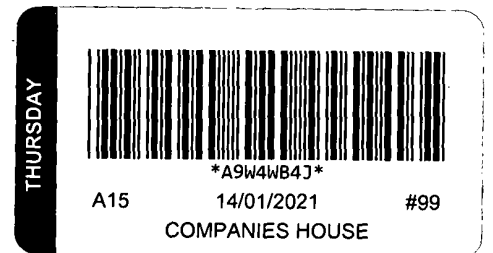


**Renesas Electronics Europe Limited**

**Report and Financial Statements**

Year ended

31 December 2019



**Directors**

C Jauch  
T Umeda  
D Pigott  
B Scholz

**Secretary**

I Warner

**Independent Auditors**

PricewaterhouseCoopers LLP  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

**Tax advisors**

Deloitte LLP  
3 Victoria Square  
Victoria Street  
St Albans  
Hertfordshire  
AL1 3TF

**Registered Office**

Dukes Meadow  
Millboard Road  
Bourne End  
Buckinghamshire  
SL8 5FH

Registered No. 4586709

## Strategic Report

The directors present their strategic report for the year ended 31 December 2019.

### Principal activities and review of the business

The Company no longer has any trading activities as they were sold to Renesas Electronics Europe GmbH on 01 February 2019. The company still has two defined Benefit pension schemes and holds an intercompany receivable balance.

On 30 January 2019, the Company sold its subsidiary, Renesas Electronics Europe GmbH to its Parent Company. A loss on sale of investment of €3,000 was recorded.

The key financial and other performance indicators during the year were as follows:

	<i>Year ended</i> <i>31 December</i> <i>2019</i> <i>€000</i>	<i>Year ended</i> <i>31 December</i> <i>2018</i> <i>€000</i>	<i>Change</i> <i>%</i>
Turnover	1,852	18,324	-90%
Operating profit	632	960	-34%
Profit after tax	632	57,961	n/a
Shareholders' funds	157,378	156,625	0%
Average number of employees	10	104	-90%

## Strategic Report (continued)

### Principal risks and uncertainties

The principal risks and uncertainties of the company are managed by various departments within the company.

#### Legal and Business Compliance

This covers all aspects of legal risk and regulation, including contracts and disputes, export control, competition law, data protection, product and public liability and environmental aspects and also quality accreditations. The company believe that the internal controls and corporate processes are adequate for our business.

#### Human resources

The company ensures that employees are adequately insured whilst in our offices or travelling on company business. An employee assistance programme is provided to assist with stress related factors with the aim of improving performance management.

#### Information loss

Our many information databases are critical to the company's operation and the company has measures in place to ensure that issues of data retention, data protection and security process for computers and hard copy documents are in place

#### Business continuity

The company has established business continuity procedures to ensure the stability of its operations in the event of a major catastrophe at any of our main locations. This covers not only computer system related operations but also office facilities.

#### Credit risk

The directors believe credit risk relates to intragroup debtors. To mitigate against credit risk the company has developed strong credit control procedures and internal control mechanisms.

#### Liquidity and cash flow risk

Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget.

The company also reviews its long-term funding requirements and aligns these requirements with its long-term strategy.

#### Pension risk

The company is liable for two defined benefit pension schemes. Main risk to be managed and mitigated is the proper funding of the schemes. The company is joining regular Trustee meetings with professional Trustee service provider receiving advice and updates about funding situation from professional legal and actuarial consultants. Investment strategies and scheme managing is constantly reviewed in these committees.

#### COVID-19

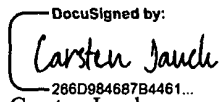
On 11 March 2020, the World Health Organisation declared the novel coronavirus, COVID-19, a pandemic. The rapid spread of the virus resulted in governments taking extreme measures to limit the human cost and economic disruption. The Company is closely monitoring the unprecedented situation. Given that the Company has no trading activity the financial implications of the coronavirus pandemic on the financial year ending 31 December 2020 have very limited effect. The company currently forecasts that its equity and cash reserves would be sufficient to compensate for any negative financial impact of the crisis.

#### Trading structure

The company only operates in the UK.

## Strategic Report (continued)

This report was approved by the board on 11<sup>th</sup> January 2021 and signed on its behalf by

DocuSigned by:  


286D984687B4461...  
Carsten Jauch  
Director

Date: 11<sup>th</sup> January 2021

Registered No. 4586709

## **Directors' Report**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

### **Results and dividends**

The company profit for the year after taxation amounted to €632,000 (Year-ended 31 December 2018 – profit of €57,961,000).

In order to consolidate the trading structure of Renesas Electronics Europe in the U.K., on 30 January 2019, the Company sold its subsidiary, Renesas Electronics Europe GmbH (REEG) to its Parent Company.

On 01 February 2019, the Company sold the trading activities of its business to Renesas Electronics Europe GmbH.

The Directors do not recommend a final dividend for the year ended 31 December 2019 (Year-ended 31 December 2018 - €nil).

### **Events since the balance sheet date**

In the beginning of 2020 Coronavirus pandemic continued to spread rapidly around the world, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. The effects of the pandemic are hard to forecast at present, however following the sale of the Company's trading activities the impact on liquidity is minimum. For more details please see strategic report. The directors consider any impacts from COVID-19 to be a non-adjusting post balance sheet event.

### **Future developments**

Following the sale of its trading activities, the Company will work with its remaining creditors to settle its outstanding liabilities and transfer of pension schemes, however, the Company will continue to operate in the foreseeable future.

### **Financial instruments**

The company finances its activities with ordinary shares and bank deposits. Other financial assets and liabilities, such as trade and intercompany debtors and trade and intercompany creditors, arise directly from the company's operating activities. Details of risks in relation to financial instruments are provided in the Strategic report. The company does not enter into derivative transactions.

### **Research and development**

The company conducted technical development activities at its Engineering Design Centre in the UK in close cooperation with its subsidiary in Europe and the Renesas headquarters in Japan.

### **Going concern**

The company has considerable financial resources and therefore, the directors believe that the company is well placed to manage its risks successfully, despite COVID-19 and the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## Directors' Report (continued)

### Directors

The Directors of the company who were in the office during the year and up to the date of signing the financial statements were:

C Jauch (appointed 01 January 2020)  
M Hannawald (resigned 01 April 2019)  
O Schulte (appointed 01 April 2019 and resigned on 01 January 2020)  
T Umeda (appointed 01 July 2019)  
H Kawahara (resigned 01 July 2019)  
B Scholz  
D Pigott

### Directors' liabilities

The company has granted an indemnity to directors against liability brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

### Employees

The company is committed to policies which will promote opportunity in employment regardless of sex, age, marital status, religion, colour, race, nationality or ethnic origin.

The company supports and provides training and education for all staff relevant to current and future business needs and requirements.

The company gives full and fair consideration to application from disabled persons. If an employee becomes disabled, the company endeavours to continue their employment if this is practical and in the appropriate cases training is given.

Information is provided to all employees on a regular basis via e-mail, intranet, presentations and briefings regarding current business performance and activities.

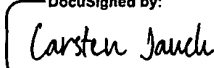
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Independent Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the appointment of PricewaterhouseCoopers LLP as auditor of the company.

This report was approved by the board on 11<sup>th</sup> January 2021 and signed on its behalf by

DocuSigned by:  
  
286D984687B4461...

Carsten Jauch  
Director

Date: 11<sup>th</sup> January 2021

## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## ***Independent auditors' report to the members of Renesas Electronics Europe Limited***

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Renesas Electronics Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

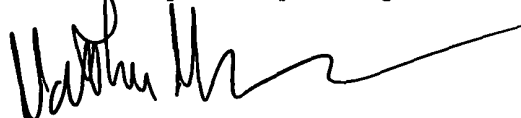
**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

11<sup>th</sup> January 2021

## Statement of comprehensive income

for the year ended 31 December 2019

		<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2018</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Turnover</b>	2	1,852	18,324
Cost of sales		-	-
<b>Gross profit</b>		1,852	18,324
Administrative expenses		(1,220)	(17,364)
<b>Operating profit</b>	3	632	960
Result/profit on disposal of fixed assets		-	1
<b>Profit before interest and taxation</b>		632	961
Interest receivable and similar income	7	-	57,000
Interest payable and similar expenses	8	-	-
<b>Profit before taxation</b>		632	57,961
Tax on profit	9	-	-
<b>Profit for the financial year</b>		632	57,961
<b>Other comprehensive income/(expense)</b>			
Actuarial gain/(loss) in respect of defined benefit pension scheme		121	(4,503)
Related deferred tax		-	-
<b>Total other comprehensive income/(expense)</b>		121	(4,503)
<b>Total comprehensive income for the year</b>		753	53,458

## Statement of changes in equity

for the year ended 31 December 2019

	<i>Called up Share capital €000</i>	<i>Share premium €000</i>	<i>Profit and loss account €000</i>	<i>Total equity €000</i>
At 1 January 2018	47,808	50,700	4,659	103,167
Profit for the year	-	-	57,961	57,961
Other comprehensive expense	-	-	(4,503)	(4,503)
Total comprehensive income for the year	-	-	53,458	53,458
At 31 December 2018	47,808	50,700	58,117	156,625
Profit for the year	-	-	632	632
Other comprehensive income	-	-	121	121
Total comprehensive income for the year	-	-	753	753
At 31 December 2019	47,808	50,700	58,870	157,378

## Balance Sheet

at 31 December 2019

		<i>31 December</i>	<i>31 December</i>
		<i>2019</i>	<i>2018</i>
	<i>Notes</i>	<i>€000</i>	<i>€000</i>
<b>Fixed assets</b>			
Intangible assets	10	-	3,943
Tangible assets	11	-	1,472
Investments	12	-	59,603
		<u>-</u>	<u>65,018</u>
<b>Current assets</b>			
Debtors	13	152,900	95,324
Cash at bank and in hand		4,923	523
		<u>157,823</u>	<u>95,847</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(445)</u>	<u>(4,240)</u>
<b>Net current assets</b>		<u>157,378</u>	<u>91,607</u>
<b>Total Assets less current liabilities</b>		<u>157,378</u>	<u>156,625</u>
<b>Provisions for Liabilities</b>	15	-	-
<b>Net assets excluding pension liabilities</b>		<u>157,378</u>	<u>156,625</u>
<b>Defined benefit pension liabilities</b>	18	-	-
<b>Net Assets</b>		<u><u>157,378</u></u>	<u><u>156,625</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	47,808	47,808
Share Premium account	21	50,700	50,700
Profit and loss account		58,870	58,117
<b>Total equity</b>		<u><u>157,378</u></u>	<u><u>156,625</u></u>

These financial statements were approved by the Board of directors on 11<sup>th</sup> January 2021 and were signed on its behalf by:

DocuSigned by:



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Carsten Jauch

Director

Dated: 11<sup>th</sup> January 2021

## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies

#### 1.1 Statement of compliance and basis of preparation

Renesas Electronics Europe Limited is a limited liability company incorporated in the United Kingdom. The Registered Office is Dukes Meadow, Millboard Road, Bourne End, Buckinghamshire SL8 5FH.

The financial statements of the company were approved for issue by the Board of Directors on 11<sup>th</sup> January 2021.

The financial statements have been prepared in compliance with FRS 102 Reduced Disclosure Framework and in accordance with applicable accounting standards for the year ended 31 December 2019.

The financial statements are prepared in Euro ("€") which is the functional currency of the company and rounded to the nearest thousand €'000, except when otherwise indicated.

FRS 102 Reduced Disclosure Framework allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions

1. from preparing a statement of cash flows, on the basis that the company is a wholly owned subsidiary of Renesas Electronics Corporation, and is included in the publicly available consolidated financial statements of that company.
2. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures of Renesas Electronics Corporation;
3. from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The company has also taken advantage of the exemption under s.400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Renesas Electronics Corporation.

The consolidated financial statements of Renesas Electronics Corporation are available from its registered office: 3-2-24 Toyosu, Koto-ku, Tokyo, 135-0061, Japan.

#### **Going concern**

The company has considerable financial resources and therefore, the directors believe that the company is well placed to manage its risks successfully, despite COVID-19 and the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies (continued)

#### 1.2 Judgement and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### *Operating lease commitments*

The company has entered into leases as a lessee for cars and office equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

##### *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 18.

##### *Impairment of non-financial assets*

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### *Taxation*

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies (continued)

#### 1.3 Significant accounting policies

##### *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Short leasehold improvements	-	Term of lease
Plant and machinery	-	from 3 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### *Investments*

Investments held as fixed assets are accounted for at cost less impairment.

The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

##### *Impairment of non-financial assets*

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates, the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply.



## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies (continued)

#### 1.3 Significant accounting policies (continued)

##### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised.

##### *Rendering of services*

Revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to milestones achieved as agreed with the buyer at time of order.

##### *Interest income*

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

##### *Provisions for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### *Deferred tax*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- where there are differences between amounts that can be deducted for tax for assets and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/ (asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 31 December 2019

### 1. Accounting policies (continued)

#### 1.3 Significant accounting policies (continued)

##### *Foreign currencies*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

##### *Research and development*

Expenditure on research and development is written off as incurred.

##### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

##### *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### *Operating leases*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

##### *Pension and other post-retirement benefits*

The company operates a defined benefit pension scheme. The scheme requires contributions to be made to separately administered funds. The scheme was closed to new members in June 2011, from which time membership of a defined contribution plan was made available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

## Notes to the financial statements

at 31 December 2019

### 2. Turnover

Turnover represents the amounts received from the provision of services which fall within the company's ordinary and continuing activities, stated net of value added tax. Turnover, both by source and destination are the same.

Turnover recognised in the income statement all relates to the services provided to Renesas Electronics Europe GmbH (REEG) based in Germany and Renesas International Operations Sd based in Malaysia.

### 3. Operating Profit

This is stated after charging/ (crediting)

	<i>Year ended 31 December 2019 €000</i>	<i>Year ended 31 December 2018 €000</i>
Auditors' remuneration (note 4)	52	49
Research and development expenditure written off	537	8,432
Depreciation of owned fixed assets	23	280
Foreign exchange loss	(116)	(541)
Operating lease rentals – land and buildings	-	641

### 4. Auditors' remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	<i>Year ended 31 December 2019 €000</i>	<i>Year ended 31 December 2018 €000</i>
Audit of the financial statements	52	49
Total audit	<u>52</u>	<u>49</u>
Audit related assurance services	-	-
Other non-audit services	-	-
Total non-audit services	<u>-</u>	<u>-</u>
	<u>52</u>	<u>49</u>

### 5. Directors' remuneration

The retirement benefits accrued under defined benefit pension schemes and remuneration for the directors for the year ended 31 December 2019 and 31 December 2018 were borne by Renesas Electronics Europe GmbH and Renesas Electronics Corporation.

## Notes to the financial statements

at 31 December 2019

### 6. Staff costs

	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2018</i>
	<i>€000</i>	<i>€000</i>
Wages and salaries	745	5,948
Social security costs	89	851
Other pension costs	209	1,505
	<u>1,043</u>	<u>8,304</u>

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Sales and marketing	3	30
Engineering	6	65
Administration and core groups	1	9
	<u>10</u>	<u>104</u>

Included in other pension costs for the year are €115,000 (Year ended 31 December 2018: €282,000) in respect of the defined benefit schemes and €94,000 (Year ended 31 December 2018: €1,223,000) in respect of the defined contribution schemes.

### 7. Interest receivable and similar income

	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2018</i>
	<i>€000</i>	<i>€000</i>
Bank interest receivable and other	-	-
Dividends received	-	57,000
	<u>-</u>	<u>57,000</u>

Dividends received is from the Companies subsidiary, Renesas Electronics Europe GmbH and was paid on 14 December 2018.

### 8. Interest payable and similar expenses

	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2018</i>
	<i>€000</i>	<i>€000</i>
Bank loans and overdrafts	-	-
	<u>-</u>	<u>-</u>

## Notes to the financial statements

at 31 December 2019

### 9. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	<i>Year ended 31 December 2019 €000</i>	<i>Year ended 31 December 2018 €000</i>
<b>Current tax:</b>		
UK corporation tax at 19% (Year ended 31 December 2018 –19%)	-	-
Prior year adjustments	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences – current year	-	-
Write off non recoverable UK deferred tax	-	-
	-	-
Tax on profit (note 9(b))	-	-

(b) Factors affecting tax profit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (Year ended 31 December 2018 –19%). The differences are explained below:

	<i>Year ended 31 December 2019 €000</i>	<i>Year ended 31 December 2018 €000</i>
Profit before tax	<u>632</u>	<u>57,961</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (Year ended 31 December 2018 –19%)	120	11,013
<i>Effects of:</i>		
Dividend income not subject to tax	-	(10,830)
Expenses not deductible for tax purposes	-	1
Capital allowances in advance of depreciation	(68)	(32)
Timing differences relating to pension contributions	-	(257)
Timing differences – other	(58)	(83)
Prior year adjustments	-	-
Other	6	188
Total tax (note 9(a))	<u>-</u>	<u>-</u>

## Notes to the financial statements

at 31 December 2019

### 9. Tax on profit (continued)

(c) Deferred tax assets unrecognised in the Balance Sheet are as follows

	31 December 2019	31 December 2018
	€000	€000
Capital allowances in arrears of amortisation	311	33
Tax treatment of pension deficit contributions	-	642
Other timing differences	1,012	316
Deferred tax assets	<u>1,323</u>	<u>991</u>

The deferred tax assets will be recognised once it is considered more likely than not that they will be recoverable against taxable profit arising in future periods.

(d) Factors that may change future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. It is expected that the impact of these changes will not be material.

### 10. Intangible assets

	<i>Goodwill</i> €000
<i>Cost:</i>	
At 1 January 2019*	3,943
Increase during the year	-
Disposals- transfer to Renesas Electronics Europe GmbH	<u>(3,943)</u>
At 31 December 2019	<u>-</u>
 <i>Accumulated Amortisation:</i>	
At 1 January 2019	-
Provided during the year	<u>-</u>
At 31 December 2019	<u>-</u>
 <i>Carrying amount:</i>	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>3,943</u>

\*On 1<sup>st</sup> July 2018, the Company acquired the UK business of Intersil S.A. against a total consideration of €3,945,788 for fair value of net liabilities amounting to €2,724

## Notes to the financial statements

at 31 December 2019

### 11. Tangible assets

	<i>Short leasehold improvements</i>	<i>Plant and machinery</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>
Cost:			
At 1 January 2019	1,471	925	2,396
Additions	3	3	6
Disposals- transfer to Renesas Electronics Europe GmbH	(1,474)	(928)	(2,402)
At 31 December 2019	-	-	-
Accumulated Depreciation:			
At 1 January 2019	352	572	924
Provided during the year	13	10	23
Disposals- transfer to Renesas Electronics Europe GmbH	(365)	(582)	(947)
At 31 December 2019	-	-	-
Net book value:			
At 31 December 2019	-	-	-
At 31 December 2018	1,119	353	1,472

### 12. Investments

	<i>€000</i>
Cost:	
At 1 January 2019	59,603
Sale of subsidiary to Renesas Electronics Corporation	(59,603)
At 31 December 2019	-

#### **Subsidiary undertakings**

The company sold all the equity share capital of Renesas Electronics Europe GmbH (REEG) which is incorporated in Germany to Renesas Electronics Corporation in Japan for € 59,600,000.

A loss on sale of investment of €3,000 was recorded.

## Notes to the financial statements

at 31 December 2019

### 13. Debtors

	<i>31 December</i> 2019 €000	<i>31 December</i> 2018 €000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	152,231	94,138
Other debtors	669	862
Prepayments and accrued income	-	324
	<u>152,900</u>	<u>95,324</u>

Amounts owed by group undertakings are unsecured, incur interest at -0.30% per annum and are payable on demand.

### 14. Creditors: amounts falling due within one year

	<i>31 December</i> 2019 €000	<i>31 December</i> 2018 €000
Trade creditors	38	663
Amounts owed to group undertakings	-	5
Taxation and social security costs	-	191
Accruals and deferred income	407	3,381
	<u>445</u>	<u>4,240</u>

### 15. Provisions for liabilities

	<i>Dilapidation</i> €000	<i>Total</i> €000
As 1 January 2019	-	-
Amounts charged against the provision	-	-
As 31 December 2019	<u>-</u>	<u>-</u>



## Notes to the financial statements

at 31 December 2019

### 16. Issued share capital

	31 December 2019		31 December 2018	
<i>Allotted, called up and fully paid</i>	No.	€000	No.	€000
Ordinary shares of £1 each	32,920,001	<u>47,808</u>	32,920,001	<u>47,808</u>

### 17. Capital commitments

	31 December 2019	31 December 2018
	€000	€000
Contracted for but not provided	-	-

### 18. Pensions

Details of the defined benefit pension scheme is as follows:

#### Hitachi UK Pension Scheme

Renesas Electronics Europe Limited is a participating employer in this defined benefit scheme. The assets of the scheme are not normally segregated. However, the share of the deficit to each participating employer at 1 April 2007 were agreed with the employer for the purpose of funding the deficit and this split has been used to produce these disclosures for Renesas Electronics Europe Limited.

The assets of the scheme are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

The scheme was closed to future accruals in June 2011.

The valuation used has been based on the most recent actuarial valuation at 1 April 2019 and was updated by a qualified actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the schemes at 31 December 2019 and 31 December 2018. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

#### Intersil Superannuation Fund

Renesas Electronics Europe Limited became the principal employer in this defined benefit scheme on 1 July 2018.

The assets of the scheme are held separately from the company in an independently administered trust fund. The contributions are determined based on the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method.

The valuation used has been based on the most recent actuarial valuation at 31 March 2018 and was updated by a qualified actuary to take account of the requirements of FRS 102 in order to assess the liabilities of the schemes at 31 December 2019 and 31 December 2018. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

## Notes to the financial statements

at 31 December 2019

### 18. Pensions (continued)

The assets and liabilities of the schemes are as follows:

	<i>ISL Scheme</i>		<i>Hitachi Scheme</i>	
	<i>31 December 2019</i>	<i>31 December 2018</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<b>Scheme assets at fair value</b>				
Equities	758	2,734	-	-
Bonds	350	-	86,458	75,187
Cash	780	775	705	256
Insured pensioners	-	-	14,424	13,353
Fair value of scheme assets	1,888	3,509	101,587	88,796
Present value of scheme liabilities	(1,693)	(3,509)	(71,637)	(63,579)
Surplus in the plan	195	-	29,950	25,217
Unrecognised Surplus	(195)	-	(29,950)	(25,217)
Net Pension Position	-	-	-	-

The amounts recognised in the Income Statement and in the Statement of Other Comprehensive Income are analysed as follows:

	<i>ISL Scheme</i>		<i>Hitachi Scheme</i>	
	<i>31 December 2019</i>	<i>31 December 2018</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<b>Recognised in the income statement</b>				
Administration costs	1	-	194	219
Past service cost	(80)	31	-	63
Foreign Exchange	(1)	-	74	(57)
Recognised in arriving at operating profit	(80)	31	268	225
Net interest on net defined benefit liability	-	-	-	-
Total recognised in the profit and loss account	(80)	31	268	225

	<i>ISL Scheme</i>		<i>Hitachi Scheme</i>	
	<i>31 December 2019</i>	<i>31 December 2018</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<b>Recognised in other comprehensive income</b>				
Actual return on scheme assets	222	(261)	8,030	(6,224)
Experience gain arising on pension scheme liabilities	-	-	1,635	-
Less: amounts included in net interest on the net defined benefit liability	(302)	292	(6,923)	7,957
Adjustments due to asset ceiling	-	-	(2,474)	(6,267)
Remeasurement gains and losses recognised in other comprehensive income	(80)	31	268	(4,534)

## Notes to the financial statements

at 31 December 2019

### 18. Pensions (continued)

The main assumptions used by the actuary are as follows:

	<i>ISL Scheme</i>		<i>Hitachi Scheme</i>	
	<i>31 December 2019</i>	<i>31 December 2018</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Rate of salary increases	n/a	n/a	n/a	n/a
Rate of increase in pensions in payment	2.90%	3.60%	2.90%	3.20%
Discount rate	2.10%	2.70%	2.05%	2.85%
Inflation assumption	2.90%	3.60%	2.95%	3.40%
Post-retirement mortality				
Current pensioners at 65 – male	23.2	23.4	26.1	22.0
Current pensioners at 65 – female	25.1	25.3	28.6	23.9
Future pensioners at 65 – male	24.9	25.1	27.6	23.8
Future pensioners at 65 – female	26.9	27.1	30.1	25.8

The post-mortality mortality assumptions allow for expected increases in longevity. The “current” disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with “future” being that relating to an employee retiring in 2040.

Changes in the present value of the defined benefit obligations are analysed as follows:

	<i>Total €000</i>
At 1 January 2018	74,795
Acquisition of ISL scheme	3,154
Past service cost	95
Interest cost	1,776
Benefits paid	(2,908)
Actuarial gains and losses	(7,728)
Foreign currency differences	(2,096)
As at 31 December 2018	<u>67,088</u>
Interest cost	1,890
Benefits paid	(2,656)
Liabilities extinguished on settlement	(2,130)
Actuarial gains and losses	6,837
Foreign currency differences	2,301
As at 31 December 2019	<u><u>73,330</u></u>

## Notes to the financial statements

at 31 December 2019

### 18. Pensions (continued)

Changes in the fair value of plan assets are analysed as follows:

	<i>Total</i> €000
At 1 January 2018	93,987
Acquisition of ISL scheme	3,791
Remeasurement gain	
Actual return on plan assets	(6,581)
Interest income	2,287
Administration fees	(223)
Employer contributions	4,759
Benefits paid	(2,908)
Foreign currency differences	(2,807)
As at 31 December 2018	<u>92,305</u>
Remeasurement gain	
Actual return on plan assets	8,023
Interest income	2,625
Administration fees	(196)
Assets distributed on settlement	(2,051)
Benefits paid	(2,656)
Foreign currency differences	5,425
As at 31 December 2019	<u><u>103,475</u></u>

### 19. Contingent liabilities

With regards to a legal action received, while we acknowledge that an outflow of economic resources is possible but not probable, given the early stage of the legal process we have not yet been able to conclude on a range of possible outcomes or considered a range of potential values for any settlement. As such we are unable to estimate the potential exposure of this legal action and it is not considered probable no provision has been booked.

## Notes to the financial statements

at 31 December 2019

### 20. Other financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>31 December 2019</i>	<i>31 December 2018</i>
	<i>Land and buildings</i>	<i>Land and buildings</i>
	<i>€000</i>	<i>€000</i>

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

Within one year	-	758
In two to five years	-	2,673
Over five years	-	1,560
	<u>-</u>	<u>4,991</u>

### 21. Reserves

#### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

### 22. Related party transactions

The company has taken advantage of the exemption in FRS 102 Sch. 72(4) from the requirement to disclose transactions with group undertakings on the grounds that it is a wholly owned subsidiary of Renesas Electronics Corporation, and is included in the publicly available consolidated financial statements of that company.

### 23. Ultimate parent undertaking

The company's immediate and ultimate parent undertaking is Renesas Electronics Corporation, which is incorporated in Japan.

Copies of the financial statements of Renesas Electronics Corporation which is the smallest and largest group for which consolidated financial statements are prepared and of which this company is a member can be obtained from its registered office: 3-2-24 Toyosu, Koto-ku, Tokyo 135-0061, Japan.

### 24. Events since the balance sheet date

The Company has a year-end of 31 December 2019. On 11th March 2020, the World Health Organisation declared the coronavirus a pandemic, Covid-19. This is a non-adjusting event as the announcement to Covid-19 was made after the balance sheet date.