Period (From Jan. 1, 2017 Until Dec. 31, 2017)	17th Business Period (From Jan. 1, 2018 Until Dec. 31, 2018)
Net sales	(Billions of yen)	780.3	757.4
Operating income	(Billions of yen)	78.4	66.8
Ordinary income	(Billions of yen)	75.3	65.1
Income before income taxes	(Billions of yen)	84.8	55.6
Net income attributable to shareholders of parent company	(Billions of yen)	77.2	54.6
Net income per share (yen)		46.3	32.74
Total assets	(Billions of yen)	1,051.5	967.8
Net assets	(Billions of yen)	511.9	531.6

(Note) Net income per share is calculated based on the average number of shares outstanding during the applicable Business Period.

(7) Principal Subsidiaries (As of December 31, 2021)

Company name		Capital (Millions of yen)	Investment Ratio (%)	Main business	Location
Japan	Renesas Semiconductor Manufacturing Co., Ltd.	100	100.0	Manufacture of semiconductors (front-end process)	Hitachinaka City, Ibaraki
Overseas	Renesas Electronics America, Inc.	(1,000 USD) 2,952,449	100.0	Design, development, manufacturing, and sale of semiconductors in the USA	California, USA
	Renesas Electronics Europe GmbH (Germany)	(1,000 Euro) 14,000	100.0	Design, development, and sale of semiconductors in Europe	Dusseldorf, Germany
	Renesas Electronics Hong Kong Limited	(1,000 HKD) 15,000	100.0	Sale of semiconductors in Hong Kong	Hong Kong, China
	Renesas Electronics Taiwan Co., Ltd.	(1,000 NTD) 170,800	100.0	Sale of semiconductors in Taiwan	Taipei, Taiwan
	Renesas Electronics Singapore Pte. Ltd.	(1,000 USD) 32,287	100.0	Sales of semiconductors in ASEAN, India, Oceania, and the Middle East	Singapore
	Dialog Semiconductor Limited	(1,000 USD) 13,526	100.0	Development, manufacturing, and sale of analog ICs such as mixed signals	Reading, United Kingdom

(Note) 1. As of December 31, 2021, there was a total of 114 consolidated subsidiaries, including 5 domestic and 109 overseas subsidiaries, including the principal subsidiaries listed above.

2. The Group acquired Dialog, a British analog chip company, as a wholly owned subsidiary in August 2021.

3. There is no “Specific wholly owned subsidiary”.

(8) Main Business of the Group (as of December 31, 2021)

As a semiconductor manufacturer, the Group designs, develops, manufactures, and sells and provides services in connection with semiconductor products with focus on products for automotive, industrial, infrastructure and IoT-based applications.

(9) Principal Sites and Factories of the Group (as of December 31, 2021)

(i) The Company

Type	Location
Head Office	Koto-ku, Tokyo
R&D Base	Musashi Site (Kodaira City, Tokyo), Takasaki Site (Takasaki City, Gunma), and Naka Site (Hitachinaka City, Ibaraki)
Manufacturing Base	Yonezawa Factory (Yonezawa City, Yamagata), Oita Factory (Nakatsu City, Oita), and Nishiki Factory (Kuma-gun, Kumamoto)

(ii) Subsidiaries

Principal subsidiaries and their locations are described in "1. (7) Principal Subsidiaries" above.

(10) Employees of the Group (as of December 31, 2021)

Number of Employees	Year on Year Increase
20,962	2,209

- (Note) 1. The above figures are the number of permanent employees (including individuals seconded from outside the Group to the Group, and excluding individuals seconded from the Group to outside the Group), excluding temporary employees.
2. The increase in employees mainly resulted from the acquisitions of Dialog and Celeno.

(11) Major Lenders of the Group (as of December 31, 2021)

Lenders	Outstanding Borrowings (Millions of yen)
MUFG Bank, Ltd.	221,530
Mizuho Bank, Ltd.	204,099
Japan Bank for International Cooperation	144,000
Sumitomo Mitsui Trust Bank, Limited	55,762

2. Company Overview

(1) Matters related to the Company's Shares (as of December 31, 2021)

- (i) **Total Number of Shares Authorized to be Issued** 3,400,000,000 shares
- (ii) **Total Number of Shares Issued** 1,943,803,194 shares
(excluding treasury stock of 2,581 shares)
- (iii) **Number of Shareholders** 112,242
- (iv) **Major Shareholders**

Name of Shareholders	Number of shares held (shares)	Shareholding Ratio (%)
INCJ, Ltd.	391,547,575	20.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	157,436,900	8.09
DENSO Corporation	153,143,625	7.87
Toyota Motor Corporation	75,015,900	3.85
Custody Bank of Japan, Ltd. (Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	71,779,857	3.69
Hitachi, Ltd.	61,990,548	3.18
Custody Bank of Japan, Ltd. (Trust Account)	55,325,100	2.84
Mitsubishi Electric Corporation	50,706,885	2.60
MSIP CLIENT SECURITIES	44,642,530	2.29
GIC PRIVATE LIMITED-C	36,899,650	1.89

- (Note) 1. The shareholding ratio is calculated excluding 2,581 shares of treasury stock.
2. The shareholding ratio is rounded down to the nearest hundredth of a percent.
3. The number of shares held by the Custody Bank of Japan, Ltd. (re-entrusted by Sumitomo Mitsui Trust Bank, Limited; NEC Corporation's Retirement Benefit Trust Account) of 71,779,857 shares (3.69% shareholding ratio) were shares that were contributed by NEC Corporation as severance indemnities trusts. The voting rights of such shares will be exercised at the instruction of NEC Corporation.

(v) Other Significant Matters Concerning Shares

The number of shares issued increased by a total of 194,320,400 shares due to the June 2021 public offering and third-party share allocation.

(2) Matters related to Directors and Corporate Auditors**(i) Directors and Corporate Auditors (as of December 31, 2021)**

Name	Position	Responsibility and Significant Concurrent Positions
Hidetoshi Shibata	*Representative Director, President, and CEO	Management of important matters related to the overall business, chairman of General Meeting of Shareholders, Board of Directors, Executive Committee, Corporate Management Meeting and other important meetings, and matters relating to the Quality Assurance Division, Internal Audit Office, CEO Office, Sustainability Promotion Office and Human Resource Division
Tetsuro Toyota	Director	Chief Investment Officer, Member of the Board, Head of Investment Group, INCJ, Ltd.
Jiro Iwasaki	Director	Outside Director, SBS Holdings, Inc.
Selena Loh Lacroix	Director	Vice Chair, Technology Practice, Korn Ferry Board Member, National Association of Corporate Directors - North Texas Chapter (part time)
Arunjai Mittal	Director	Member of the Supervisory Board, tesa SE Director, Silicon Solutions Ventures Pte. Ltd. Non-Executive Chairman, ZERO-ERROR SYSTEMS PTE. LTD. Board Member, Agency for Science and Technology Research Non-Executive Chairman, Advanced Micro Foundry Pte Ltd.
Noboru Yamamoto	Director	Representative Director, Representative Partner & CEO, XIB Inc. Outside Director, Koki Holdings Co., Ltd. Senior Advisor, CLSA Capital Partners K.K. Outside Director, TSUBAKI NAKASHIMA CO., Ltd.
Kazuki Fukuda	Corporate Auditor (full time)	
Kazuyoshi Yamazaki	Corporate Auditor	Representative, Yamazaki Law Office Outside Director, Nisul Co., Ltd. Outside Director, REGAO Co., Ltd. Outside Auditor, SEIBUNDO SHINKOSHA Publishing Co., Ltd.
Takeshi Sekine	Corporate Auditor	Senior Executive Managing Director, Head of Portfolio Monitoring, Japan Investment Corporation
Tomoko Mizuno	Corporate Auditor	Director, NIPPON AUTOMATIC MACHINE CO., Ltd.

- (Note) 1. Mr. Tetsuro Toyota, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal, and Mr. Noboru Yamamoto, 5 Directors, are Outside Directors as stipulated in Item 15, Article 2 of the Companies Act.
2. Mr. Kazuyoshi Yamazaki, Mr. Takeshi Sekine and Ms. Tomoko Mizuno are 3 Outside Audit & Supervisory Board Members as stipulated in Item 16, Article 2 of the Companies Act.
3. The Company has notified the Tokyo Stock Exchange of Outside Directors Mr. Tetsuro Toyota, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix, Mr. Arunjai Mittal and Mr. Noboru Yamamoto, as well as Outside Corporate Auditors, Mr. Kazuyoshi Yamazaki, Mr. Takeshi Sekine and Ms. Tomoko Mizuno, as Independent Executives who have no conflicts of interest with the Company's general shareholders.
4. Mr. Kazuki Fukuda, Corporate Auditor, has many years of accounting experience at other companies and thus has considerable knowledge of finance and accounting. Mr. Takeshi Sekine, Corporate Auditor, is qualified as a certified public accountant and has considerable knowledge of finance and accounting.
5. Changes in the Board of Directors during the Business Period are as follows:

- (i) At the 19th Annual General Meeting of Shareholders held on March 31, 2021, Mr. Noboru Yamamoto was newly elected and took office as a Member of the Board of Directors.
- (ii) Mr. Tetsuya Tsurumaru retired as a Member of the Board of Directors at the conclusion of the 19th Ordinary General Meeting of Shareholders held on March 31, 2021 due to the expiration of his term of office.
6. Changes in the Audit & Supervisory Board during the Business Period are as follows.
- (i) At the 19th Ordinary General Meeting of Shareholders held on March 31, 2021, Ms. Tomoko Mizuno was newly elected and took office as a Corporate Auditor.
- (ii) At the closing of the 19th Ordinary General Meeting of Shareholders held on March 31, 2021, Mr. Noboru Yamamoto resigned as an Audit & Supervisory Board Member.
7. INCJ, Ltd., where Mr. Tetsuro Toyota, Outside Director, holds a concurrent position, is a major shareholder that owns 20.14% of our shares. In addition, the Industrial Innovation Investment Organization, Inc., where Mr. Takeshi Sekine, Outside Corporate Auditor, holds a concurrent position, owns all shares of INCJ Co., Ltd. There are no other special interests between the Company and the applicable concurrent employer.
8. The Company has adopted an executive officer system. Asterisks (*) denote Directors who serve concurrently as Executive Officers. The names of other Executive Officers (who are not Directors) as of January 1, 2022, are as follows:

Name	Position at the company	Responsibility
Masahiko Nozaki	Executive Vice President	Matters relating to Production & Technology Unit
Sailesh Chittipeddi	Executive Vice President	Matters relating to IoT and Infrastructure Business Unit
Hiroto Nitta	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (SoC Business)
Shinichi Yoshioka	Senior Vice President and CTO	Formulation of the Company's technology strategy and R&D policies
Chris Allexandre	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (Global Sales and Corporate Digital Marketing)
Roger Wendelken	Senior Vice President	Matters relating to IoT and Infrastructure Business Unit (MCU Business)
Shuhei Shinkai	Senior Vice President and CFO	Matters relating to Corporate Strategy & Finance Division, Accounting & Control Division, Procurement Division, Supply Chain Management Division and General Affairs Division
Jason Hall	Senior Vice President and CLO	Matters relating to Legal Division and Information Systems Division
Takeshi Kataoka	Senior Vice President	Matters relating to Automotive Solutions Unit
Vivek Bhan	Senior Vice President	Matters relating to Automotive Solution Unit (A&P Business)

(ii) Outline of Liability Limitation Agreements

Pursuant to the Articles of Incorporation of the Company, the Company executed liability limitation agreements with Mr. Tetsuro Toyoda, Mr. Jiro Iwasaki, Ms. Selena Loh Lacroix and Mr. Arunjai Mittal, who are Outside Directors, and Mr. Kazuyoshi Yamazaki, Mr. Takeshi Sekine and Ms. Tomoko Mizuno, who are Outside Corporate Auditors, respectively, limiting their liabilities for damages as defined in Paragraph 1, Article 423 of the Companies Act. The liabilities pursuant to such agreements are limited to the minimum liability amount stipulated in the Articles of Incorporation of the Company.

(iii) Outline of liability insurance contract for Directors, etc.

The Company has a Directors and Officers liability insurance policy with an insurance company. This policy covers damages and costs incurred by Directors, Corporate Auditors, Executive Officers and management and other employees of the Company and its subsidiaries from claims made in connection with the performance of their duties, and the insurance premiums are born by the Company. However, to ensure the insured can appropriately execute their duties, the Company has established certain exemptions, such as not compensating for damage incurred by those who are aware of violations of laws and/or regulations.

(iv) Compensation for Directors and Corporate Auditors

■ Compensation for Directors and Corporate Auditors

(a) Compensation for Directors

<Directors who concurrently serve as Executive Officer>

Compensation for Directors who concurrently serve as Executive Officers shall be stated in "■ Compensation for Executive Officers" below.

<Directors who do not concurrently serve as Executive Officer>

The basic policy regarding compensation for Directors who do not concurrently serve as Executive Officers is as follows:

- Compensation should be highly transparent and objective
- Compensation should be linked with the increase of company value so that Directors can have the same profit mindset as shareholders
- To achieve the realization of the corporate vision, compensation should help to secure a global management team which fulfills the appropriate capacity requirement, and enhance retention.

For Directors who do not concurrently serve as Executive Officers, we pay stock-based compensation (1-yen stock options with service continuity conditions until 2020, and stock-based compensation with post-grant service continuity conditions in 2021) to some persons, in order to secure diverse and excellent human resources and to raise further awareness of the roles, in addition to paying base salary as fixed compensation, up to the compensation limit resolved at the Annual General Meeting of Shareholders. (For details, please refer to "■ Compensation for Executive Officers (b) Details (i) Compensation Principles and Elements" below.

The Compensation Committee, which is entrusted with the distribution of individual executive compensation by the Board of Directors, sets the compensation ratio, level, and mix of compensation for each Director who does not concurrently serve as an Executive Officer, taking into account the appropriate ratio and level in light of the above-mentioned basic policy, corresponding to the duties of the Directors. A majority of the members of the Compensation Committee are made up of Outside Directors and the Committee is chaired by an Outside Director.

(b) Compensation for Corporate Auditors

We pay an annual retainer as fixed salary that is not tied to performance for Corporate Auditors to secure their independence. Compensation to Corporate Auditors is determined and paid within the compensation limit resolved at the General Meeting of Shareholders taking into consideration the

discussion of Corporate Auditors.

(c) Total amount of compensation, etc. for Directors and Corporate Auditors

	Number of officers to be paid	Total amount of compensation, etc. (Million yen)	Total compensation by type (Million yen)			
			Monetary compensation, etc.		Non-monetary compensation, etc.	
			Base salary	Short-term incentives	Long-term incentives	
					Stock-based compensation with continuous service conditions	Stock-based contingent awards
Director (excluding Outside Directors)	2	610	81	74	280	176
Outside Directors	4	146	39	-	107	-
Corporate Auditors (excluding Outside Corporate Auditors)	1	20	20	-	-	-
Outside Corporate Auditor	3	12	12	-	-	-

- (Note) 1. As of the end of the Business Period, the Company had 6 Directors (including 5 Outside Directors) and 4 Corporate Auditors (including 3 Outside Corporate Auditors).
2. Compensation for Directors includes compensation for the CEO who also serves as an Executive Officer.
3. Amounts are rounded to the nearest million yen. Therefore, the total amount stated in each column may not correspond to the amount in the column for total amount of compensation, etc.
4. Of the non-monetary compensation in the table, equity compensation with continuing service conditions include Time Based Stock Options (TSO), which is a 1-yen stock option, and equity-based contingent stock awards include Performance-based Stock Options (PSOs). The fair value of those compensation types exercisable during the Business Period is calculated based on the closing stock price on the vesting date and other factors. Performance Share Units (PSUs) and Restricted Stock Units (RSUs) introduced in FY2021 are not included because there were no units that vested during the Business Period. In addition, the amount to be charged to income for the Business Period is 326 million yen for internal Directors and 59 million yen for Outside Directors, subject to stock options and units that have been granted.
5. For non-Japanese Directors and Corporate Auditors, the currency for payment is translated into Japanese yen at the average exchange rate during the Business Period (108.97 yen to 1 USD).
6. At the 16th Ordinary General Meeting of Shareholders held on March 29, 2018, the maximum amount of compensation for Directors was resolved to be 2 billion yen per year (of which the maximum amount for Outside Directors is 400 million yen per year). At the conclusion of the Ordinary General Meeting of Shareholders, the Company had 5 Directors (including 2 Outside Directors).
7. At the 19th Ordinary General Meeting of Shareholders held on March 30, 2021, the maximum amount of ex-post grant-type stock compensation for Directors was resolved within the framework of the amount described in 6 above for monetary compensation claims related to units, and within 2.7 million shares per year (of which no more than 0.2 million shares are for outside directors) for the total number of shares of the Company to be delivered by directors. As of the conclusion of that Annual General Meeting of Shareholders, there was 1 Director eligible (Outside Directors are not eligible for grant) for Performance Share Units (PSUs) and 6 Directors (including 5 Outside Directors) eligible for Restricted Stock Units (RSUs).
8. At the Extraordinary General Meeting of Shareholders held on Feb. 24, 2010, the maximum amount of compensation for Corporate Auditors was resolved to be 12 million yen per month. At the conclusion of this extraordinary general meeting of shareholders, the number of Corporate Auditors members was 4 (including 3 Outside Corporate Auditors).

■ Compensation for Executive Officers

Executive Officers have the broadest job responsibilities and policy-making authority in the Company. They are accountable for the Company's performance as well as for maintaining a culture of strong ethics and compliance.

Therefore, the Company aims to be transparent regarding executive compensation of not only its Directors, including the CEO, but also for the management team. The following describes the outline of Renesas's compensation program for its Executive Officers. Executive Officers who are Directors will be remunerated as Directors.

The composition of the Company's Executive Officers is outlined below:

Name	Title and Responsibilities	Director	Executive Officer
Hidetoshi Shibata	Representative Director, President and CEO	✓	✓
Masahiko Nozaki	Executive Vice President, General Manager of Production & Technology Unit	-	✓
Sailesh Chittipeddi	Executive Vice President, General Manager of IoT and Infrastructure Business Unit	-	✓
Hiroto Nitta	Senior Vice President, IoT and Infrastructure Business Unit (SoC Business)	-	✓
Shinichi Yoshioka	Senior Vice President and CTO, formulation of the Company's technology strategy and R&D policies	-	✓
Chris Allexandre	Senior Vice President, IoT and Infrastructure Business Unit (Global Sales and Corporate Digital Marketing)	-	✓
Roger Wendelken	Senior Vice President, IoT and Infrastructure Business Unit (MCU Business)	-	✓
Shuhei Shinkai	Senior Vice President and CFO, Corporate Strategy & Finance Division, Accounting & Control Division, Procurement Division, Supply Chain Management Division and General Affairs Division	-	✓
Jason Hall	Senior Vice President and CLO, Legal Division, Information Systems Division	-	✓
Takeshi Kataoka	Senior Vice President, Automotive Solutions Business Group	-	✓
Vivek Bhan	Senior Vice President, Automotive Solutions Business Group (A&P Business)	-	✓

(a) Executive Summary

The Company regularly updates its compensation programs for Executive Officers. The Company views compensation as one of the essential management tools to help it accelerate the strengthening of its business portfolio in the focus areas of Auto, IoT and Infrastructure, where it has expanded its business globally and demonstrates strong market competitiveness.

In order to invite and retain excellent Executive Officers who can drive our business, the Company designs compensation packages that are suitable and competitive for a global company.

The Company's compensation program is designed to include performance-linked compensation, to encourage Executive Officers to think and act in the best interests of shareholders in the short and

long term. The majority of total compensation for Executive Officers each year is paid as performance-linked compensation and stock price-linked compensation. Short-term incentives (STI), which are a type of performance-linked compensation, are tied to the Company's short-term performance, and stock price-linked compensation is tied to its long-term performance. The Company believes its compensation program holds Executive Officers accountable for direct financial results and overall market competitiveness of the Company.

(b) Details

1) Compensation Philosophy and Elements

The Company's basic philosophy regarding compensation for Executive Officers is as follows:

- Highly linked to company performance, and highly transparent and objective
- Improvement of corporate value and compensation must interlock to share awareness of profit with shareholders
- Contribute to ensuring and retaining global management team that satisfies accurate ability requirements to realize corporate vision

The current compensation mix is composed of as follows:

- Base salary as fixed compensation
- Performance-linked compensation focused on achievement of nearer-term financial and strategic objectives (Short-term incentives)
- Ex-post grant-type stock compensation as stock price-linked compensation, where management is motivated to increase shareholder value (Long-term incentives)

The Company believes its current programs are aligned with global and Japanese market practices and interests of our stakeholders. The ratio of each kind of compensation to total compensation is set in consideration of the appropriate ratio, according to market comparisons, global trends, and the roles and achievements of each executive officer. In addition, in order to tie long-term performance to executive compensation and create strong alignment between shareholders and the management team, the Company has been promoting a compensation strategy that emphasizes long-term incentives in contrast to many Japanese companies; therefore, the Company has set the ratio of stock-based compensation at such a level that it will comprise a majority of total compensation.

<Cash compensation>

(Basic Salary)

Base salary is the core compensation that reflects the market value for particular roles and responsibilities in the organization. It is a reward for the actual responsibilities, competencies, and experience of each Executive Officer.

This compensation is paid as a fixed amount based on scope of responsibilities and the expected contribution to the Company. This is the fundamental component of executive compensation and is set at a level that invites and ensures retention of excellent executive officers and motivates them to drive global business expansion.

This compensation will be adjusted annually considering market salary increase rates, the Company's performance, and individual performance.

(Performance-linked compensation (Short-term incentive (STI))

Short-term incentives (STIs) are offered to Executive Officers in order to motivate and reward them for overall company financial results, as well as an assessment of the individual performance of Executive Officers each fiscal year. This compensation is an essential element of the executive compensation program and is focused on motivating Executive Officers to contribute to performance objectives for the Company.

This compensation is based on annual Company performance, in the Automotive Business Unit and the IoT and Infrastructure Business Unit, and evaluation is conducted using measures including the following measures to evaluate business expansion and profitability:

- Revenue (growth rate)
- Operating profit margin

Evaluation measures and goals, and the amounts of payment in response to business performance, are set annually after deliberation by the Compensation Committee.

<Stock-based Compensation>

(Stock price-linked compensation (Long-term incentive (LTI))

Long-term incentives (LTI) refer to variable pay based on measures that extend for a period of more than one year, and typically align payouts with value results experienced by shareholders. The role of long-term incentives is to align financial incentives to Executive Officers with the organization's long-term performance and shareholders' long-term focus.

The current long-term incentives are provided by ex-post grant-type stock compensation beginning in 2021, and the actual profits received by Executive Officers are determined based on payouts based on stock price growth and 3-year total shareholder return (TSR).

Specifically, the Company's stock-based compensation consists of stock granted via Performance Share Units (PSU) that lock in the number of units according to the TSR, as well as Restricted Stock Units (RSU) subject to continued service. Of these, PSU is designed with TSR added to performance measures in order to further strengthen awareness and activities aimed at maximizing corporate value over the medium- to long-term and contributing to stock prices. The number of units to be granted will be based on the simple average of the Company's closing stock price on the Tokyo Stock Exchange during the 3-month period immediately prior to the month of the Board of Directors' resolution, based on the compensation base set for each person in proportion to their responsibilities and percentages. The weighting of the compensation base amount for PSUs and RSUs is 50%:50%.

All or part of the unvested units will be lost in the event that a person eligible for the grant falls under any of the categories stipulated by the Board of Directors, such as having taken part in certain

types of misconduct. If, after vesting, it is found that cause for losing the grant or the act causing such cause existed before vesting, the grantee shall refund, free of charge, all or a part of the shares issued in respect of such units (or an amount equivalent thereto), if deemed appropriate by the Company.

Type	Purpose	Basis	Composition ratio
Performance share units (PSU)	Increasing Executive Officers' willingness to contribute to corporate value and stock price	TSR	50%
Restricted stock units (RSU)	Secure and maintain outstanding human resources by enhancing the linkage between compensation and stock price and sharing interests with shareholders	Period of Office	50%

【PSU】

Grantees will be granted a number of units calculated by the following formula:

Number of PSU = base amount of PSU compensation (before performance evaluation) determined by the Board of Directors to grant to each grantee / simple average of closing prices of the Company's shares on the Tokyo Stock Exchange during the 3 months immediately preceding the month of resolution of the Board of Directors

As a general rule, after the three-year anniversary date of the grant date, an equal number of shares will be granted to the vested number determined as follows, taking into account the performance requirements for that period:

Performance Indicators	TSR: Determined by comparison with the companies which constitute SOX (Philadelphia Semiconductor Index) and TOPIX (Tokyo Stock Price Index), as well as a group of companies the Company selects as "Renesas Peers" in light of industry, company size, business model, etc.
Performance evaluation period	3 years from April 1 of the year in which the PSU was granted
TSR Growth Rate	<p>(Average Stock Price for the 3 Months Prior to the End of the Performance Evaluation Period (*1) - Average stock price for the 3 months prior to the day before the start date of the performance evaluation period (*2) + Total dividends per share related to the Company's surplus dividends on the base date of the performance evaluation period) / Average stock price for the 3 months prior to the day before the start date of the performance evaluation period (*2)</p> <p>(*1) Refers to the simple average of the Company's closing stock price on the Tokyo Stock Exchange during the last 3 months of the performance evaluation period.</p> <p>(*2) Refers to the simple average of the Company's closing stock price on the Tokyo Stock Exchange for the 3-month period prior to the day before the start date of the performance evaluation period.</p> <p>The diagram shows a horizontal timeline starting at '1st April of grant year' and ending at '3rd anniversary date'. The period is divided into 'Year1', 'Year2', and 'Year3'. A bracket above the timeline indicates the 'Performance Evaluation Period' from the start to the end. Below the timeline, two 3-month periods are marked: '3 months average prior to the start date' at the beginning and '3 months average prior to the end date' at the end.</p>

Method of Determining the Units to be Granted	<ul style="list-style-type: none"> When the growth rate of the Company's TSR and the growth rate of TSR of SOX companies are categorized in ascending order, check the percentage listed in the following (1) to (5) category in which the growth rate of the Company's TSR is classified (hereinafter called "SOX calculation rate"). When the growth rate of the Company's TSR and the growth rate of TSR of TOPIX companies are categorized in ascending order, check the percentage listed in the following (1) to (5) category in which the growth rate of the Company's TSR is classified (hereinafter called "TOPIX calculation rate"). When the growth rate of the Company's TSR and the growth rate of TSR of Renesas Peers are categorized in ascending order, check the percentage listed in the following (1) to (5) category in which the growth rate of the Company's TSR is classified (hereinafter called "Renesas Peers calculation rate"). 		
	TSR	Grant Rate	
	1)	Less than 25 th percentile	0%
	2)	Equal to or greater than 25 th percentile and less than 50 th percentile	Rate calculated as the same percentage increase between 25% and 50%
	3)	Equal to or greater than 50 th percentile and less than 75 th percentile	Rate calculated as the same percentage increase between 50% and 75%
	4)	Equal to or greater than 75 th percentile and less than 90 th percentile	Rate calculated as the same percentage increase between 75% and 100%
5)	Equal to or greater than 90 th percentile	100%	

[RSU]

Grantees will be granted the number of units calculated by the following formula:

Number of RSUs = base amount of RSU compensation for the 3 years (except for 1 year for our outside directors) that the Board of Directors decided to grant to each grantee / simple average of closing prices of the Company's shares on the Tokyo Stock Exchange during the 3 months immediately preceding the month of resolution of the Board of Directors

As a general rule, one-third of these shares vest each year after the grant date (except for grants to Outside Directors, which vest 1 year after the grant date in whole on that date), and we will issue the same number of shares as the vested units.

2) Analysis regarding compensation determination

The Compensation Committee examined both package-wide and type-by-type compensation before finally determining Executive Officer compensation. The target information includes the total amount of cash compensation (basic compensation and STI), stock-based compensation amount, the total amount of compensation (basic compensation, STI and stock-based compensation), and the impact of the compensation plan on other compensation factors. In alignment with the basic philosophy of compensation, the Committee reviewed each position, role, and status of service including career history, in deciding the amount, mix of compensation and incentive for the Executive Officers, in relation to Company and individual performance and mid- to long-term value creation of the Company. The Committee assessed whether the total was consistent with the objectives of the program.

Based on this comprehensive review, the Committee determined that the level and mix of compensation was appropriate for the current fiscal year.

3) Benefits and Welfare

Executive Officers are eligible to receive the same benefits as other employees of the Company, except for severance benefits. Such benefits include social insurance such as health insurance and employee pensions, accident insurance, commuting expenses, and group insurance enrollment rights.

■ Voluntary Compensation Committee

In order to ensure the appropriateness of compensation and transparency of the decision-making process, the Company has established a voluntary Compensation Committee dominated by Outside Officers and chaired by an Outside Director as an advisor to the Board of Directors.

The Compensation Committee, which is entrusted with the distribution of individual executive compensation by the Board of Directors, decides the level and mix of compensation of Directors and executive compensation, the setting of performance-linked compensation targets and other matters.

The Compensation Committee deliberates on proposals for the General Meeting of Shareholders (e.g., the limit on Director compensation) and the grant of stock options, and the Board of Directors makes decisions on these matters after deliberation by the Compensation Committee.

The members of the Compensation Committee are as follows.

Chair: Ms. Selena Loh Lacroix (Outside Director)

Member: Mr. Hidetoshi Shibata (Representative Director, President, and CEO)

Member: Mr. Noboru Yamamoto (Outside Director)

Member: Ms. Tomoko Mizuno (Outside Director)

The Compensation Committee held a total of six meetings in this Business Period.

(3) Matters related to Outside Directors and Outside Corporate Auditors**(i) Important Concurrent Positions held by Outside Directors and Outside Corporate Auditors, and Relationships Between the Company and the Organizations where they hold Important Concurrent Positions (as of December 31, 2021)**

Important concurrent positions and relationships between the Company and organizations where they hold important concurrent positions are described in “2 (2)-(i) Name, etc. of Directors and Corporate Auditors of the Company” above.

(ii) Principal Activities during this Business Period

Title	Name	Outline of Principal Activities and Duties Expected to be Performed
Director	Tetsuro Toyoda	The Company expects him to supervise and check the overall management of the Company based on the wealth of experience and deep insight accumulated through his involvement in the investment business mainly at INCJ Corporation and its predecessor, the Industrial Innovation Corporation. He attended 6 of the 8 meetings of the Board of Directors during the Business Period, and based on his experience and insight, he played an appropriate role, including making statements necessary to discuss matters on the agenda.
	Jiro Iwasaki	The Company expects him to supervise and check the overall management of the Company based on the wealth of experience and deep insight accumulated over many years, mainly through his involvement in business management at various companies. He attended all 8 meetings of the Board of Directors during the Business Period and, based on his experience and insight, played an appropriate role, including making statements necessary to discuss matters on the agenda.
	Selena Loh Lacroix	The Company expects her to supervise and check the overall management of the Company based on her abundant experience and deep insight in corporate legal affairs, corporate governance and personnel affairs cultivated mainly in the semiconductor industry and other industries. She attended all 8 meetings of the Board of Directors during the Business Period and based on her experience and insight, she played an appropriate role, including making statements necessary to discuss matters on the agenda.
	Arunjai Mittal	The Company expects him to supervise and check the overall management of the Company based on his abundant experience and deep insight in business operations cultivated mainly in the semiconductor industry. He attended all 8 meetings of the Board of Directors during the Business Period and, based on his experience and insight, played an appropriate role, including making statements necessary to discuss matters on the agenda.
	Noboru Yamamoto	The Company expects him to supervise and check on the overall management of the Company based on his wealth of experience and deep insight regarding management gained as a representative of a global financial and securities company, etc. and M&A advisory company. He attended all 6 meetings of the Board of Directors held during the Business Period following his appointment as a Director, and based on his experience and insight, he played an appropriate role, including making statements necessary to discuss matters on the agenda. Prior to his appointment as a Director, he attended all 2 meetings of the Board of Directors and 3 meetings of the Corporate Auditors as Corporate Auditor and made comments on matters such as the appropriateness of decisions made by the Board of Directors and the improvement of governance of global management, respectively.

Title	Name	Outline of Principal Activities and Duties Expected to be Performed
Corporate Auditors	Kazuyoshi Yamazaki	<p>(i) He attended all 8 meetings of the Board of Directors during the Business Period and made comments as needed to ensure the appropriateness of decisions made by the Board of Directors, including whether procedures were being conducted in accordance with laws and regulations, mainly from a professional perspective as an attorney.</p> <p>(ii) He attended all 8 meetings of the Corporate Auditors during the Business Period and made comments on the establishment and maintenance of a compliance system from an independent and fair standpoint and from a professional perspective as an attorney.</p>
	Takeshi Sekine	<p>(i) He attended 5 of the 8 meetings of the Board of Directors during the Business Period and made comments as needed to ensure the appropriateness of decisions made by the Board of Directors, including whether there were any problems with financial or accounting procedures, mainly from a professional perspective as a certified public accountant.</p> <p>(ii) He attended 7 of the 8 meetings of the Corporate Auditors during the Business Period and made comments on thorough implementation of appropriate accounting treatment and other matters as necessary based on his specialized knowledge, experience, and deep insight as a certified public accountant.</p>
	Tomoko Mizuno	<p>(i) She attended all 6 meetings of the Board of Directors during the Business Period that were held after her appointment as Corporate Auditor, and made comments as necessary to ensure the appropriateness of decisions made by the Board of Directors, based on her abundant experience and deep insight in management planning, human resources, and other areas cultivated through her work at a global consulting company and a pharmaceutical company.</p> <p>(ii) She attended all 5 meetings of the Corporate Auditors during the Business Period, held after her appointment as Corporate Auditor, and made comments on improving the governance of global management and other matters as appropriate, based on her abundant knowledge and deep insight into management planning, personnel and other matters cultivated through her experience in machine manufacturers and global companies.</p>

(Note) In addition to the above meetings of the Board of Directors, twenty-one (21) written resolutions and reports were made pursuant to the Companies Act and the Articles of Incorporation of the Company, which shall be deemed to constitute the resolutions of the meeting of the Board of Directors.

(4) Accounting Auditors

(i) **Accounting Auditor's Name:** PricewaterhouseCoopers Aarata LLC

(ii) **Remuneration and Other Amounts to be Paid to the Accounting Auditor for this Business Period:**

Classification	Amount (in millions of yen)
(1) The total amount of remuneration to be Paid to the Accounting Auditor for this Business Period	216
(2) The total amount of remuneration and other amounts to be paid by the Company and its subsidiaries to the Accounting Auditor.	287

(Note) 1. As a result of obtaining necessary documents from and being reported by the Directors, relevant departments of the Company and the Accounting Auditor as well as reviewing an audit plan for the previous and current Business Period, the status of actual audit, the basis for calculating the estimated remuneration amount and so on, the Board of Corporate Auditors determined that the above remuneration amounts are reasonable and has agreed to the amount.

2. As there is no explicit distinction in the audit contract (entered into between the Company and the Accounting Auditor) between the fees for audits under the Companies Act and the fees for audits based on the Financial Instruments and Exchange Law, and as it is unable to distinguish between these two (2) types of fees in substance, the remuneration and other amounts set forth in (1) above include both of such fees.
3. All overseas subsidiaries described in “1-(7) Principal Subsidiaries” above were audited by auditors other than the Accounting Auditor.

(iii) Non-Audit Services Rendered by Accounting Auditor

The Company paid the Accounting Auditor compensation for financial advisory services and preparation of comfort letters other than the services provided under Paragraph 1, Article 2 of the Certified Public Accountants Act.

(iv) Policy Regarding a Decision to Dismiss or Not Reappoint Accounting Auditor

The Board of Corporate Auditors, by unanimous consent, will dismiss the Accounting Auditor upon determination that the Accounting Auditor falls under any item of Paragraph 1, Article 340 of the Companies Act. In addition, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, thereby making it unlikely that the Accounting Auditor will be able to properly perform an audit, the Board of Corporate Auditors will propose to dismiss or not to reappoint the Accounting Auditor at a General Meeting of Shareholders. Further, if the Board of Corporate Auditors determines that the change in the Accounting Auditor will enable the Company to establish a more appropriate audit system, it will propose not to reappoint the Accounting Auditor at a General Meeting of Shareholders.

(5) Systems to Ensure Appropriate Operations of the Company and Status thereof

The basic policies for the development of systems set forth in Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act (the “Internal Control System”) have been resolved by the Board of Directors, and the status at the end of the Business Period are as follows.

Important matters relating to the Internal Control System during this Business Period were deliberated and reported through the Internal Control Promotion Committee led by the CEO as chair (during this Business Period, the Committee was held three (3) times in writing). The Committee also monitored and supervised an annual plan and operational status of the basic policies. Compliance education was promoted within the Group, and, in Japan, “CSR Compliance Education” was conducted electronically in September and October of 2021. The Executive Committee evaluated the Internal Control System as effective, and the evaluation was reported to the Board of Directors.

(i) Systems to Ensure the Execution of Duties by Directors, Executive Officers and Employees (hereinafter “Employees, etc.”) Complies with Laws and Regulations and Articles of Incorporation

- The Directors take the lead in complying with the “Renesas Electronics Group CSR Charter” and the “Renesas Electronics Group Code of Conduct” (collectively, “Code of Conduct”) that have been adopted to establish corporate ethics and ensure compliance with laws and regulations, the

Articles of Incorporation, and internal rules of the Company by Employees, etc. The Directors keep the Group's Employees, etc. informed of and ensure their compliance with the Code of Conduct.

- The Directors stipulate basic matters such as an implementation system and educational programs for compliance in “Global Rule for Compliance Management within the Renesas Group”, oblige members of the Internal Control Promotion Committee to deliberate and resolve matters regarding compliance, and offer training programs to the Group to ensure full awareness of compliance.
- The Directors maintain the “Renesas Electronics Group Hotline” as an internal contact point for the Group and its business partners to report any compliance issues. The Directors ensure the Group and its business partners are informed that reporters' anonymity is maintained upon request, and that reporters will not suffer any adverse effects as a result of using the Hotline.
- The Directors shall keep away from any antisocial force, and work closely with external specialized institutions to act resolutely in an organized manner when contacted by antisocial forces.

(ii) Systems for Managing Information Related to Execution of Duties by Directors

The Directors shall properly prepare, store, and manage minutes of the General Meetings of Shareholders, meetings of the Board of Directors and other documents in accordance with applicable laws and regulations. The Directors shall also properly prepare, store, and manage other documents, books and records pertaining to the duties of Employees, etc. in accordance with “Basic Rule of Document Management and Retention”.

(iii) Systems Regarding Risk Management for Loss

- Basic matters relating to risk management are stipulated in the “Renesas Electronics Group Global Rule for Risk and Crisis Management”, the Directors establish and maintain a risk management framework in accordance with these rules.
- Executive Officers and division managers responsible for specified risks strive to minimize loss by developing risk mitigation measures and countermeasures in case of risk actualization.
- When a serious risk materializes, Executive Officers shall, depending on the materiality of such risk, establish an appropriate organization chaired by themselves and implement appropriate measures in accordance with the “Renesas Electronics Group Global Rule for Risk and Crisis Management”

(iv) Systems for ensuring efficient execution of duties by Directors

- The Directors shall hold an ordinary meeting of the Board of Directors regularly once every three (3) months and extraordinary meetings as needed to enable flexible decision-making.
- The Directors shall adopt an Executive Officer System, make prompt decisions on important management issues at Board of Directors meetings, and supervise the execution of duties by Executive Officers. In addition, issues important for the management of the Company shall be discussed at Executive Committee meetings prior to Board of Directors meetings in order to enhance the Board of Directors' deliberations.
- Executive Officers (including Executive Officers who also act as Directors) shall make expedient

business decisions by delegating authority to relevant division managers or other employees. Executive Officers, relevant division managers, and other employees shall execute their authority appropriately and efficiently in accordance with the “Basic Rules of Ringi Approval”.

- Executive Officers (including Executive Officers who also act as Directors) shall execute their duties flexibly and efficiently in accordance with regulations determined by the Board of Directors, and shall periodically confirm the execution status of management plans and budgets determined at Board of Directors meetings.

(v) Systems to Ensure Appropriate Operation of the Corporate Group

- The Directors shall guide and support the Company’s subsidiaries to establish a Group-wide compliance system in accordance with the “Renesas Electronics CSR Charter”, “Renesas Electronics Group Code of Conduct” and “Global Rule for Compliance Management within the Renesas Group”.
- The Directors shall constantly oversee, guide and support the Company’s subsidiaries through the responsible divisions, and periodically receive reports on matters relating to the execution of duties by Directors of the Company’s subsidiaries, in accordance with the “Basic Rule of Operation and Management of Affiliate Companies”.
- The Directors shall, through the division responsible for risk management, have the Company’s subsidiaries establish rules for risk and crisis management, and make contact lists and action plans in the event of an emergency.
- The Directors shall have the Internal Audit Department audit the Group, assign internal audit staff or establish internal audit divisions at principal subsidiaries, and ensure their cooperation with the Internal Audit Department and the subsidiaries’ own Corporate Auditors to ensure appropriate Group-wide operations.

(vi) Matters Relating to Employees Assigned to Assist Corporate Auditors and Independence of Such Employees from Directors etc.

The Directors shall establish the Corporate Auditors Department composed of specialized staff for the purpose of assisting the Corporate Auditors’ audit activities. Any evaluation, personnel transfer, reprimand and the like of such specialized staff requires prior consultation with the full-time Corporate Auditor, and such staff shall not be subject to direction or supervision of the Directors with respect to their duties to assist the Corporate Auditors.

(vii) Systems for Employees, etc. of the Group and Corporate Auditors of the Company’s Subsidiaries, etc. to Report to Corporate Auditors

Employees, etc. of the Group shall report to the Corporate Auditors upon request on matters such as the execution of their duties.

(viii) Other Systems Necessary to Ensure Effective Auditing by Corporate Auditors

- Corporate Auditors may attend meetings of the Board of Directors and important meetings of the

Company as they deem necessary. Furthermore, the Directors shall guarantee Corporate Auditors the right to access important corporate information.

- In principle, the Corporate Auditors shall hold meetings of the Board of Corporate Auditors once every three (3) months to exchange information and deliberate on the status of audits and related matters. The Corporate Auditors shall also receive regular reports from the Accounting Auditors on their audit activities and shall exchange opinions on them.

(Note) Due to the organizational change on January 1, 2022, some of the department names in the above basic policy have been revised.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As of December 31, 2021)

(In millions of yen)

Accounts	Amount	Accounts	Amount
Assets		Liabilities	
Current assets	517,811	Current liabilities	447,410
Cash and cash equivalents	221,924	Trade and other payables	204,330
Trade and other receivables	140,478	Bonds and borrowings	121,105
Inventories	137,925	Other current financial liabilities	11,505
Other current financial assets	737	Income taxes payable	22,050
Income taxes receivable	4,395	Provisions	11,185
Other current assets	12,352	Other current liabilities	77,235
Non-current assets	1,888,436	Non-current liabilities	797,377
Property, plant and equipment	195,729	Trade and other payables	15,100
Goodwill	1,234,600	Bonds and borrowings	692,983
Intangible assets	371,969	Other non-current financial liabilities	11,536
Other non-current financial assets	34,633	Income taxes payable	3,792
Deferred tax assets	42,414	Retirement benefit liability	27,926
Other non-current assets	9,091	Provisions	3,795
		Deferred tax liabilities	36,229
		Other non-current liabilities	6,016
		Total liabilities	1,244,787
		Equity	
		Share capital	147,133
		Capital surplus	337,989
		Retained earnings	578,017
		Treasury shares	(11)
		Other components of equity	95,015
		Total equity attributable to owners of parent	1,158,143
		Non-controlling interests	3,317
		Total equity	1,161,460
Total assets	2,406,247	Total liabilities and equity	2,406,247

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(The Year Ended December 31, 2021)

(In millions of yen)

Accounts	Amount
<u>Revenue</u>	<u>994,418</u>
Cost of sales	(498,017)
<u>Gross profit</u>	<u>496,401</u>
Selling, general and administrative expenses	(307,698)
Other income	8,031
Other expenses	(13,133)
<u>Operating profit</u>	<u>183,601</u>
Finance income	4,140
Finance costs	(35,278)
<u>Profit before tax</u>	<u>152,463</u>
Income tax expense	(25,051)
<u>Profit for the year</u>	<u>127,412</u>
<u>Profit for the year attributable to</u>	
Owners of parent	127,261
Non-controlling interests	151
<u>Profit for the year</u>	<u>127,412</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(The Year Ended December 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			127,261				
Other comprehensive income						902	(311)
Total comprehensive income			127,261			902	(311)
Issuance of new shares	118,162	117,320					
Share-based payment transactions		12,416			(2,843)		
Transfer to retained earnings			781		154	(902)	(33)
Reclassification to non-financial assets							
Total transactions with owners	118,162	129,736	781	—	(2,689)	(902)	(33)
Balance as of December 31, 2021	147,133	337,989	578,017	(11)	13,270	—	(1,475)

	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 other components of equity				
Balance as of January 1, 2021	(85,315)	—	—	(70,487)	616,701	2,960	619,661	
Profit				—	127,261	151	127,412	
Other comprehensive income	169,106	(4,022)	(153)	165,522	165,522	206	165,728	
Total comprehensive income	169,106	(4,022)	(153)	165,522	292,783	357	293,140	
Issuance of new shares				—	235,482		235,482	
Share-based payment transactions				(2,843)	9,573		9,573	
Transfer to retained earnings				(781)	—		—	
Reclassification to non-financial assets		3,604		3,604	3,604		3,604	
Total transactions with owners	—	3,604	—	(20)	248,659	—	248,659	
Balance as of December 31, 2021	83,791	(418)	(153)	95,015	1,158,143	3,317	1,161,460	

NON-CONSOLIDATED BALANCE SHEET

(As of December 31, 2021)

(In millions of yen)

Accounts	Amount	Accounts	Amount
Assets		Liabilities	
Current assets	291,920	Current liabilities	741,698
Cash and deposits	98,783	Electronically recorded obligations	5,271
Electronically recorded receivables	2,259	Accounts payable-trade	110,796
Accounts receivable-trade	104,597	Current portion of long-term borrowings	120,001
Finished goods	20,009	Lease obligations	27
Work in process	35,398	Accounts payable-other	42,180
Raw materials and supplies	1,936	Accrued expenses	22,979
Prepaid expenses	2,455	Income taxes payable	15,356
Accounts receivable-other	20,912	Advances received	902
Other current assets	5,570	Deposits received	384,304
Non-current assets	2,093,281	Unearned revenue	2
Property, plant and equipment	115,857	Provision for product warranties	64
Buildings	31,936	Provision for sales rebates	21,453
Structures	3,897	Provision for business restructuring	20
Machinery and equipment	39,825	Provision for contingent loss	2,932
Vehicles	322	Provision for share-based payments	8,946
Tools, furniture and fixtures	12,999	Asset retirement obligations	25
Land	19,340	Other current liabilities	6,440
Construction in progress	7,538	Non-current liabilities	730,941
Intangible assets	9,599	Bonds	154,359
Software	8,365	Long-term borrowings	541,041
Other intangible assets	1,234	Lease obligations	81
Investments and other assets	1,967,825	Provision for retirement benefits	13,032
Investment securities	15	Provision for share-based payments	5,513
Shares of subsidiaries and affiliates	1,894,855	Asset retirement obligations	1,816
Long-term prepaid expenses	33,868	Other liabilities	15,100
Prepaid pension costs	10,527	Total liabilities	1,472,639
Deferred tax assets	17,321	Net assets	
Other assets	11,238	Shareholders' equity	900,391
Allowance for doubtful accounts	(0)	Share capital	147,133
Deferred assets	739	Capital surplus	344,194
Bond issuance costs	739	Legal capital surplus	137,133
		Other capital surplus	207,061
		Retained earnings	409,076
		Other retained earnings	409,076
		Retained earnings brought forward	409,076
		Treasury shares	(11)
		Valuation and translation adjustments	(360)
		Deferred gains or losses on hedges	(360)
		Share acquisition rights	13,270
		Total net assets	913,301
Total assets	2,385,940	Total liabilities and net assets	2,385,940

NON-CONSOLIDATED STATEMENT OF OPERATIONS

(The Year Ended December 31, 2021)

(In millions of yen)

Accounts	Amount
Net sales	771,277
Cost of sales	454,068
Gross profit	317,209
Selling, general and administrative expenses	152,203
Operating income	165,006
Non-operating income	2,943
Interest income	6
Dividend income	1,570
Subsidy income	1,286
Other non-operating income	82
Non-operating expenses	38,088
Interest expenses	7,550
Foreign exchange losses	25,356
Other non-operating expenses	5,181
Ordinary income	129,862
Extraordinary income	856
Extraordinary losses	3,736
Provision for contingent loss	3,283
Other extraordinary losses	453
Income before income taxes	126,982
Income taxes-current	23,447
Income taxes-deferred	(10,392)
Net income	113,928

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(The Year Ended December 31, 2021)

(In millions of yen)

	Shareholders' equity						Total shareholders' equity
	Share capital	Capital surplus			Retained earnings	Treasury shares	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of period	28,971	18,971	207,061	226,032	295,148	(11)	550,141
Changes during period							
Issuance of new shares	118,161	118,161		118,161			236,322
Net income					113,928		113,928
Net changes in items other than shareholders' equity							
Total changes during period	118,161	118,161	-	118,161	113,928	-	350,250
Balance at end of period	147,133	137,133	207,061	344,194	409,076	(11)	900,391

	Valuation and translation adjustments	Share acquisition rights	Total net assets
	Deferred gains (losses) on hedges		
Balance at the beginning of period	-	15,959	566,100
Changes during period			
Issuance of new shares			236,322
Net income			113,928
Net changes in items other than shareholders' equity	(360)	(2,690)	(3,050)
Total changes during period	(360)	(2,690)	347,201
Balance at end of period	(360)	13,270	913,301

Independent Auditor's Report
(English Translation*)

February 14, 2022

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Aarata LLC
Tokyo office

Hiroyuki Sawayama, CPA
Designated limited liability partner
Engagement partner

Takeaki Ishibashi, CPA
Designated limited liability partner
Engagement partner

Hitoshi Kondo, CPA
Designated limited liability partner
Engagement partner

Opinion

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the consolidated financial statements of the Company and its consolidated subsidiaries (hereinafter referred to as the "Group") in accordance with the accounting standards prescribed in the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting (hereinafter referred to as the "Accounting Standards"), which permits the omission of some disclosure items required under Designated International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and The Corporate Auditors and Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern based on the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with the Accounting Standards, which permits the omission of some disclosure items required under Designated International Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the instruction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditors and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report
(English Translation*)

February 14, 2022

To the Board of Directors of Renesas Electronics Corporation

PricewaterhouseCoopers Aarata LLC
Tokyo office

Hiroyuki Sawayama, CPA
Designated limited liability partner
Engagement partner

Takeaki Ishibashi, CPA
Designated limited liability partner
Engagement partner

Hitoshi Kondo, CPA
Designated limited liability partner
Engagement partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Renesas Electronics Corporation (hereinafter referred to as the "Company") for the 20th fiscal year from January 1, 2021 to December 31, 2021. In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and The Corporate Auditors and Board of Corporate Auditors for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error. In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan. The Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Corporate Auditors and Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditors and Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report of Board of Corporate Auditors

The Board of Corporate Auditors prepared this audit report regarding the execution of duties by Directors for the 20th fiscal year from January 1, 2021 through December 31, 2021 after deliberations based on the audit reports from each Corporate Auditor, and reports as follows.

1. Methods and contents of Audits by the Corporate Auditors and Board of Corporate Auditors
 - (1) The Board of Corporate Auditors established auditing policies and plans and received reports from each Corporate Auditor on the implementation status and results of audits, as well as reports from Directors and the Independent Auditors regarding the status of execution of their duties, and requested explanations as necessary.
 - (2) On the basis of the Board of Corporate Auditors Rules established by the Board of Corporate Auditors, and in accordance with auditing policies and plans, each Corporate Auditor sought mutual understanding with Directors, corporate officers, and employees in their efforts to collect information and create an environment for audit, and conducted audits as follows.
 1. Attended meetings of the Board of Directors and other important meetings, received reports from Directors, corporate officers, and employees regarding performance of their duties, requested explanations as necessary, and inspected important documents regarding decisions and approvals made, and investigated the status of operations and financial position at the Group's head office and principal places of business. Also, regarding the subsidiaries, the Board of Corporate Auditors sought to achieve a mutual understanding and exchanged information with directors and corporate auditors of the subsidiaries, and, where necessary, received business reports from the subsidiaries.
 2. The Board of Corporate Auditors received periodic reports from the Directors, corporate officers, and employees about the framework and operation status of (i) the contents of the Board of Directors' resolutions on establishment of systems as set forth in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act, as systems necessary to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and to otherwise ensure the appropriateness of the business of a Kabushiki Kaisha and its subsidiaries, as stated in the Business Report, and (ii) the systems established pursuant to such resolution ("Internal Control System"); requested explanations as necessary; and provided opinions on those.
 3. The Board of Corporate Auditors received reports from the Directors and the Independent Auditors about the assessment and audit of the Internal Control System for financial reporting, and requested explanations as necessary.
 4. The Board of Corporate Auditors audited and verified whether the Independent Auditors maintained their independence and carried out their audits appropriately, received reports from the Independent Auditors regarding the execution of their duties, and, where necessary, requested explanations. Also, the Board of Corporate Auditors received notification from the Independent Auditors to the effect that the "structure to ensure that duties are executed appropriately" (the matters listed in Article 131 of the Corporation Accounting Regulations) has been established in accordance with standards published by the Business Accounting Council, etc., and requested explanations as necessary.

Based on the above methods, the Board of Corporate Auditors audited the Business Report and supplementary schedules thereto for the 20th fiscal year ended December 31, 2021, the consolidated financial statements related to the 20th fiscal year ended December 31, 2021 (the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to the consolidated financial statements) and supplementary schedules as well as the financial statements (the balance sheet, the statement of operations, the statement of changes in net assets and notes to the financial statements).

2. Results of Audit
 - (1) Results of the Audit on the Business Report, etc.
 1. We found that the Business Report and supplementary schedules accurately reflect the conditions of the Group in accordance with applicable laws and regulations and the Articles of Incorporation.
 2. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of applicable laws and regulations or the Articles of Incorporation were found.
 3. We found that the contents of Board of Directors' resolutions concerning the Internal Control System were appropriate. Further, no material defects were found with respect to the information provided in the Business Report, or Director' execution of duties in regards to the Internal Control System.
 - (2) Results of the Audit on the Consolidated Financial Statements

We found that the methods and the results of the audit conducted by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

(3) Results of the Audit on the Financial Statements and Supplementary Schedules

We found that the methods and the results of the audits conducted by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

February 15, 2022

Board of Corporate Auditors of Renesas Electronics Corporation

Corporate Auditor (Full-time) Kazuki Fukuda (Seal)

Corporate Auditor Kazuyoshi Yamazaki (Seal)

Corporate Auditor Takeshi Sekine (Seal)

Corporate Auditor Tomoko Mizuno (Seal)

Note: Mr. Kazuyoshi Yamazaki, Mr. Takeshi Sekine and Ms. Tomoko Mizuno are outside Corporate Auditors stipulated in item 16, Article 2, and paragraph 3, Article 335 of the Companies Act.