

Consolidated Financial Flash Report (March 31, 2023)

Date: April 28, 2023

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 29, 2023

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated Financial results for the year ended March 31, 2023

(1) Operating results (Years ended March 31, 2023 and 2022)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2023	1,686,796	(6.9)	297,887	(29.8)	314,895	(27.2)	253,690	(19.2)
2022	1,812,521	11.2	424,060	35.4	432,702	36.8	314,124	32.5

Comprehensive income attributable to Murata Corporation: 310,777 million yen for the year ended March 31, 2023 and 419,069 million yen for the year ended March 31, 2022.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share	Net income attributable to Murata Corporation / Shareholders' equity	Income before income taxes / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
2023	401.33	-	10.9	11.1	17.7
2022	490.95	-	15.0	16.4	23.4

* Percentage represents year-on-year changes.

(2) Financial position (At March 31, 2023 and 2022)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2023	2,872,763	2,402,511	83.6	3,815.18
2022	2,809,171	2,263,596	80.6	3,537.80

(3) Cash flows (Years ended March 31, 2023 and 2022)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2023	276,278	(157,850)	(173,708)	469,406
2022	421,458	(212,300)	(117,505)	512,072

2. Dividends (Years ended March 31, 2023 and 2022, and the year ending March 31, 2024)

	Cash dividends per share					Cash dividends (Total)	Consolidated basis	
	First Quarter	Second Quarter	Third Quarter	Year-end	Total		Payout ratio	Dividend on equity (DOE)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2022	-	60.00	-	70.00	130.00	83,178	26.5	4.0
2023	-	75.00	-	75.00	150.00	94,459	37.4	4.1
2024 (Projected)	-	75.00	-	75.00	150.00		57.6	

3. Projected financial results for the six months ending September 30, 2023 and the year ending March 31, 2024 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation		Basic earnings attributable to Murata Corporation per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	788,000	-	84,000	-	84,000	-	63,000	-	100.04
Year ending March 31, 2024	1,640,000	-	220,000	-	220,000	-	164,000	-	260.43

* The Company will voluntarily adopt International Financial Reporting Standards (IFRS) starting with the consolidated financial statements for the three months ending June 30, 2023, and accordingly, the projected financial results for the six months ending September 30, 2023 and the year ending March 31, 2024 are based on IFRS. Therefore, changes from the amount reported in the year ended March 31, 2022, when US GAAP were applied, are not shown.

4. Notes

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

(2) Changes in accounting policy

Changes due to adoption of new accounting standard: None

Changes due to reasons other than above: None

(3) Number of common shares outstanding

Number of shares outstanding, including treasury stock: 675,814,281 shares at March 31, 2023, and 675,814,281 shares at March 31, 2022

Number of treasury stock: 46,090,727 shares at March 31, 2023, and 35,982,533 shares at March 31, 2022

Average number of shares outstanding: 632,117,807 shares for the year ended March 31, 2023, and 639,819,808 shares for the year ended March 31, 2022

*See "Amounts per Share" for the average common shares outstanding, which is the basis of computation of earnings per share.

[Reference] Financial Results on Parent Company Basis

1. Financial results for the year ended March 31, 2023

(1) Operating results (Years ended March 31, 2023 and 2022)

	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	%
2023	1,069,417	(13.3)	44,897	(64.2)	146,625	(31.4)	148,193	(19.8)
2022	1,233,464	11.3	125,480	166.2	213,786	135.3	184,784	116.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2023	234.27	-
2022	288.80	-

*1 Percentage represents year-on-year changes.

*2 The diluted earnings per share are not stated since there were no dilutive potential securities.

(2) Financial position (At March 31, 2023 and 2022)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
2023	1,311,948	707,765	53.9	1,123.93
2022	1,425,313	730,966	51.3	1,142.44

*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, 2022 through March 31, 2023)

1. Business Results

The global economic environment for the period under review saw concerns over an economic downturn persist due to the turmoil in the financial market of the U.S. and Europe in addition to signals of further interest rate hikes repeatedly sent from central banks in major countries and the continued high level of inflation. In the U.S., favorable employment conditions and robust consumer spending have underpinned the economy, but the outlook for the economy has become more uncertain due to sluggish housing investment and the collapse of some financial institutions. In Europe, amid monetary tightening by the European Central Bank (ECB) and others continuing, the prolonged turmoil in Ukraine has come to put downward pressure on the economy. In China, although the economy is on a recovery path following the government's policy shift against COVID-19, careful attention needs to be paid to how domestic demand will change with additional government stimulus measures. In Japan, the economy is returning to normal from the pandemic. On the other hand, however, sluggish personal spending in the face of high prices and weak exports due to stagnant external demand weigh on an economic recovery.

In the electronics market where Murata Manufacturing Co., Ltd. and its subsidiaries (hereinafter referred to as the Companies) operate, demand for parts grew year on year for mobility mainly due to an increase in the number of cars produced. However, demand overall declined due to the sluggish market conditions of smartphones and PCs, and prolonged inventory adjustments.

In these circumstances, regarding net sales for the period under review, whereas sales of multilayer resin substrates increased for smartphones, and lithium-ion secondary batteries increased for power tools in addition to currency fluctuations (the yen depreciated by 23.10 yen year on year), sales of MLCCs decreased for computers and smartphones, and SAW filters and high-frequency modules declined for smartphones. As a result, net sales for the period under review decreased by 6.9% year-on-year to 1,686,796 million yen.

Looking at profits, operating income was 297,887 million yen, down 29.8% year on year, income before taxes came to 314,895 million yen, down 27.2% year on year, and net income attributable to Murata Corporation posted 253,690 million yen, down 19.2% year on year. This was due to a decrease in the operation rate and an increase in fixed costs, despite profit-increasing factors such as a weaker yen and cost reduction.

For the period under review, ROIC (before taxes) decreased 8.0 points year on year to 14.6% due to a significant fall in operating income while invested capital such as inventories and fixed assets increased.

	Millions of yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*		%*		%
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)
Operating income	424,060	23.4	297,887	17.7	(126,173)	(29.8)
Income before income taxes	432,702	23.9	314,895	18.7	(117,807)	(27.2)
Net income attributable to Murata Corporation	314,124	17.3	253,690	15.0	(60,434)	(19.2)
Return on invested capital (ROIC)* (pre-tax basis)	22.6	-	14.6	-	(8.0)	-
Average exchange rate (Yen/US dollar)	112.38	-	135.48	-	23.10	-

*ROIC (pre-tax basis) = Pre-tax operating income / Average invested capital at the beginning and end of the period (=Net fixed assets[book value]+inventories+accounts receivable-trade—accounts payable-trade)

*ROIC (pre-tax basis) by Operating Segments

Components for the Year Ending March 31, 2023 24.0%

for the Year Ending March 31, 2022 34.3%

Devices and Modules for the Year Ending March 31, 2023 2.5%

for the Year Ending March 31, 2022 8.7%

Sales by Operating Segments

Net sales by Operating Segment for the period under review were as follows.

Please note that operating segments and classifications of sales in the operating segments have been changed since the period under review. Please refer to page 11 for details. To compare with the previous consolidated fiscal year below, the amounts for the period under view are analyzed and compared with those of the same period a year earlier after reclassifying the latter into classifications of sales after change.

	Millions of yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*		%*		%
Capacitors	788,539	43.5	738,841	43.8	(49,698)	(6.3)
Inductors and EMI filters	195,760	10.8	175,324	10.4	(20,436)	(10.4)
Components	984,299	54.3	914,165	54.2	(70,134)	(7.1)
High-Frequency Device and Communications Module	528,217	29.1	453,646	26.9	(74,571)	(14.1)
Battery and Power supply	180,438	10.0	214,556	12.7	34,118	18.9
Functional Device	106,385	5.9	92,778	5.5	(13,607)	(12.8)
Devices and Modules	815,040	45.0	760,980	45.1	(54,060)	(6.6)
Others	13,182	0.7	11,651	0.7	(1,531)	(11.6)
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review decreased by 7.1% year-on-year to 914,165 million yen.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, sales of multilayer ceramic capacitors (MLCCs) increased for mobility, but decreased for computers and smartphones.

As a result, overall net sales decreased by 6.3% year-on-year to 738,841 million yen.

[Inductors and EMI Filters]

The Inductors and EMI filters category includes Inductors, EMI Suppression Filters.

For the period under review, sales of EMI suppression filters and inductors increased for mobility. However, sales of inductors decreased for computers and smartphones.

As a result, overall net sales decreased by 10.4% year-on-year to 175,324 million yen.

<Devices and Modules>

Sales of Devices and Modules for the period under review decreased by 6.6% year-on-year to 760,980 million yen.

[High-Frequency Device and Communications Module]

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

For the period under review, while sales of multilayer resin substrates increased, sales of SAW filters, high-frequency modules and connectivity modules considerably fell for smartphones.

As a result, overall net sales decreased by 14.1% year-on-year to 453,646 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, sales of lithium-ion secondary batteries increased for power tools.

As a result, overall net sales increased by 18.9% year-on-year to 214,556 million yen.

[Functional Device]

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

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

As a result, overall net sales decreased by 12.8% year-on-year to 92,778 million yen.

Sales by Application Category

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

Please note that classifications of sales by application category have been changed since the period under review. Please refer to page 11 for details. To compare with the previous consolidated fiscal year below, the amounts for the period under view are analyzed and compared with those of the same period a year earlier after reclassifying the latter into classifications of sales after change.

	Millions of Yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%		%		%
Communication	779,209	43.0	659,244	39.1	(119,965)	(15.4)
Mobility	336,321	18.6	390,198	23.1	53,877	16.0
Computers	297,473	16.4	224,714	13.3	(72,759)	(24.5)
Home Electronics	183,237	10.1	197,831	11.7	14,594	8.0
Industry and Others	216,281	11.9	214,809	12.8	(1,472)	(0.7)
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)

*Based on our estimate

[Communication]

For the period under review, although sales of Multilayer resin substrates increased for smartphones, sales of high-frequency modules, connectivity modules and SAW filters as well as MLCCs decreased.

As a result, overall net sales decreased by 15.4% year-on-year to 659,244 million yen.

[Mobility]

For the period under review, sales of MLCCs and EMI suppression filters increased mainly due to the sales-increasing factor of a weaker yen and a recovery in the quantity of automobiles produced.

As a result, overall net sales increased by 16.0% year-on-year to 390,198 million yen.

[Computers]

For the period under review, sales of MLCCs and inductors decreased significantly for PCs.

As a result, overall net sales decreased by 24.5% year-on-year to 224,714 million yen.

[Home Electronics]

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

As a result, overall net sales increased by 8.0% year-on-year to 197,831 million yen.

[Industry and Others]

For the period under review, although sales for healthcare products and Industrial equipment increased, sales for distributors decreased.

As a result, overall net sales decreased by 0.7% year-on-year to 214,809 million yen.

2. Financial Position

Total assets at March 31, 2023, increased by 63,592 million yen from the end of the previous fiscal year to 2,872,763 million yen due to an increase in inventories, despite a decrease in trade accounts receivable and cash. Liabilities decreased 74,972 million yen to 470,287 million yen from the end of the previous fiscal year due to a decrease in accrued income taxes payable and trade accounts payable. Equity increased by 138,564 million yen from the end of the previous fiscal year to 2,402,476 million yen, mainly due to an increase in retained earnings. The ratio of shareholders' equity to total assets increased by 3.0 points from the end of the previous fiscal year to 83.6% at March 31, 2023.

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, net cash provided by operating activities was 276,278 million yen. Negative factors—an increase of 101,368 million yen in inventories—were offset by net income of 253,395 million yen and depreciation and amortization of 161,276 million yen.

Net cash provided by operating activities decreased by 145,180 million yen from the year ended March 31, 2022.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 157,850 million yen. While cash inflows included maturities and sales of marketable securities, investments and other of 44,081 million yen, there were cash outflows due to 189,951 million yen in capital expenditures aimed at boosting production capacity in particular, and 38,567 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities increased by 54,450 million yen from the year ended March 31, 2022.

<Net Cash Provided by Financing Activities>

For the period under review, net cash used in financing activities was 173,708 million yen primarily due to the payment of dividends of 92,018 million yen and acquisition of treasury shares of 80,009 million yen.

Net cash used in financing activities decreased by 56,203 million yen from the year ended March 31, 2022.

3. Projected Results for the Year Ending March 31, 2024

With regard to the global economic situation for the next fiscal year, there is a concern that economic growth will slow down, especially in developed countries. There are growing fears about geopolitical risks, such as the situation in Ukraine and the conflict between the U.S. and China, in addition to the turmoil in financial markets in Europe and the U.S., and high prices. In addition, the outlook for the economy remains uncertain partly due to expected volatility in foreign exchange rates resulting from changes in monetary policy by central banks in major economies.

In the electronics market where the Companies operate, demand for parts for mobility is forecast to increase due to a recovery in the number of cars produced and advancement in electrification. On the other hand, although it is assumed that adjustments of parts inventory for smartphones and PCs will come to an end, the next recovery in demand for parts is expected to be moderate.

Under these circumstances, the Company has made the following forecast for the next fiscal year. As the Company plans to voluntarily adopt IFRS from the first quarter of the fiscal year ending March 2024, the following forecast has been prepared based on IFRS.

[Consolidated Projections for the Year Ending March 31, 2024]

		Consolidated Basis		
		2023 Actual (US GAAP)	2024 Projections (IFRS)	Change
Net sales	Millions of yen	1,686,796	1,640,000	% (2.8)
Operating income	<%>*1 Millions of yen	<17.7> 297,887	<13.4> 220,000	(26.1)
Income before income taxes	<%>*1 Millions of yen	<18.7> 314,895	<13.4> 220,000	(30.1)
Net income attributable to Murata Corporation	<%>*1 Millions of yen	<15.0> 253,690	<10.0> 164,000	(35.4)
Return on invested capital (ROIC)*3 (pre-tax basis)	<%>	14.6	10.2	(4.4)
Capital expenditures	Millions of yen	208,111	220,000	5.7
Depreciation and amortization	<%>*1 Millions of yen	<9.6> 161,276	<10.4> 170,000	5.4
Research and development expenses	<%>*1 Millions of yen	<7.4> 124,239	<7.9> 130,000	4.6

*1 Ratio to net sales

*2 The projections above are based on the assumed average exchange rates of 127 yen per US dollar for the year ending March 31, 2024.

*3 ROIC (pre-tax basis) = Pre-tax operating income / Average invested capital at the beginning and end of the period (=Net fixed assets[book value]+inventories+accounts receivable-trade—accounts payable-trade)

*4 The change above is direct comparisons of the US GAAP-based results for the year ended March 31, 2023 and the IFRS-based projections for the year ending March 31, 2024.

In respect of sales for the next fiscal year, those of capacitors are expected to increase for mobility. However, not only will sales of connectivity modules considerably decline as a result of a review of the business portfolio, but sales of lithium-ion secondary batteries are also forecast to decrease for power tools. As a result, net sales for the next fiscal year are expected to decrease 2.8% year on year to 1,640,000 million yen, partly due to the effect of exchange rate fluctuations. Looking at profits, the Company plans to decrease profits thanks to negative factors including a decline in product selling prices and the appreciation of the yen, despite positive factors such as the effect of cost reductions. The details are: Operating income will be 220,000 million yen, down 26.1% from the period under review. Income before income taxes will be 220,000 million yen, down 30.1% from the above-mentioned period. Net income attributable to Murata Corporation will be 164,000 million yen, down 35.4% from the above mentioned period.

Regarding capital expenditures, from a medium-to long term perspective, the Company plans a total investment of 220,000 million yen primarily to expand production capacity and construct a production building for products whose demand can be expected to grow.

The Company expects ROIC (before taxes) to decline 4.4 points to 10.2% from the period under review, due to a significant decrease in operating income although the Company will hold down an increase in invested capital.

4. Basic Policy on Profit Distribution and Dividends for the Year Ended March 31, 2023 and the Year Ending March 31, 2024

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 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, 2023, the Companies plan to pay a year-end dividend of 75 yen per share. Combined with the interim dividend previously paid, the total annual dividend is expected to be 150 yen.

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 that aims to realize DOE of 4% or higher with a target payout ratio of about 30% in the mid-term, we plan to pay our annual dividend of 150 yen per share (comprising interim and year-end dividend of 75 yen per share, each) for the fiscal year ending March 31, 2024, the same amount as the previous fiscal year.

Note that the annual dividend above is calculated considering the business environment and performance forecasts for the year ending March 31, 2024.

5. Changes in Operating Segments

In Vision 2030 and Medium-term Direction 2024, announced in November 2021, we organized the thinking of our business portfolio under the name of "3-layer Portfolio." Accordingly, we have changed operating segments in line with the 3-Layer Portfolio from the period under review. Additionally, we have changed classifications of sales in operating segments and sales by application category. The following are details of the changes in operating segments and classifications of sales in the operating segments, sales by application category.

<Changes in Operating Segments and Classifications of Sales in Operating Segments>

~FY2021

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Piezoelectric Components	SAW filters Piezoelectric sensors Ceramic resonators
	Other Components	Inductors EMI filters Lithium ion secondary batteries Connectors Sensors Thermistors
Modules		RF modules Multilayer ceramic devices Connectivity modules Multilayer resin substrates Power supplies modules Solutions
Others		Machinery manufacturing Sales of software

FY2022~

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Inductors and EMI filters	Inductors EMI Suppression filters
Devices and Modules		SAW filters RF modules Multilayer ceramic devices Connectors Connectivity modules Multilayer resin substrates
	Battery and Power supply	Lithium-ion secondary batteries Power supplies modules
	Functional Device	Sensors Timing devices (Resonators)
Others		Solutions business Medical Products Machinery manufacturing etc..

<Change in sales by Application Category>

~FY2021

Sales by Application	Main applications
AV	TV, Video Game
	Digital Camera
Communication	Smartphone
	Wearable Appliance
	Base Station
Computers and Peripherals	Electronic Data Processing
	Industrial equipment
Automotive Electronics	Automobile
	Motor cycle
Home Electronics and Others	Home Electrical Appliance
	Others

FY2022~

Sales by Application	Main applications
Communication	Smartphone
	Wearable Appliance
	Base Station
Mobility	Automobile
	Motor cycle
Computers	Electronic Data Processing
Home Electronics	TV, Video Game
	Digital Camera
	Power tool Home Electrical Appliance
Industry and Others	Industrial equipment
	Others

[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; and (7) other uncertainties and contingencies.

Management policies, business conditions, issues to deal with, etc.

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 previous consolidated fiscal year, 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. Medium- to long-term company management strategy

I Vision 2030 (long-term vision)

During the previous consolidated fiscal year, 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 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.

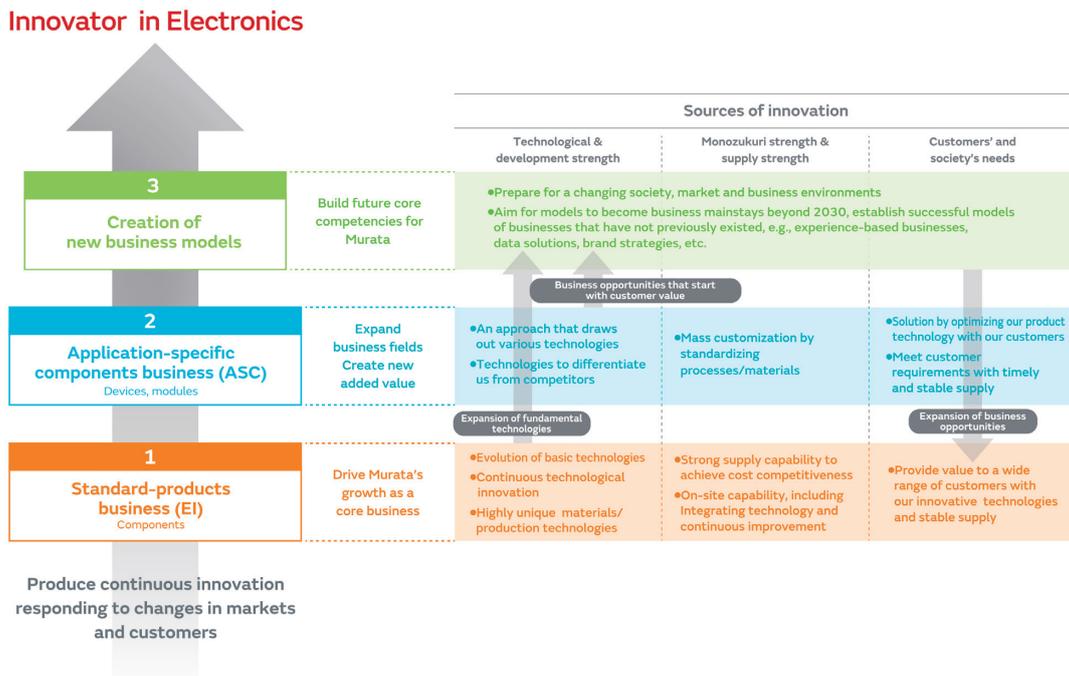
“Vision 2030: What Murata wants to be”



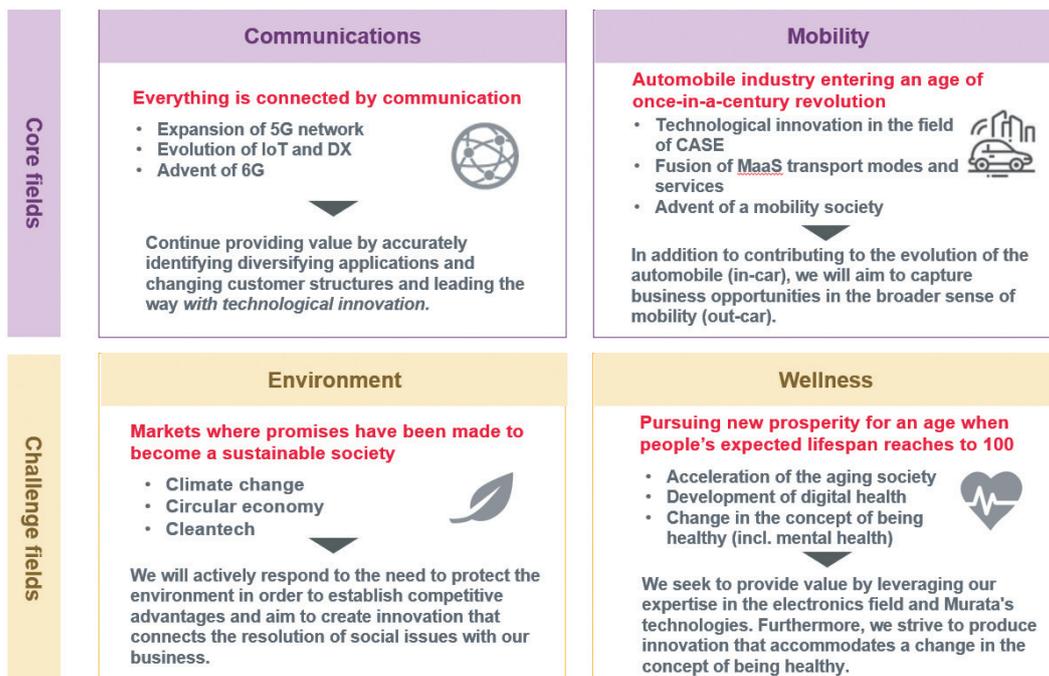
Growth strategy① : Deepen core businesses and promote evolution of business models

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”



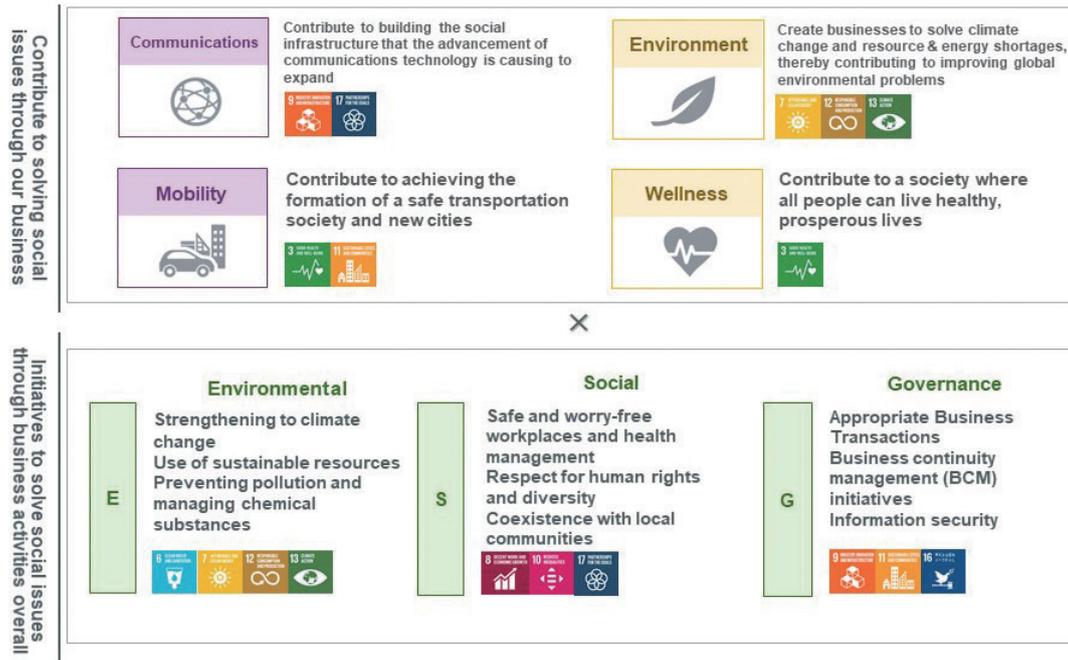
“Four business opportunities”



Growth strategy② : Execute four management transformations

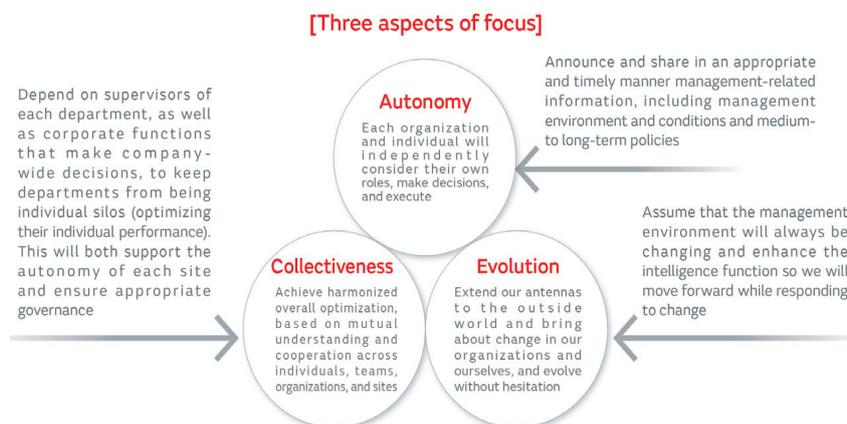
- Management transformation 1: Management that creates a continuous cycle of social value and economic value

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.



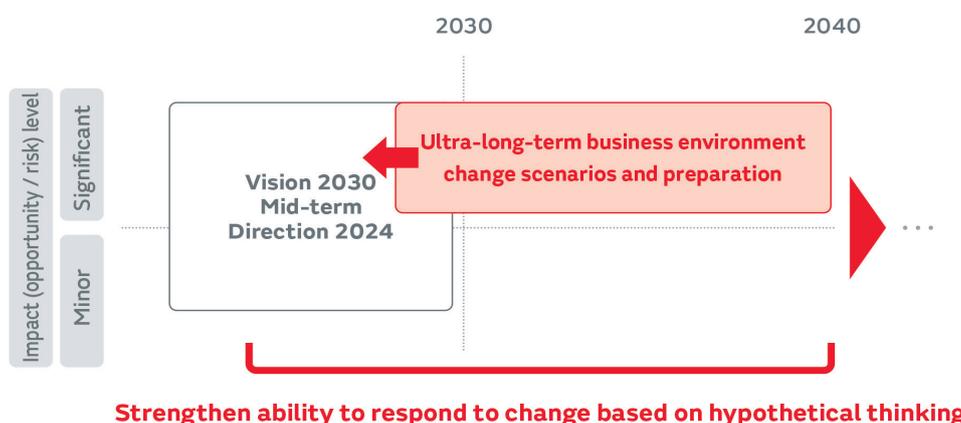
- Management transformation 2: Autonomous and decentralized organizational management

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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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 built a new production building in Thailand to establish a production system ready to meet medium- to long-term growth in demand for multilayer ceramic capacitors. For layer 2, Murata 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 pursued the post-merger integration of Resonant, whose acquisition we completed in March 2022, and developed XBAR technology. Finally, for layer 3, we are searching out business areas where we can put Murata's strengths to work. During the consolidated fiscal year, we kicked off "KUMIHIMO Tech Camp with Murata." This new co-creation project uses Murata hardware to realize ideas from startups and universities. Murata will continue to renew its businesses and technologies with management that taps a variety of innovations. We will practice management that uses our three-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 provided multi-track career paths that let diverse personnel play an active role; began a program, tied in with our management policy, to train candidates to be the next generation of executives; and worked to carry out an action plan based on results of our global organization survey. 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 introduced 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 policy

“Economic value targets”

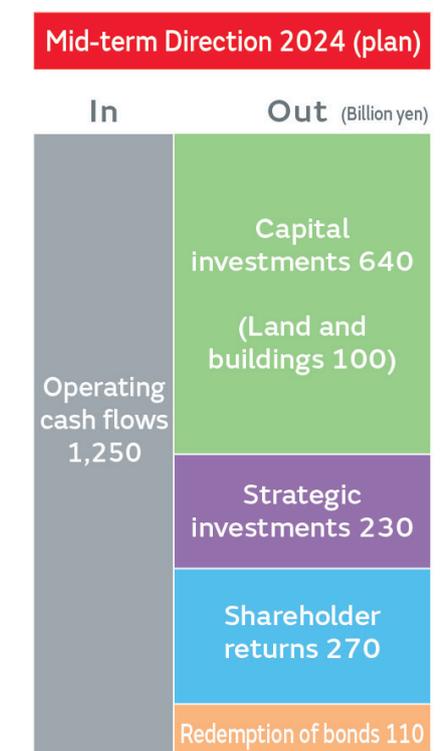
	FY2024 Target	FY2021 Result	FY2022 Result
Net sales (millions of yen)	2,000,000	1,812,521	1,686,796
Operating income ratio(%)	20% or higher	23.4	17.7
ROIC (pre-tax basis)* (%)	20% or higher	22.6	14.6

*ROIC (pre-tax basis) = Pre-tax operating income / Average invested capital at the beginning and end of the period (=Net fixed assets[book value] + inventories + accounts receivable-trade – accounts payable-trade)

As described in “Business Results and Financial Position”, net sales, operating income ratio, and ROIC (pre-tax basis) during the consolidated fiscal year were lower than those of the previous period. The business environment is somewhat uncertain due to slowdowns in the smartphone and PC markets, but the demand for electronic components in the electronics market in which the Murata Group competes is set to grow over the medium to long term. We will continue to address the mid-term management issues set out in Mid-term Direction 2024 and strengthen gains in profitability and productivity to meet our economic value targets.

“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. The progress on strategic investments during the consolidated fiscal year was 23.6 billion yen, combining projects already executed and projects approved. Shareholder returns amounted to 92 billion yen in dividends during the consolidated 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 will voluntarily adopt International Financial Reporting Standards (IFRS) starting from the first quarter of the fiscal year ending March 31, 2024.

(1) Consolidated Balance Sheets (Assets)

At March 31, 2023 and 2022

	Millions of Yen			
	2022		2023	
		%		%
Assets	2,809,171	100.0	2,872,763	100.0
Current assets	1,435,206	51.1	1,408,090	49.0
Cash	370,388		318,557	
Short-term investments	174,074		162,456	
Marketable securities	23,979		12,240	
Trade notes receivable	0		-	
Trade accounts receivable	360,517		272,894	
Allowance for doubtful notes and accounts	(2,207)		(2,276)	
Inventories	464,723		575,026	
Prepaid expenses and other	43,732		69,193	
Property, plant and equipment	1,116,602	39.7	1,188,198	41.4
Land	81,213		85,649	
Buildings	789,142		846,923	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,530,121		1,609,043	
Construction in progress	89,723		135,966	
Accumulated depreciation	(1,405,460)		(1,529,644)	
Operating lease right-of-use assets	31,863		40,261	
Investments and other assets	257,363	9.2	276,475	9.6
Investments	34,618		30,365	
Intangible assets	47,141		44,387	
Goodwill	118,014		126,839	
Deferred income taxes	26,562		31,885	
Other	31,028		42,999	
Total assets	2,809,171	100.0	2,872,763	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2023 and 2022

	Millions of Yen			
	2022		2023	
		%		%
Liabilities	545,259	19.4	470,287	16.4
Current liabilities	321,258	11.4	303,597	10.6
Trade accounts payable	93,842		65,597	
Current portion of bonds	-		59,981	
Accrued payroll and bonuses	63,997		54,984	
Income taxes payable	59,228		14,184	
Accrued expenses and other	97,816		101,922	
Current operating lease liabilities	6,375		6,929	
Long-term liabilities	224,001	8.0	166,690	5.8
Bonds	109,901		49,968	
Long-term debt	1,078		1,496	
Termination and retirement benefits	64,566		63,261	
Deferred income taxes	13,233		10,601	
Noncurrent operating lease liabilities	25,627		32,626	
Other	9,596		8,738	
Equity	2,263,912	80.6	2,402,476	83.6
Murata Corporation's shareholders' equity	2,263,596	80.6	2,402,511	83.6
Common stock	69,444		69,444	
Capital surplus	121,004		121,116	
Retained earnings	2,024,368		2,186,040	
Accumulated other comprehensive income (loss):	102,318		159,405	
Unrealized gains (losses) on securities	(43)		(49)	
Pension liability adjustments	(1,963)		2,267	
Foreign currency translation adjustments	104,324		157,187	
Treasury stock, at cost	(53,538)		(133,494)	
Noncontrolling interests	316	0.0	(35)	(0.0)
Total liabilities and equity	2,809,171	100.0	2,872,763	100.0

(2) Consolidated Statements of Income and Consolidated statements of Comprehensive Income

Consolidated Statements of Income

For the years ended March 31, 2023 and 2022

	Millions of Yen			
	2022		2023	
		%		%
Net sales	1,812,521	100.0	1,686,796	100.0
Cost of sales	1,044,292	57.6	1,010,948	59.9
Selling, general and administrative	232,872	12.9	253,722	15.0
Research and development	111,297	6.1	124,239	7.4
Operating income	424,060	23.4	297,887	17.7
Interest and dividend income	1,193	0.1	6,512	0.4
Interest expense	(318)	(0.0)	(335)	(0.0)
Foreign currency exchange gain (loss)	263	0.0	992	0.0
Other - net	7,504	0.4	9,839	0.6
Income before income taxes	432,702	23.9	314,895	18.7
Income taxes	118,823	6.6	61,500	3.7
<Current income tax>	<116,610>		<71,932>	
<Deferred income tax>	<2,213>		<(10,432)>	
Net income	313,879	17.3	253,395	15.0
Less: Net income (loss) attributable to noncontrolling interests	(245)	(0.0)	(295)	(0.0)
Net income attributable to Murata Corporation	314,124	17.3	253,690	15.0

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2023 and 2022

	Millions of Yen	
	2022	2023
Net income	313,879	253,395
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	(11)	(6)
Pension liability adjustments	12,851	4,230
Foreign currency translation adjustments	92,224	52,873
Other comprehensive income (loss)	105,064	57,097
Comprehensive income	418,943	310,492
Less: Comprehensive income (loss) attributable to noncontrolling interests	(126)	(285)
Comprehensive income attributable to Murata Corporation	419,069	310,777

(3) Consolidated Statements of Shareholders' Equity

	Number of common shares issued	Millions of Yen							
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Controlling interests	Noncontrolling interests	Total equity
		Balance at March 31, 2021	675,814,281	69,444	120,880	1,786,660	(2,627)	(53,552)	1,920,805
Purchases of treasury stock at cost						(13)	(13)		(13)
Disposal of treasury stock			1			0	1		1
Net income				314,124			314,124	(245)	313,879
Cash dividends				(76,779)			(76,779)	(36)	(76,815)
Other comprehensive income (loss), net of tax					104,945		104,945	119	105,064
Restricted stock compensation			120			27	147		147
Equity transaction with noncontrolling interests and other			3	363			366	(362)	4
Balance at March 31, 2022	675,814,281	69,444	121,004	2,024,368	102,318	(53,538)	2,263,596	316	2,263,912
Purchases of treasury stock at cost						(80,009)	(80,009)		(80,009)
Disposal of treasury stock			0			1	1		1
Net income				253,690			253,690	(295)	253,395
Cash dividends				(92,018)			(92,018)	(66)	(92,084)
Other comprehensive income (loss), net of tax					57,087		57,087	10	57,097
Restricted stock compensation			115			52	167		167
Equity transaction with noncontrolling interests and other			(3)				(3)		(3)
Balance at March 31, 2023	675,814,281	69,444	121,116	2,186,040	159,405	(133,494)	2,402,511	(35)	2,402,476

(4) Consolidated Statements of Cash Flows

Years ended March 31, 2023 and 2022

	Millions of Yen			
	2022		2023	
Operating activities:				
Net income		313,879		253,395
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	155,583		161,276	
Losses on sales and disposals of property, plant and equipment	911		2,219	
Impairment losses on long-lived assets	2,526		579	
Provision for termination and retirement benefits, less payments	(5,059)		(5,277)	
Deferred income taxes	2,213		(10,432)	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	11,637		103,877	
(Increase) decrease in inventories	(81,363)		(101,368)	
(Increase) decrease in prepaid expenses and other	(9,857)		(25,249)	
Increase (decrease) in trade notes and accounts payable	3,507		(30,027)	
Increase (decrease) in accrued payroll and bonuses	9,081		(9,731)	
Increase (decrease) in income taxes payable	16,601		(45,285)	
Increase (decrease) in accrued expenses and other	914		(14,871)	
Other-net	885	107,579	(2,828)	22,883
Net cash provided by operating activities		421,458		276,278
Investing activities:				
Payment for purchases of property, plant and equipment		(150,531)		(189,951)
Payment for purchases of marketable securities, investments and other		(38,941)		(38,567)
Maturities and sales of marketable securities, investments and other		34,335		44,081
Increase in long-term deposits and loans		(81)		(13)
Decrease in long-term deposits and loans		5,476		0
(Increase) decrease in short-term investments		(16,689)		22,595
Acquisition of businesses, net of cash acquired		(48,802)		-
Other-net		2,933		4,005
Net cash used in investing activities		(212,300)		(157,850)
Financing activities:				
Net increase (decrease) in short-term borrowings		(91)		5
Proceeds from long-term debt		357		879
Repayment of long-term debt		(6)		(6)
Repayment of bonds		(40,000)		-
Dividends paid		(76,779)		(92,018)
Payment for purchases of treasury stock		(13)		(80,009)
Other-net		(973)		(2,559)
Net cash provided by (used in) financing activities		(117,505)		(173,708)
Effect of exchange rate changes on cash and cash equivalents		12,720		12,614
Net increase (decrease) in cash and cash equivalents		104,373		(42,666)
Cash and cash equivalents at beginning of year		407,699		512,072
Cash and cash equivalents at end of year		512,072		469,406
Additional cash and cash equivalents information:				
Cash		370,388		318,557
Short-term investments		174,074		162,456
Short-term investments with the original maturities over 3 months		(32,390)		(11,607)
Cash and cash equivalents at end of year		512,072		469,406

(5) Assumptions for Going Concern

None

(6) Segment Information

Operating Segment Information

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.

The Companies have changed operating segments from the period. Please refer to “Changes in Operating Segments”.

Additionally, we have changed classifications of income on represents from “segment income” to “operating income” from the period under review. Accordingly, income (expenses) of headquarters functions and fundamental research, which were initially represented as “Corporate expenses,” have been recorded in each respective segment.

Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the change above.

		Millions of Yen			
		2022		2023	
Components	Sales to:		%		%
	Unaffiliated customers	984,299		914,165	
	Intersegment	13,842		10,222	
	Total revenue	998,141	100.0	924,387	100.0
	Operating income (loss)	355,536	35.6	280,121	30.3
Devices and Modules	Sales to:		%		%
	Unaffiliated customers	815,040		760,980	
	Intersegment	10		6	
	Total revenue	815,050	100.0	760,986	100.0
	Operating income (loss)	69,697	8.6	20,582	2.7
Others	Sales to:		%		%
	Unaffiliated customers	13,182		11,651	
	Intersegment	57,986		62,913	
	Total revenue	71,168	100.0	74,564	100.0
	Operating income (loss)	(1,173)	(1.6)	(2,816)	(3.8)
Eliminations and Corporate	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(71,838)		(73,141)	
	Total revenue	(71,838)	-	(73,141)	-
	Operating income (loss)	-	-	-	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,812,521		1,686,796	
	Intersegment	-		-	
	Total revenue	1,812,521	100.0	1,686,796	100.0
	Operating income	424,060	23.4	297,887	17.7

Notes: 1. Major products and businesses included in the operating segments.

(1) Components: Capacitors and Inductors, and EMI filters

(2) Devices and Modules: RF modules, SAW filters, Lithium-ion secondary batteries, and Sensors

(3) Others: Machinery manufacturing, Medical Products, and Solutions business

2. Intersegment transactions are based on market prices.

(7) Amounts per Share

The Company introduced a restricted compensation plan (hereinafter, the "Plan") for the Company's Directors (except directors serving as Audit and Supervisory Committee members and Outside Directors) and executive officers. Among the new shares issued under the Plan, those transfer restrictions which have not been cancelled are distinguished as participating securities from common shares. A holder of participating securities has the same rights as a holder of common shares to net income attributable to Murata Corporation.

A reconciliation of the basic earnings per share computation was as follows:

Diluted earnings attributable to Murata Corporation per share are not stated since there were no potential dilutive securities.

		Year ended March 31, 2022	Year ended March 31, 2023
Net income attributable to Murata Corporation	Millions of yen	314,124	253,690
Net income available to participating securities	Millions of yen	5	5
Net income available to common shareholders	Millions of yen	314,119	253,685
Weighted-average number of common shares outstanding	Number of shares	639,829,641	632,129,522
Weighted-average number of participating securities	Number of shares	9,833	11,715
Weighted-average number of common shares	Number of shares	639,819,808	632,117,807
Basic earnings attributable to Murata Corporation per share	Yen	490.95	401.33

Shareholders' equity per share for the years ended March 31, 2023 and 2022 was 3,815.18 yen and 3,537.80 yen, respectively.

(8) Subsequent Events

None

(9) Other

Date: April 28, 2023
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <https://corporate.murata.com>)

Flash Report (Year ended March 31, 2023)**Selected Financial Data - Consolidated basis**

Years ended March 31, 2023 and 2022/at March 31, 2023 and 2022

		Consolidated Basis		
		2022	2023	Growth ratio
Net sales	Millions of yen	1,812,521	1,686,796	(6.9)
	<*>2	<23.4>	<17.7>	
Operating income	Millions of yen	424,060	297,887	(29.8)
	<*>2	<23.9>	<18.7>	
Income before income taxes	Millions of yen	432,702	314,895	(27.2)
Net income attributable to Murata Corporation	Millions of yen	314,124	253,690	(19.2)
	<*>2	<17.3>	<15.0>	
Total assets	Millions of yen	2,809,171	2,872,763	2.3
Shareholders' equity	Millions of yen	2,263,596	2,402,511	6.1
Shareholders' equity ratio	%	80.6	83.6	-
Basic earnings attributable to Murata Corporation per share	Yen	490.95	401.33	(18.3)
Diluted earnings attributable to Murata Corporation per share	Yen	-	-	-
	*3			
Return on equity (ROE)	%	15.0	10.9	-
Shareholders' equity per share	Yen	3,537.80	3,815.18	-
Return on invested capital (ROIC) (pre-tax basis)	%	22.6	14.6	-
	*5			
Capital expenditures	Millions of yen	152,786	208,111	36.2
	<*>2	<8.6>	<9.6>	
Depreciation and amortization	Millions of yen	155,583	161,276	3.7
	<*>2	<6.1>	<7.4>	
Research and development expenses	Millions of yen	111,297	124,239	11.6
	*4	<45,290>	<39,986>	
Number of employees		77,581	73,164	(5.7)
Average exchange rates Yen/US dollar	Yen	112.38	135.48	-

*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

*2 Ratio to net sales

*3 Diluted earnings attributable to Murata Corporation 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 ROIC (pre-tax basis) = Pre-tax operating income / Average invested capital at the beginning and end of the period (=Net fixed assets [book value] + inventories+ accounts receivable-trade - accounts payable-trade)

Projected Financial Data - Consolidated basis

		Six months ending September 30, 2023 and six months ended September 30, 2022			Year ending March 31, 2024 and year ended March 31, 2023		
		2023 Actual (US GAAP)	2024 Projection (IFRS)	Growth ratio	2023 Actual (US GAAP)	2024 Projection (IFRS)	Growth ratio
Net sales	Millions of yen	920,224	788,000	(14.4)	1,686,796	1,640,000	(2.8)
	<%>*1	<21.2>	<10.7>		<17.7>	<13.4>	
Operating income	Millions of yen	194,974	84,000	(56.9)	297,887	220,000	(26.1)
	<%>*1	<23.2>	<10.7>		<18.7>	<13.4>	
Income before income taxes	Millions of yen	213,162	84,000	(60.6)	314,895	220,000	(30.1)
	<%>*1	<17.4>	<8.0>		<15.0>	<10.0>	
Net income attributable to Murata Corporation	Millions of yen	160,356	63,000	(60.7)	253,690	164,000	(35.4)
	<%>*1	<17.4>	<8.0>		<15.0>	<10.0>	
Basic earnings attributable to Murata Corporation per share *4	Yen	252.71	100.04	(60.4)	401.33	260.43	(35.1)
	<%>*1	<8.7>	<11.0>		<9.6>	<10.4>	
Capital expenditures	Millions of yen	83,694	120,000	43.4	208,111	220,000	5.7
	<%>*1	<8.7>	<11.0>		<9.6>	<10.4>	
Depreciation and amortization	Millions of yen	79,819	87,000	9.0	161,276	170,000	5.4
	<%>*1	<6.8>	<8.5>		<7.4>	<7.9>	
Research and development expenses	Millions of yen	62,164	67,000	7.8	124,239	130,000	4.6
	<%>*1	<6.8>	<8.5>		<7.4>	<7.9>	

*1 Ratio to net sales

*2 The projections above are based on the assumed average exchange rates of 127 yen per US dollar for the year ending March 31, 2024.

*3 Growth ratio is direct comparisons of the US GAAP-based results for the year ended March 31, 2023 and the IFRS-based projection for the year ending March 31, 2024.

*4 The projections above 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".

Orders, Backlogs and Sales

We have changed operating segments and classifications of sales in the operating segments, sales by application category from the period under review. Accordingly, the following reporting categories have been changed from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the changes.

(1) Orders and Backlogs by Product

<Orders>

	Millions of Yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*1		%*1		%
Capacitors	827,148	43.5	645,999	42.9	(181,149)	(21.9)
Inductors and EMI filters	205,327	10.8	156,995	10.4	(48,332)	(23.5)
Components	1,032,475	54.3	802,994	53.3	(229,481)	(22.2)
High-Frequency Device and Communications Module	533,194	28.1	417,395	27.7	(115,799)	(21.7)
Battery and Power supply	202,839	10.7	187,886	12.5	(14,953)	(7.4)
Functional Device	112,294	5.9	87,938	5.9	(24,356)	(21.7)
Devices and Modules	848,327	44.7	693,219	46.1	(155,108)	(18.3)
Others	19,229	1.0	8,517	0.6	(10,712)	(55.7)
Net sales	1,900,031	100.0	1,504,730	100.0	(395,301)	(20.8)

*1 Component ratio

*2 Figures are based on sales prices to customers.

<Backlogs>

	Millions of Yen					
	At March 31, 2022		At March 31, 2023		Change	
		%*1		%*1		%
Capacitors	228,710	43.8	135,868	40.0	(92,842)	(40.6)
Inductors and EMI filters	47,252	9.1	28,923	8.5	(18,329)	(38.8)
Components	275,962	52.9	164,791	48.5	(111,171)	(40.3)
High-Frequency Device and Communications Module	106,456	20.4	70,205	20.7	(36,251)	(34.1)
Battery and Power supply	104,058	19.9	77,388	22.8	(26,670)	(25.6)
Functional Device	26,624	5.1	21,784	6.4	(4,840)	(18.2)
Devices and Modules	237,138	45.4	169,377	49.9	(67,761)	(28.6)
Others	8,724	1.7	5,590	1.6	(3,134)	(35.9)
Net sales	521,824	100.0	339,758	100.0	(182,066)	(34.9)

*1 Component ratio

*2 Figures are based on sales prices to customers.

(2) Sales by Operating Segment, Application and Area

1. Sales by Operating Segment

	Millions of Yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*1		%*1		%
Capacitors	788,539	43.5	738,841	43.8	(49,698)	(6.3)
Inductors and EMI filters	195,760	10.8	175,324	10.4	(20,436)	(10.4)
Components	984,299	54.3	914,165	54.2	(70,134)	(7.1)
High-Frequency Device and Communications Module	528,217	29.1	453,646	26.9	(74,571)	(14.1)
Battery and Power supply	180,438	10.0	214,556	12.7	34,118	18.9
Functional Device	106,385	5.9	92,778	5.5	(13,607)	(12.8)
Devices and Modules	815,040	45.0	760,980	45.1	(54,060)	(6.6)
Others	13,182	0.7	11,651	0.7	(1,531)	(11.6)
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)

*1 Component ratio

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

	Millions of Yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*1		%*1		%
Communication	779,209	43.0	659,244	39.1	(119,965)	(15.4)
Mobility	336,321	18.6	390,198	23.1	53,877	16.0
Computers	297,473	16.4	224,714	13.3	(72,759)	(24.5)
Home Electronics	183,237	10.1	197,831	11.7	14,594	8.0
Industry and Others	216,281	11.9	214,809	12.8	(1,472)	(0.7)
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)

*1 Component ratio

3. Sales by Area

	Millions of Yen					
	Year ended March 31, 2022		Year ended March 31, 2023		Change	
		%*1		%*1		%
The Americas	206,253	11.4	252,841	15.0	46,588	22.6
Europe	162,619	9.0	173,941	10.3	11,322	7.0
Greater China	993,867	54.8	842,575	50.0	(151,292)	(15.2)
Asia and Others	282,911	15.6	265,282	15.7	(17,629)	(6.2)
Overseas total	1,645,650	90.8	1,534,639	91.0	(111,011)	(6.7)
Japan	166,871	9.2	152,157	9.0	(14,714)	(8.8)
Net sales	1,812,521	100.0	1,686,796	100.0	(125,725)	(6.9)

*1 Component ratio

*2 Sales 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, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
Net sales	439,557	% *1 100.0	468,517	% *1 100.0	471,387	% *1 100.0	433,060	% *1 100.0
Operating income	105,069	23.9	117,040	25.0	113,919	24.2	88,032	20.3
Income before income taxes	103,710	23.6	124,143	26.5	115,014	24.4	89,835	20.7
Net income attributable to Murata Corporation	77,218	17.6	90,570	19.3	82,646	17.5	63,690	14.7

	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	
Net sales	436,657	% *1 100.0	483,567	% *1 100.0	418,978	% *1 100.0	347,594	% *1 100.0
Operating income	88,613	20.3	106,361	22.0	77,285	18.4	25,628	7.4
Income before income taxes	101,204	23.2	111,958	23.2	66,692	15.9	35,041	10.1
Net income attributable to Murata Corporation	75,201	17.2	85,155	17.6	51,467	12.3	41,867	12.0

*1 Ratio to net sales

(2) Sales by Operating Segment

	Millions of Yen							
	Three months ended June 30, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
Capacitors	190,027	% *1 43.2	203,350	% *1 43.4	201,387	% *1 42.7	193,775	% *1 44.8
Inductors and EMI filters	49,312	11.2	51,853	11.1	51,107	10.8	43,488	10.0
Components	239,339	54.4	255,203	54.5	252,494	53.5	237,263	54.8
High-Frequency Device and Communications Module	128,294	29.2	137,358	29.3	140,150	29.7	122,415	28.3
Battery and Power supply	42,607	9.7	45,280	9.7	48,822	10.4	43,729	10.1
Functional Device	26,688	6.1	27,706	5.9	26,343	5.6	25,648	5.9
Devices and Modules	197,589	45.0	210,344	44.9	215,315	45.7	191,792	44.3
Others	2,629	0.6	2,970	0.6	3,578	0.8	4,005	0.9
Net sales	439,557	100.0	468,517	100.0	471,387	100.0	433,060	100.0

	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	
Capacitors	202,143	% *1 46.3	194,436	% *1 40.2	182,717	% *1 43.6	159,545	% *1 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
Net sales	436,657	100.0	483,567	100.0	418,978	100.0	347,594	100.0

*1 Component ratio

*2 We have changed operating segments and classifications of sales in the operating segments from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the changes.

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

	Millions of yen							
	Three months ended June 30, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
		% *1		% *1		% *1		% *1
Communication	185,656	42.2	207,068	44.2	210,362	44.6	176,123	40.7
Mobility	82,734	18.8	82,103	17.5	80,274	17.0	91,210	21.1
Computers	74,636	17.0	77,039	16.5	75,113	16.0	70,685	16.3
Home Electronics	44,156	10.1	48,252	10.3	47,080	10.0	43,749	10.1
Industry and Others	52,375	11.9	54,055	11.5	58,558	12.4	51,293	11.8
Net sales	439,557	100.0	468,517	100.0	471,387	100.0	433,060	100.0

	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
Net sales	436,657	100.0	483,567	100.0	418,978	100.0	347,594	100.0

*1 Component ratio

*2 We have changed classifications of sales by application category from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the change.