Consolidated Financial Data (Unaudited) [In accordance with International Financial Reporting Standards (IFRS)]
Murata Manufacturing Co., Ltd. and Subsidiaries

Consolidated Financial Flash Report (March 31, 2024)

Date: April 26, 2024

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL https://corporate.murata.com)
Phone : (075) 955-6525
The date of payout of dividends : June 28, 2024

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2024

(1) Operating results

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,640,158	(2.8)	215,447	(27.8)	239,404	(20.9)	180,838	(25.9)	290,026	(0.6)
Year ended March 31, 2023	1,686,796	-	298,231	-	302,683	-	243,946	-	291,881	-

	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of parent	Profit before tax ratio to total assets	Operating profit ratio to revenue
	Yen	Yen	%	%	%
Year ended March 31, 2024	95.72	-	7.4	8.1	13.1
Year ended March 31, 2023	128.64	-	10.6	10.7	17.7

(Reference) Share of profit (loss) of investments accounted for using equity method:
For the year ended March 31, 2024: 31 million yen For the year ended March 31, 2023: -
* Percentage represents year-on-year changes.
* Murata Manufacturing Co., Ltd. (hereinafter, the "Company") implemented a three-for-one common stock split, effective October 1, 2023. Basic earnings per share was calculated on the assumption that the stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2023.

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	3,037,895	2,555,609	2,556,147	84.1	1,353.01
As of March 31, 2023	2,858,303	2,359,942	2,359,985	82.6	1,249.22

* The Company implemented a three-for-one common stock split, effective October 1, 2023. Equity attributableto owners of parent per share were calculated on the assumption that the stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2023.

(3) Cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	489,637	(201,571)	(165,321)	622,007
Year ended March 31, 2023	277,641	(151,416)	(182,271)	469,406

2. Dividends

	Cash dividends per share					Cash dividends (Total)	Consolidated basis	
	First quarter	Second quarter	Third quarter	Year-end	Total		Dividend payout ratio	Dividend on equity attributable to owners of parent
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	-	75.00	-	75.00	150.00	94,459	38.9	4.1
Year ended March 31, 2024	-	75.00	-	27.00	-	98,240	54.3	4.0
Year ending March 31, 2025 (Projected)	-	27.00	-	27.00	54.00		43.4	

* The Company implemented a three-for-one common stock split, effective October 1, 2023. Concerning the dividend per share for the year ended 31 March, 2024, the dividend amount based on the number of shares after the stock split is shown, and the total full-year dividend is displayed as " - ." Based on the number of shares prior to the stock split, the dividend per share for the year ended 31 March, 2024, is 81.00 yen for a full-year dividend of 156.00 yen per share.
* Dividend payout ratio (consolidated) for the year ending March 31,2025 does not include the impact of the stock repurchase and cancellation of treasury stock, which was resolved at the meeting of the Board of Directors held on April 26, 2024.

3. Projected consolidated financial results for the six months ending September 30, 2024, and the year ending March 31, 2025

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	852,000	5.1	154,000	10.9	160,000	(0.8)	120,000	(4.1)	63.52
Year ending March 31, 2025	1,700,000	3.6	300,000	39.2	313,000	30.7	235,000	30.0	124.39

* Percentage represents year-on-year changes.
* Basic earnings per share for the year ending March 31,2025 do not include the impact of the stock repurchase and cancellation of treasury stock, which was resolved at the meeting of the Board of Directors held on April 26, 2024.

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None

(3) Number of common shares outstanding
Number of shares outstanding, including treasury shares: 2,027,442,843 shares as of March 31, 2024, and March 31, 2023
Number of treasury shares: 138,209,482 shares as of March 31, 2024, and 138,272,181 shares as of March 31, 2023
Average number of shares outstanding: 1,889,188,147 shares for the year ended March 31, 2024, and 1,896,353,425 shares for the year ended March 31, 2023
* The Company implemented a three-for-one common stock split, effective October 1, 2023. Average number of shares outstanding were calculated on the assumption that the stock split had been implemented at the beginning of the consolidated fiscal year ended March 31,2023.

[Reference] Non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2024

(Amounts of less than one million yen are rounded down)

(1) Operating results

	Net sales		Operating income		Income before income taxes and extraordinary items		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	1,069,763	0.0	3,241	(92.8)	103,760	(29.2)	107,807	(27.3)
Year ended March 31, 2023	1,069,417	(13.3)	44,897	(64.2)	146,625	(31.4)	148,193	(19.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	57.06	-
Year ended March 31, 2023	78.09	-

*1 Percentage represents year-on-year changes.
*2 Basic earnings per share were calculated on the assumption that the stock split had been implemented at the beginning of the consolidated fiscal year ended March 31, 2023.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	1,414,724	724,441	51.2	383.46
As of March 31, 2023	1,311,948	707,765	53.9	374.64

*Notes to the projected financial results
The above projections were prepared based on estimates using information currently available.
Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to “Business Results and Financial Position”.

Business Results and Financial Position

(from April 1, 2023 through March 31, 2024)

1. Business Results

The global economic environment for the period under review saw the continuing global monetary tightening put downward pressure on the economy. Additionally, with geopolitical risks mounting, the economic outlook remains uncertain. In the U.S., the economy has continued to be steady on the back of strong consumer spending against the background of a lower-than-expected unemployment rate in addition to a rise in wages despite being in the monetary tightening environment. In Europe, the lackluster economy has stayed as consumer sentiment remains low in the face of rising prices and monetary tightening, and exports too have slumped due to the stagnation of the overseas economy. China saw consumption pick up mainly due to government stimulus measures and the impact of the Chinese New Year. However, the real estate market remains stagnant and weak exports have weighed down the economy, causing a lingering sluggishness.

In the electronic market where Murata Manufacturing Co., Ltd. and its subsidiaries (hereinafter referred to as the “Companies”) operate, demand for parts grew for mobility due in part to a recovery in the number of cars produced in the wake of a lessening of semiconductor shortages. Additionally, there were signs of a recovery from the inventory adjustment of parts in the smartphone market. On the other hand, demand for parts declined for applications such as for PCs, AV equipment, and power tools as final consumption dropped in countries around the world in the face of rising prices.

In these circumstances, regarding revenue for the period under review, revenue from high-frequency modules increased for smartphones, and from capacitors grew for mobility and smartphones. On the other hand, in addition to a decline in Lithium-ion secondary batteries for power tools, revenue from connectivity modules decreased mainly for smartphones and PCs. As a result, revenue decreased by 2.8 % year on year to 1,640,158 million yen despite the impact of foreign currency fluctuations (the yen depreciated by 9.14 yen year on year).

Looking at profits, operating profit was 215,447 million yen, down 27.8% year on year, profit before tax was 239,404 million yen, down 20.9% year on year, and profit attributable to owners of parent came to 180,838 million yen, down 25.9% year on year. This was due to profit-decreasing factors such as a drop in the operation rate, a fall in product selling prices, and impairment loss related to manufacturing machineries, etc., for cylindrical type lithium-ion secondary batteries despite profit-increasing factors such as a cost reduction, a weaker yen, and a decrease in fixed costs.

Return on invested capital (ROIC) (before taxes) for the period under review was 10.0%, a year-on-year decrease of 4.4 percentage points, as the turnover of total capital used declined as a result of an increase in property, plant and equipment in the wake of making anticipatory investment with an eye on future market growth. An additional negative reason is that impairment loss related to manufacturing machineries, etc., for cylindrical type lithium-ion secondary batteries lowered the operating profit ratio.

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*1		%*1		%
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)
Operating profit	298,231	17.7	215,447	13.1	(82,784)	(27.8)
Profit before tax	302,683	17.9	239,404	14.6	(63,279)	(20.9)
Profit attributable to owners of parent	243,946	14.5	180,838	11.0	(63,108)	(25.9)
Return on invested capital (ROIC)*2 (pre-tax basis)	14.4	-	10.0	-	(4.4)	-
Average exchange rate (Yen/U.S. dollar)	135.48	-	144.62	-	9.14	-

*1 Component ratio as a percentage of revenue

*2 ROIC (pre-tax basis)＝Operating profit／Average invested capital at the beginning and end of the period(=Property, plant and equipment・right-of-use assets・goodwill・intangible assets＋inventories＋trade receivable－trade payables)

[Reference]　ROIC (pre-tax basis) by Operating Segments

Components　for the year ended March 31, 2023　24.6%
　　　　　　for the year ended March 31, 2024　19.0%

Devices and Modules　for the year ended March 31, 2023　2.3%
　　　　　　　　　　for the year ended March 31, 2024　(1.5)%

Revenue by Operating Segments

Revenue by Operating Segments for the period under review were as follows.

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*		%*		%
Capacitors	738,841	43.8	753,520	46.0	14,679	2.0
Inductors and EMI filters	175,324	10.4	180,251	11.0	4,927	2.8
Components	914,165	54.2	933,771	57.0	19,606	2.1
High-Frequency Device and Communications Module	453,646	26.9	440,142	26.8	(13,504)	(3.0)
Battery and Power supply	214,556	12.7	164,393	10.0	(50,163)	(23.4)
Functional Device	92,778	5.5	90,701	5.5	(2,077)	(2.2)
Devices and Modules	760,980	45.1	695,236	42.3	(65,744)	(8.6)
Others	11,651	0.7	11,151	0.7	(500)	(4.3)
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)

*Component ratio as a percentage of revenue

<Components>

Revenue of Components for the period under review increased by 2.1 % year-on-year to 933,771 million yen.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, revenue of MLCCs decreased for industrial equipment and AV equipment but increased for mobility and smartphones.

As a result, overall revenue increased by 2.0 % year-on-year to 753,520 million yen.

〔Inductors and EMI filters〕

The Inductors and EMI filters category includes Inductors, EMI suppression filters.

For the period under review, revenue of inductors increased for smartphones and mobility.

As a result, overall revenue increased by 2.8 % year-on-year to 180,251 million yen.

<Devices and Modules>

Revenue of Devices and Modules for the period under review decreased by 8.6 % year-on-year to 695,236 million yen.

〔High-Frequency Device and Communications Module〕

The High-Frequency Device and Communications Module category includes connectivity modules, multilayer resin substrates, High-frequency modules, SAW filters.

For the period under review, while revenue of High-frequency modules, SAW filters and multilayer resin substrates increased for smartphones, revenue of connectivity modules fell for smartphones and PCs.

As a result, overall revenue decreased by 3.0 % year-on-year to 440,142 million yen.

〔Battery and Power supply〕

The Battery and Power supply category includes Lithium-ion secondary batteries, Power supplies modules.

For the period under review, revenue of lithium-ion secondary batteries decreased for power tools.

As a result, overall revenue decreased by 23.4 % year-on-year to 164,393 million yen.

〔Functional Device〕

The Functional Device category includes Sensors, Timing devices (Resonators).

For the period under review, revenue of sensors increased for mobility. However, revenue of sensors and timing devices decreased for industrial equipment and computers.

As a result, overall revenue decreased by 2.2 % year-on-year to 90,701 million yen.

Revenue by Application Category

Revenue by Application Category for the period under review were as follows.

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%		%		%
Communication	659,244	39.1	676,546	41.2	17,302	2.6
Mobility	390,198	23.1	432,658	26.4	42,460	10.9
Computers	224,714	13.3	203,075	12.4	(21,639)	(9.6)
Home Electronics	197,831	11.7	148,450	9.1	(49,381)	(25.0)
Industry and Others	214,809	12.8	179,429	10.9	(35,380)	(16.5)
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)

*Based on our estimate

〔Communication〕

For the period under review, while revenue of connectivity modules decreased for smartphones, revenue of high-frequency modules, MLCCs and SAW filters increased for smartphones.

As a result, overall revenue decreased by 2.6 % year-on-year to 676,546 million yen.

〔Mobility〕

For the period under review, revenue of MLCCs, inductors and sensors increased mainly due to the revenue-increasing factor of an increase in the automotive production and the expanding with progress in electrification.

As a result, overall revenue increased by 10.9 % year-on-year to 432,658 million yen.

〔Computers〕

For the period under review, revenue of connectivity modules decreased for PCs.

As a result, overall revenue decreased by 9.6 % year-on-year to 203,075 million yen.

〔Home Electronics〕

For the period under review, revenue of lithium-ion secondary batteries for power tools decreased, and revenue of MLCCs for AV equipment decreased.

As a result, overall revenue decreased by 25.0 % year-on-year to 148,450 million yen.

〔Industry and Others〕

For the period under review, revenue of MLCCs for industrial equipment and distributors decreased.

As a result, overall revenue decreased by 16.5 % year-on-year to 179,429 million yen.

2. Financial Position

Total assets at the end of the period under review increased by 179,592 million yen from the end of the previous fiscal year to 3,037,895 million yen primarily due to increases in cash and cash equivalents, property, plant and equipment and trade receivables, despite a decrease in inventories.

Total liabilities decreased by 16,075 million yen from the end of the previous fiscal year to 482,286 million yen mainly due to a decrease in bonds and borrowings and other financial liabilities, despite increase in income taxes payable and lease liabilities.

Total equity increased by 195,667 million yen from the end of the previous fiscal year to 2,555,609 million yen, primarily due to increases in retained earnings and other components of equity. The ratio of equity attributable to owners of parent up by 1.5 points from the end of the previous fiscal year to 84.1 %.

Compared with the previous fiscal year, cash flows for the period under review were as follows.

<Net cash provided by operating activities>

For the period under review, cash flows from operating activities were an inflow of 489,637 million yen mainly due to profit for the period of 174,217 million yen, which is the source of cash flows, depreciation and amortization of 175,873 million yen, and decrease in inventories of 83,451 million yen.

Net cash provided by cash flows from operating activities increased by 211,996 million yen from the same period of the previous fiscal year.

<Net cash used in investing activities>

For the period under review, cash flows from investing activities were an outflow of 201,571 million yen primarily due to purchase of property, plant and equipment of 228,626 million yen, aimed at boosting production capacity and construction of buildings for production in particular, despite proceeds from sale and redemption of investments of 16,700 million yen.

Net cash used in investing activities increased by 50,155 million yen from the same period of the previous fiscal year.

<Net cash used in financing activities>

For the period under review, net cash used in financing activities was 165,321 million yen primarily due to the payment of dividends of 94,460 million yen, redemption of bonds of 60,000 million yen.

Net cash used in financing activities decreased by 16,950 million yen from the same period of the previous fiscal year.

3. Projected Results for the Year Ending March 31, 2025

With regard to the global economic environment for the next fiscal year, there are fears about geopolitical risks, such as the Middle East situation and the Ukraine crisis, in addition to high prices and the continuing monetary tightening in countries in the world, which has made the economic outlook uncertain. Moreover, there are concerns that a change in monetary policies in countries in the world and the outcome of the U.S. presidential election scheduled for November 2024 may have a negative impact on the foreign exchange market and the global economy. It is necessary to closely watch how the situation will play out in the future.

In the electronics market where the Companies operate, demand for parts is forecasted to increase due to progress in the electrification of cars and a recovery from the inventory adjustment of consumer electronic equipment.

Under these circumstances, the Company has made the following forecasts for the next fiscal year.

		Consolidated Basis		
		2023 Actual	2024 Projection	Change
Revenue	Millions of yen	1,640,158	1,700,000	% 3.6
Operating profit	<%>*1 Millions of yen	<13.1> 215,447	<17.6> 300,000	39.2
Profit before tax	<%>*1 Millions of yen	<14.6> 239,404	<18.4> 313,000	30.7
Profit attributable to owners of parent	<%>*1 Millions of yen	<11.0> 180,838	<13.8> 235,000	30.0
Return on invested capital (ROIC)*2 (pre-tax basis)	<%>	10.0	13.8	3.8
Capital expenditures	Millions of yen	219,531	190,000	(13.5)
Depreciation and amortization	<%>*1 Millions of yen	<10.7> 175,873	<10.1> 172,000	(2.2)
Research and development expenses	<%>*1 Millions of yen	<8.1> 132,502	<8.6> 146,000	10.2

*1 Ratio to revenue

*2 The projections above are based on the assumed average exchange rates of 145 yen per U.S. dollar for the year ending March 31, 2025.

*3 ROIC (pre-tax basis)＝Operating profit／Average invested capital at the beginning and end of the period(=Property, plant and equipment・right-of-use assets・goodwill・intangible assets＋inventories＋trade receivable－trade payables)

In respect of revenue for the next fiscal year, revenue from capacitors is expected to increase significantly for mobility and computers although revenue from Lithium-ion secondary batteries and connectivity modules will decrease for power tools and PCs, respectively. As a result, revenue for the next fiscal year is planned to be 1,700,000 million yen, up 3.6% from the period under review. Looking at profits, operating profit will be 300,000 million yen, up 39.2% from the period under review, profit before tax will come to 313,000 million yen, up 30.7% from the above-mentioned period, and profit attributable to owners of parent will come to 235,000 million yen, up 30.0% from the above-mentioned period. This will be due to profit-increasing such as gains from a higher operation rate resulting from an increase in production output, a cost reduction, and others despite a fall in product selling prices, and an increase in fixed costs.

Regarding capital expenditures, from a medium-to long term perspective, the Company plans a total investment of 190,000 million yen primarily to expand production capacity for products whose demand can be expected to grow.

The Company expects ROIC (before taxes) to increase 13.8%, up 3.8 percentage points from the period under review, due to a higher operating profit due to the recovery of the operation rate although the Company will add invested capital.

4. Basic policy on profit distribution and dividends for the year ended March 31, 2024 and the year ending March 31, 2025

The Companies belong to the electronics component industry segment which experiences rapid fluctuation in technological innovation. We endeavor to flexibly respond to changes in the market, achieve continuous profit growth and substantially of equity capital in order to continue stabilization of management in the severe business environment.

Our basic policy on profit distribution to shareholders is to prioritize the sharing of profits through payment of dividends. We will steadily raise the dividends by increasing profit per share, while enhancing long-term corporate value and strengthening its capital structure, and aim to realize DOE (Dividends on Equity) of 4% or higher with a target payout ratio of about 30% in the mid-term. In accordance with this policy, our dividends are determined after comprehensively considering the our business performance on a consolidated basis, as well as the accumulation of internal reserves necessary for reinvestment to ensure future development.

The Companies regard the repurchase of own shares as an approach for returning profits to shareholders. We accordingly implement this measure as appropriate in order to improve our capital efficiency.

For the year ended March 31, 2024, the Companies plan to pay a year-end dividend of 27 yen per share.

Based on the comprehensive evaluation of factors such as forecasts for consolidated business performance, earnings retention for reinvestment for future development, and the dividend policy, we plan to pay our annual dividend of 54 yen per share (comprising interim and year-end dividend of 27 yen per share, each) for the fiscal year ending March 31, 2025. Note that the annual dividend above is calculated considering the business environment and performance forecasts for the year ending March 31, 2025.

[Cautionary Statement on Forward-looking Statements]

This report contains forward-looking statements concerning the Companies' projections, plans, policies, strategies, schedules, and decisions. These forward-looking statements are not historical facts; rather, they represent the assumptions of the Companies based on information currently available and certain assumptions we deem as reasonable. Actual results may differ materially from expectations owing to various risks and uncertainties. Readers are therefore requested not to rely on these forward-looking statements as the sole basis for evaluating the Companies. The Companies have no obligation to revise any of the forward-looking statements as a result of new information, future events, or otherwise.

Risks and uncertainties that may affect actual results include, but are not limited to, the following:

(1) Economic conditions of the Companies' business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components

(2) Price fluctuations and insufficient supply of raw materials

(3) Exchange rate fluctuations

(4) The Companies' ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers

(5) Changes in the market value of the Companies' financial assets

(6) Drastic legal, political, and social changes in the Companies' business environment

(7) Other uncertainties and contingencies.

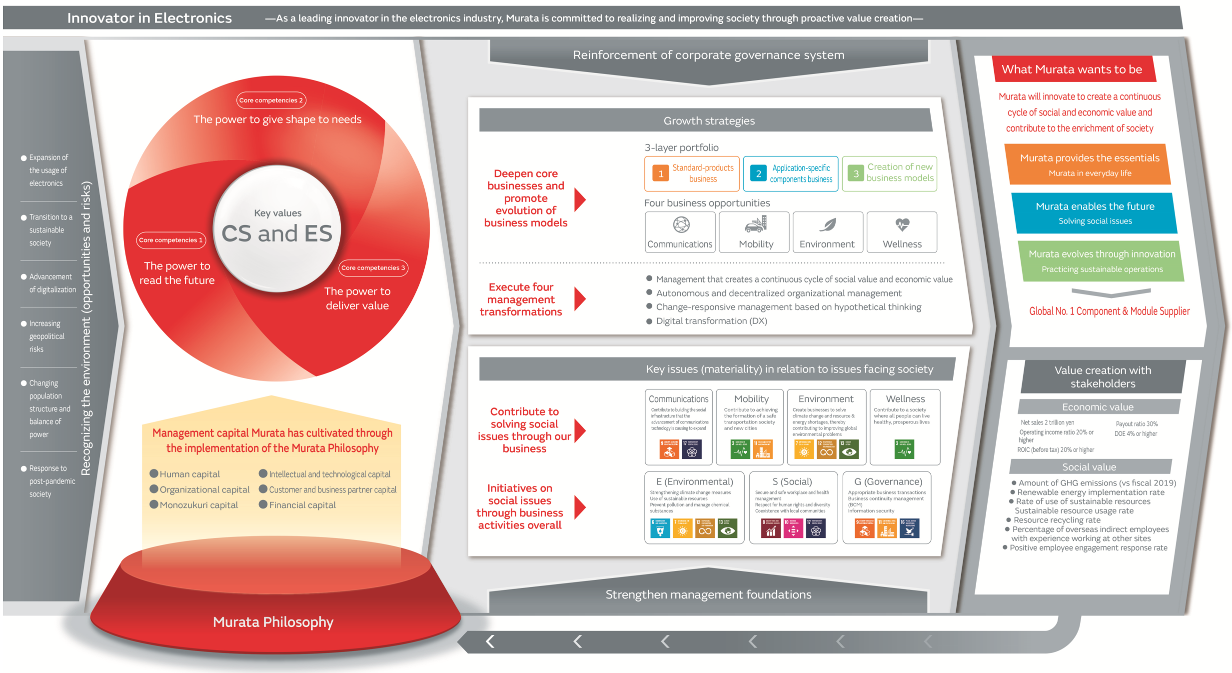
1. Basic policy on company management

The Murata Group practices management based on the Murata Philosophy, the heart of which is to “contribute to the advancement of society by creating innovative products and solutions”. Our employees share a belief in the slogan “Innovator in Electronics,” which embodies Murata’s desire to be a leader in innovation for the electronics industry.

For Murata to continue proactively creating value as a true Innovator in Electronics, it is important that we expand the scope of the value we provide from just “innovation for customers” to also include “innovation for solving social issues.” In keeping with this belief, during the fiscal year ending March 31, 2022, we further developed the Murata Group’s value creation process into scenarios that newly incorporate the sustainability perspective. “CS and ES” (customer satisfaction and employee satisfaction, respectively) are key values of the Murata Group and the driving force behind the three core competencies: “the power to read the future,” “the power to give shape to needs,” and “the power to deliver value.” We aim to harness these core competencies to each other to demonstrate our collective strength and generate a continuous cycle of social and economic value, through which we will contribute to the enrichment of society.

To achieve this, we believe it important that diverse personnel collaborate with each other beyond organizational boundaries to create innovation. Another critical part is to pursue co-creation with stakeholders more actively than we ever have before. Going forward, we will build solid relationships with our stakeholders, work to solve social issues, and contribute to social sustainability.

“The Murata Group’s value creation process”



2. Mid- to long-term company management strategy

I Vision 2030 (long-term vision)

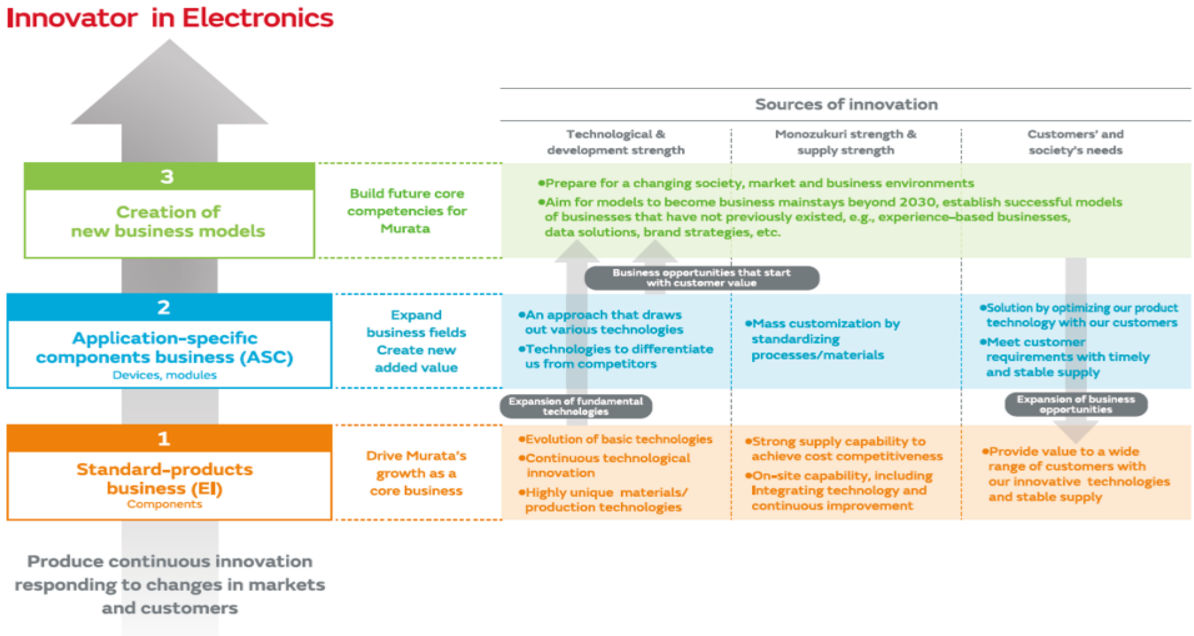
During the fiscal year ended March 31, 2022, the Murata Group established Vision 2030 as our new long-term vision and Mid-term Direction 2024 as a three-year action plan (the first year of which is the previous consolidated fiscal year). Vision 2030 describes what Murata wants to be, namely that "Murata will innovate to create a continuous cycle of social and economic value and contribute to the enrichment of society." We also made it our growth strategy to "deepen core businesses and promote evolution of business models" and to "execute four management transformations." We present these as our vision to give consistency to our efforts through 2030 and enable us to get where we want to be. By so doing, we aim to ensure that the Murata Group remains the best choice for customers and society as well as the global No. 1 component & module supplier.

"Vision 2030: What Murata wants to be"

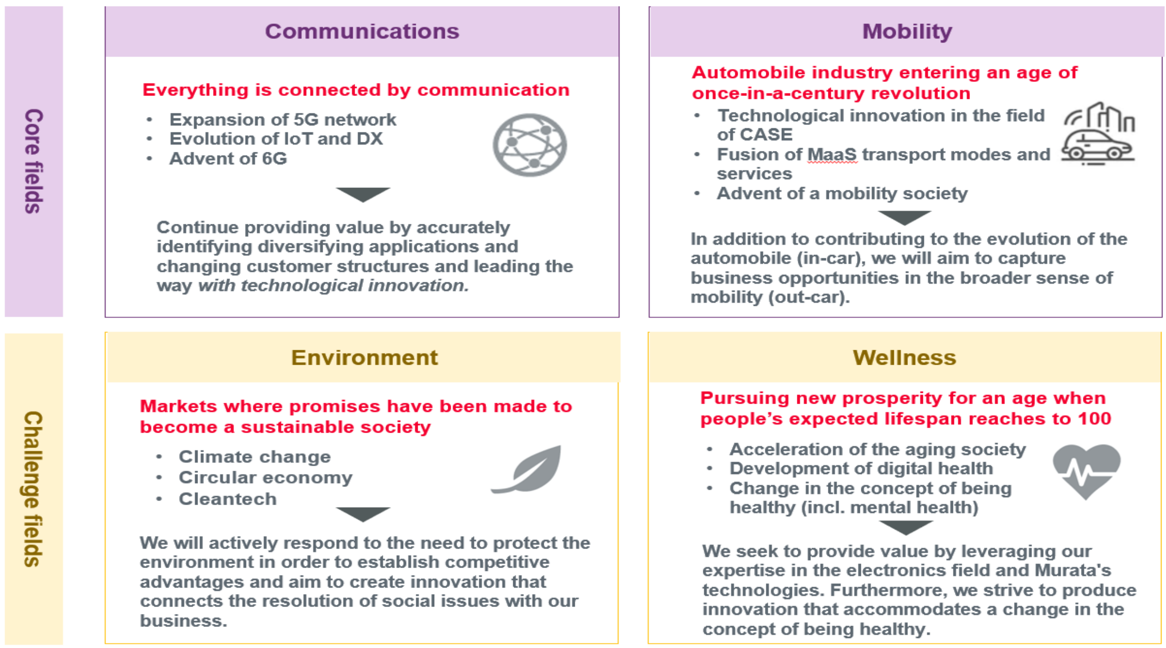
Growth strategy① : Deepen core businesses and promote evolution of business models

In order for the Murata Group to continue to create value as an innovator in the drastically changing electronics industry, it is necessary to capture the global trends of technology and changes in society and reflect them in business management. In order to create various innovations looking ahead to the future from a long-term perspective, the Murata Group uses a 3-layer portfolio in its business management and focuses on four key fields with business opportunities to create value.

"3-layer portfolio"



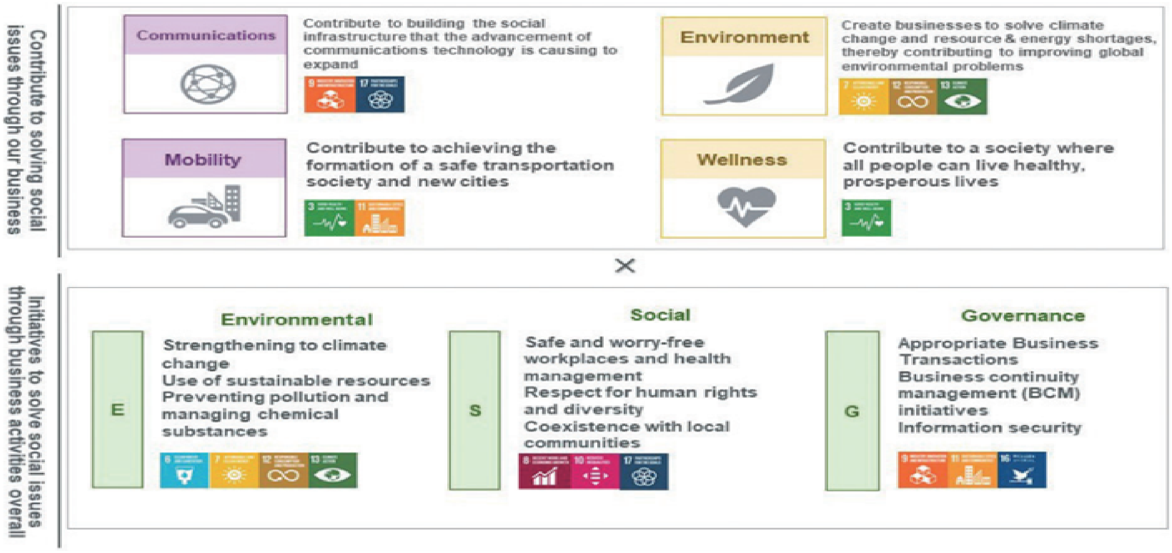
"Four business opportunities"



Growth strategy② : Execute four management transformations

・Management transformation 1: Management that creates a continuous cycle of social value and economic value

The Murata Group strives to increase the value it provides to society (social value) while creating a continuous cycle of social value and economic value as it aims to remain the company of choice that is trusted by its stakeholders. To achieve this vision, we have set targets for key issues (materialities) originating with social issues.

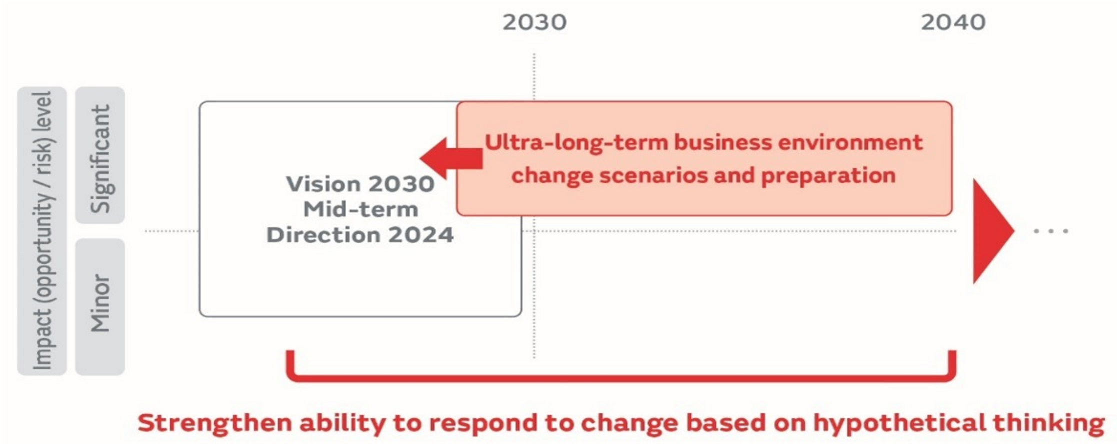


・Management transformation 2: Autonomous and decentralized organizational management

Even as the Murata Group expands its scale and business area, we hope to transform Murata's organizational management to be more autonomous and decentralized so that every employee can continue to practice the Murata Philosophy in their daily work, provide value, and continue growing just as we did when the Murata Philosophy established.

・Management transformation 3: Change-responsive management based on hypothetical thinking

At a time when the environment is changing drastically, we should not be passive, but rather prepare by hypothesizing what might happen in the future, then practice change-responsive business management, which flexibly corrects its course in response to change. Each function and organization continually gathers information on future changes, discusses them, takes action, and monitors, raising their sensitivity to environmental changes.



* Hypothetical thinking: Consider a variety of hypotheses on changes that could occur in our uncertain business environment and change course flexibly in response to change

・Management transformation 4: Digital transformation (DX)

At the Murata Group, we define digital transformation (DX) as an initiative that enables people and organizations (business processes) both inside and outside Murata to connect digitally and freely and make processes shorter, faster, and visible, thereby continually driving to dramatically increase customer value and competitiveness. Both the organization that promotes the strategy for company-wide DX and the executing organization will accelerate the overall digitalization in order to realize our vision in the domains to strengthen and core fields.

Domains to strengthen	● R&D: Accelerate the development of elemental technologies and new technologies by utilizing AI and MI (Machine Intelligence) ● ECM/SCM*: Transform monozukuri in a broad sense, including ECM/SCM, envisioning how monozukuri should be in ten years' time ● Customer contact: Strengthen the connection with customers not just individually but from an end-to-end perspective, thereby co-creating value with them ● Business management: Promote business portfolio management and enhance business management to improve the ability to respond to changes
Core fields	● DX human resources/IT platform: Invest strategically to develop digital human resources and improve IT infrastructure as a foundation for DX.

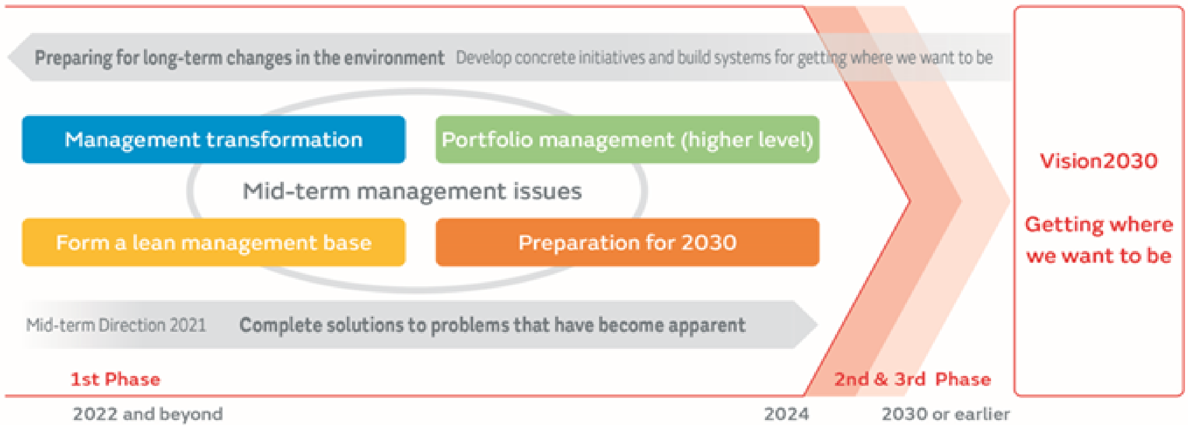
* ECM/SCM: Engineering Chain Management / Supply Chain Management

Murata DX policy	Increase per-hour productivity by continually investing in digital infrastructure and making full use of digital. Encourage use of data, connect business processes to each other, and create new value. Also contribute to Layer 3 portfolio domain. By executing and practicing these things, we will foster a corporate culture of ongoing transformation.

Ⅱ Mid-term Direction 2024

Basic policy

Mid-term Direction 2024 represents the first phase of Murata's effort to achieve Vision 2030, our long-term vision. Under Mid-term Direction 2024, in addition to solving currently existing problems, we strive to capture the changes in the environment from a long-term perspective and perform backcasting to identify preparations we need to make going forward. Therefore, Mid-term Direction 2024 lays out four management issues we need to address to ensure good results in this three-year period: management transformation, portfolio management (higher level), formation of a lean management base, and preparation for 2030.



Mid-term management issues

"Management transformation"

Vision 2030, Murata's long-term vision, sets out four management transformations as a growth strategy, namely "Management that creates a continuous cycle of social value and economic value," "Autonomous and decentralized organizational management," "Change-responsive management based on hypothetical thinking," and "Digital transformation (DX)." To promote these transformations, we are addressing key issues (materialities) originating with social issues and improving business plan control processes based on hypothetical thinking as a way to ensure an autonomous and decentralized organization. We are also building digital infrastructure, using digital to transform manufacturing, and hiring and training DX staff.

"Portfolio management (higher level)"

To achieve a deepening of core businesses and promoting evolution of business models, a growth strategy found in Vision 2030, we will take portfolio management to a higher level using the 3-layer portfolio mentioned previously. Regarding layer 1, we will ensure our position as an industry leader by building up supply capacity to keep pace with growing demand, cutting-edge technical strength to overcome technical limitations, and business efficiency. During the consolidated fiscal year, Murata, Ishihara Sangyo Kaisha, Ltd., and Fuji Titanium Industry Co., Ltd. established a joint venture company, MF Material Co., Ltd., to build a stable supply system for materials for multilayer ceramic capacitors. In addition, a new production building in Vietnam was completed to establish a system capable of meeting the medium- to long-term increase in demand for inductor coils for cars and electronic devices. For layer 2, The Murata Group is endeavoring to win market share by stepping up differentiating technologies. We are also working to build up our financial strength by reconsidering our portfolio, for example selecting and concentrating on specific businesses. During the consolidated fiscal year, we developed and began mass production of an ultrasonic sensor for advanced driver assistance systems (ADAS) for the autonomous driving market, capable of detecting objects as close as 15 cm. Furthermore, to establish a stable supply system, in addition to Murata Electronics Oy, we are expanding production capacity for MEMS inertial sensors at Kanazawa Murata Manufacturing. Finally, for layer 3, we are searching out business areas where we can put Murata's strengths to work. During the consolidated fiscal year, PIECLEX Co., Ltd. began demonstrating the transparent recycling infrastructure "P-FACTS" (PIECLEX FAbrics Composting Technology Solution), which was built in collaboration and co-creation with many stakeholders, including partner companies, local governments, welfare facilities, and educational institutions. The infrastructure collects PIECLEX-based apparel and textile products and composts them for utilization in agriculture and forestry. Murata will continue to renew its businesses and technologies with management that taps a variety of innovations. We will practice management that uses our 3-layer portfolio in four areas of business opportunities to pursue profitability, efficiency, and growth in each business and continue offering value to customers and society.

"Form a lean management base"

The Murata Group is focusing on building more powerful human capital and a firmer foundation for quality to form a lean management base. Regarding human capital, we recognize that people are at the heart of value creation. As such, we are acting on three critical issues: acquiring and training human resources, increasing employee engagement, and enabling active participation by diverse personnel. We are building up our human resources foundation and organizational strength to ensure that we are sustainably creating value. During the consolidated fiscal year, we promoted a next-generation leader development program, conducted a global organization survey, and examined and implemented action plans based on the results. We also actively provided opportunities for personnel to gain work experience at other locations globally, aiming to create a workplace where diverse human resources can thrive. To build a firmer foundation for quality, we will establish a quality assurance and management system for a wide variety of businesses and work to implement quality-oriented risk management. During the consolidated fiscal year, we promoted a business risk assessment mechanism and took other steps to strengthen quality governance. Murata will continue to strive for quality trusted by all customers by practicing scientific management starting at the origin of processes.

"Preparation for 2030"

We will assess important management risks and make the necessary preparations, while identifying and nurturing technologies that will make us competitive in future and formulating and implementing intellectual property strategies to support our technologies. Specifically, to create innovations, we are strengthening our intelligence functions and developing technologies and businesses to prepare for future business opportunities, including the spread of 6G communication standards and solutions to environmental issues. We will also strengthen the power to sell and our comprehensive operational capabilities (the power to support) to continue to provide value by timely and accurately grasping the needs of society, markets, and customers. We will furthermore strive to increase the added value we provide to customers by dramatically raising productivity, creating innovative technologies, fundamentally strengthening ECM, and improving SCM, while building a manufacturing system that looks ahead to 2030.

Progress on economic value targets and capital allocation

"Economic value targets"

The economic value targets for the fiscal year ending March 31, 2025, set at the time of formulating Mid-term Direction 2024, and the actual results for the past two consolidated fiscal years are as follows:

	FY2024 Target	FY2022 Result(*1)	FY2023 Result
Revenue (millions of yen)	2,000,000	1,686,796	1,640,158
Operating profit ratio(%)	20% or higher	17.7	13.1
ROIC (pre-tax basis) (%)(*2)	20% or higher	14.4	10.0

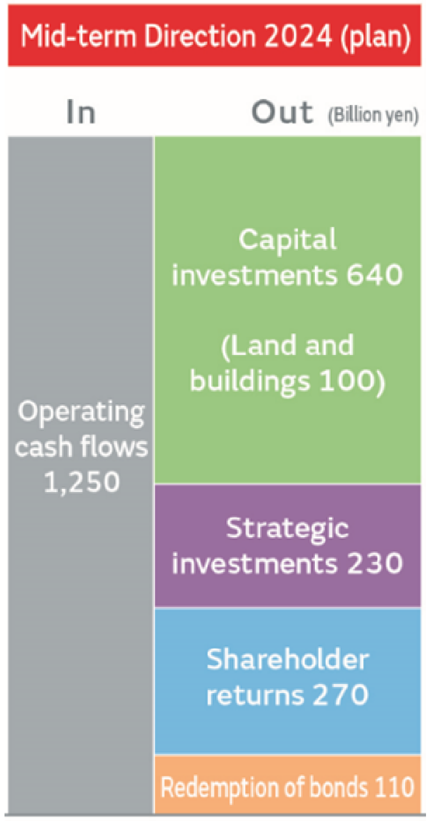
(*1) The Murata Group has adopted IFRS for the first time from the current consolidated fiscal year. Therefore, the "FY2022 Result" is presented after being reclassified to IFRS.
(*2) ROIC (pretax basis) = Operating profit/Average invested capital at the beginning and end of the period (Property, plant and equipment ･ right-of-use assets ･ goodwill ･ intangible assets + inventories + trade receivables – trade payables)

As described in "3. Projected Results for the Year Ending March 31, 2025" above, the revenue, operating profit ratio, and ROIC (pre-tax basis) are expected to be lower than "FY2024 Target" set at the time of formulating Mid-term Direction 2024. In the mobility market, positioned as one of the core fields, we were able to grasp the progress of the electrification of automobiles as a business opportunity. Thus, the sales have grown from the previous Mid-term Direction. On the other hand, in the consumer market, such as the smartphones and PCs, the demand for parts decreased significantly more than expected due to prolonged inventory adjustment of electronic devices caused by a reactionary decline in special demand during the COVID-19 pandemic. Under these circumstances, The Murata Group has taken steps to reduce the costs and improve productivity, but the factory operation rate has fallen in line with the declining demand and there were also delays in the improvement of low-profit businesses. As a result, the revenue and operating profit ratio are expected to underachieve the targets. Despite the sluggish demand in the short term, we expect that the expansion of the electronics area will continue, and we will continue investing in advance to prepare for this. Therefore, ROIC (pre-tax basis) is expected to fall short of the target due to the decline in operating profit ratio and a decline in capital turnover from upfront investment.

Results for the current consolidated fiscal year compared to the previous consolidated fiscal year are described in "1. Business Results" above.

“Capital allocation policy”

Mid-term Direction 2024 sets out a clear capital allocation policy and establishes a new “strategic investment” category. We treat long-term environmental investment, acquisition of technologies, risk countermeasures, and stronger IT infrastructure as strategic investments. Regarding the progress on strategic investments, the cumulative amount of combining projects already executed and projects approved for the past two consolidated fiscal years was 53.3 billion yen. For the progress on shareholder returns, the cumulative amount of dividends for the past two consolidated fiscal years was 186.5 billion yen. For the progress on redemption of bonds, 60 billion yen was redeemed during the current fiscal year. We will continue investing in our main businesses (components and devices/modules) and aim to steadily generate cash. We will meet stakeholder expectations by maintaining a solid financial footing while expanding shareholder returns.



Basic Policy on Selection of Accounting Standards

The Company has adopted IFRS to its consolidated financial statements from the year ended March 31, 2024

(1) Consolidated statement of financial position

(Millions of yen)

	April 1, 2022	March 31, 2023	March 31, 2024
Assets			
Current assets			
Cash and cash equivalents	512,072	469,406	622,007
Trade receivables	358,395	270,239	292,736
Inventories	465,139	574,632	513,024
Other financial assets	66,872	43,014	19,532
Other current assets	33,346	50,321	52,463
Total current assets	1,435,824	1,407,612	1,499,762
Non-current assets			
Property, plant and equipment	1,084,161	1,146,222	1,184,608
Right-of-use assets	41,041	49,845	59,402
Goodwill	114,722	123,247	137,144
Intangible assets	42,030	39,375	39,049
Investments accounted for using equity method	-	-	87
Other financial assets	43,210	39,248	47,346
Deferred tax assets	31,704	42,952	47,454
Other non-current assets	11,389	9,802	23,043
Total non-current assets	1,368,257	1,450,691	1,538,133
Total assets	2,804,081	2,858,303	3,037,895

(Millions of yen)

	April 1, 2022	March 31, 2023	March 31, 2024
Liabilities			
Current liabilities			
Bonds and borrowings	99	60,534	50,400
Trade payables	93,842	65,597	67,620
Lease liabilities	6,843	7,729	9,256
Other financial liabilities	49,952	59,857	56,116
Income taxes payable	55,318	12,755	26,966
Deferred income	673	854	883
Provisions	2,136	2,859	1,529
Other current liabilities	110,502	87,723	104,847
Total current liabilities	319,365	297,908	317,617
Non-current liabilities			
Bonds and borrowings	110,979	51,464	2,436
Lease liabilities	28,703	35,500	43,848
Other financial liabilities	2,562	2,707	4,131
Deferred income	13,621	19,093	20,387
Retirement benefit liability	66,949	70,251	70,679
Provisions	6,470	9,102	8,034
Deferred tax liabilities	12,082	9,031	10,946
Other non-current liabilities	3,361	3,305	4,208
Total non-current liabilities	244,727	200,453	164,669
Total liabilities	564,092	498,361	482,286
Equity			
Share capital	69,444	69,444	69,444
Capital surplus	121,004	121,116	121,231
Retained earnings	2,099,426	2,246,258	2,332,018
Other components of equity	3,343	56,661	166,895
Treasury shares	(53,538)	(133,494)	(133,441)
Equity attributable to owners of parent	2,239,679	2,359,985	2,556,147
Non-controlling interests	310	(43)	(538)
Total equity	2,239,989	2,359,942	2,555,609
Total liabilities and equity	2,804,081	2,858,303	3,037,895

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

Consolidated statement of profit or loss

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Revenue	1,686,796	1,640,158
Cost of sales	(1,013,262)	(1,003,361)
Gross profit	673,534	636,797
Selling, general and administrative expenses	(255,837)	(243,193)
Research and development expenses	(124,660)	(132,502)
Other income	9,463	7,269
Other expenses	(4,269)	(52,924)
Operating profit	298,231	215,447
Finance income	7,788	28,392
Finance costs	(3,336)	(4,466)
Share of profit (loss) of investments accounted for using equity method	-	31
Profit before tax	302,683	239,404
Income tax expense	(59,035)	(59,068)
Profit for the period	243,648	180,336
Profit attributable to:		
Owners of parent	243,946	180,838
Non-controlling interests	(298)	(502)
Profit for the period	243,648	180,336
Earnings per share		
Basic earnings per share	128.64	95.72

Consolidated statement of comprehensive income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Profit for the period	243,648	180,336
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(10)	3,666
Remeasurements of defined benefit plans	(5,083)	(723)
Total of items that will not be reclassified to profit or loss	(5,093)	2,943
Items that may be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	8	9
Exchange differences on translation of foreign operations	53,318	106,738
Total of items that may be reclassified to profit or loss	53,326	106,747
Total other comprehensive income, net of tax	48,233	109,690
Comprehensive income for the period	291,881	290,026
Comprehensive income attributable to:		
Owners of parent	292,168	290,454
Non-controlling interests	(287)	(428)
Comprehensive income for the period	291,881	290,026

(3) Consolidated statement of changes in equity

For the year ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2022	69,444	121,004	2,099,426	3,343	(53,538)	2,239,679	310	2,239,989
Profit for the period	-	-	243,946	-	-	243,946	(298)	243,648
Other comprehensive income	-	-	-	48,222	-	48,222	11	48,233
Comprehensive income	-	-	243,946	48,222	-	292,168	(287)	291,881
Purchase of treasury shares	-	-	-	-	(80,009)	(80,009)	-	(80,009)
Disposal of treasury shares	-	0	-	-	1	1	-	1
Dividends	-	-	(92,018)	-	-	(92,018)	(66)	(92,084)
Share-based payment transactions	-	115	-	-	52	167	-	167
Transfer from other components of equity to retained earnings	-	-	(5,096)	5,096	-	-	-	-
Other	-	(3)	-	-	-	(3)	-	(3)
Balance as of March 31, 2023	69,444	121,116	2,246,258	56,661	(133,494)	2,359,985	(43)	2,359,942

For the year ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2023	69,444	121,116	2,246,258	56,661	(133,494)	2,359,985	(43)	2,359,942
Profit for the period	-	-	180,838	-	-	180,838	(502)	180,336
Other comprehensive income	-	-	-	109,616	-	109,616	74	109,690
Comprehensive income	-	-	180,838	109,616	-	290,454	(428)	290,026
Purchase of treasury shares	-	-	-	-	(11)	(11)	-	(11)
Disposal of treasury shares	-	0	-	-	0	0	-	0
Dividends	-	-	(94,460)	-	-	(94,460)	(67)	(94,527)
Share-based payment transactions	-	115	-	-	64	179	-	179
Transfer from other components of equity to retained earnings	-	-	(618)	618	-	-	-	-
Other	-	-	-	-	-	-	-	-
Balance as of March 31, 2024	69,444	121,231	2,332,018	166,895	(133,441)	2,556,147	(538)	2,555,609

(4) Consolidated statement of cash flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit for the period	243,648	180,336
Depreciation and amortization	169,618	175,873
Impairment losses	579	49,546
Finance income and finance costs	(4,452)	(23,926)
Income tax expense	59,035	59,068
Share of loss (profit) of investments accounted for using equity method	-	(31)
Loss (gain) on sale and retirement of fixed assets	2,219	2,548
Decrease (increase) in trade receivables	104,011	4,119
Decrease (increase) in inventories	(100,558)	83,451
Decrease (increase) in other assets	(15,902)	(5,080)
Increase (decrease) in trade payables	(30,027)	119
Increase (decrease) in other liabilities	(22,171)	18,052
Other	571	(10,647)
Subtotal	406,571	533,428
Income taxes paid	(128,930)	(43,791)
Net cash provided by operating activities	277,641	489,637
Cash flows from investing activities		
Net decrease (increase) in time deposits	22,595	8,796
Purchase of property, plant and equipment	(189,908)	(228,626)
Proceeds from sale of property, plant and equipment	3,019	739
Purchase of intangible assets	(7,657)	(7,602)
Purchase of investments	(30,924)	(5,033)
Proceeds from sale and redemption of investments	44,081	16,700
Interest and dividends received	6,402	12,767
Other	976	688
Net cash provided by (used in) investing activities	(151,416)	(201,571)
Cash flows from financing activities		
Proceeds from long-term borrowings	879	802
Repayments of long-term borrowings	(6)	(7)
Redemption of bonds	-	(60,000)
Purchase of treasury shares	(80,009)	(11)
Repayments of lease liabilities	(9,414)	(10,082)
Interest paid	(667)	(759)
Dividends paid	(92,018)	(94,460)
Other	(1,036)	(804)
Net cash provided by (used in) financing activities	(182,271)	(165,321)
Effect of exchange rate changes on cash and cash equivalents	13,380	29,856
Net increase (decrease) in cash and cash equivalents	(42,666)	152,601
Cash and cash equivalents at beginning of year	512,072	469,406
Cash and cash equivalents at end of year	469,406	622,007

(5) Notes to consolidated financial statements

(Going concern assumption)

None

(Reporting entity)

Murata Manufacturing Co., Ltd. (hereinafter, the “Company”) is a stock company located in Japan. The Companies’ consolidated financial statements for the fiscal year ended March 31, 2024, are composed of financial statements of the Company and its subsidiaries and the Companies’ interest in associates.

The Companies mainly develop, manufacture and sell electronic components and related products. The Companies’ business is divided into three operating segments: Components (Capacitors, Inductors, EMI suppression filters, etc.), Devices and Modules (RF modules, SAW Filters, Lithium-ion secondary batteries, Sensors, etc.), and Others (Medical products, Solution business, etc.).

(Basis of preparation)

(i) Statement of compliance with International Financial Reporting Standards (IFRS) and matters relating to first-time adoption

The Companies’ consolidated financial statements have been prepared in accordance with IFRS pursuant to the provisions of Article 93 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976), as the Companies meet the requirements of a “specified company complying with designated international accounting standards” as stipulated in Article 1-2 of the said regulation.

The Companies first applied IFRS in the fiscal year ended March 31, 2024, with the date of transition to IFRS being April 1, 2022. In transitioning to IFRS, IFRS 1, “First-time Adoption of International Financial Reporting Standards” has been adopted, and the impact of the transition to IFRS on the Company’s financial position, results of operations, and cash flows is described in “ First-time Adoption.”

(ii) Basis of measurement

As described in note “Material accounting policies,” the consolidated financial statements of the Companies have been prepared on the historical cost basis, except for certain financial instruments, etc. measured at fair value.

(iii) Functional currency and presentation currency

The consolidated financial statements of the Companies are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded to the nearest million yen.

(Material accounting policies)

(i) Basis of consolidation

(1) Subsidiaries

A subsidiary is an entity that is controlled by the Companies. The Companies control an entity when they are exposed or have rights to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity.

The financial statements of subsidiaries are included in the scope of consolidation from the date on which the Companies obtain control until the date on which the Companies lose the control.

If any accounting policies applied by a subsidiary differ from those applied by the Companies, adjustments are made to the subsidiary's financial statements where necessary. All intragroup receivables and payables balances and intragroup transactions, as well as unrealized gains or losses arising from transactions among the Companies, are eliminated in preparation of the consolidated financial statements.

Comprehensive income of subsidiaries is attributed to the owners of the parent company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions, and gains and losses resulting from the loss of control are recognized in profit or loss when control is lost.

(2) Associates and joint ventures

Associates are those entities in which the Companies have significant influence and have no control or joint control over the financial and operating policies. If the Companies hold 20% or more and up to 50% of the voting rights of another entity, the Companies are presumed to have significant influence over the entity.

A joint venture is a company in which multiple parties including the Companies share contractually agreed control over economic activities and where consent is required from all parties for strategic financial and business decisions associated with said economic activities.

Investments in associates and joint ventures are accounted for by the equity method from the date the investee is deemed to fall under the definition of an associate or joint venture until the date the investee is deemed to no longer fall under that definition.

If any accounting policies applied by an associate or a joint venture differ from those applied by the Companies, adjustments are made to the associate's financial statements where needed.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are, in principle, measured at fair value at the acquisition date.

If the sum of the consideration transferred in the business combination, the amount of any non-controlling interests in the acquiree, and the fair value of any equity interests in the acquiree previously held by the Companies exceeds the net amount of identifiable assets acquired and liabilities assumed, the excess is recognized as goodwill, and if the sum goes below the said net amount, the amount is recognized as profit. The consideration transferred is calculated as the sum of the fair value of the assets transferred, the liabilities assumed, and the equity interests issued, and it includes the fair value of any assets or liabilities arising from the arrangement of contingent consideration.

The non-controlling interests are measured for each business combination transaction at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

(iii) Foreign currency translation

Based on IAS 21 "The Effects of Changes in Foreign Exchange Rates," the Companies translate foreign currency items in the following manner:

(1) Translation of foreign currency transactions

Foreign currency transactions are translated and recorded in the respective functional currency of each company of the Companies at the exchange rates prevailing on the transaction dates.

Foreign currency monetary items at the consolidated balance sheet date are translated into functional currency using the closing rate at the end of each period, and foreign currency non-monetary items measured at fair value are translated into functional currency using the exchange rate at the date when the fair value is measured.

Translation differences arising from the settlement and translation of monetary items are recognized as profit or loss.

(2) Translation of foreign operations

Assets and liabilities of foreign operations are translated into the presentation currency at the exchange rate prevailing at the end of each period, and income and expenses are translated into the presentation currency at the average exchange rate during the period, except in the case of significant fluctuations in exchange rates. Translation differences arising from such translation are recognized in other comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences related to the foreign operation are transferred to profit or loss at the time of disposal.

The Companies have adopted the exemption provisions of IFRS 1, and the cumulative exchange differences on translating foreign operations as of the date of transition are considered to be zero and all of them are transferred to retained earnings.

(iv) Financial instruments

1. Financial assets

(1) Initial recognition and measurement

The Companies classify financial assets as financial assets measured at amortized cost, debt and equity financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. This classification is determined at initial recognition.

The Companies recognize a financial instrument on the trade date when the Companies become a party to the contractual provisions of the financial asset.

All financial assets are measured at fair value, plus transaction cost, except for those classified as financial assets measured at fair value through profit or loss.

(a)Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

・Assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b)Financial assets measured at fair value

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value.

1) Debt financial assets measured at fair value through other comprehensive income

Debt financial assets measured at fair value are classified as debt financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

・The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2) Equity financial assets measured at fair value through other comprehensive income

Equity financial assets measured at fair value are classified as equity financial assets measured at fair value through other comprehensive income if an irrevocable election has been made at initial recognition to recognize changes in fair value in other comprehensive income rather than in profit or loss.

3) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value other than 1) and 2) are classified as financial assets measured at fair value through profit or loss.

(2) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows.

(a)Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the amortized cost based on the effective interest method.

(b)Financial assets measured at fair value

1) Debt financial assets measured at fair value through other comprehensive income

Subsequent changes in the fair value of such financial assets, other than impairment gains or losses and foreign currency exchange gain or loss, are recognized in other comprehensive income until the financial assets are derecognized or reclassified. Upon derecognition of such financial assets, previously recognized other comprehensive income is reclassified to profit or loss.

2) Equity financial assets measured at fair value through other comprehensive income

Subsequent changes in the fair value of such financial assets are recognized in other comprehensive income. Dividends from such financial assets are recognized as part of finance income in profit or loss for the fiscal year.

3) Financial assets measured at fair value through profit or loss

Subsequent changes in the fair value of such financial assets are recognized in profit or loss.

(3) Derecognition of financial assets

The Companies derecognize financial assets when contractual rights to cash flows from the financial assets expire, or when the Companies transfer substantially all the risks and rewards of ownership of the financial assets. If the Companies retain control over the transferred financial asset, the Companies recognize the asset and related liability to the extent of their continuing involvement.

(4) Impairment of financial assets

For financial assets measured at amortized cost, allowance for doubtful accounts is recognized for expected credit losses.

At the end of each period, the Companies assess whether the credit risk associated with each financial asset has increased significantly since initial recognition, and if the credit risk has not increased significantly since initial recognition, the Companies recognize expected credit losses for 12 months as allowance for doubtful accounts. On the other hand, if the credit risk has increased significantly since initial recognition, an amount equal to the lifetime expected credit losses is recognized as allowance for doubtful accounts. However, for trade receivables and contract assets that do not contain a significant financial component, allowance for doubtful accounts is always recognized in an amount equal to the lifetime expected credit losses, regardless of whether the credit risk has increased significantly since initial recognition.

The Companies determine whether credit risk has increased significantly based on changes in the risk of a default occurring, and in making this determination, the Companies consider downgrades of internal credit ratings, deterioration in the business performance of counterparties, and information on the elapse of due dates, etc.

Expected credit losses are recognized at the present value of the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive.

The Companies estimate expected credit losses on financial assets in a manner that reflects the following:

・An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes

・Time value of money

・Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

In case of being affected by significant economic fluctuations, etc., necessary adjustments are made to the expected credit losses measured above.

The carrying amount of a financial asset is directly reduced if the Companies do not have a reasonable expectation of recovering the entirety or a portion of a financial asset.

2. Financial liabilities

(1) Initial recognition and measurement

The Companies classify financial liabilities as either financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. This classification is determined at initial recognition.

The Companies initially recognize the debt securities issued on the date of their issuance. All other financial liabilities are initially recognized on the date of the transaction in which the Companies become a party to the contractual provisions of the financial instruments.

All financial liabilities are initially measured at fair value, except for financial liabilities measured at amortized cost, which are measured at the amount net of directly attributable transaction costs.

(2) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows.

(a)Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition to be measured at fair value through profit or loss.

Subsequent changes in the fair value of such financial liabilities are recognized in profit or loss.

(b)Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the amortized cost based on the effective interest method after initial recognition.

Amortization using the effective interest method and gains and losses associated with derecognition are recognized in profit or loss for the fiscal year as part of finance costs.

(3) Derecognition of financial liabilities

The Companies derecognize a financial liability when it is extinguished, which is when the obligation specified in the contract is discharged, canceled, or expired.

3. Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented net in the consolidated statement of financial position only when the Companies have the legal right to offset the balances and have the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. Fair value of financial instruments

The fair value of financial instruments traded in an active market at each reporting date is determined by reference to quoted prices in a market or prices provided by dealers. The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques.

5. Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are remeasured at fair value at the end of each fiscal year after initial recognition.

The Companies use forward exchange contracts to fix cash flows related to recognized financial assets and liabilities and future transactions.

There are no derivatives to which hedge accounting is applied for the above derivatives.

(v) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are only exposed to an insignificant risk of changes in value.

(vi) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs required of completion and the estimated selling expenses. Cost is determined primarily based on the periodic average method and includes purchase costs, costs of conversion, and all costs incurred in bringing the inventories to their present location and condition.

(vii) Property, plant, and equipment

The acquisition cost includes costs directly attributable to the acquisition of the asset, costs of dismantling and removing, and restoration of assets. The cost model is used for measurement after initial recognition, and the assets are carried at acquisition cost, less accumulated depreciation and accumulated impairment losses. Depreciation of each asset other than land and construction in progress is recognized on the straight-line method over their respective estimated useful lives.

The estimated useful lives of major asset items are as follows.

Buildings: 10 to 50 years

Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks: 4 to 17 years

Estimated useful lives, residual values, and depreciation methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(viii) Goodwill and intangible assets

(1) Goodwill

The Companies initially measure goodwill at the fair value of the consideration for transfer, including the recognized amount of any non-controlling interests in the acquiree measured as of the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed as of the acquisition date.

Goodwill is not amortized, but tested for impairment each period or whenever an indication of impairment exists. Goodwill impairment losses are recognized in the consolidated statement of profit or loss and are not subsequently reversed.

Goodwill is stated at acquisition cost, less accumulated impairment losses, in the consolidated statement of financial position.

(2) Intangible assets

Intangible assets acquired individually are measured at acquisition cost on initial recognition. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date. The cost model is used for measurement after initial recognition, and the intangible assets are carried at acquisition cost, less accumulated amortization and accumulated impairment losses.

Research and development expenses incurred within the Companies are expensed as incurred, except for expenditures for development activities that meet all of the following capitalization requirements:

- Technical feasibility of completing the intangible asset so that it is available for use or sale
- Intent to complete and use or sell the intangible asset
- Ability to use or sell the intangible asset
- Probable future economic benefits generated from the intangible asset
- Availability of adequate technical, financial, and other resources required to complete the development and use or sell the intangible asset
- Ability to reliably measure expenditures attributable to intangible assets during the development period

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Software: 3 to 10 years

Technology: 5 to 13 years

Estimated useful lives, residual values, and depreciation methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(ix) Leases

The Companies determine if a contract is a lease or contains a lease arrangement when entering into the contract. If the contract conveys the right to control the use of identified assets for a period of time in exchange for consideration, the Companies determine such contract is a lease or contains a lease arrangement.

If the contract is determined to be a lease or contains a lease arrangement, right-of-use assets and lease liabilities are recognized at the commencement of the lease. Lease liabilities are measured at the present value of the total amount of accrued lease payments, and right-of-use assets are measured at acquisition cost, adjusted for initial direct costs incurred by the lessee, lease payments paid up to the commencement date and cost of restoration obligation and other obligations required in the lease contract, to the amount of lease liabilities initially measured.

After initial recognition, the right-of-use asset is depreciated using the straight-line method over the shorter number of years of the useful life and the lease term.

Lease payments are allocated to finance costs and repayment of lease liabilities based on the interest method, and finance costs are recognized in the consolidated statement of profit or loss. Lease liabilities are subsequently measured at an amount that reflects the interest rate on the lease liability, the lease payments made, and, where applicable, the review of the lease liability or any change in the terms of the lease.

However, for short-term leases with a lease term of 12 months or less and leases with a small underlying asset, the right-of-use assets and lease liabilities are not recognized and the lease payments are recognized as expenses over the lease term either by the straight-line method or on another systematic basis.

(x) Impairment of non-financial assets

The carrying amount of the Companies' non-financial assets, excluding inventories and deferred tax assets, etc., is assessed at the end of each reporting period for any indication that the assets may be impaired, and if any indication of impairment exists, the recoverable amount of such assets is estimated. For goodwill and intangible assets with indefinite useful lives or not yet available for use, the recoverable amount is estimated at the same time every year, regardless of whether there is any indication of impairment.

The recoverable amount of a cash-generating unit or group of cash-generating units is the higher of its value in use or its fair value, less costs to dispose of. The value in use is calculated by discounting estimated future cash flows to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Assets that are not tested individually in impairment testing belong to the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets from continuing use of the asset. When testing goodwill for impairment, the cash-generating units to which goodwill is allocated are aggregated so that impairment is tested to represent the lowest level within the Companies to which the goodwill relates. Goodwill acquired in a business combination is allocated to each of the cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the integration.

The Companies' corporate assets do not generate independent cash inflows. When there is any indication that corporate assets may be impaired, the recoverable amount of the cash-generating unit to which the corporate assets belong is determined.

An impairment loss is recognized in profit or loss when the carrying amount of the cash-generating unit or group of cash generating units exceeds its estimated recoverable amount. Impairment losses recognized in relation to a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

No impairment losses related to goodwill are reversed. For other assets, previously recognized impairment losses are evaluated at the end of each period to determine whether there is any indication that the loss may have decreased or no longer exists. If there has been a change in the estimates used to determine the asset's recoverable amount, the impairment losses are reversed. Impairment losses are reversed up to the carrying amount of the asset after deducting the required depreciation and amortization from the carrying amount if no impairment loss had been recognized.

(xi) Employee benefits

Short-term employee benefits are not discounted, but are charged to expense when the related services are rendered.

For bonuses and paid leave costs, the Companies have a legal or constructive obligation to pay them and recognize as a liability the amount estimated to be paid under those plans when reliable estimates can be made.

The obligation for long-term employee benefits other than post-employment benefits is calculated by discounting to present value the amount of future benefits earned by employees for services rendered in prior and current fiscal years.

The Companies have both defined benefit plan and defined contribution plan as retirement benefit plans for employees. The net asset or liability for a defined benefit plan is calculated as the present value of the defined benefit plan obligation less the fair value of the plan assets. The asset ceiling for this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Companies calculate the present value of defined benefit plan obligation and related current service cost and past service cost using the projected unit credit method.

The discount rate is calculated based on the market yield of high-quality corporate bonds at the end of the period corresponding to the discount period, setting the discount period based on the period up to the expected date of benefit payments each fiscal year in the future.

The remeasurement of the net amount of defined benefit liability or asset is recognized in a lump sum in other comprehensive income in the period in which it occurs and is immediately reclassified from other components of equity to retained earnings.

Past service cost is accounted for as profit or loss in the period in which it is incurred.

The cost of defined contribution retirement benefits is recognized as an expense when contributions are made.

(xii) Stock-based compensation

The Company has introduced a restricted share remuneration plan for Directors (excluding Directors serving as Audit and Supervisory Committee members and Outside Directors) and Executive Officers as equity-settled share-based remuneration.

The consideration for services received is measured at the fair value of the Company's shares at the date of grant and recognized as an expense from the date of grant over the vesting period, with the corresponding amount recognized as an increase in equity.

(xiii) Provisions

Provisions are recognized when, as a result of past events, the Companies have a present legal or constructive obligation, it is probable that an outflow of economic resources will be required in order to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is significant, estimated future cash flows are discounted to present value using a pre-tax interest rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to passage of time is recognized as finance costs.

(xiv) Revenue recognition

The Companies recognize revenue from contracts with customers, excluding interest and dividend income and other income under IFRS 9 "Financial Instruments," by applying the following steps as prescribed in IFRS 15 "Revenue from Contracts with Customers."

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Companies sell electronic components that comprise the Companies' operating segments (Components, Devices and Modules, and Others) and related products. With regard to the sales of products, the Companies recognize revenue at the time of delivery of a product, since they consider that the customer obtains control over the product and performance obligations are satisfied at the time of delivery of the product. In addition, revenue is recognized at the amount of consideration promised in the contract with the customer, less discounts, rebates, returned goods, etc.

(xv) Finance income and finance costs

Finance income consists primarily of interest income, dividend income, foreign currency exchange gain, and changes in the fair value of financial assets measured at fair value through profit or loss.

Interest income is recognized as earned using the effective interest method. Dividend income is recognized when the right to receive dividends is established.

Finance costs consist primarily of interest expense, foreign currency exchange loss, and changes in the fair value of financial assets measured at fair value through profit or loss.

Interest expense is recognized as incurred using the effective interest method.

(xvi) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Companies will comply with the conditions attaching to them, and that the grants will be received.

Government grants relating to assets are recognized as deferred income and are recognized in profit or loss on a systematic basis over the estimated useful life of the assets to which the grants relate.

Government grants relating to costs are recognized in profit or loss over the period in which the Companies recognize as expenses the related costs for which the grants are intended to compensate.

(xvii) Income taxes

Income tax expenses consist of current and deferred income taxes. They are recognized in profit or loss, except when they arise from items recognized directly in other comprehensive income or equity, or from business combinations.

Current income taxes are measured at the amount expected to be paid to, or refunded from, the tax authorities. Tax rates and tax laws used in the calculation of tax amounts are those that have been enacted, or substantially enacted, by the end of the period.

Deferred taxes are recognized on temporary differences between the tax basis amount of assets and liabilities and their carrying amounts on accounting basis at the end of the period, loss carryforwards, and tax credit carryforwards.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

・Temporary differences arising from the initial recognition of goodwill

・Temporary differences arising from the initial recognition of assets or liabilities in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

・With respect to deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint arrangements, if it is probable that the temporary differences will not reverse in the foreseeable future or it is less probable that the taxable profit is available against which the temporary difference can be utilized

・With respect to the taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, if the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax liabilities are, in principle, recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each period and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed each period and recognized to the extent that it becomes probable that the deferred tax assets will be recovered through future taxable profit.

Deferred tax assets and liabilities are measured at the tax rates and by the tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted, or substantially enacted, by the end of the period.

Deferred tax assets and liabilities are offset when the Companies have a legally enforceable right to set off current tax assets and current tax liabilities, and they are levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

For uncertain tax positions for income taxes, a reasonably estimated amount is recognized as an asset or liability if it is probable that the tax position will be incurred based on the interpretation of the tax law.

The Companies apply temporary exception under “International tax reform – Pillar 2 Model Rules (amendments of IAS 12 ‘Income Taxes’),” issued on May 2023.

(xviii) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shares of the parent entity by the weighted average number of common shares outstanding during the period adjusted for treasury shares. Diluted earnings per share is calculated by adjusting the effects of all dilutive potential shares.

(xix) Treasury stock

(1) Common shares

Proceeds from the Company's issuance of common shares are included in share capital and capital surplus, and its direct issuance costs, net of tax, are deducted from capital surplus.

(2) Treasury shares

Treasury shares are measured at cost and deducted from equity. No gain or loss is recognized associated with the purchase, sale, or cancellation of treasury shares of the Company. Any difference between the carrying amount and the consideration received from the sale is recognized as equity.

(Significant accounting estimates and judgments)

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and their underlying assumptions are continuously reviewed. The effects of a change in any accounting estimate are recognized in the period of the change and future periods.

The judgments and estimates made by management that have a significant effect on the amounts reported in the consolidated financial statements are as follows:

- Fair value of financial instruments ((5) Notes to consolidated financial statements, "(Material accounting policies) (iv) Financial instruments")
- Evaluation of inventories ((5) Notes to consolidated financial statements, "(Material accounting policies) (vi) Inventories")
- Impairment of non-financial assets ((5) Notes to consolidated financial statements, "(Material accounting policies) (x) Impairment of non-financial assets")
- Measurement of defined benefit plan obligations ((5) Notes to consolidated financial statements, "(Material accounting policies) (xi) Employee benefits")
- Measurement of provisions ((5) Notes to consolidated financial statements, "(Material accounting policies) (xiii) Provisions")
- Recoverability of deferred tax assets ((5) Notes to consolidated financial statements, "(Material accounting policies) (xvii) Income taxes")

(Impairment of non-financial assets)

Impairment losses

The Companies assess their non-financial assets at the end of each reporting period for any indication that the assets may be impaired, and if any indication of impairment exists, the recoverable amount of such assets is estimated.

The recoverable amount of a cash-generating unit or group of cash-generating units is the higher of its value in use or its fair value, less costs to dispose of. The value in use is calculated by discounting estimated future cash flows to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Assets that are not tested individually belong to the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets from continuing use of the asset.

The breakdown of impairment losses is as follows:

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	355	25,144
Construction in progress	224	24,393
Software	–	9
Total	579	49,546

Year ended March 31, 2023

The Companies recognized impairment losses of 579 million yen in other expenses in the consolidated statement of profit or loss related to facilities, etc., which were deemed to have declined in profitability in the Devices and Modules segment. The recoverable amount is measured by value in use, which is determined as zero.

Year ended March 31, 2024

The Companies recognized impairment losses of 49,546 million yen in other expenses in the consolidated statement of profit or loss related to facilities, etc., which were deemed to have declined in profitability in the Devices and Modules segment. The recoverable amount is measured by value in use, which is determined as zero.

Of the impairment losses, 49,482 million yen was recorded for manufacturing machineries, etc. for cylindrical type lithium-ion secondary batteries included in the aforementioned segment.

With regard to the cylindrical type lithium-ion secondary battery business, the Companies made investments to increase future production, expecting the expansion of demand primarily for power tools. However, its profitability has significantly dropped, due to prolonged inventory adjustment caused by the backlash from the rapid growth in demand during COVID-19 pandemic, coupled with the recent sluggish sales.

As a result, the recoverable amount of the cash-generating unit at the end of the current fiscal year was deemed to be less than the carrying amounts, and impairment losses were recorded in the amounts of 25,080 million yen for “Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks,” 24,393 million yen for “Construction in progress” and 9 million yen for “Software.”

The discount rate of estimated future cash flow to calculate the value in use, which is the recoverable amount, was 9.3%, and the recoverable amount was determined to be zero as the estimated future cash flow was negative.

(Segment Information)

Outline of Operating Segment

The Companies mainly develop, manufacture and sell electronic components and related products.
Operating segments of the Companies are classified based on the business strategies of the Companies, and the Companies recognized three segments that are the Components, Devices and Modules, and Others.

For the year ended March 31, 2023

(Millions of yen)

	Components	Devices and Modules	Others	Eliminations and Corporate	Consolidated
Revenue to:					
Unaffiliated customers	914,165	760,980	11,651	-	1,686,796
Intersegment	10,222	6	62,913	(73,141)	-
Total revenue	924,387	760,986	74,564	(73,141)	1,686,796
Operating profit (loss)	282,263	20,181	(4,213)	-	298,231
Operating profit ratio	30.5%	2.7%	(5.7)%	-	17.7%

For the year ended March 31, 2024

(Millions of yen)

	Components	Devices and Modules	Others	Eliminations and Corporate	Consolidated
Revenue to:					
Unaffiliated customers	933,771	695,236	11,151	-	1,640,158
Intersegment	8,741	15	56,355	(65,111)	-
Total revenue	942,512	695,251	67,506	(65,111)	1,640,158
Operating profit (loss)	234,181	(12,999)	(5,735)	-	215,447
Operating profit ratio	24.8%	(1.9)%	(8.5)%	-	13.1%

Notes: 1. Major products and businesses included in the operating segment
(1) Components: Capacitors, Inductors, and EMI suppression filters
(2) Devices and Modules: RF modules, SAW filters, Lithium-ion secondary batteries, and Sensors
(3) Others: Machinery manufacturing, Medical products, and Solutions business

Notes: 2. Intersegment transactions are based on market price

(Significant subsequent events)

Stock Repurchase and Cancellation of Treasury Stock

The Company resolved, at a meeting of the Board of Directors held on April 26, 2024, to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act, and to cancel a part of its treasury stock in accordance with Article 178 of the said Act.

1. Purpose of stock repurchase and cancellation of treasury stock:

To improve capital efficiency and enable a flexible financial strategy.
We have established as a company policy to limit the total number of treasury shares held to approximately 5% of the total number of issued shares, and to cancel treasury shares exceeding 5%.
Based on this policy, treasury stock will be cancelled.

2. Details of repurchase:

(1) Class of share: Common stock of Murata
(2) Total number of shares of common stock to be repurchased: Up to 44,000,000 shares
 (Up to 2.33% of the total number of outstanding shares of common stock, excluding treasury stock)
(3) Total amount: Up to 80,000,000,000 yen
(4) Period: From April 30, 2024 to October 31, 2024

3. Details of cancellation:

(1) Class of share: Common stock of Murata
(2) Total number of shares of treasury stock to be cancelled:
 36,830,000 shares and additional all shares of common stock to be repurchased pursuant to 2 above.
 (all together up to 3.99% of the total number of outstanding shares)
(3) Scheduled date of cancellation:
 36,830,000 shares : May 31, 2024
 All shares of common stock to be repurchased pursuant to 2 above : November 29, 2024

(First-time adoption)

The Companies have disclosed consolidated financial statements in accordance with IFRS from the fiscal year ended March 31, 2024. The most recent consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") are for the fiscal year ended March 31, 2023, and the date of transition to IFRS is April 1, 2022.

(1) Exemption provisions of IFRS 1

IFRS requires companies applying IFRS for the first time ("first-time adopter") to apply the standards required by IFRS retrospectively, in principle. However, IFRS 1 stipulates, for some of the standards required by IFRS, those to which exception provisions are mandatorily applied and those to which exemption provisions are voluntarily applied. The effect of the application of these provisions is adjusted in retained earnings or other components of equity at the date of transition to IFRS.

The exemption provisions adopted by the Companies in transitioning from U.S. GAAP to IFRS are as follows:

・Business combinations

A first-time adopter is allowed to elect not to retrospectively apply IFRS 3 "Business Combinations" to the business combinations that took place before the date of transition to IFRS. The Companies elected, by applying this exemption provision, not to retrospectively apply IFRS 3 to the business combinations that took place before the date of transition. As a result, the amount of goodwill arising from the prior business combinations before the date of transition is recognized at the carrying amount as of the date of transition based on U.S. GAAP.
In addition, an impairment test with regard to goodwill was conducted as of the date of transition, regardless of any indication of impairment.

・Cumulative exchange differences on translating foreign operations

Under IFRS 1, an option is allowed whereby cumulative exchange differences on translating foreign operations as of the date of transition to IFRS may be assumed to be nil. The Companies elected to assume such cumulative translation differences to be nil as of the date of transition to IFRS.

・Designation of previously recognized financial instruments

IFRS 1 permits judgements regarding classification under IFRS 9 "Financial Instruments" based on the facts and circumstances as of the date of transition, rather than on the facts and circumstances existing at the time of initial recognition. In addition, it is permitted to designate equity financial assets as financial assets measured at fair value through other comprehensive income based on facts and circumstances existing at the date of transition.
The Companies have made judgments regarding classification under IFRS 9 based on facts and circumstances existing at the date of transition and have designated certain equity financial assets as financial assets measured at fair value through other comprehensive income.

・Fair value measurement of financial instruments at initial recognition

The Companies have elected to apply prospectively the provisions of IFRS 9 on fair value measurement and recognition of gains or losses on initial recognition of financial assets and liabilities.

(2) Mandatory exceptions under IFRS 1

IFRS 1 prohibits retrospective application of IFRS with respect to "estimates," "derecognition of financial assets and financial liabilities," "hedge accounting," "non-controlling interests," and "classification and measurement of financial instruments." Thus the Companies apply IFRS to these items prospectively from the date of transition.

(3) Reconciliations

The reconciliations required to be disclosed on first-time adoption of IFRS are as follows:

In the reconciliations, "Reclassification" includes items that do not affect retained earnings and comprehensive income, while "Adjustment of recognition and measurement" includes items that affect retained earnings and comprehensive income.

Reconciliation of equity as of the transition date (April 1, 2022)

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
(Assets)						(Assets)
Current assets						Current assets
Cash	370,388					
Short-term investments	174,074					
	544,462	(32,390)	-	512,072	A	Cash and cash equivalents
Marketable securities	23,979	(23,979)				
		66,872	-	66,872	A	Other financial assets
Trade notes receivable	0					
Trade accounts receivable	360,517					
Allowance for doubtful notes and accounts	(2,207)					
	358,310	(117)	202	358,395		Trade receivables
Inventories	464,723	-	416	465,139		Inventories
Prepaid expenses and other	43,732	(10,386)	-	33,346		Other current assets
Total current assets	1,435,206	-	618	1,435,824		Total current assets
Property, plant and equipment						Non-current assets
Land	81,213					
Buildings	789,142					
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,530,121					
Construction in progress	89,723					
Accumulated depreciation	(1,405,460)					
	1,084,739	(4,386)	3,808	1,084,161		Property, plant and equipment
Operating lease right-of-use assets	31,863	9,498	(320)	41,041	A	Right-of-use assets
Total property, plant and equipment	1,116,602					
Investments and other assets						
Investments	34,618	8,412	180	43,210	A	Other financial assets
Intangible assets	47,141	(5,111)	-	42,030	A	Intangible assets
Goodwill	118,014	-	(3,292)	114,722	B	Goodwill
Deferred income taxes	26,562	-	5,142	31,704		Deferred tax assets
Other	31,028	(8,413)	(11,226)	11,389	C	Other non-current assets
Total investments and other assets	257,363					
				1,368,257		Total non-current assets
Total assets	2,809,171	-	(5,090)	2,804,081		Total assets

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
(Liabilities)						(Liabilities)
Current liabilities						Current liabilities
		99	-	99		Bonds and borrowings
Trade accounts payable	93,842	-	-	93,842		Trade payables
Accrued payroll and bonuses	63,997	(63,997)			A	
Income taxes payable	59,228	(3,910)	-	55,318		Income taxes payable
Accrued expenses and other	97,816	(47,864)	-	49,952	A	Other financial liabilities
		-	673	673	E	Deferred income
		2,136	-	2,136	A	Provisions
		104,206	6,296	110,502	A, D	Other current liabilities
Current operating lease liabilities	6,375	493	(25)	6,843	A	Lease liabilities
Total current liabilities	321,258	(8,837)	6,944	319,365		Total current liabilities
Long-term liabilities						Non-current liabilities
Bonds	109,901					
Long-term debt	1,078					
	110,979	-	-	110,979		Bonds and borrowings
Termination and retirement benefits	64,566	3,710	(1,327)	66,949	C	Retirement benefit liability
Deferred income taxes	13,233	-	(1,151)	12,082		Deferred tax liabilities
Noncurrent operating lease liabilities	25,627	3,076	-	28,703		Lease liabilities
Other	9,596	(7,034)	-	2,562	A	Other financial liabilities
		397	13,224	13,621	E	Deferred income
		6,470	-	6,470	A	Provisions
		2,218	1,143	3,361		Other non-current liabilities
Total long-term liabilities	224,001	8,837	11,889	244,727		Total non-current liabilities
Total liabilities	545,259	-	18,833	564,092		Total liabilities
(Equity)						(Equity)
Murata Corporation's shareholders' equity						
Common stock	69,444	-	-	69,444		Share capital
Capital surplus	121,004	-	-	121,004		Capital surplus
Retained earnings	2,024,368	-	75,058	2,099,426	G	Retained earnings
Unrealized gains (losses) on securities	(43)					
Pension liability adjustments	(1,963)					
Foreign currency translation adjustments	104,324					
Accumulated other comprehensive income (loss):	102,318	(102,318)				
		102,318	(98,975)	3,343	C, F	Other components of equity
Treasury stock, at cost	(53,538)	-	-	(53,538)		Treasury shares
Total Murata Corporation's shareholders' equity	2,263,596	-	(23,917)	2,239,679		Equity attributable to owners of parent
Noncontrolling interests	316	-	(6)	310		Non-controlling interests
Total equity	2,263,912	-	(23,923)	2,239,989		Total equity
Total liabilities and equity	2,809,171	-	(5,090)	2,804,081		Total liabilities and equity

Reconciliation of equity as of March 31, 2023

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
(Assets)						(Assets)
Current assets						Current assets
Cash	318,557					
Short-term investments	162,456					
	481,013	(11,607)	-	469,406	A	Cash and cash equivalents
Marketable securities	12,240	(12,240)				
		43,014	-	43,014	A	Other financial assets
Trade notes receivable	272,894					
Allowance for doubtful notes and accounts	(2,276)					
	270,618	(261)	(118)	270,239		Trade receivables
Inventories	575,026	-	(394)	574,632		Inventories
Prepaid expenses and other	69,193	(18,906)	34	50,321		Other current assets
Total current assets	1,408,090	-	(478)	1,407,612		Total current assets
Property, plant and equipment						Non-current assets
Land	85,649					
Buildings	846,923					
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,609,043					
Construction in progress	135,966					
Accumulated depreciation	(1,529,644)					
	1,147,937	(5,181)	3,466	1,146,222		Property, plant and equipment
Operating lease right-of-use assets	40,261	10,193	(609)	49,845	A	Right-of-use assets
Total property, plant and equipment	1,188,198					
Investments and other assets						
Investments	30,365	8,440	443	39,248	A	Other financial assets
Intangible assets	44,387	(5,012)	-	39,375	A	Intangible assets
Goodwill	126,839	-	(3,592)	123,247	B	Goodwill
Deferred income taxes	31,885	-	11,067	42,952		Deferred tax assets
Other	42,999	(8,440)	(24,757)	9,802	C	Other non-current assets
Total investments and other assets	276,475					
				1,450,691		Total non-current assets
Total assets	2,872,763	-	(14,460)	2,858,303		Total assets

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
(Liabilities)						(Liabilities)
Current liabilities						Current liabilities
		60,534	-	60,534		Bonds and borrowings
Trade accounts payable	65,597	-	-	65,597		Trade payables
Current portion of bonds	59,981	(59,981)				
Accrued payroll and bonuses	54,984	(54,984)			A	
Income taxes payable	14,184	(1,429)	-	12,755		Income taxes payable
Accrued expenses and other	101,922	(42,065)	-	59,857	A	Other financial liabilities
		-	854	854	E	Deferred income
		2,859	-	2,859	A	Provisions
		81,583	6,140	87,723	A, D	Other current liabilities
Current operating lease liabilities	6,929	668	132	7,729	A	Lease liabilities
Total current liabilities	303,597	(12,815)	7,126	297,908		Total current liabilities
Long-term liabilities						Non-current liabilities
Bonds	49,968					
Long-term debt	1,496					
	51,464	-	-	51,464		Bonds and borrowings
Termination and retirement benefits	63,261	4,727	2,263	70,251	C	Retirement benefit liability
Deferred income taxes	10,601	-	(1,570)	9,031		Deferred tax liabilities
Noncurrent operating lease liabilities	32,626	2,874	-	35,500		Lease liabilities
Other	8,738	(6,031)	-	2,707	A	Other financial liabilities
		355	18,738	19,093	E	Deferred income
		9,102	-	9,102	A	Provisions
		1,788	1,517	3,305		Other non-current liabilities
Total long-term liabilities	166,690	12,815	20,948	200,453		Total non-current liabilities
Total liabilities	470,287	-	28,074	498,361		Total liabilities
(Equity)						(Equity)
Murata Corporation's shareholders' equity						
Common stock	69,444	-	-	69,444		Share capital
Capital surplus	121,116	-	-	121,116		Capital surplus
Retained earnings	2,186,040	-	60,218	2,246,258	G	Retained earnings
Unrealized gains (losses) on securities	(49)					
Pension liability adjustments	2,267					
Foreign currency translation adjustments	157,187					
Accumulated other comprehensive income (loss):	159,405	(159,405)				
		159,405	(102,744)	56,661	C, F	Other components of equity
Treasury stock, at cost	(133,494)	-	-	(133,494)		Treasury shares
Total Murata Corporation's shareholders' equity	2,402,511	-	(42,526)	2,359,985		Equity attributable to owners of parent
Noncontrolling interests	(35)	-	(8)	(43)		Non-controlling interests
Total equity	2,402,476	-	(42,534)	2,359,942		Total equity
Total liabilities and equity	2,872,763	-	(14,460)	2,858,303		Total liabilities and equity

Reconciliation of profit or loss and comprehensive income for the fiscal year ended March 31, 2023

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
Net sales	1,686,796	-	-	1,686,796		Revenue
Operating expense						
Cost of sales	(1,010,948)	(914)	(1,400)	(1,013,262)	C	Cost of sales
				673,534		Gross profit
Selling, general and administrative	(253,722)	(412)	(1,703)	(255,837)	C	Selling, general and administrative expenses
Research and development	(124,239)	-	(421)	(124,660)	C	Research and development expenses
		15,282	(5,819)	9,463	A, E	Other income
		(3,649)	(620)	(4,269)	A	Other expenses
Operating income	297,887	10,307	(9,963)	298,231		Operating profit
Other income (expense)						
Interest and dividend income	6,512	2,481	(1,205)	7,788	A	Finance income
Interest expense	(335)	(1,957)	(1,044)	(3,336)	A	Finance costs
Foreign currency exchange gain (loss)	992	(992)				
Other (net)	9,839	(9,839)			A	
Income before income taxes	314,895	-	(12,212)	302,683		Profit before tax
Income taxes						
Current income tax	(71,932)					
Deferred income tax	10,432					
	(61,500)	-	2,465	(59,035)		Income tax expense
Net income	253,395	-	(9,747)	243,648		Profit for the period
						Profit attributable to:
Net income (loss) attributable to noncontrolling interests	(295)	-	(3)	(298)		Non-controlling interests
Net income attributable to Murata Corporation	253,690	-	(9,744)	243,946		Owners of parent

(Millions of yen)

Accounts under U.S. GAAP	U.S. GAAP	Reclassification	Adjustment of recognition and measurement	IFRS	Notes	Accounts under IFRS
Net income	253,395	-	(9,747)	243,648		Profit for the period
Other comprehensive income (loss), net of tax:						Other comprehensive income, net of tax
						Items that will not be reclassified to profit or loss
Unrealized gains (losses) on securities	(6)	6				
		-	(10)	(10)		Financial assets measured at fair value through other comprehensive income
Pension liability adjustments	4,230	-	(9,313)	(5,083)	C	Remeasurements of defined benefit plans
						Items that may be reclassified to profit or loss
		(6)	14	8		Financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustments	52,873	-	445	53,318		Exchange differences on translation of foreign operations
Other comprehensive income (loss)	57,097	-	(8,864)	48,233		Total other comprehensive income, net of tax
Comprehensive income	310,492	-	(18,611)	291,881		Comprehensive income
						Comprehensive income attributable to:
Less: Comprehensive income (loss) attributable to noncontrolling interests	(285)	-	(2)	(287)		Non-controlling interests
Comprehensive income attributable to Murata Corporation	310,777	-	(18,609)	292,168		Owners of parent

Notes to equity and comprehensive income

A. Reclassification

The following items are the main items that have been reclassified in the above reconciliation and have no effect on equity and comprehensive income.

(1) Time deposits with maturities of more than three months from the date of acquisition, which were included in “Short-term investments” under U.S. GAAP, are included in “Other financial assets” under IFRS.

(2) “Other financial assets,” “Other financial liabilities” and “Provisions” are presented separately in accordance with IFRS presentation rules.

(3) “Accrued payroll and bonuses,” which were separately presented under U.S. GAAP, are included in “Other current liabilities” based on IFRS presentation rules.

(4) Based on the IFRS treatment of lessee leases, right-of-use assets and lease liabilities are recognized for all significant lessee leases and presented as “Right-of-use assets” and “Lease liabilities.” In addition, the balance of leasehold interests in land is reclassified from “Intangible assets” to “Right-of-use assets.”

(5) “Other income,” “Other expenses,” “Finance income” and “Finance costs” are presented separately based on IFRS presentation rules. In addition, certain items included in non-operating income (loss) as “Other - net” under U.S. GAAP have been reclassified to these separate line items.

B. Goodwill

Under U.S. GAAP, for the goodwill impairment test, the fair value of a reporting unit, including goodwill, is compared to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the difference is recognized as a goodwill impairment loss up to the carrying amount of goodwill allocated to that reporting unit.

On the other hand, under IFRS, if the carrying amount of a cash-generating unit or group of cash-generating units, including goodwill, exceeds its recoverable amount, the excess amount is recognized as an impairment loss. For an impairment loss incurred for a cash-generating unit or group of cash-generating units, including goodwill, the goodwill is impaired first and the remaining amount, if any, is recognized against other assets within the unit as impairment losses.

At the date of transition, each cash-generating unit or group of cash-generating units was tested for impairment and an impairment loss of “goodwill” was recognized at the date of transition to IFRS as the recoverable amount was less than the carrying amount, including goodwill.

C. Post-employment benefit

Under U.S. GAAP, the portion of past service cost and actuarial gains and losses arising from a defined benefit pension plan and a lump-sum retirement pension plan that are not recognized as components of retirement benefit expenses for the fiscal year is recognized in accumulated other comprehensive income, net of tax. The amount recognized in accumulated other comprehensive income is recognized in profit or loss as a component of retirement benefit expenses over a certain period in the future.

Under IFRS, past service cost is recognized in profit or loss as incurred. In addition, the remeasurement of the net amount of defined benefit liability or asset is recognized in full as other comprehensive income in the period in which it occurs and is immediately reclassified from other components of equity to retained earnings. If a defined benefit pension plan becomes overfunded, the asset ceiling is the present value of available future economic benefits in the form of a return from the plan or a reduction in future contributions.

D. Levies

Under U.S. GAAP, property tax falling under levies is recognized upon payment. Under IFRS, such levies are recorded in “Other current liabilities” and recognized in profit or loss when the event giving rise to the obligation occurs.

E. Government grant income

Under IFRS, government grants are recorded in “Deferred income” and recognized systematically in profit or loss over the estimated useful lives of the related assets, while they were recognized in full as revenue under U.S. GAAP.

F. Exchange differences on translating foreign operations

Under IFRS 1, an option is allowed whereby cumulative exchange differences on translating foreign operations as of the date of transition to IFRS may be assumed to be nil. The Company has adopted the said exemption provision and transferred the entire amount of cumulative exchange differences on translating foreign operations at the date of transition to IFRS to retained earnings.

G. Reconciliation of retained earnings

The effect of the reconciliation from U.S. GAAP to IFRS on retained earnings (after tax effect) is as follows:

(Millions of yen)

	April 1, 2022	March 31, 2023
Goodwill	(3,292)	(3,292)
Post-employment benefit	(9,613)	(17,049)
Levies	(4,297)	(4,217)
Government grant income	(9,690)	(13,876)
Exchange differences on translating foreign operations	104,324	104,324
Other	(2,374)	(5,672)
Total	75,058	60,218

Reconciliation of consolidated statement of cash flows for the year ended March 31, 2023

There are no material differences between the consolidated statement of cash flows presented under U.S. GAAP and the consolidated statement of cash flows presented under IFRS.

April 26, 2024
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL https://corporate.murata.com)

Flash Report (Year ended March 31, 2024)

Financial Data for the year ended March 31, 2024 - Consolidated basis

		2023	2024	Growth ratio
Revenue	Millions of yen	1,686,796	1,640,158	% (2.8)
Operating profit	<%>*2 Millions of yen	<17.7> 298,231	<13.1> 215,447	(27.8)
Profit before tax	<%>*2 Millions of yen	<17.9> 302,683	<14.6> 239,404	(20.9)
Profit attributable to owners of parent	<%>*2 Millions of yen	<14.5> 243,946	<11.0> 180,838	(25.9)
Total assets	Millions of yen	2,858,303	3,037,895	6.3
Total equity	Millions of yen	2,359,942	2,555,609	8.3
Ratio of equity attributable to owners of parent	%	82.6	84.1	-
Basic earnings per share	*5 Yen	128.64	95.72	(25.6)
Diluted earnings per share	*3 Yen	-	-	-
Return on equity (ROE)	%	10.6	7.4	-
Equity attributable to owners of parent per share	Yen	1,249.22	1,353.01	-
Return on invested capital (ROIC) (pre-tax basis)	*6 %	14.4	10.0	-
Capital expenditures	Millions of yen	207,985	219,531	5.6
Depreciation and amortization	<%>*2 Millions of yen	<10.1> 169,618	<10.7> 175,873	3.7
Research and development expenses	<%>*2 Millions of yen	<7.4> 124,660	<8.1> 132,502	6.3
Number of employees	*4	<39,986> 73,164	<39,257> 73,165	0.0
Average exchange rates Yen/US dollar	Yen	135.48	144.62	-

*1 Consolidated financial statements are prepared in accordance with IFRS.
*2 Ratio to revenue.
*3 Diluted earnings per share are not stated since there were no potential dilutive securities.
*4 Figures in parentheses indicate the number of employees in foreign countries.
*5 The Company implemented a three-for-one common stock split, effective October 1, 2023. Basic earnings per share were calculated on the assumption that the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31,2023.
*6 ROIC (pre-tax basis)＝Operating profit／Average invested capital at the beginning and end of the period(=Property, plant and equipment・right-of-use assets・goodwill・intangible assets＋inventories＋trade receivable－trade payables)

Projected Financial Data for the year ending March 31, 2025 - Consolidated basis

		Six months ending September 30, 2024 and six months ended September 30, 2023			Year ending March 31, 2025 and year ended March 31, 2024		
		2023 Actual	2024 Projection	Growth ratio	2023 Actual	2024 Projection	Growth ratio
Revenue	Millions of yen	810,350	852,000	% 5.1	1,640,158	1,700,000	% 3.6
	<%>*1	<17.1>	<18.1>		<13.1>	<17.6>	
Operating profit	Millions of yen	138,922	154,000	10.9	215,447	300,000	39.2
	<%>*1	<19.9>	<18.8>		<14.6>	<18.4>	
Profit before tax	Millions of yen	161,224	160,000	(0.8)	239,404	313,000	30.7
	<%>*1	<15.4>	<14.1>		<11.0>	<13.8>	
Profit attributable to owners of parent	Millions of yen	125,153	120,000	(4.1)	180,838	235,000	30.0
Basic earnings per share	Yen	66.25	63.52	(4.1)	95.72	124.39	30.0
Capital expenditures	Millions of yen	108,382	85,000	(21.6)	219,531	190,000	(13.5)
	<%>*1	<10.5>	<10.0>		<10.7>	<10.1>	
Depreciation and amortization	Millions of yen	84,978	85,000	0.0	175,873	172,000	(2.2)
	<%>*1	<8.2>	<8.8>		<8.1>	<8.6>	
Research and development expenses	Millions of yen	66,337	75,000	13.1	132,502	146,000	10.2

*1 Ratio to revenue
*2 The projections above are based on the assumed average exchange rates of 145 yen per US dollar.
*3 The above projections were prepared based on estimates using information currently available. Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position".
*4 The Company implemented a three-for-one common stock split, effective October 1, 2023. Basic earnings per share were calculated on the assumption that the relevant stock split had been implemented at the beginning of the consolidated fiscal year ended March 31,2023.
*5 Basic earnings per share does not include the impact of the stock repurchase and cancellation of treasury stock, which was resolved at the meeting of the Board of Directors held on April 26, 2024.

Orders, Backlogs, and Revenue

(1) Orders and Backlogs by Operating Segment

<Orders>

Year ended March 31, 2023, and 2024

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*1		%*1		%
Capacitors	645,999	42.9	758,820	47.1	112,821	17.5
Inductors and EMI filters	156,995	10.4	181,010	11.2	24,015	15.3
Components	802,994	53.3	939,830	58.3	136,836	17.0
High-Frequency Device and Communications Module	417,395	27.7	423,940	26.3	6,545	1.6
Battery and Power supply	187,886	12.5	148,916	9.3	(38,970)	(20.7)
Functional Device	87,938	5.9	86,915	5.4	(1,023)	(1.2)
Devices and Modules	693,219	46.1	659,771	41.0	(33,448)	(4.8)
Others	8,517	0.6	10,946	0.7	2,429	28.5
Total	1,504,730	100.0	1,610,547	100.0	105,817	7.0

*1 Component ratio

*2 Figures are based on sales prices to customers.

<Backlogs>

	Millions of yen					
	As of March 31, 2023		As of March 31, 2024		Change	
		%*1		%*1		%
Capacitors	135,868	40.0	141,168	45.5	5,300	3.9
Inductors and EMI filters	28,923	8.5	29,682	9.6	759	2.6
Components	164,791	48.5	170,850	55.1	6,059	3.7
High-Frequency Device and Communications Module	70,205	20.7	54,003	17.4	(16,202)	(23.1)
Battery and Power supply	77,388	22.8	61,911	20.0	(15,477)	(20.0)
Functional Device	21,784	6.4	17,998	5.8	(3,786)	(17.4)
Devices and Modules	169,377	49.9	133,912	43.2	(35,465)	(20.9)
Others	5,590	1.6	5,385	1.7	(205)	(3.7)
Total	339,758	100.0	310,147	100.0	(29,611)	(8.7)

*1 Component ratio

*2 Figures are based on sales prices to customers.

(2) Revenue by Operating Segment, Application and Area

1. Revenue by Operating Segment

Year ended March 31, 2023, and 2024

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*1		%*1		%
Capacitors	738,841	43.8	753,520	46.0	14,679	2.0
Inductors and EMI filters	175,324	10.4	180,251	11.0	4,927	2.8
Components	914,165	54.2	933,771	57.0	19,606	2.1
High-Frequency Device and Communications Module	453,646	26.9	440,142	26.8	(13,504)	(3.0)
Battery and Power supply	214,556	12.7	164,393	10.0	(50,163)	(23.4)
Functional Device	92,778	5.5	90,701	5.5	(2,077)	(2.2)
Devices and Modules	760,980	45.1	695,236	42.3	(65,744)	(8.6)
Others	11,651	0.7	11,151	0.7	(500)	(4.3)
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)

*1 Component ratio

2. Revenue by Application (based on the Company's estimate)

Year ended March 31, 2023, and 2024

	Millions of yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*1		%*1		%
Communication	659,244	39.1	676,546	41.2	17,302	2.6
Mobility	390,198	23.1	432,658	26.4	42,460	10.9
Computers	224,714	13.3	203,075	12.4	(21,639)	(9.6)
Home Electronics	197,831	11.7	148,450	9.1	(49,381)	(25.0)
Industry and Others	214,809	12.8	179,429	10.9	(35,380)	(16.5)
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)

*1 Component ratio

3. Revenue by Area

Year ended March 31, 2023, and 2024

	Millions of Yen					
	Year ended March 31, 2023		Year ended March 31, 2024		Change	
		%*1		%*1		%
The Americas	252,841	15.0	253,034	15.4	193	0.1
Europe	173,941	10.3	173,067	10.6	(874)	(0.5)
Greater China	842,575	50.0	815,321	49.7	(27,254)	(3.2)
Asia and Others	265,282	15.7	272,231	16.6	6,949	2.6
Overseas total	1,534,639	91.0	1,513,653	92.3	(20,986)	(1.4)
Japan	152,157	9.0	126,505	7.7	(25,652)	(16.9)
Revenue	1,686,796	100.0	1,640,158	100.0	(46,638)	(2.8)

*1 Component ratio

*2 Revenue are attributed to countries or areas based on customer locations.

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022		Three months ended March 31, 2023	
		% *1						
Revenue	436,657	100.0	483,567	100.0	418,978	100.0	347,594	100.0
Operating profit	90,751	20.8	109,834	22.7	78,444	18.7	19,202	5.5
Profit before income tax	103,261	23.6	113,722	23.5	65,663	15.7	20,037	5.8
Profit attributable to owners of parent	76,067	17.4	85,704	17.7	51,049	12.2	31,126	9.0

	Millions of yen							
	Three months ended June 30, 2023		Three months ended September 30, 2023		Three months ended December 31, 2023		Three months ended March 31, 2024	
		% *1						
Revenue	367,694	100.0	442,656	100.0	439,394	100.0	390,414	100.0
Operating profit	50,111	13.6	88,811	20.1	76,197	17.3	328	0.1
Profit before income tax	62,768	17.1	98,456	22.2	64,210	14.6	13,970	3.6
Profit attributable to owners of parent	50,098	13.6	75,055	17.0	49,358	11.2	6,326	1.6

*1 Ratio to revenue

(2) Revenue by Operating Segment

	Millions of Yen							
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022		Three months ended March 31, 2023	
		% *1		% *1		% *1		% *1
Capacitors	202,143	46.3	194,436	40.2	182,717	43.6	159,545	45.9
Inductors and EMI filters	46,882	10.7	48,291	10.0	43,386	10.3	36,765	10.6
Components	249,025	57.0	242,727	50.2	226,103	53.9	196,310	56.5
High-Frequency Device and Communications Module	108,396	24.8	147,608	30.5	114,369	27.3	83,273	23.9
Battery and Power supply	51,276	11.8	64,997	13.4	53,920	12.9	44,363	12.8
Functional Device	24,813	5.7	24,896	5.2	22,132	5.3	20,937	6.0
Devices and Modules	184,485	42.3	237,501	49.1	190,421	45.5	148,573	42.7
Others	3,147	0.7	3,339	0.7	2,454	0.6	2,711	0.8
Revenue	436,657	100.0	483,567	100.0	418,978	100.0	347,594	100.0

	Millions of Yen							
	Three months ended June 30, 2023		Three months ended September 30, 2023		Three months ended December 31, 2023		Three months ended March 31, 2024	
		% *1						
Capacitors	169,470	46.1	197,017	44.5	198,066	45.1	188,967	48.4
Inductors and EMI filters	38,872	10.6	48,386	10.9	48,159	11.0	44,834	11.5
Components	208,342	56.7	245,403	55.4	246,225	56.1	233,801	59.9
High-Frequency Device and Communications Module	87,922	23.9	127,726	28.9	130,910	29.8	93,584	24.0
Battery and Power supply	48,015	13.0	43,106	9.7	36,572	8.3	36,700	9.4
Functional Device	20,906	5.7	23,544	5.3	22,789	5.2	23,462	6.0
Devices and Modules	156,843	42.6	194,376	43.9	190,271	43.3	153,746	39.4
Others	2,509	0.7	2,877	0.7	2,898	0.6	2,867	0.7
Revenue	367,694	100.0	442,656	100.0	439,394	100.0	390,414	100.0

*1 Component ratio

(3) Revenue by Application (based on the Company's estimate)

	Millions of yen							
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022		Three months ended March 31, 2023	
		% *1		% *1		% *1		% *1
Communication	169,184	38.7	205,047	42.4	162,587	38.8	122,426	35.2
Mobility	91,908	21.0	94,297	19.5	106,284	25.4	97,709	28.1
Computers	68,160	15.6	65,229	13.5	50,739	12.1	40,586	11.7
Home Electronics	51,335	11.8	61,947	12.8	45,575	10.9	38,974	11.2
Industry and Others	56,070	12.9	57,047	11.8	53,793	12.8	47,899	13.8
Revenue	436,657	100.0	483,567	100.0	418,978	100.0	347,594	100.0

	Millions of yen							
	Three months ended June 30, 2023		Three months ended September 30, 2023		Three months ended December 31, 2023		Three months ended March 31, 2024	
		% *1						
Communication	134,081	36.5	194,123	43.9	199,093	45.3	149,249	38.2
Mobility	99,603	27.1	110,744	25.0	112,981	25.7	109,330	28.0
Computers	45,211	12.3	50,683	11.4	52,218	11.9	54,963	14.1
Home Electronics	42,034	11.4	40,259	9.1	32,710	7.4	33,447	8.6
Industry and Others	46,765	12.7	46,847	10.6	42,392	9.7	43,425	11.1
Revenue	367,694	100.0	442,656	100.0	439,394	100.0	390,414	100.0

*1 Component ratio