

BUSINESS REPORT

FOR THE 86TH FISCAL TERM

FROM APRIL 1, 2021
TO MARCH 31, 2022

10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto, Japan
Murata Manufacturing Co., Ltd.
Norio Nakajima
President and Representative Director

Business Report

From April 1, 2021
to March 31, 2022

1. Matters Concerning Status of the Company Group

(1) Main business areas

The Company Group is an electronic component manufacturer that primarily engages in manufacturing and sales of electronic components and related products primarily of ceramic material, Components (such as capacitors, piezoelectric products and lithium ion secondary batteries) and Modules (communications modules and power supplies), and conducts vertically integrated technological development and manufacturing, from inorganic and organic chemical materials, to ceramics and electronic components. Through the creation of original products that utilize a technological base featuring uniquely developed and accumulated materials development, process development, product design, manufacturing technology, and software, analysis, and evaluation to support the above, the Company Group conducts sales for various electronic components that are used in products such as communications devices including smartphones, AV devices, computers and peripheral devices, automotive electronics, and home electric devices.

(2) Business progress and results

1) Business conditions

The global economic environment for the fiscal year under review showed signs of recovery, resulting from progress in economic activities driven by the spread of COVID-19 vaccinations and government stimulus measures in various countries. On the other hand, there are signs that the supply chain has been disrupted globally mainly due to Russia's invasion of Ukraine and lockdowns in China in the wake of the spread of COVID-19, and inflation has been sped up by surges in natural resource and energy prices, leaving the outlook for the global economy uncertain.

The Company Group operates in the electronics market. In this market, demand for automotive electronics increased significantly year on year due to progress in electrification of automobiles and the accumulation of parts inventory by customers. Demand for PCs continued to be steady, boosted mainly by the demand for remote work. On the other hand, demand for smartphones remained weak partly due to inventory adjustment by major clients in Greater China.

In these circumstances, net sales of connectivity modules for smartphones decreased. However, net sales of multilayer ceramic capacitors (MLCCs) increased significantly in the areas of computers and peripherals and automotive electronics. Further, net sales of lithium-ion secondary batteries for power tools increased. As a result, net sales increased by 11.2% year on year to 1,812,521 million yen in the fiscal year under review, marking a record high, boosted in part by currency fluctuations (the yen depreciated by 6.32 yen year-on-year).

Performance was positively contributed to by an improved operation ratio and cost reduction, depreciation of the yen, despite an increase in production-related expenses driven by production growth. As a result, operating income was 424,060 million yen, up 35.4% year on year, income before income taxes was 432,702 million yen, up 36.8% year on year, and net income attributable to the Company was 314,124 million yen, up 32.5% year on year.

For the fiscal year under review, ROIC (Return on Invested Capital) (pre-tax basis) increased 4.1 points year on year to 22.6% due to big growth in operating income, despite an increase in invested capital as a result of building up inventories with an eye on demand for electronic components expected in the next fiscal year.

Key financial results

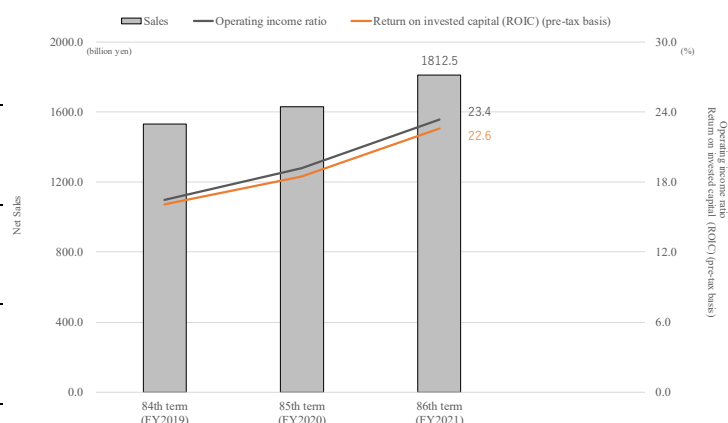
Net sales **1,812.5 billion yen** YoY **+11.2%**

Operating income **424.1 billion yen** YoY **+35.4%**

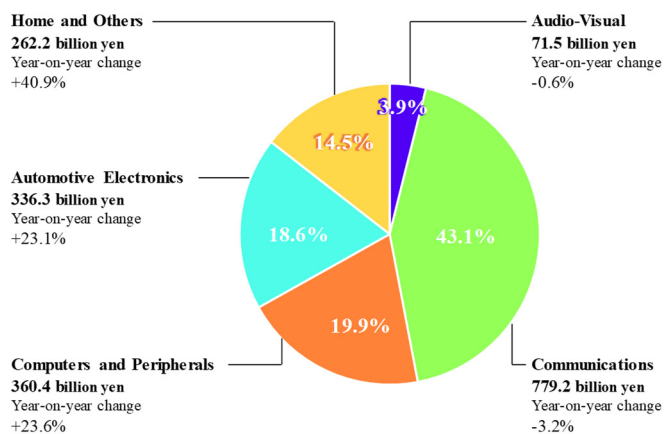
Income before income taxes **432.7 billion yen** YoY **+36.8%**

Net income attributable to the Company **314.1 billion yen** YoY **+32.5%**

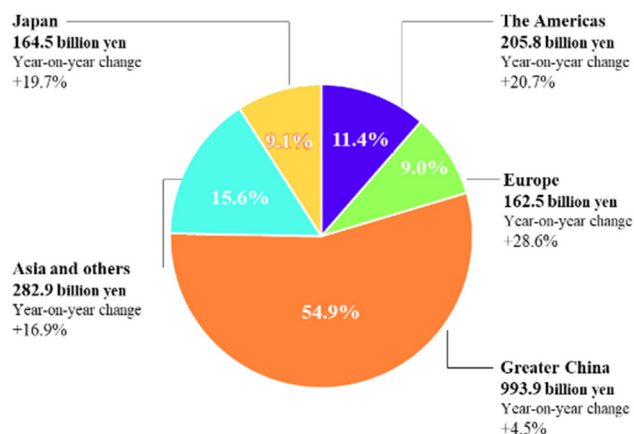
Return on invested capital (ROIC) (pre-tax basis) **22.6 %** YoY **+4.1 percentage points**



Sales by Application (Based on the Company's estimates)



Sales by Area



2) Sales by product category

[Capacitors]

(Main products: MLCCs, etc.)

Orders and backlogs

823.5 billion yen

Net sales

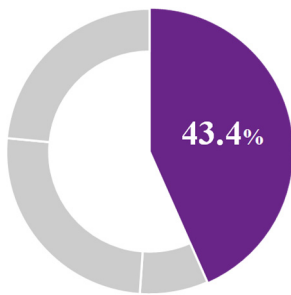
785.3 billion yen

YoY

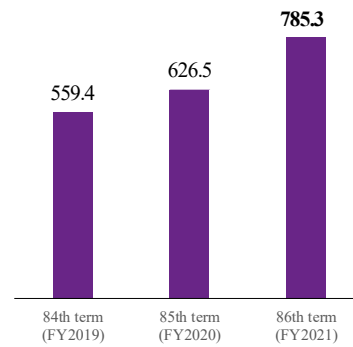
+158.7 billion yen (+25.3%)

For the fiscal year under review, sales of MLCCs increased significantly not only for PCs, against the background of demand for remote work and online education, but also for car electronics due to progress in electrification of automobiles and the accumulation of parts inventory by clients.

As a result, overall net sales increased by 25.3% year-on-year to 785,254 million yen.



<Net sales> (Billions of yen)



[Piezoelectric Components]

(Main products: SAW filters, piezoelectric sensors, ceramic resonators, etc.)

Orders and backlogs

120.2 billion yen

Net sales

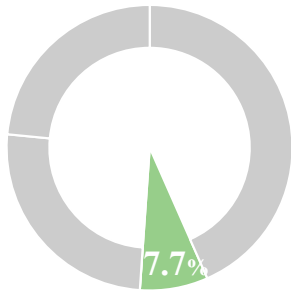
138.4 billion yen

YoY

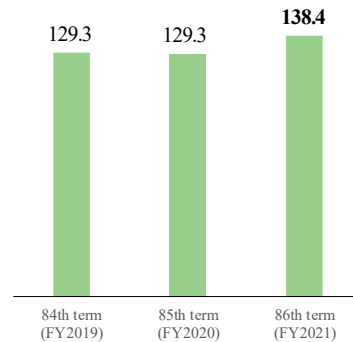
+9.0 billion yen (+7.0%)

For the fiscal year under review, sales of piezoelectric sensors grew for HDDs, and sales of ceramic resonators expanded for a broad range of applications.

As a result, overall net sales increased by 7.0% year-on-year to 138,357 million yen.



<Net sales> (Billions of yen)



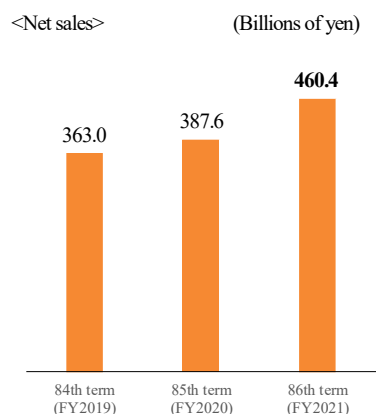
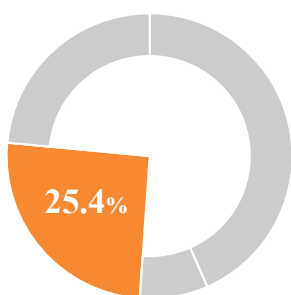
[Other Components]

(Main products: Lithium ion secondary batteries, inductors, electromagnetic interference suppression filters, sensors, connectors, thermistors, etc.)

Orders and backlogs	479.5 billion yen
Net sales	460.4 billion yen
YoY	+72.7 billion yen (+18.8%)

For the fiscal year under review, sales of lithium-ion secondary batteries for power tools, as well as sales of inductors for PCs and automotive electronics, increased significantly.

As a result, overall net sales increased by 18.8% year-on-year to 460,443 million yen.



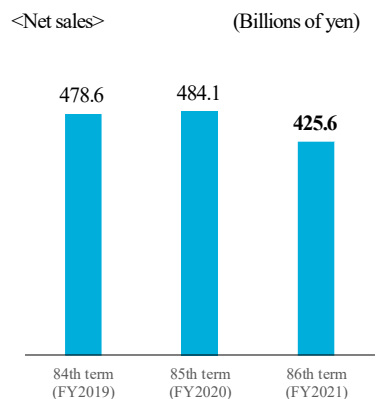
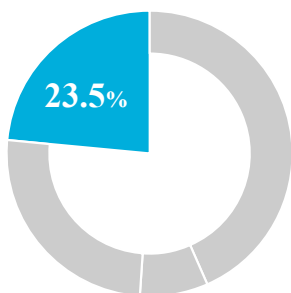
[Modules]

(Main products: Connectivity modules (short-range wireless communication modules), RF modules (circuit modules and radio frequency submodules), multilayer resin substrates, power supplies modules, multilayer ceramic devices, etc.)

Orders and backlogs	473.9 billion yen
Net sales	425.6 billion yen
YoY	-58.5 billion yen (-12.1%)

For the fiscal year under review, sales of connectivity modules decreased for smartphones due to the restructuring of product portfolios, and sales of multilayer resin substrates also fell for communication devices.

As a result, overall net sales decreased by 12.1% year-on-year to 425,562 million yen.



(3) Issues to be Addressed

1) The Company's Fundamental Management Policy

“We contribute to the advancement of society by creating innovative products and solutions.” The Company Group implements management based upon this Murata Philosophy. Our employees share a belief in the slogan “Innovator in Electronics,” which embodies our desire to be a leader in innovation for the electronics industry.

For the Company Group 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 under review, we further developed the Company 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 Company 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.

“Process of Value Creation”



“Process of Value Creation” is available on the Company’s website.

<https://corporate.murata.com/en-us/company/valuecreation>

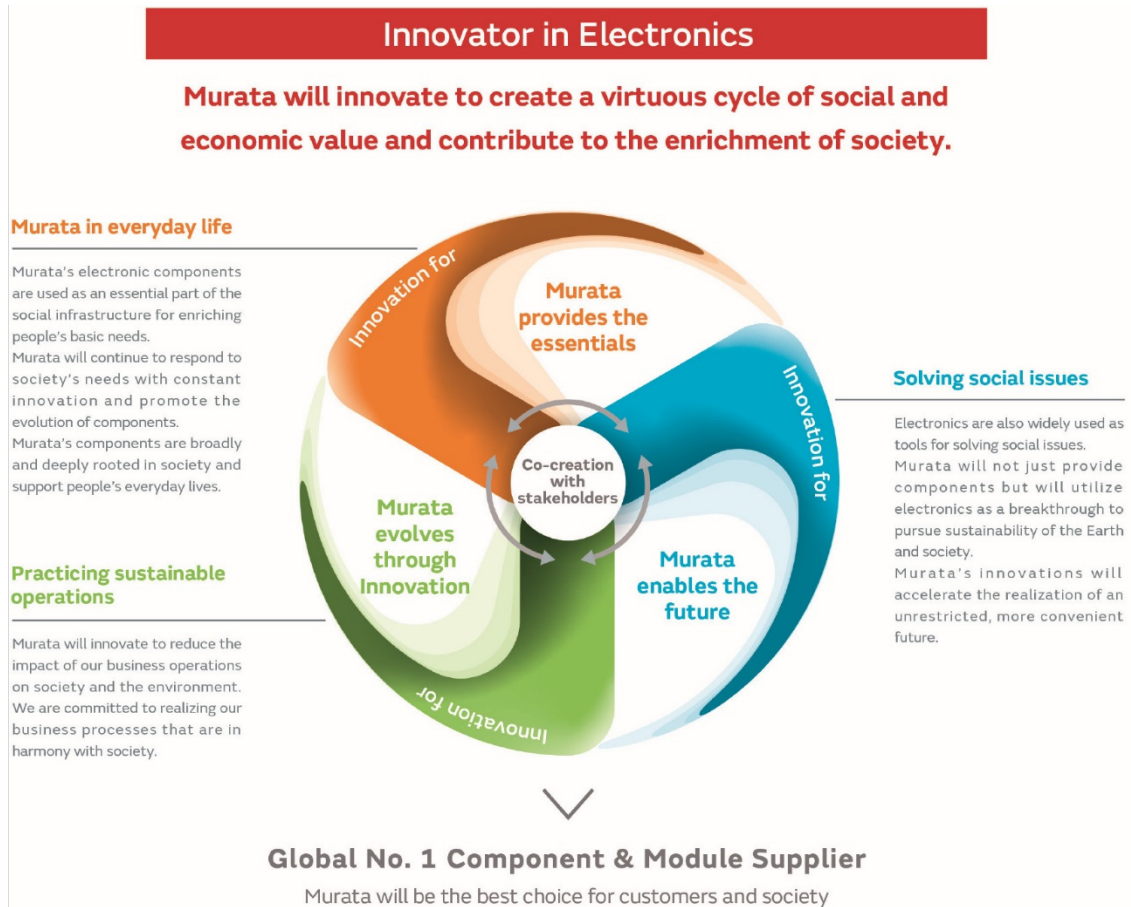


2) Medium- to Long-Term Company Management Strategy

i. Vision 2030 (Long-term direction)

During the fiscal year under review, the Company 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 subsequent fiscal year). Vision 2030 describes what we want to be, namely that “Murata will innovate to create a continuous cycle of social and economic value and contribute to the enrichment of society.”

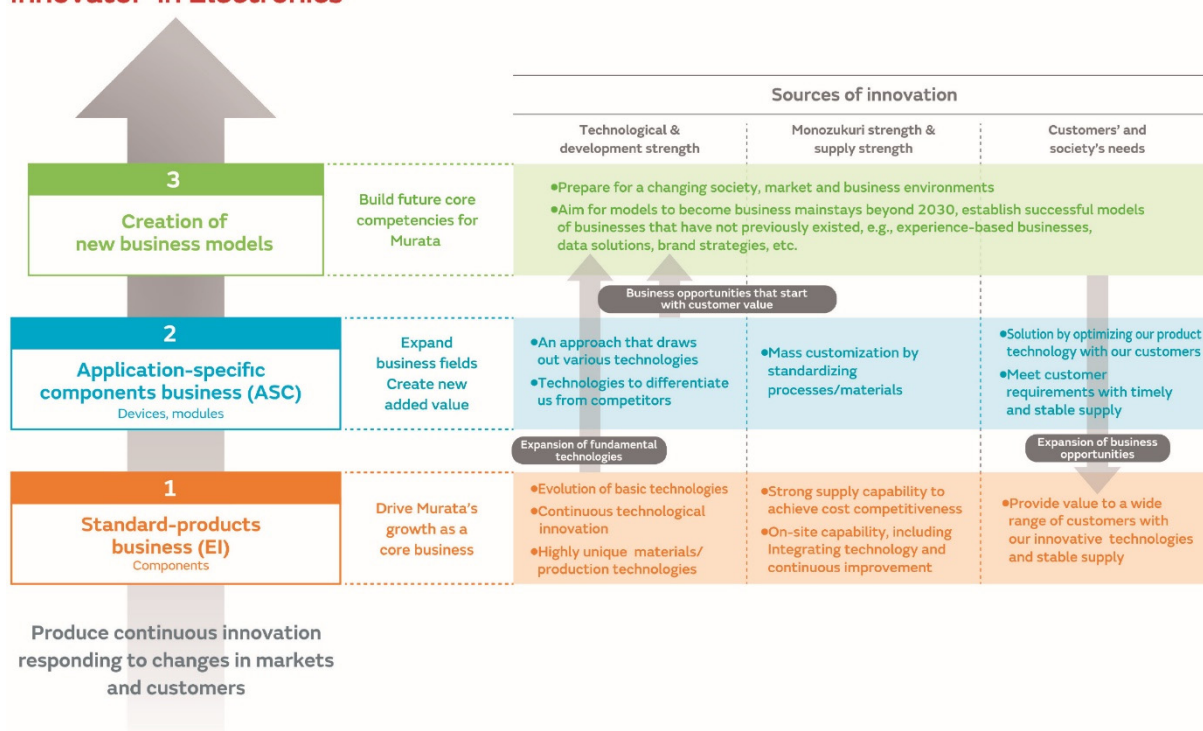
“Murata Vision 2030”



We also made it our growth strategy to “deepen core businesses and promote evolution of business models” and to “execute four management transformations.” Under the theme “deepen core businesses and promote evolution of business models,” we aim to practice management with a 3-layer portfolio and create value by pursuing four business opportunities: Communications, Mobility, Environment, and Wellness. Under the theme “execute four management transformations,” we will practice 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). 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 Company Group remains the best choice for customers and society as well as the global No. 1 component & module supplier.

“3-layer portfolio”

Innovator in Electronics



ii. Mid-term Direction 2024

Review of Mid-term Direction 2021

In 2018, we established “Mid-term Direction 2021” as the policy for the next three years (from fiscal year ended March 31, 2020 to fiscal year ended March 31, 2022). With Mid-term Direction 2021, we aimed to provide value to customers by rebuilding strong business foundations to support our growing business and by capturing broadening business opportunities. We also aimed to be a company where each employee plays an important role, feels rewarded, and grows through their work. We identified three group-wide issues to achieve continuous and sound growth and strived to solve these issues.

“Management target results report”

	Target	FY2019	FY2020	FY2021	Compared to target
Net sale (millions of yen)	2,000,000	1,534,045	1,630,193	1,812,521	(187,479)
Operating income ratio (%)	17% or higher	16.5	19.2	23.4	6.4
ROIC (pre-tax basis)* (%)	20% or higher	16.1	18.5	22.6	2.6

*ROIC (pre-tax basis): Operating income / Average invested capital at the beginning and end of the period
(= Noncurrent fixed assets + Inventories + Trade accounts receivable – Trade accounts payable)

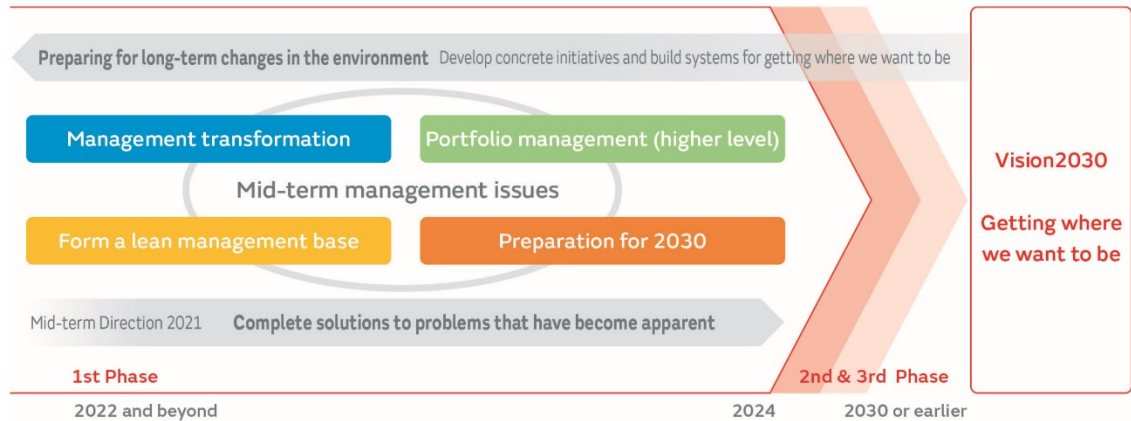
There will be a continuous increase in demand for components due to the advancement of automobile electrification and the spread of 5G. On the other hand, the Company Group fell short of its net sales target because of the impact of making changes to our business portfolio in lithium-ion secondary batteries and connectivity modules, and other factors. Operating income ratio was well above target due to improved profitability of each product, an improved product mix, a high level of capacity utilization owing to rising production driven by vigorous demand, and the impact of a weak yen. We also met our target for ROIC (pre-tax basis) owing to a rise in operating income, which offset an increase in invested capital stemming from capital investment for buildings and additional production capacity.

“Response to Our Corporate-Wide Issues”

Group-wide issues	Review of Mid-term 2021	Ongoing issues connected to Mid-term 2024
Practicing portfolio management	<ul style="list-style-type: none"> ● By introducing a business feasibility model and continually improving it, we have allocated management resources from the perspective of Group-wide optimization. ● We reconsidered our business portfolio (Battery, Connectivity Module business etc.) 	<ul style="list-style-type: none"> ● Evolution of portfolio management (realizing a three-layer portfolio) ● Expand business with a new understanding of the market in a broader sense (automobile → mobility) ● Increase productivity of monozukuri in a broad sense, including ECM and SCM, and enhance the ability to respond to change ● Develop a concrete personnel strategy using results of employee surveys and execute it ● Strengthen initiatives to link contributions to solving social issues to business growth
Dramatically increasing productivity and building a stable supply system	<ul style="list-style-type: none"> ● We have introduced a supply chain planning (SCP) system and started its operation. ● At monozukuri sites, we have made a progress in various issues towards improvement of productivity and reduction of production loss. 	
Harmonization between people, organizations, and society	<ul style="list-style-type: none"> ● We have identified key issues (materiality) and set KPIs for raising degree of contribution to solving social issues and built system for further promoting these. ● We have conducted employee surveys to improve the organizational culture. 	

Basic Policy

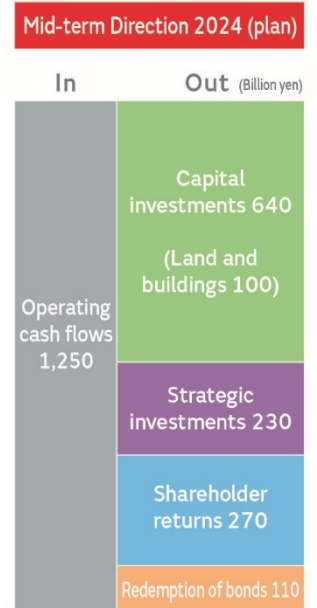
Mid-term Direction 2024 represents the first phase of our effort to achieve Vision 2030, our long-term direction. Under Mid-term Direction 2024, in addition to solving currently existing problems, we strive to capture the changes in the environment from a long-term perspective and perform backcasting 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.



Capital Allocation Policy

Mid-term Direction 2024 sets out a clear capital allocation policy and establishes a new “strategic investment” category. In preparation for 2030, we will spend three years identifying expanding business opportunities and plant seeds for sustained growth as we build an organization ready for both risks and opportunities.

- We will continue investing in our main businesses (components and devices/modules) and aim to steadily generate cash.
- We will treat long-term environmental investment, acquisition of technologies, risk countermeasures, stronger IT infrastructure, and the like as strategic investments and actively pursue them.
- We will meet stakeholder expectations by maintaining a solid financial footing while using surplus funds to expand shareholder returns, including acquisitions of treasury stock.

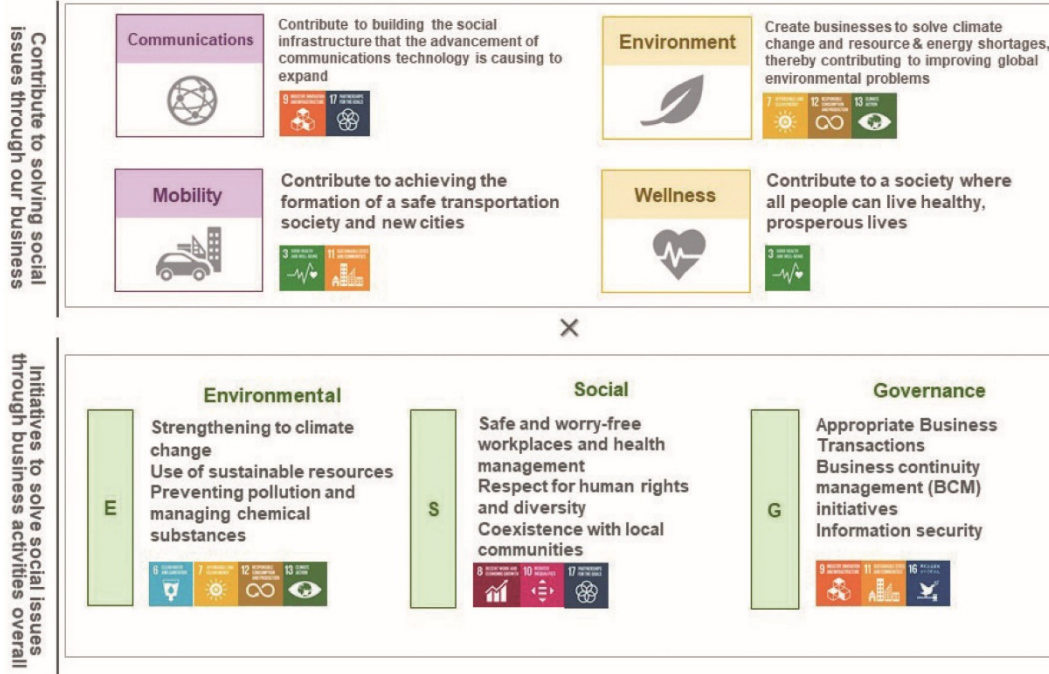


iii. Mid-term Management Indices

Economic value	Social value ①: “Environment”		Social value ②: “Diversity”
Net sales	Amount of GHG emissions (vs fiscal 2019)	Renewable energy implementation rate	Percentage of overseas indirect employees with experience working at other sites
2 trillion yen	FY2024: 20% reduction FY2030: 46% reduction	FY2024: 25% FY2030: 50% FY2050: 100%	FY2024: 7% FY2030: 10%
Operating income ratio	Sustainable resource usage rate	Resource recycling rate	Social value ③: “ES”
20% or higher	FY2024: 1% FY2030: 25% FY2050: 100%	FY2024: 5% FY2030: 50% FY2050: 100%	Positive employee engagement response rate
ROIC (before tax)			FY2024: 70% or higher FY2030: 76% or higher
20% or higher			

iv. The Company Group’s Materiality Issues

We strive to increase the value it provides to society (social value) while creating a continuous cycle of social 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 “materiality” issues originating with social issues.



(4) Status of capital expenditures

During the fiscal year under review, the Company Group had capital expenditures totaling 152,786 million yen.

Primary components were 88,290 million yen in reinforcement and rationalization of manufacturing facilities of the Company and its subsidiaries, 22,016 million yen in the acquisition of land and buildings, and 11,235 million yen in reinforcement of research and development facilities.

No eliminations or sales that had a significant effect on manufacturing capabilities were carried out.

(5) Status of property and profits

1) Status of property and profits of the Company Group

Item	83rd Fiscal Term From April 1, 2018 to March 31, 2019		84th Fiscal Term From April 1, 2019 to March 31, 2020		85th Fiscal Term From April 1, 2020 to March 31, 2021		86th Fiscal Term From April 1, 2021 to March 31, 2022	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	1,575,026	114.8	1,534,045	97.4	1,630,193	106.3	1,812,521	111.2
Income before Income taxes	267,316	159.3	254,032	95.0	316,417	124.6	432,702	136.8
Net income attributable to the Company	206,930	141.6	183,012	88.4	237,057	129.5	314,124	132.5
Total assets	2,048,893	114.0	2,250,230	109.8	2,462,261	109.4	2,809,171	114.1
Shareholders' equity	1,603,976	110.1	1,694,104	105.6	1,920,805	113.4	2,263,596	117.8
Basic earnings attributable to the Company per share	Yen 323.45	-	Yen 286.05	-	Yen 370.51	-	Yen 490.95	-
Shareholders' equity ratio	% 78.3	-	% 75.3	-	% 78.0	-	% 80.6	-

- (Notes)
1. The Company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.
 2. The basic earnings attributable to the Company per share are calculated based on "Accounting Standards Codification (ASC) 260: Earnings Per Share" published by the Financial Accounting Standards Board (FASB) of the United States of America.
 3. The Company implemented a three-for-one common stock split, effective April 1, 2019. Basic earnings attributable to the Company per share were calculated on the assumption that the relevant stock split had been implemented at the beginning of the 83rd Fiscal Term.
 4. Amounts of less than one million yen are rounded to the nearest million yen.

2) Status of property and profits of the Company

(Millions of yen, %)

Item \ Term	83rd Fiscal Term From April 1, 2018 to March 31, 2019		84th Fiscal Term From April 1, 2019 to March 31, 2020		85th Fiscal Term From April 1, 2020 to March 31, 2021		86th Fiscal Term From April 1, 2021 to March 31, 2022	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	1,053,105	111.0	1,044,772	99.2	1,107,863	106.0	1,233,464	111.3
Ordinary income	63,623	154.5	68,629	107.9	90,872	132.4	213,786	235.3
Net income	67,005	139.3	67,669	101.0	85,317	126.1	184,784	216.6
Total assets	1,053,270	103.7	1,147,829	109.0	1,268,960	110.6	1,425,313	112.3
Net assets	595,827	101.3	601,650	101.0	623,496	103.6	730,966	117.2
Basic earnings per share	Yen 104.73	-	Yen 105.77	-	Yen 133.35	-	Yen 288.80	-
Shareholders' equity ratio	% 56.6	-	% 52.4	-	% 49.1	-	% 51.3	-

(Notes) 1. The Company implemented a three-for-one common stock split, effective April 1, 2019. Basic earnings per share were calculated on the assumption that the relevant stock split had been implemented at the beginning of the 83rd Fiscal Term.

2. Amounts of less than one million yen are rounded down to the nearest million yen.

(6) Primary sites and status of significant subsidiaries of the Company

1) The Company (As of March 31, 2022)

Name	Location
Head Office	Nagaokakyo-shi, Kyoto
Tokyo Branch	Shibuya-ku, Tokyo
Yokaichi Plant	Higashiomi-shi, Shiga
Yasu Division	Yasu-shi, Shiga
Yokohama Technical Center	Yokohama-shi, Kanagawa
Nagaoka Plant	Nagaokakyo-shi, Kyoto
Minato MIRAI Innovation Center	Yokohama-shi, Kanagawa

2) Subsidiaries (As of March 31, 2022)

Company name	Capital	Share of voting rights held by the Company	Primary business areas	Head office location
Fukui Murata Manufacturing Co., Ltd.	Millions of yen 300	100 %	Manufacturing of components	Echizen-shi, Fukui
Izumo Murata Manufacturing Co., Ltd.	430	100	Manufacturing of components	Izumo-shi, Shimane
Toyama Murata Manufacturing Co., Ltd.	450	100	Manufacturing of components and modules	Toyama-shi, Toyama
Kanazawa Murata Manufacturing Co., Ltd.	480	100	Manufacturing of components and modules	Hakusan-shi, Ishikawa
Okayama Murata Manufacturing Co., Ltd.	480	100	Manufacturing of components and modules	Setouchi-shi, Okayama
Komoro Murata Manufacturing Co., Ltd.	200	100	Manufacturing of modules	Komoro-shi, Nagano
Tohoku Murata Manufacturing Co., Ltd.	300	100	Manufacturing and development of components	Koriyama-shi, Fukushima
Murata Electronics North America, Inc.	Thousands of US\$ 14,406	100	Sales of products of the Company and its subsidiaries and associates	United States of America

Company name	Capital	Share of voting rights held by the Company	Primary business areas	Head office location
Murata Company Limited	Thousands of HK\$ 1,900,000	100 %	Sales of products of the Company and its subsidiaries and associates	People's Republic of China
Murata (China) Investment Co., Ltd.	Thousands of US\$ 145,000	100	Marketing and engineering activities in Greater China, General management of Chinese sales companies	People's Republic of China
Murata Electronics Trading (Shanghai) Co., Ltd.	Thousands of US\$ 23,400	100 (Note)	Sales of products of the Company and its subsidiaries and associates	People's Republic of China
Wuxi Murata Electronics Co., Ltd.	Thousands of US\$ 312,000	100 (Note)	Manufacturing of components	People's Republic of China
Shenzhen Murata Technology Co., Ltd.	Thousands of US\$ 58,100	100 (Note)	Manufacturing of modules	People's Republic of China
Murata Energy Device Wuxi Co., Ltd.	Thousands of US\$ 456,220	100 (Note)	Manufacturing of components	People's Republic of China
Foshan Murata Minmetals Materials Co., Ltd.	Thousands of US\$ 68,900	90 (Note)	Manufacturing of raw materials	People's Republic of China
Murata Electronics Europe B.V.	Thousands of EURO 245,000	100	Sales of products of the Company and its subsidiaries and associates	Kingdom of the Netherlands
Murata Electronics (Thailand), Ltd.	Thousands of Baht 3,237,971	100	Manufacturing of components	Kingdom of Thailand
Philippine Manufacturing Co. of Murata, Inc.	Thousands of PHP 7,700,000	100	Manufacturing of components	Republic of the Philippines
Murata Electronics Singapore (Pte.) Ltd.	Thousands of SD 4,000	100	Manufacturing of components, Sales of products of the Company and its subsidiaries and associates, General management of ASEAN sales companies	Singapore

(Note) Ratio includes indirect holdings.

3) Progress and results of business combinations

1. Kanazawa Murata Manufacturing Co., Ltd., a subsidiary of the Company, established Sendai Murata Manufacturing Co., Ltd. by incorporation-type company split in July 2021.
2. The Company acquired Resonant Inc. in March 2022 in order to strengthen our position as a leader in the telecommunications market by combining our filter and process technologies and proprietary manufacturing capabilities, which we have accumulated through electronic components such as SAW filters, with Resonant's XBAR technology (filter technology using piezoelectric monocrystal thin film that can handle high frequencies and has high power resistance) to provide advanced high-frequency filters.
3. The number of consolidated subsidiaries is 88, including 19 significant subsidiaries above. The results of business combinations are as stated in "(2) Business progress and results" in "1. Matters Concerning Status of the Company Group."

(7) Employees

1) Employees of the Company Group

Number of employees	
As of March 31, 2022	Year-on-year change
Persons	Persons
77,581	2,397

(Note) The number of employees is the number of persons in regular employment at the Company (excluding persons seconded outside of the Company Group), and does not include seasonal, part-time, or temporary employees (2,130 persons).

2) Employees of the Company

Number of employees		Average age	Average length of service
As of March 31, 2022	Year-on-year change		
Persons	Persons	Years old	Years
9,771	243	40.1	14.3

(Note) The number of employees is the number of persons in regular employment at the Company (excluding persons seconded to subsidiaries, etc., but including persons seconded from subsidiaries, etc.), and does not include seasonal, part-time, or temporary employees (361 persons).

(8) Lenders (As of March 31, 2022)

A description has been omitted because the amounts of borrowings are immaterial.

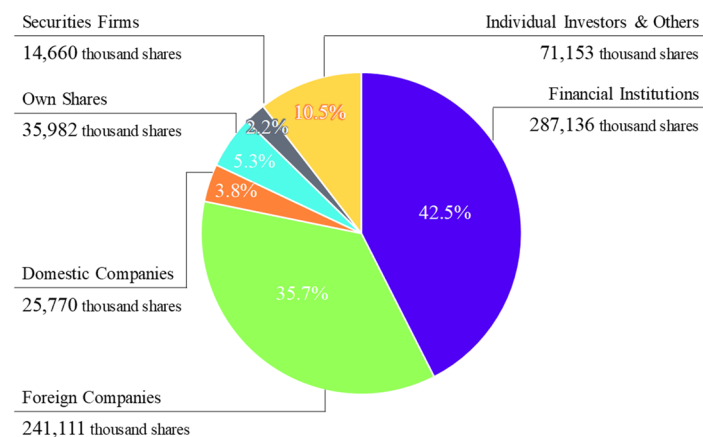
2. Matters Concerning Stock (As of March 31, 2022)

- (1) Total number of authorized shares 1,743,000,000 shares (Number of shares per unit: 100 shares)
 (2) Total number of issued shares 675,814,281 shares (Includes 35,982,533 shares of treasury stock)
 (3) Number of shareholders 138,213 persons
 (4) Major shareholders (Top 10)

	Shareholder name	Number of shares held (Thousands of shares)	Ownership ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	110,310	17.2
2	Custody Bank of Japan, Ltd. (Trust Account)	45,220	7.1
3	SSBTC CLIENT OMNIBUS ACCOUNT	16,660	2.6
4	Nippon Life Insurance Company	16,562	2.6
5	The Bank of Kyoto, Ltd.	15,780	2.5
6	Meiji Yasuda Life Insurance Company	15,722	2.5
7	STATE STREET BANK WEST CLIENT – TREATY 505234	9,935	1.6
8	THE SHIGA BANK, LTD.	9,153	1.4
9	Mizuho Bank, Ltd.	8,297	1.3
10	THE BANK OF NEW YORK MELLON 140042	8,154	1.3

(Note) Ownership ratio is calculated after subtracting treasury stock (35,982 thousand shares) from the total number of issued shares.

Shareholding by shareholder category



(5) Shares granted as compensation for the execution of duties during the fiscal year under review

Category	Number of shares (shares)	Persons
Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members)	9,890	6
Vice Presidents	7,690	16

- (Notes) 1. Out of the total shown above, there are no shares granted to Outside Directors.
 2. The contents of share-based remuneration at the Company are stated in “3. (4) Compensation, etc., of Members of the Board of Directors and Audit and Supervisory Committee Members.”

3. Matters Concerning Corporate Officers of the Company

(1) Members of the Board of Directors (As of March 31, 2022)

Name	Positions and responsibilities	Significant concurrent positions	
Tsuneo Murata	Chairman of the Board and Representative Director	The Murata Science Foundation	Chairman
Norio Nakajima	President and Representative Director		
Hiroshi Iwatsubo	Member of the Board of Directors Senior Executive Vice President Director of Corporate Technology & Business Development Unit		
Masahiro Ishitani	Member of the Board of Directors Executive Vice President Director of Capacitor Division, Components Business Unit	Foshan Murata Minmetals Materials Co., Ltd.	President
Ryuji Miyamoto	Member of the Board of Directors Executive Vice President Director of Administration Group	Murata (China) Investment Co., Ltd.	President
Masanori Minamide	Member of the Board of Directors Executive Vice President Director of Corporate Management Group		
Takashi Shigematsu	Member of the Board of Directors	Bando Chemical Industries, Ltd.	Outside Director (Audit & Supervisory Committee Member)
		Ashimori Industry Co., Ltd.	Outside Director
Yuko Yasuda	Member of the Board of Directors	Board Advisors Japan, Inc.	Senior Partner
		Nippon Suisan Kaisha, Ltd.	Outside Director
Yoshiro Ozawa	Member of the Board of Directors Audit and Supervisory Committee Member (Standing)		
Hyo Kambayashi	Member of the Board of Directors Audit and Supervisory Committee Member	Protiviti LLC	Senior Managing Director
Takatoshi Yamamoto	Member of the Board of Directors Audit and Supervisory Committee Member	Hitachi, Ltd.	Outside Director
		The Value Reporting Foundation	Director
Naoko Munakata	Member of the Board of Directors Audit and Supervisory Committee Member	The University of Tokyo Graduate School of Public Policy	Professor
		ExaWizards Inc.	Outside Director

- (Notes)
- Members of the Board of Directors Takashi Shigematsu and Yuko Yasuda, and Members of the Board of Directors and Audit and Supervisory Committee Members Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata are Outside Directors as stipulated by Article 2, Paragraph (15) of the Companies Act.
 - Member of the Board of Directors and Audit and Supervisory Committee Member Yoshiro Ozawa has experience in finance and accounting operations at the Company, and possesses adequate insight into the fields of finance and accounting.
Member of the Board of Directors and Audit and Supervisory Committee Member Hyo Kambayashi is a certified public accountant, and possesses adequate insight into the fields of finance and accounting.
Member of the Board of Directors and Audit and Supervisory Committee Member Takatoshi Yamamoto has years of experience as a securities analyst and possesses adequate insight into the fields of finance and accounting.
 - Member of the Board of Directors and Audit and Supervisory Committee Member Yoshiro Ozawa is a Standing Audit and Supervisory Committee Member.
The Company designates a Standing Audit and Supervisory Committee Member to improve the

effectiveness of audits and supervision of the Audit and Supervisory Committee through collecting information by attending important internal meetings on a daily basis and deep cooperation with the Independent Auditor and Internal Audit Department, etc.

4. There are no special interests between the Company Group and companies, etc. at which Members of the Board of Directors Takashi Shigematsu and Yuko Yasuda, and Members of the Board of Directors and Audit and Supervisory Committee Members Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata hold concurrent positions.
5. The Company has designated Members of the Board of Directors Takashi Shigematsu and Yuko Yasuda, and Members of the Board of Directors and Audit and Supervisory Committee Members Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata as Independent Directors/Auditors as specified in the regulations of the Tokyo Stock Exchange and notified the exchange accordingly.
6. The Company has a total of 21 Vice Presidents. Aside from Members of the Board of Directors above that hold concurrent positions as Vice Presidents, the Company has 17 other Vice Presidents.
7. Changes in Members of the Board of Directors during the fiscal year under review are as follows.

At the conclusion of the 85th Ordinary General Meeting of Shareholders held on June 29, 2021, Member of the Board of Directors Yoshito Takemura retired from his position owing to the expiration of his term of office.

8. Changes in positions and responsibilities of Members of the Board of Directors during the fiscal year under review are as follows.

Name	Before change	After change	Date of change
Ryuji Miyamoto	Member of the Board of Directors Senior Vice President Deputy Director of Corporate Planning & Administration Unit	Member of the Board of Directors Executive Vice President Director of Administration Group	June 29, 2021
Masanori Minamide	Member of the Board of Directors Senior Vice President Director of Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit	Member of the Board of Directors Executive Vice President Director of Accounting, Finance & Corporate Planning Group* (*currently Corporate Management Group)	June 29, 2021

9. Changes in significant concurrent positions of Members of the Board of Directors during the fiscal year under review are as follows.

Member of the Board of Directors Ryuji Miyamoto was appointed as President of Murata (China) Investment Co., Ltd. on July 1, 2021.

Member of the Board of Directors Yuko Yasuda retired from her position as Outside Director of Idemitsu Kosan Co., Ltd. on June 23, 2021.

Member of the Board of Directors and Audit and Supervisory Committee Member Hyo Kambayashi retired from his position as Outside Corporate Auditor of Sojitz Corporation on June 18, 2021.

Member of the Board of Directors and Audit and Supervisory Committee Member Takatoshi Yamamoto was appointed as Director of the Value Reporting Foundation on October 26, 2021.

Member of the Board of Directors and Audit and Supervisory Committee Member Naoko Munakata was appointed as Professor of the University of Tokyo Graduate School of Public Policy on April 1, 2021 and Outside Director of ExaWizards Inc. on September 30, 2021, and retired from her position as Advisor of the Dai-ichi Life Research Institute INC. on October 31, 2021.

(2) Summary of liability limitation agreements

The Company has entered into liability limitation agreements with Members of the Board of Directors (excluding those who are the executive directors) to restrict liabilities for damages as stipulated by Article 423, Paragraph (1) of the Companies Act based on the provisions of Article 427, Paragraph (1) of the same Act. The liability limit under these agreements is the minimum liability amount stipulated in Article 425, Paragraph (1) of the same Act.

(3) Summary of Directors and Officers Liability Insurance agreement

The Company has entered into a Directors and Officers Liability Insurance agreement, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, with an insurance company. The scope of the insured under the insurance agreement includes Members of the Board of Directors and Vice Presidents of the Company and the Company's subsidiaries in Japan, etc., and the insurance premiums are fully paid by the Company.

Under the insurance agreement, the insurance company covers damages that may arise from the insured being liable for the execution of their duties or being subject to a claim related to the pursuit of such liability, and the insurance agreement is renewed each year. The Company plans to renew the agreement with similar terms at the time of next renewal.

(4) Compensation, etc., of Members of the Board of Directors and Audit and Supervisory Committee Members

1) The amount of compensation, etc., of Directors and matters related to policy concerned with determination of calculation methods

The Company, establishing the following remuneration governance, has determined compensation, etc., of Directors starting with the details of resolutions of the General Meeting of Shareholders related to remuneration of Directors of the Company and the basic policy of the Director remuneration system, making use of the remuneration program following decision policy of individual compensation, etc., of Members of the Board of Directors of the Company.

A) Remuneration governance

(1) Method to determine decision policy of compensation, etc.

The Company aims to enhance objectivity and transparency regarding the amount of compensation, etc., of Directors of the Company and decision policy on individual compensation, etc., concerned with determination of calculation methods and the Board of Directors makes decisions based on reports from the Remuneration Advisory Committee, which was established to improve corporate governance.

(2) Roles and responsibilities of the Remuneration Advisory Committee

The Remuneration Advisory Committee of the Company appointed an external remuneration consulting company, WTW (Willis Towers Watson) as an advisor. Sufficiently understanding the recent environment surrounding executive remuneration and societal trends, making practical use of remuneration benchmarks of corporations, etc., similar in scale to the Company's business, type of industry, and business conditions, and other information and advice gleaned from the advisor, we verify the validity of remuneration standards for Members of the Board of Directors and the remuneration system along with determining individual payments, and report necessary findings to the Board of Directors.

In addition, the Company, to secure considerable independence and objectivity of all judgements related to the remuneration system, has delegated decisions on details of individual compensation, etc., of Members of the Board of Directors to the Remuneration Advisory Committee.

The Company, as measures for appropriate exercising of delegated power, along with supposing the guarantee of Remuneration Advisory Committee independence, to secure effective deliberation, making use of the external remuneration consultant, will diligently provide objective information to the Remuneration Advisory Committee that is sufficient and necessary. Also, in regard to the remuneration system of the Members of the Board of Directors who are Audit and Supervisory Committee Members, in accordance with the provisions of Article 361 Paragraph 3 of the Companies Act, fixed individual remuneration will be determined by discussion amongst the Members of the Board of Directors who are Audit and Supervisory Committee Members.

(3) Composition of the Remuneration Advisory Committee, attributes of the Chairperson, and methods of resolutions

Composition of the Remuneration Advisory Committee of the Company will be composed of Members of the Board of Directors selected by the Board of Directors and will be composed of a majority of Outside Directors. In addition, the Chairperson of the Remuneration Advisory Committee will be resolved by the Board of Directors and will be selected from Directors who are Independent Outside Directors.

Also, the Remuneration Advisory Committee of the Company will be attended by a majority of Directors who can participate in resolutions, and resolutions will be passed by means of a majority vote by those in attendance. However, Directors cannot exercise voting rights on resolutions where there is a special interest, and in this case, the voting rights of said Directors will not be included in the number of voting rights of Directors in attendance.

B) Remuneration program

(1) Basic policy of the Director remuneration system

Regarding the remuneration for Members of the Board of Directors and Vice Presidents of the Company, the Company makes it a basic policy to provide a system and level of remuneration that is considered suitable for executive-level managers of a globally competitive electronic equipment and component manufacturer to ensure recruitment of human talent considered to be excellent based on a comparison with same-industry competitors, to raise the morale and motivation to improve financial results and to contribute to the maximization of corporate value.

(2) Organization of the Director remuneration system

Remuneration for Members of the Board of Directors who are not Audit and Supervisory Committee Members is made up of (a) monthly remuneration, (b) bonus with the aim of giving a short-term incentive, and (c) share-based remuneration (non-monetary remuneration) with the aim of making them further share values with our shareholders by giving a medium- to long-term incentive.

(a) Monthly remuneration: The monthly remuneration is a fixed remuneration of an amount individually decided for each Member of the Board of Directors based on a fixed amount for service as a Member of the Board of Directors, and an amount that is decided based on consideration of the level of importance of each Member of the Board of Directors' business execution allocation and responsibility and the previous fiscal year's financial performance. Also, the timing of payments will be monthly payments.

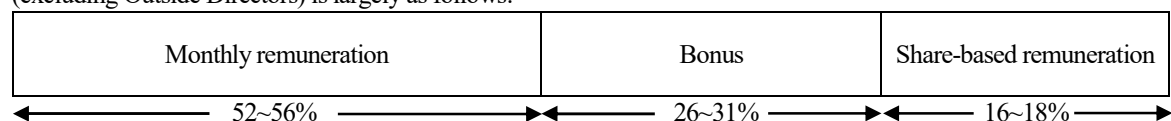
(b) Bonus: The total amount of bonus is decided according to the Company's financial performance. The significant indicator used as a standard for bonus calculation is consolidated operating income per person after deducting capital cost, which measures the growth and productivity increase of the corporation. A presumed calculated target value for a bonus will not be established and will be calculated by multiplying a reference amount for each position by a factor of the achievement amount. The amount of bonus payments is calculated by adjusting a reference amount for each position based on this indicator. As for the timing of payments, the bonus is paid in two installments (once during a fiscal year and once after the end of the fiscal year). Consolidated operating income per person for the fiscal year ended March 31, 2022 was 5.5 million yen.

(c) Share-based remuneration: The Company's share-based remuneration aims to increase the willingness to contribute to the continuous enhancement of share values and corporate value spanning the long term between the Company's Members of the Board of Directors and shareholders. According to the reference amount set for each position of each Member of the Board of Directors, restricted shares will be allotted every July. Furthermore, restrictions of the allotted restricted shares will be lifted when Eligible Members of the Board of Directors' term of both positions as Member of the Board of Directors and Vice President expires, or retires due to the compulsory retirement age or resigns.

The remuneration paid to Outside Directors who are not Audit and Supervisory Committee Members and to Members of the Board of Directors who are Audit and Supervisory Committee Members, considering their duties, is only monthly remuneration.

Each standard and composition ratio of monthly remuneration, bonus, and share-based remuneration is based on the "Executive Compensation Database" operated by the external remuneration consulting company, WTW (Willis

Towers Watson) and will be determined by performing benchmarks on corporations similar to the Company's type of industry and scale and verifying the validity. Furthermore, the composition ratio of remuneration elements of remuneration of each Member of the Board of Directors who is not an Audit and Supervisory Committee Member (excluding Outside Directors) is largely as follows.



2) Matters related to the determination of the details of fixed individual compensation, etc., of Members of the Board of Directors for the fiscal year under review

Composition and activities of the Remuneration Advisory Committee held this fiscal year under review is as follows.

[Composition]

Chairperson (outside)	Members (outside)	Members (internal)
Member of the Board of Directors Yuko Yasuda	Member of the Board of Directors Takashi Shigematsu Member of the Board of Directors Hyo Kambayashi	Chairman of the Board and Representative Director Tsuneo Murata Member of the Board of Directors and Executive Vice President Ryuji Miyamoto

[Activities]

April 26, 2021	Consideration of decision policy on Director remuneration for the 86th fiscal term
May 18, 2021	Consideration of Director remuneration standards for the 86th fiscal term
June 24, 2021	Considerations of fixed individual Director remuneration of the 86th fiscal term and operation of the Committee for the next term
July 21, 2021	Determination of the details of fixed individual Members of the Board of Directors remuneration amount, etc.
September 13, 2021	Verification of the latest trends surrounding Director remuneration, consideration of the issue of the Director remuneration system
November 10, 2021	Consideration of revising the Director remuneration system (remuneration policy, remuneration composition)
December 16, 2021	Consideration of revising the Director remuneration system (remuneration incentive)
February 2, 2022	Consideration of revising the Director remuneration system (remuneration incentive)
March 24, 2022	Consideration of standards for remuneration for the next fiscal term based on results of investigation of Director remuneration standards

Furthermore, the Remuneration Advisory Committee of the Company, on determination of details of fixed individual compensation, etc., for Members of the Board of Directors of the Company for the fiscal year under review, through the activities listed above, secured sufficient deliberation details. The Board of Directors of the Company, receiving a report from the Remuneration Advisory Committee stating appropriate determination of the details of fixed individual compensation, etc., for Members of the Board of Directors of the Company for the fiscal year under review were made, judged that the details of fixed individual compensation, etc., for Members of the Board of Directors followed decision policy.

3) Compensation, etc., of Members of the Board of Directors and Audit and Supervisory Committee Members

i. Total compensation, etc. by category, total compensation by type and number of eligible Directors

Category	Total amount of compensation, etc. (Millions of yen)	Total amount per type of compensation, etc. (Millions of yen)			Persons
		Monthly remuneration	Bonus	Share-based remuneration	
Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members)	569	301	186	81	9
Members of the Board of Directors who are Audit and Supervisory Committee Members	73	73	–	–	4

- (Notes) 1. The above figures include one Member of the Board of Directors who is not an Audit and Supervisory Committee Member and retired during the fiscal year ended March 31, 2022.
2. Out of the total shown above, total compensation, etc., provided to five Outside Directors, is 75 million yen (only monthly remuneration).
3. The amount of compensation, etc. for Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members) does not include employee salaries provided to Members of the Board of Directors concurrently serving as employees.
4. By resolution at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016, the amount of compensation (excluding share-based remuneration) is 700 million yen or less for Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members). However, this does not include employee salaries and bonuses provided to Members of the Board of Directors concurrently serving as Vice Presidents. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members) was eight (of which, one was Outside Director).
5. By resolution at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016, the amount of compensation is 100 million yen or less for Members of the Board of Directors who are Audit and Supervisory Committee Members. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors who are Audit and Supervisory Committee Members was four (of which, three were Outside Directors).
6. By resolution at the 81st Ordinary General Meeting of Shareholders held on June 29, 2017, the maximum amount of compensation for the restricted share remuneration is 300 million yen or less, and the maximum number of shares is 60,000 shares per year. Shares are not granted to Members of the Board of Directors who are Audit and Supervisory Committee Members or Outside Directors. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors) was seven. In addition, at the 85th Ordinary General Meeting of Shareholders held on June 29, 2021, the restricted period under the restricted share remuneration plan was approved to change from “a period of minimum three years and maximum five years that starts from the payment date of common shares of the Company allotted under the agreement on allotment of shares with transfer restrictions entered into between the Company and each Eligible Director (hereinafter referred to as “Allotted Shares”) determined in advance by the Board of Directors of the Company” to “the period from the payment date of Allotted Shares to the date on which any of the Eligible Directors retires from both positions of Member of the Board of Directors and Vice President of the Company.” At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members and Outside Directors) was six.
7. The state of the Company’s shares granted as share-based remuneration for the fiscal year ended March 31, 2022 is as stated in “2. (5) Shares granted as compensation for the execution of duties during the fiscal year under review.”

ii. Total compensation, etc. of persons whose total compensation, etc. is 100 million yen or more

Name (Category)	Company category	Total amount per type of compensation, etc. (Millions of yen)			Total amount of compensation, etc. (Millions of yen)
		Monthly remuneration	Bonus	Share-based remuneration	
Tsuneo Murata (Member of the Board of Directors)	Reporting company	63	43	19	126
Norio Nakajima (Member of the Board of Directors)	Reporting company	70	59	22	152

(5) Key activities of Outside Directors

Name (Category)	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee	Key activities and outline of duties performed in relation to expected roles
Outside Director Takashi Shigematsu	12/12	—	<p>Takashi Shigematsu actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors. In particular, based on his abundant experience and insight as a corporate manager in the automotive industry, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the supervisory functions, such as by raising issues and providing advice from the expert perspective regarding manufacturing and technology, and raising issues and making proposals from the standpoint of business and management strategies with a view to medium- and long-term prospects.</p> <p>In addition, as a member of the Nomination Advisory Committee, he attended all four meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the criteria and procedures for nominating candidates for Members of the Board of Directors of the Company, the nomination of candidates for Members of the Board of Directors and other officers, and the successor plan for President and Representative Director, from an objective and neutral position. Additionally, since his appointment on June 29, 2021, as a member of the Remuneration Advisory Committee, he attended all six meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the remuneration plans and levels for the Company's Members of the Board of Directors, as well as specific individual remuneration, from an objective and neutral standpoint.</p>
Outside Director Yuko Yasuda	12/12	—	<p>Yuko Yasuda actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors. In particular, based on her perspective as an expert in the fields of executive personnel assessment, development, and corporate governance, as well as her abundant experience as a corporate manager, she has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the supervisory functions, such as by raising issues and providing advice regarding how effective the Board of Directors should be and human resource development, and making proposals from the standpoint of management strategies with a view to medium- and long-term prospects.</p> <p>In addition, as a member of the Remuneration Advisory Committee, she attended all nine meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the remuneration plans and levels for the Company's Members of the Board of Directors, as well as specific individual remuneration, from an objective and neutral standpoint. She has played an active role in managing the Remuneration Advisory Committee, leading the fair and transparent management of the committee as the chairperson. Additionally, as a member of the Nomination Advisory Committee, she attended all four meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the criteria and procedures for nominating candidates for Members of the Board of Directors of the Company, the nomination of candidates for Members of the Board of Directors and other officers, and the successor plan for President and Representative Director, from an objective and neutral position.</p>

Name (Category)	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee	Key activities and outline of duties performed in relation to expected roles
Outside Director who is an Audit and Supervisory Committee Member Hyo Kambayashi	12/12	10/10	Hyo Kambayashi actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee. In particular, based on his perspective as a certified public accountant and an expert in the fields of internal controls and risk management, as well as his abundant experience as a corporate manager, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the supervisory functions, such as by raising issues and providing advice on a variety of agenda items from the standpoint of internal controls, risk management, and ESG, and making proposals from the standpoint of management strategies with a view to medium- and long-term prospects. In addition, as a member of the Remuneration Advisory Committee, he attended all nine meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the remuneration plans and levels for the Company's Members of the Board of Directors, as well as specific individual remuneration, from an objective and neutral standpoint.
Outside Director who is an Audit and Supervisory Committee Member Takatoshi Yamamoto	12/12	10/10	Takatoshi Yamamoto actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee. In particular, based on his abundant experience and insight into the corporate analysis of companies mainly in the electronics industry in Japan and overseas as a securities analyst, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the supervisory functions, such as by raising issues and providing advice from the perspective of an investor, and making proposals from the standpoint of management strategies with a view to medium- and long-term prospects utilizing his abundant experience in international corporate management. In addition, as a member of the Nomination Advisory Committee, he attended all four meetings of the committee held during the fiscal year under review, taking on the supervisory functions with respect to the decision-making process on and operation of matters including the criteria and procedures for nominating candidates for Members of the Board of Directors of the Company, the nomination of candidates for Members of the Board of Directors and other officers, and the successor plan for President and Representative Director, from an objective and neutral position.
Outside Director who is an Audit and Supervisory Committee Member Naoko Munakata	12/12	10/10	Naoko Munakata actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee. In particular, based on her insight and abundant experience in government administration of such fields as industrial and trade policies and intellectual property policies, she has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the supervisory functions, such as by raising issues and providing advice from the perspective that incorporates trends in international affairs and policies, and making proposals from the standpoint of management strategies with a view to medium- and long-term prospects.

(Note) For the fiscal year under review, in addition to the number of meetings of the Board of Directors in the table above, one resolution is deemed to have been made by the Board of Directors by written resolution based on the provisions of Article 370 of the Companies Act and Article 26 the Articles of Incorporation of the Company.

4. Matters Concerning the Independent Auditor

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Independent Auditor Compensation, etc., for the fiscal year under review

	Category	Amount of compensation, etc.
(1)	Compensation, etc., as Independent Auditor	Millions of yen 253
(2)	Total amount of cash and other beneficial property payable by the Company and its subsidiaries	366

- (Notes)
1. The Audit and Supervisory Committee has given its consent to the amount of compensation, etc. for the Independent Auditor for the fiscal year under review upon receiving explanation on quotation of compensation from the Independent Auditor and internal related departments, and conducting necessary verification on the content of the Independent Auditor's audit plans, the performance status of its accounting audit duties, and whether the calculation basis, etc. of quotation of compensation is appropriate.
 2. In the audit agreement between the Company and the Independent Auditor, audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not distinguished, and as they are not distinguishable in practice, the amount in (1) is the total of these amounts.
 3. Other than operations stipulated in Article 2, Paragraph (1) of the Certified Public Accountants Act, the Company makes payment to the Independent Auditor for operations including advisory and guidance operations regarding financial reporting.
 4. Of the Company's significant subsidiaries, Murata Electronics North America, Inc., Murata Company Limited, Murata (China) Investment Co., Ltd., Murata Electronics Trading (Shanghai) Co., Ltd., Wuxi Murata Electronics Co., Ltd., Shenzhen Murata Technology Co., Ltd., Murata Energy Device Wuxi Co., Ltd., Foshan Murata Minmetals Materials Co., Ltd., Murata Electronics Europe B.V., Murata Electronics (Thailand), Ltd., Philippine Manufacturing Co. of Murata, Inc., and Murata Electronics Singapore (Pte.) Ltd. are audited (such as audits defined by the Companies Act or the Financial Instruments and Exchange Act [including corresponding foreign laws and regulations]) by certified public accountants or Independent Auditors (including parties that hold corresponding foreign certifications) other than the Independent Auditor serving the Company.

(3) Policy for dismissal or nonrenewal of the Independent Auditor

If the Audit and Supervisory Committee determines that the any of the items in Article 340, Paragraph (1) of the Companies Act applies to the Independent Auditor and that dismissal is appropriate, the Independent Auditor shall be dismissed upon unanimous approval of the Audit and Supervisory Committee.

Additionally, if the Audit and Supervisory Committee determines that the Independent Auditor cannot appropriately fulfill its duties, the Audit and Supervisory Committee shall determine the content of a proposal to be submitted to a General Meeting of Shareholders regarding the dismissal or nonrenewal for the Independent Auditor.

Systems to Secure the Appropriateness of Company Operations

The Company's Board of Directors has defined a basic policy regarding the maintenance of a system to secure the appropriateness of operations (internal control system), as shown below. Based on this, the Company works to appropriately maintain and operate the internal control system.

[Systems to Secure the Appropriateness of Company Operations]

- (1) System to secure compatibility between execution of duties of Members of the Board of Directors and employees with laws and regulations and the Articles of Incorporation
 - 1) The Company shall appoint a number of Outside Directors to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors.
 - 2) The Company shall establish an organizational committee to evaluate the maintenance and operational conditions of the internal control system, and work to maintain and continuously improve the internal control system.
 - 3) In order to fulfill corporate social responsibilities (CSR), the Company shall establish an organizational committee which manages activities regarding CSR areas such as compliance, risk management, and environment, etc., and promote CSR management of the Company and its subsidiaries (the "Company Group") continuously and systematically.
 - 4) The Company shall establish an organization responsible for promotion of CSR activities. This organization will work in tandem with organizational committees related to CSR, and act as a central group to spread CSR within the Company and handle issues with the outside of the Company.
 - 5) In order for Members of the Board of Directors, Vice Presidents, and employees to adhere to laws and regulations and the Articles of Incorporation, and conduct business activities based on higher ethical standards, the Company shall define and work to spread Corporate Ethics Policy and Code of Conduct and regulations regarding compliance.
 - 6) In order to ensure early detection and prevention of non-compliant behavior, the Company shall establish a reporting hotline within and outside of the Company, and ensure that measures are in place such that there is no detriment to reporters.
 - 7) The Company shall clearly define within its Corporate Ethics Policy and Code of Conduct to firmly refuse correspondence and contact with anti-social activities and organizations and to not resolve unreasonable requests received from anti-social forces via the use of cash, etc., and will appropriately deal with such events based on the policy and the code.
 - 8) The Company shall establish an independent internal auditing department to evaluate and monitor the effectiveness of the internal control system.
- (2) System to store and manage information regarding the execution of duties by Members of the Board of Directors
 - 1) Minutes and group approval documents of the Board of Directors and other important documents concerning the execution of duties by Members of the Board of Directors shall be stored based upon internal regulations of the Company, and shall be suitably made available for viewing by Members of the Board of Directors.
 - 2) Basic items regarding storing and managing documents shall be defined within the internal regulations of the Company, and documents contained in the above item shall be appropriately stored and managed.
 - 3) A meeting structure shall be established to deliberate the necessity and content of timely disclosure of company information, and company information shall be disclosed in a timely and appropriate manner.
- (3) Regulations and other systems regarding management of risks of loss
 - 1) Regulations shall be defined regarding risk management, and the division that supervises each business function shall conduct risk management.
 - 2) Deliberations regarding the Company Group's risk management structure and operational status and examination of measures for company-wide risk projects of the Group shall be conducted at an organizational committee regarding risk management.
 - 3) Twice a year, the departments in charge of each risk will extract and evaluate the risks that the Group is currently facing or are expected to in the near future and formulate countermeasures. The Risk Management Committee will organize these matters and direct additional measures as necessary.

- (4) System to secure efficient execution of duties by Members of the Board of Directors
 - 1) The Company shall formulate medium and long term policies and based on such long and medium term policies formulate yearly policies, budgets, and action plans, and manage the progress and confirm status of the achievement.
 - 2) The Company shall implement a Vice President system, and by separating decision making for management policies and important business execution with daily business execution, strengthen monitoring functions and business execution functions.
 - 3) To conduct appropriate decision making, approval regarding matters that are defined in the internal regulations of the Company shall be conducted via group approval procedures, through deliberation by concerned Members of the Board of Directors and Vice Presidents, etc.
 - 4) As a body to supplement decision making by the Board of Directors and Representative Directors, the Company shall establish the Management Committee.
 - 5) Various information regarding the status of business execution shall be provided to concerned Members of the Board of Directors, Vice Presidents, and employees periodically or as required, and a system to share information shall be established.

- (5) System to secure appropriate business in the Company Group, composed of the Company and its subsidiaries
 - 1) The Company Group shall share corporate policy that acts as a fundamental management policy, in addition to strictly enforcing and sharing Corporate Ethics Policy and Code of Conduct established to materialize the corporate policy, and regulations regarding compliance.
 - 2) The Company Group shall establish regulations and procedures regarding common decision making. Based on these, deliberations will be made with subsidiaries regarding the business operations of subsidiaries, in addition to sharing various information regarding business operations of the Company Group. Projects that meet the criteria of the agenda will be discussed and deliberated by the Management Committee and the Board of Directors.
 - 3) Divisions that supervise the various business functions of the Company shall define frameworks, processing procedures, and judgment standards for duties to ensure that duties within the Company Group are performed appropriately and efficiently, in addition to providing appropriate direction to subsidiaries as required.
 - 4) The Internal Audit Department shall evaluate and monitor whether or not duties within the Company Group are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations, etc. of the Company.
 - 5) Members of the Board of Directors, Vice Presidents, and employees of subsidiaries shall report to the Company matters defined in items 2) through 4) above, and other items regarding the execution of duties.
 - 6) The Company shall direct each subsidiary to establish and operate internal control systems that are appropriate for the content and scale of each business.

- (6) Matters regarding Members of the Board of Directors and employees who assist the duties of the Audit and Supervisory Committee, matters regarding the independence of these employees from Members of the Board of Directors who are executive directors, and matters regarding securing the ability to execute orders given to these employees
 - 1) The Company shall establish a division to assist the duties of Audit and Supervisory Committee, and station an appropriate number of dedicated employees to assist the duties of Audit and Supervisory Committee.
 - 2) These employees shall not receive supervision or orders from Members of the Board of Directors who are executive directors. Additionally, for matters regarding human resources of these employees, Members of the Board of Directors who are executive directors must consult with and obtain permission from the Audit and Supervisory Committee.

- (7) System for reporting to the Audit and Supervisory Committee and system to ensure that parties that report to the Audit and Supervisory Committee do not receive detrimental treatment as a result of reporting
- 1) Members of the Board of Directors who are executive directors, Vice Presidents, and employees shall submit to the Audit and Supervisory Committee minutes and materials from Management Committee, etc., group approval documents of the Company Group, and periodic reports of business reports, etc., and also report on facts that may conflict with the Corporate Ethics Policy and Code of Conduct, status of risks and risk management, status and content of reports to the internal reporting hotline, and audit results of external public institutions.
 - 2) In the event that facts are discovered regarding the business execution of the Company Group that conflict with laws and regulations, the Articles of Incorporation, Corporate Ethics Policy and Code of Conduct, or other internal regulations of the Company, or may cause significant harm to the Company Group, Members of the Board of Directors who are executive officers, Vice Presidents, and employees shall immediately report to the Audit and Supervisory Committee.
 - 3) In the event that facts are discovered regarding the business execution of the Company Group that conflict with laws and regulations, the Articles of Incorporation, Corporate Ethics Policy and Code of Conduct, or other internal regulations of the Company, or may cause significant harm to the Company Group, officers, statutory auditors, and employees of subsidiaries or parties that received such reports from officers, Statutory Auditors, and employees of subsidiaries shall report to the Audit and Supervisory Committee.
 - 4) Apart from the previous items, if requested by the Audit and Supervisory Committee, Members of the Board of Directors who are executive directors, Vice Presidents, and employees shall submit requested documents, etc., or report as required.
 - 5) Regarding the previous items, the Company shall not give detrimental treatment to reporters as a result of reporting.
- (8) Other systems to secure the effectiveness of audits by the Audit and Supervisory Committee
- 1) Members of the Board of Directors who are executive directors shall maintain an environment that allows for Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee to attend important meetings.
 - 2) Members of the Board of Directors who are executive officers and employees shall conform to the “Audit Plan” as formulated on a yearly basis by the Audit and Supervisory Committee, and cooperate to allow for effective audits.
 - 3) Members of the Board of Directors who are executive officers and employees shall cooperate with and fulfill the requests of the Audit and Supervisory Committee in the event that evaluation hearings are required with attorneys-at-law or the Independent Auditor.
 - 4) Fees, etc., incurred as a result of the execution of duties by Audit and Supervisory Committee Members shall be borne by the Company.
 - 5) Members of the Board of Directors who are executive officers and employees shall cooperate with and fulfill the requests of the Audit and Supervisory Committee during the course of cooperation between the Audit and Supervisory Committee and the Independent Auditor.
 - 6) The Internal Audit Department shall work to cooperate with the Audit and Supervisory Committee as requested.
 - 7) Representative Directors, etc., shall work to exchange information with the Audit and Supervisory Committee.

[Operational Conditions of Systems to Secure the Appropriateness of Company Operations]

- (1) System to secure compatibility between business execution of Members of the Board of Directors and employees with laws and regulations and the Articles of Incorporation
 - Based on internal regulations such as “Regulations of the Board of Directors,” the Board of Directors conducts monitoring of decision making of management policies and important business executions as well as the execution of duties of Members of the Board of Directors.
 - “Independent Outside Director Appointment Standards” have been established. Based on the standards, a number of Outside Directors are elected and they are giving their opinions based on their specialized views and abundant experience in the meeting of the Board of Directors and conducting vigorous discussions.
 - An Internal Control Committee has been established to develop the internal control system, evaluate and investigate operational conditions, and periodically report such content to the Board of Directors.
 - “Compliance Promotion Committee,” “Risk Management Committee,” “Environmental Committee,” “Climate Change Committee,” “Social & Community Contributions Committee,” and “Health & Safety Promotion Committee” have been established, as well as a “CSR Management Committee” that acts as a controlling committee. A dedicated organization responsible for promoting CSR activities has also been established.
 - Compliance-related regulations are formulated such as “Compliance Program Regulations” and “Corporate Ethics Policy and Code of Conduct,” and through measures such as selecting compliance promotion leaders in each division, an appropriate compliance system is maintained and continued while actions for further improvement are also taken. Also, regarding the Compliance Promotion Committee, the status of its activities and others are periodically reported to the Board of Directors.
 - The Company has established a reporting hotline both within and outside of the Company that receives anonymous, pseudonymous, and identifiable reports. A systematic approach is taken with regards to the treatment of reporters so that they are not subject to detrimental treatment and efforts are taken toward appropriate responses.
 - A response manual regarding anti-social forces is distributed to all offices and related companies.
 - Through establishing an Internal Audit Department independent from executive divisions and implementing third-party assessment regarding the effectiveness of internal control systems at the department, the Company works to enhance transparency and effectiveness of operations.
- (2) System to store and manage information regarding the execution of duties by Members of the Board of Directors
 - Based on internal regulations such as “Regulations on Document Storage and Preservation Management,” efforts are being made to construct a system to appropriately store and manage information. Also, “Information Security Management Regulations” and others have been established and a commitment has been made to educating employees and others in an effort toward thoroughly appropriate information management.
 - Regarding important decisions, an “Information Disclosure Committee” was established and creates a system to deliberate on the necessity of disclosing individual items and the content of disclosure in an effort toward realizing timely and appropriate disclosure.
- (3) Regulations and other systems regarding management of risks of loss
 - In addition to developing internal regulations such as “Risk Management Basic Regulations,” each department responsible for each business functions periodically surveys and evaluates the existence, content, etc., of risks across the Company and reports these to the Risk Management Committee. Regarding individual risks received in these reports, the Risk Management Committee deliberates on countermeasures and verifies the state of implementation of those measures.
- (4) System to secure efficient execution of duties by Members of the Board of Directors
 - A Mid-term Direction (three years) has been formulated and progress reports are periodically given at the Board of Directors. Yearly policies are decided by the Board of Directors and are then shared within the Company.
 - By implementing a Vice President system and having Vice Presidents conduct daily business execution, the Company aims to realize efficient decision making.
 - Regarding decision making in the Company and the Company Group, a group approval system has been established that is used to carry out decision making. A dedicated information system is also used to not only realize efficient deliberations, but also to record both the results and progress of decision making to visualize the process.

- The Management Committee deliberates on management items provided by internal regulations such as important management policies, plans, business execution, etc., and also receives reports on the status of policies and budgets, evaluates them, and works on their improvement.
 - The Board of Directors periodically receives reports on the status of business execution and also a dedicated information system allows related Members of the Board of Directors, Vice Presidents, and employees to share periodic reports and others.
- (5) System to secure appropriate business in the Company Group, composed of the Company and its subsidiaries
- Efforts are made to share the management policy including the corporate policy by posting them on the Intranet site as well as in internal company reports, and measures such as incorporating them in the education system. Additionally, similar efforts are being taken to spread awareness of Corporate Ethics Policy and Code of Conduct established to materialize the corporate policy.
 - As stated earlier, a group approval system has been established in both the Company and the Company Group. The Company also gives advice and approval on certain matters for decisions by subsidiaries.
 - Divisions that supervise each function of the Company maintain regulations so that operations within the Company Group are carried out in a standardized, efficient, and appropriate manner and appropriately guide operations and other measures taken in the course of operations.
 - The Internal Audit Department evaluates and monitors the Company and the Company Group regarding the effectiveness and efficiency of operations, the credibility of financial statements, the development status of important compliance items, and the status of operations, and works to increase transparency and effectiveness. Additionally, proposals are implemented through internal control evaluations of operation process levels.
- (6) Matters regarding Members of the Board of Directors and employees who assist the duties of the Audit and Supervisory Committee, matters regarding the independence of these employees from Members of the Board of Directors who are executive officers, and matters regarding securing the ability to execute orders given to these employees
- The Company has established a division to assist the duties of Audit and Supervisory Committee, and stationed an appropriate number of dedicated employees to assist the duties of the Audit and Supervisory Committee.
 - These employees receive direction regarding their duties directly from Standing Audit and Supervisory Committee Members, and the appointment, transfer, and other personnel evaluations of these employees are made by Members of the Board of Directors who are executive officers receiving consent upon discussion with the Audit and Supervisory Committee.
- (7) System for reporting to the Audit and Supervisory Committee and system to ensure that parties that report to the Audit and Supervisory Committee do not receive detrimental treatment as a result of reporting
- Minutes and materials from the Management Committee, etc., group approval documents, and periodic business reports are available for inspection as necessary by Standing Audit and Supervisory Committee Members. Additionally, a system is in place where Standing Audit and Supervisory Committee Members may attend meeting bodies such as the Management Committee, CSR Management Committee, Internal Control Committee, Information Disclosure Committee, Compliance Promotion Committee, and Risk Management Committee at any time, and their minutes, audit results from internal and external bodies, and others are delivered and reported to Standing Audit and Supervisory Committee Members. Furthermore, documents, information, etc., requested by the Audit and Supervisory Committee are individually submitted and reported.
 - In the event that Members of the Board of Directors who are executive officers, Vice Presidents, and employees of the Company, as well as Members of the Board of Directors, Statutory Auditors, Vice Presidents, and employees of subsidiaries of the Company discover facts regarding the business execution of the Company Group that conflict with laws and regulations, the Articles of Incorporation, Corporate Ethics Policy and Code of Conduct, or other internal regulations, or that may cause significant harm to the Company Group, a system where such reports can be made to the Audit and Supervisory Committee is developed, and reporters are not given detrimental treatment as a result of reporting. Furthermore, a hotline allowing for direct reports and consultations with Standing Audit and Supervisory Committee Members has been established as a reporting and consultation hotline for compliance violations.

(8) Other systems to secure the effectiveness of audits by the Audit and Supervisory Committee

- As noted above, Standing Audit and Supervisory Committee Members are allowed to attend important meetings such as the Management Committee.
- Audit plans formulated by the Audit and Supervisory Committee are reported to the Board of Directors and shared with Members of the Board of Directors. Members of the Board of Directors actively cooperate with audits by the Audit and Supervisory Committee and hearings from attorneys-at-law and the Independent Auditor.
- The Company secures budgets necessary for the execution of duties by Audit and Supervisory Committee Members and bears fees, etc., actually incurred as a result of the execution of duties by Audit and Supervisory Committee Members.
- The Audit and Supervisory Committee, the Independent Auditor, and the Internal Audit Department periodically meet, and a sufficient level of cooperation is realized.
- Representative Directors are sharing the status and results of the Audit and Supervisory Committee's audits in the meeting with the Audit and Supervisory Committee on a regular basis and actively exchanging opinions.

Consolidated Balance Sheets

(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets	2,809,171	Liabilities	545,259
Current assets	1,435,206	Current liabilities	321,258
Cash	370,388	Trade accounts payable	93,842
Short-term investments	174,074	Accrued payroll and bonuses	63,997
Marketable securities	23,979	Income taxes payable	59,228
Trade notes receivable	0	Accrued expenses and other	97,816
Trade accounts receivable	360,517	Current operating lease liabilities	6,375
Allowance for doubtful notes and accounts	(2,207)	Long-term liabilities	224,001
Inventories	464,723	Bonds payable	109,901
Prepaid expenses and other	43,732	Long-term debt	1,078
Property, plant and equipment	1,116,602	Termination and retirement benefits	64,566
Land	81,213	Deferred income taxes	13,233
Buildings	789,142	Noncurrent operating lease liabilities	25,627
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,530,121	Other	9,596
Construction in progress	89,723	Equity	2,263,912
Accumulated depreciation	(1,405,460)	Murata Corporation's Shareholders' equity	2,263,596
Operating lease right-of-use assets	31,863	Common stock	69,444
Investments and other assets	257,363	Capital surplus	121,004
Investments	34,618	Retained earnings	2,024,368
Intangible assets	47,141	Accumulated other comprehensive income (loss)	102,318
Goodwill	118,014	Unrealized losses on securities	(43)
Deferred income taxes	26,562	Pension liability adjustments	(1,963)
Other	31,028	Foreign currency translation adjustments	104,324
		Treasury stock, at cost	(53,538)
		Noncontrolling interests	316
Total assets	2,809,171	Total liabilities and total equity	2,809,171

Consolidated Statements of Income

(From April 1, 2021
to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		1,812,521
Operating expenses		
Cost of sales	1,044,292	
Selling, general and administrative expenses	232,872	
Research and development expenses	111,297	1,388,461
Operating income		424,060
Other income		
Interest and dividend income	1,193	
Interest expense	(318)	
Foreign currency exchange gain (loss)	263	
Other - net	7,504	8,642
Income before income taxes		432,702
Income taxes		
Current income tax	116,610	
Deferred income tax	2,213	118,823
Net income		313,879
Net income (loss) attributable to noncontrolling interests		(245)
Net income attributable to Murata Corporation		314,124

Consolidated Statements of Shareholders' Equity

(From April 1, 2021
to March 31, 2022)

(Shares, millions of yen)

Item	Number of common shares issued						Controlling interests	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock			
Balance at March 31, 2021	675,814,281	69,444	120,880	1,786,660	(2,627)	(53,552)	1,920,805	840	1,921,645
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 share remuneration			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

Notes to the Consolidated Financial Statements

(Basis of preparation of Consolidated Financial Statements)

1. Scope of consolidation and application of the equity method

1) Number of consolidated subsidiaries: 88

Major consolidated subsidiaries:

Fukui Murata Manufacturing Co., Ltd.

Izumo Murata Manufacturing Co., Ltd.

Kanazawa Murata Manufacturing Co., Ltd.

Toyama Murata Manufacturing Co., Ltd.

Okayama Murata Manufacturing Co., Ltd.

Komoro Murata Manufacturing CO., Ltd

Tohoku Murata Manufacturing Co., Ltd.

Murata Electronics North America, Inc.

Murata Company Limited

Murata (China) Investment Co., Ltd.

Murata Electronics Trading (Shanghai) Co., Ltd.

Wuxi Murata Electronics Co., Ltd.

Shenzhen Murata Technology Co., Ltd.

Murata Energy Device Wuxi Co., Ltd.

Foshan Murata Minmetals Materials Co., Ltd.

Murata Electronics Europe B.V.

Murata Electronics (Thailand), Ltd.

Philippine Manufacturing Co. of Murata, Inc.

Murata Electronics Singapore (Pte.) Ltd, and others

2) Number of unconsolidated subsidiaries

None (Companies accounted for by equity method None)

3) Number of affiliated companies

1 (Companies accounted for by equity method 1)

2. Changes in scope of consolidation and application of the equity method

(Consolidated subsidiaries)

4 companies were newly consolidated.

Eta Wireless, Inc.

Resonant Inc., and others

4 companies were excluded from consolidation.

3. Significant accounting policies

(1) Standards for preparation of consolidated financial statements

The consolidated financial statements of the Company, pursuant to the regulations of Article 120-3, Paragraph (1) of the Company Accounting Ordinance, are prepared in accordance with terminology, style, and preparation method based on generally accepted corporate accounting standards in the United States of America (hereinafter "US Accounting Principles"). However, based on regulations in the latter segment of the Article 120, Paragraph (1) of the said Ordinance by applying Paragraph (3) of Article 120-3 mutatis mutandis, a portion of content and notes required by US Accounting Principles are omitted.

(2) Inventories

Inventories are stated at the lower of cost, which is determined principally by the average cost method, or market.

(3) Marketable securities and investments

Under ASC320 “Investments – Debt Securities,” ASC321 “Investments - Equity Securities,” and ASC825 “Financial Instruments” in the Statement of Financial Accounting Standards of the Financial Accounting Standards Board (FASB), the Company Group classifies debt securities as available-for-sale and carries them at fair value with a corresponding recognition of the net unrealized holding gain or loss (net of tax) as a separate component of shareholders’ equity, except investments whose unrealized holding gain and loss is recorded as net income by electing the fair value option. In addition, equity securities (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are measured at fair value, with any gains or losses recorded in net income. Nonmarketable equity securities whose fair value cannot be reliably determined are measured at cost after impairment, adjusted for observable changes in the price of orderly transactions for the same or similar investments by the same issuer. Gains and losses on sales of investments are computed on an average cost basis.

(4) Depreciation of property, plant and equipment Straight-line method

(5) Goodwill and other intangible assets

The Company Group accounts for goodwill and other intangible assets in accordance with ASC350 “Intangibles - Goodwill and Other.” In accordance with this statement, goodwill is not amortized and is instead tested for impairment annually and also at the time of an event or change in circumstances that indicates the possibility of impairment. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. Also, this statement requires that an intangible asset that is determined to have an indefinite useful life is not amortized but is instead tested for impairment until its useful life is determined to be no longer indefinite.

In January 2017, the FASB issued Accounting Standards Update (ASU) No. 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The update eliminates Step 2 of the current goodwill impairment test, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. The new guidance requires that goodwill impairment loss be recognized for any excess of a reporting unit’s carrying amount over its fair value. The Company Group has adopted this update early since the fiscal year ended March 31, 2018 and will use the new standards prospectively towards the future.

(6) Termination and retirement benefits

To provide for retirement benefits to employees, the Company Group records benefits based on the estimated present value of the projected benefit obligation and the fair value of plan assets at the end of the fiscal year under review, in accordance with ASC715 “Compensation - Retirement benefits.” The overfunded or underfunded status of a defined benefit postretirement plan is recognized as an asset or liability in its statement of financial position, with an adjustment to accumulated other comprehensive income or loss.

The unrecognized prior service expenses due to certain plan amendments is being amortized on a straight-line basis over the average remaining service period of employees.

The unrecognized actuarial gains and losses in excess of ten percent of the larger of the projected benefit obligation or plan assets are being amortized over five years.

(7) Revenue recognition

The Company Group adopted ASC606 “Revenue from Contracts with Customers.” The Company Group recognizes revenue based on the following five-step:

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 the entity satisfies a performance obligation

The Company Group conducts sales of electronic items, including Components (Capacitors, Piezoelectric Components, etc.) and Modules, and related products. With regard to the sales of products, the Company Group recognizes revenue at the time of delivery of a product since it considers 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.

(Note to Consolidated Balance Sheet)

Amounts of less than one million yen are shown rounded to the nearest million yen.

(Marketable securities and investment securities)

The cost and amortized cost, gross unrealized gains, gross unrealized losses and fair value for debt securities classified as available-for sale securities by major security type are as follows.

(Millions of yen)

Type	Cost and amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Private debt securities	29,444	0	62	29,382

Maturity dates of debt securities classified as available-for-sale securities are as follows.

(Millions of yen)

Maturity date	Fair value
Within 1 year	23,979
Over 1 year, within 5 years	5,403
Total	29,382

As no debt securities classified as available-for-sale securities were sold, there are no realized gains or realized losses.

Realized gains (losses) and unrealized gains (losses) for equity securities included in investments on the consolidated balance sheet are as follows.

(Millions of yen)

	Amount
Total gains (losses) in the fiscal year under review	(1,524)
Realized gains (losses) from the sale of equity securities in the fiscal year under review	(163)
Impairment of equity securities	(264)
Unrealized gains (losses) on equity securities	(1,097)

The Company Group measures nonmarketable equity securities whose fair value cannot be reliably determined at cost after impairment, adjusted for observable changes in the price of orderly transactions for the same or similar investments by the same issuer. The carrying amount of such nonmarketable equity securities was 3,474 million yen as of the end of the consolidated fiscal year under review.

(Financial instruments and concentration of risk)

During the course of normal business, the Company Group records various types of financial assets and liabilities.

1. Assets and liabilities

- (1) Cash, short-term investments, trade notes receivable, trade accounts receivable, financial instruments included in other noncurrent assets, trade accounts payable, bonds payable and long-term debt

The fair value of these financial instruments approximates the amounts carried on the consolidated balance sheet.

- (2) Marketable securities and investment securities

Fair values are primarily calculated based on discounted present value computed using market value or the most recent market interest rate of products traded under similar terms. Fair values of marketable securities and investment securities are as follows.

(Millions of yen)

	Fair value
Private debt securities	29,382
Equity securities	25,741
Total	55,123

2. Financial derivatives

In order to hedge market risk arising from fluctuations in the foreign exchange market, the Company Group enters into forward exchange contracts. Additionally, the Company Group does not hold any forward exchange contracts for trading purposes. Counterparties are large-scale financial institutions, and as such, the credit risk is negligible. Furthermore, the Company Group does not foresee any defaults with regard to the counterparties.

The Company Group records changes in fair value of forward exchange contracts as gains or losses upon their occurrence.

Estimated principal on forward exchange contracts is as follows.

(Millions of yen)

	Estimated principal
Forward exchange contracts	169,317

Fair values of forward exchange contracts are as follows.

(Millions of yen)

	Assets		Liabilities	
	Item	Fair value	Item	Fair value
Forward exchange contracts	Prepaid expenses and other current assets	70	Accrued expenses and other current liabilities	9,706

3. Notes on market value information of financial assets and liabilities and financial derivatives by level within the market value hierarchy

The Company Group adopted ASC820 "Fair Value Measurement and its Disclosure." This accounting standard applies inputs to the following three levels of priority to measure fair value and classifies levels of fair value.

Level 1: Fair value of identical assets or liabilities in active markets.

Level 2: Published value of similar assets or liabilities in active markets. Published value of identical or similar assets or liabilities in inactive markets. Said assets or liabilities with observable inputs other than published value.

Level 3: Said assets or liabilities with unobservable inputs.

Fair values separated by level for financial assets and liabilities that are continuously measured for fair value and financial derivatives are as follows.

(Millions of yen)

Item	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale securities				
Private debt securities	-	29,382	-	29,382
Equity securities	19,733	-	6,008	25,741
Financial derivatives				
Forward exchange contracts	-	70	-	70
Liabilities				
Financial derivatives				
Forward exchange contracts	-	9,706	-	9,706

Available-for-sale securities

Private debt is measured at fair value based on the market approach of the published value of identical or similar assets in inactive markets and is classified as Level 2.

Equity securities

Level 1 is measured at fair value based on the published value of active markets.

Level 3 is measured at fair value based on unobservable inputs presented by operating organizations of investment associations, etc.

Financial derivatives

Forward exchange contracts are measured at fair value based on the market approach of market data such as observable spot exchange rate and interest and is classified as Level 2.

4. Concentration of credit risk

The Company Group sells its products to electronics manufacturers around the world.

In general, the Company Group grants credit to its customers, and the recovery possibility of these trade receivables is affected by conditions in the electronics market. However, the Company Group is strict in granting credit, and has not experienced any large losses in the past.

(Notes to revenue recognition)

Operating segments of the Company Group are classified based on the nature of products, and we recognized the Components segment, the Modules segment, and Others. Furthermore, revenue related to software sales, etc., not included in the above two segments is included in "Others." The Company Group, based on contracts with customers that produce revenue from contracts with customers, divides the Components Business into categories of Capacitors, Piezoelectric Components, and Other Components.

The connection between divided revenue and segment net sales is as follows.

(Millions of yen)

	Amount
Capacitors	785,254
Piezoelectric Components	138,357
Other Components	460,443
Total Components	1,384,054
Modules	425,562
Others	2,905
Total	1,812,521

The Company Group conducts sales of electronic items, including Components (Capacitors, Piezoelectric Components, etc.) and Modules, and related products. With regard to the sales of products, the Company Group recognizes revenue at the time of delivery of a product since it considers 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. Also, transaction consideration is generally received within one year of when performance obligations are satisfied, and significant financing components are not included.

Liabilities from contracts with customers are as follows.

(Millions of yen)

	Beginning of the consolidated fiscal year under review (April 1, 2021)	End of the consolidated fiscal year under review (March 31, 2022)
	Amount	Amount
Contract liabilities	5,624	4,716

Contract liabilities are primarily the balance of consideration received from customers before transferring control to customers. Contract liabilities are included in accrued expenses and other current liabilities on the consolidated balance sheet. In revenue recognized in the consolidated fiscal year under review, 5,497 million yen is included in the balance of contract liabilities for the beginning of the consolidated fiscal year under review. Furthermore, the amount of revenue recognized as satisfied (or partially satisfied) performance obligations for past consolidated fiscal years is insignificant for the consolidated fiscal year under review. The Company Group, because there are no major transactions where the individual forecast contract period exceeds one year, applies the exemption provision in accordance with stipulations in ASC606 "Revenue from Contracts with Customers." Also, within consideration produced from contracts with customers, there are no significant amounts not included in transaction cost.

(Notes to amounts per share)

1. Shareholders' equity per share	3,537.80 yen
2. Basic earnings attributable to Murata Corporation per share	490.95 yen

(Notes to subsequent events)

The Company, at a meeting of the Board of Directors held on April 28, 2022, resolved the matters regarding the purchase of treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph (3) of the same Act, as follows.

1) Purpose of purchase of treasury stock

To improve capital efficiency and enable a flexible financial strategy.

2) Details of the resolution of the Board of Directors on the purchase of treasury stock

Type of shares to be acquired	Common stock of the Company
Total number of shares to be purchased	Up to 16,000,000 shares (2.50% of shares outstanding (excluding treasury stock))
Total amount of purchase costs of shares	Up to 80,000 million yen
Period of acquisition	From May 2, 2022 to October 31, 2022

Balance Sheets

(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets	1,425,313	Liabilities	694,346
Current assets	810,953	Current liabilities	549,781
Cash	245,109	Trade accounts payable	125,070
Trade accounts receivable	369,152	Short-term borrowings	329,739
Marketable securities	23,978	Current portion of long-term borrowings	2,700
Merchandise and finished goods	15,171	Other accounts payable	14,669
Raw materials and supplies	27,618	Accrued expenses	24,903
Work in process	22,852	Accrued income tax	39,991
Accounts receivable	74,052	Other	12,707
Current portion of long-term loans receivable	28,928	Long-term liabilities	144,565
Other	4,091	Bonds payable	110,000
Allowance for doubtful notes and accounts	(2)	Termination and retirement benefits	31,591
Noncurrent assets	614,360	Other	2,973
Property, plant and equipment	178,473	Net assets	730,966
Buildings	91,034	Murata Corporation's Shareholders' equity	724,486
Structures	7,545	Common stock	69,444
Machinery	30,519	Capital surplus	126,751
Vehicles	197	Legal capital surplus	107,733
Equipment	10,424	Other capital surplus	19,017
Land	32,680	Retained earnings	581,828
Construction in progress	6,071	Legal retained earnings	7,899
Intangible assets	39,843	Other retained earnings	573,928
Investments and other assets	396,042	Reserve for reduction entry of land	13
Investment securities	28,793	Reserve for reduction entry of replaced property	49
Shares of subsidiaries and associates	278,183	Reserve for purchase of specified shares	130
Investments in capital of subsidiaries and associates	17,335	General reserve	162,707
Long-term loans receivable	46,075	Retained earnings brought forward	411,026
Deferred tax assets	18,490	Treasury stock	(53,537)
Other	7,179	Valuation and translation adjustments	6,480
Allowance for doubtful notes and accounts	(14)	Valuation difference on other marketable securities	6,480
Total assets	1,425,313	Total liabilities and total net assets	1,425,313

Income Statements

(From April 1, 2021
to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		1,233,464
Cost of sales		877,580
Gross profit		355,884
Selling, general and administrative expenses		230,404
Operating income		125,480
Non-operating income		
Interest and dividend income	89,844	
Other	4,343	94,188
Non-operating expenses		
Interest expense	276	
Foreign currency exchange loss	1,324	
Product replacement and repair costs	1,650	
Other	2,630	5,882
Ordinary income		213,786
Income before income taxes		213,786
Current income tax	25,568	
Deferred income tax	3,433	29,001
Net income		184,784

Statements of Shareholders' Equity

(From April 1, 2021
to March 31, 2022)

(Millions of yen)

	Murata Corporation's Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			
						Reserve for reduction entry of land	Reserve for special depreciation	Reserve for reduction entry of replaced property	Reserve for purchase of specified shares
Balance at April 1, 2021	69,444	107,733	18,894	126,628	7,899	13	4	49	130
Changes of items during period									
Restricted share remuneration			122	122					
Cash dividends									
Net income									
Purchases of treasury stock at cost									
Disposal of treasury stock			0	0					
Reversal of reserve for special depreciation							(4)		
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	123	123	-	-	(4)	-	-
Balance at March 31, 2022	69,444	107,733	19,017	126,751	7,899	13	-	49	130

	Murata Corporation's Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury stock	Total Murata Corporation's Shareholders' equity	Valuation difference on other marketable securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance at April 1, 2021	162,707	303,016	473,823	(53,551)	616,343	7,153	7,153	623,496
Changes of items during period								
Restricted share remuneration				26	149			149
Cash dividends		(76,778)	(76,778)		(76,778)			(76,778)
Net income		184,784	184,784		184,784			184,784
Purchases of treasury stock at cost				(12)	(12)			(12)
Disposal of treasury stock				0	0			0
Reversal of reserve for special depreciation		4	-		-			-
Net changes of items other than shareholders' equity						(672)	(672)	(672)
Total changes of items during period	-	108,009	108,005	14	108,142	(672)	(672)	107,470
Balance at March 31, 2022	162,707	411,026	581,828	(53,537)	724,486	6,480	6,480	730,966

Notes to Unconsolidated Financial Statements

(Notes to significant accounting policies)

1. Valuation standards and valuation methods of assets

(1) Valuation standards and valuation methods of marketable securities

Stock of subsidiaries and affiliated companies	Moving-average method
Other marketable securities	
Securities other than stock, etc., without market prices	Market value method based on market prices
	(Valuation differences are reported as a component of net assets, and the cost of securities sold is calculated using the moving-average method)
Stock, etc., without market prices	At cost based on the moving-average method

(2) Valuations standards and valuation methods of derivatives

Derivatives	Market value method
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(3) Valuation standards and valuation methods of inventories

Finished goods	At cost based on the moving-average method (balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability)
Products, work in process	At cost based on the weighted-average method (balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability)
Raw materials and supplies	At cost based on the weighted-average method (balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability)

2. Depreciation method for noncurrent assets

(1) Property, plant and equipment

Straight-line method	
Primary useful lives are as follows.	
Buildings	10 to 50 years
Machinery and equipment	4 to 17 years

(2) Intangible assets

Straight-line method	
Software for internal use is amortized by the straight-line method based on an estimated useful life of 3 to 5 years.	

3. Standards for recording of allowances

(1) Allowance for doubtful notes and accounts

To provide for possible losses resulting from uncollectible receivables such as trade accounts and loans, the estimated uncollectible amount is recorded based on historical default rate with regard to general accounts, and by individually assessing possible collectability for certain receivables such as loans with default possibility.

(2) Termination and retirement benefits

To provide for retirement benefits to employees, benefits are recorded based on the estimated amount of termination and retirement liabilities and pension assets as of the closing date. Prior service cost is recorded as expenses using the straight-line method based on the average remaining years of service of employees as of the time of occurrence. Actuarial differences are amortized using the straight-line method over the period of 5 years within the average remaining years of service of employees commencing the following fiscal year after incurrence.

4. Revenue and expense recognition standards

The Company conducts sales of electronic items, including Components (Capacitors, Piezoelectric Components, etc.) and Modules, and related merchandise and products. With regard to the sales of merchandise and products, the Company recognizes revenue at the time of delivery of merchandise or a product since it considers that the customer obtains control over the merchandise or product and performance obligations are satisfied at the time of delivery of the merchandise or product. Furthermore, for domestic sales, because shipment through delivery is within the usual timeframe, revenue is recognized after shipment to the domestic delivery area designated by the customer. In addition, revenue is recognized at the amount of consideration promised in the contract with the customer less discounts, rebates, returned goods, etc. Also, transaction consideration is generally received within one year of when performance obligations are satisfied, and important financing components are not included.

5. Other significant matters concerning the preparation of unconsolidated financial statements

(1) Application of consolidated taxation system

The consolidated taxation system is applied.

(2) The treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

From the following fiscal year, the Company will shift from the consolidated tax payment system to the group tax sharing system. However, for the transition to the group tax sharing system created under the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8, 2020) and items revised in line with the transition to the group tax sharing system, the Company has not applied the stipulations of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) Paragraph 44 through the handling of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020) Paragraph 3. Amounts of deferred tax assets and deferred tax liabilities are based on provisions of the taxation law before revision.

From the beginning of the next fiscal year, “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021) that stipulates the handling of corporate tax and local corporate tax and tax effect accounting when applying the group tax sharing system will be applied.

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

(Notes to changes in accounting policies)

Application of “Accounting Standard for Revenue Recognition” and other standards

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards have been applied from the beginning of fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Due to this, consideration paid by customers used to be recorded in selling, general and administrative expenses, and other than in cases where payment is made by receiving separate goods from customers or exchanging services, we have changed to a method of reduction from the transaction amount. In addition, in regard to application of Revenue Recognition Standard and other standards, we conform to transitional handling stipulated by the proviso of Article 84 of the Revenue Recognition Standard. Furthermore, there is no effect on the financial statements.

Application of “Accounting Standard for Calculation of Market Value” and other standards

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards have been applied from the beginning of fiscal year under review, and in accordance with the transitional handling stipulated in Paragraph 19 of Fair Value Measurement Standard and Article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019; hereinafter “Financial Instruments Standard”), the new accounting policy stipulated by the market value accounting standards, etc., will be applied in the future. Furthermore, there is no effect on the financial statements.

(Notes to unconsolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment	220,059 million yen
2. Short-term monetary claims with affiliated companies	406,421 million yen
Long-term monetary claims with affiliated companies	47,774 million yen
Short-term monetary liabilities with affiliated companies	439,630 million yen
Long-term monetary liabilities with affiliated companies	- million yen
3. Guarantee obligations	545 million yen

Warranty	Guaranteed amount (Millions of yen)	Liability guaranteed
pSemi Corporation	467	Trade notes and accounts payable
Shenzhen Murata Technology Co., Ltd.	78	Trade notes and accounts payable
Total	545	-

(Notes to unconsolidated income statements)

1. Transactions with affiliated companies	
Business transactions	
Net sales	1,054,825 million yen
Purchase turnover	819,108 million yen
Non-business transactions	
Interest income	308 million yen
Dividend income	88,903 million yen
Asset transfer	871 million yen
Interest expense	129 million yen
Asset purchase	17,148 million yen
2. Research and development expenses	99,767 million yen

(Notes to statements of shareholders' equity)

1. Type and total number of issued shares as of March 31, 2022

Common stock 675,814,281 shares

2. Type and number of treasury stock as of March 31, 2022

Common stock 35,982,533 shares

3. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
June 29, 2021 Ordinary General Meeting of Shareholders	Common stock	38,388	60	March 31, 2021	June 30, 2021
October 29, 2021 Meeting of the Board of Directors	Common stock	38,389	60	September 30, 2021	November 29, 2021

(2) Of dividends with a record date during the fiscal year under review, and with an effective date during the following fiscal year
As a proposal at the Ordinary General Meeting of Shareholders on June 29, 2022, the Company plans to propose the following concerning dividends for common stock.

1) Total amount of dividends 44,788 million yen

2) Dividend per share 70 yen

3) Record date March 31, 2022

4) Effective date June 30, 2022

The Company plans to use retained earnings as source of funds for dividends.

(Notes to tax effect accounting)

1. Breakdown of primary causes for occurrence of deferred tax assets and liabilities

Deferred tax assets		Deferred tax liabilities	
Accrued bonuses	4,056 million yen	Other marketable securities	
Inventories	3,243 million yen	valuation adjustment	3,211 million yen
Accrued expenses	776 million yen	Other	<u>78 million yen</u>
Accounts payable - other	137 million yen	Total deferred tax liabilities	3,289 million yen
Accrued enterprise tax	1,582 million yen	Elimination with deferred tax assets	<u>(3,289) million yen</u>
Termination and retirement benefits	9,665 million yen	Net deferred tax liabilities	- million yen
Stock of affiliated companies	5,014 million yen		
Tangible and intangible assets	1,954 million yen		
Investment securities	483 million yen		
Other	<u>996 million yen</u>		
Deferred tax assets subtotal	27,910 million yen		
Valuation allowance for total deductible temporary differences, etc.	<u>(6,131) million yen</u>		
Total deferred tax assets	21,779 million yen		
Elimination with deferred tax liabilities	<u>(3,289) million yen</u>		
Net deferred tax assets	18,490 million yen		

2. Difference between effective statutory tax rate and income tax rate after application of tax effect accounting

Effective statutory tax rate	30.5 %
(Adjustments)	
Exemption for dividend income	(12.5) %
Tax exemption for R&D promotion tax system	(4.7) %
Other	<u>0.3 %</u>
Income tax rate after application of tax effect accounting	<u>13.6 %</u>

(Notes to transactions with related parties)

1. Subsidiaries and affiliated companies, etc.

(Millions of yen)

Type	Name of company, etc.	Percentage of voting rights holding (or held)	Relationship with related party	Summary of transactions	Transaction amount	Item	Balance at the end of the fiscal year
Subsidiary	Fukui Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products Officers concurrently serving at the Company	Procurement of products, etc. (Note 1)	162,939	Trade accounts payable	8,981
				Borrowing of funds Payment of interest (Note 2)	28,762 8	Short-term borrowings	33,447
Subsidiary	Izumo Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products Officers concurrently serving at the Company	Procurement of products, etc. (Note 1)	215,912	Trade accounts payable	17,770
				Borrowing of funds Payment of interest (Note 2)	57,426 15	Short-term borrowings	69,291
Subsidiary	Kanazawa Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2)	41,116 11	Short-term borrowings	37,956
Subsidiary	Toyama Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Lending of funds Reception of interest (Note 2)	19,824 123	Current portion of long-term loans receivable Long-term loans receivable	13,176
Subsidiary	Murata Company Limited	Holding Directly, 100%	Sales of products of the Company and subsidiaries	Sales of products, etc. (Note 1)	295,903	Trade accounts receivable	83,050
				Borrowing of funds Payment of interest (Note 2)	86,219 76	Short-term borrowings	75,603
Subsidiary	Murata Electronics Trading (Shanghai) Co., Ltd.	Holding Indirectly, 100%	Sales of products of the Company and subsidiaries Officers concurrently serving at the Company	Sales of products, etc. (Note 1)	194,360	Trade accounts receivable	85,163
Subsidiary	Murata Electronics Europe B.V.	Holding Directly, 100%	Sales of products of the Company and subsidiaries Officers concurrently serving at the Company	Borrowing of funds Payment of interest (Note 2)	22,717 6	Short-term borrowings	27,939

Type	Name of company, etc.	Percentage of voting rights holding (or held)	Relationship with related party	Summary of transactions	Transaction amount	Item	Balance at the end of the fiscal year
Subsidiary	Philippine Manufacturing Co. of Murata, Inc.	Holding Directly, 100%	Manufacturing of the Company's products Officers concurrently serving at the Company	Lending of funds Reception of interest (Note 2)	44,800 110	Current portion of long-term loans receivable Long-term loans receivable	44,800

Transaction conditions and standard for determining transaction conditions

(Note 1) Determined via the same method as general transactions, in consideration of market prices.

(Note 2) Borrowing and lending of funds includes transactions via the cash management system (CMS), and is determined in consideration of market interest rates.

As the fund management operations business for the Japanese subsidiaries is concentrated within the Company, there are borrowings from each company and lending of funds to each company.

Furthermore, transaction amounts are the average balance over the course of the fiscal year under review.

2. Officers and primary shareholders, etc.

(Millions of yen)

Type	Name of company, etc.	Percentage of voting rights holding (or held)	Relationship with related party	Summary of transactions	Transaction amount	Item	Balance at the end of the fiscal year
Officer and close relative	Tsuneo Murata	Held Directly, 0.7%	Chairman of the Board of the Company	Transactions with the Murata Science Foundation, for which he serves as Chairman (Note)	100	-	-

(Note) Donation of cash for a third party.

(Notes to amounts per share)

Net assets per share	1,142.44 yen
Net income per share	288.80 yen

(Notes to subsequent events)

The Company, at a meeting of the Board of Directors held on April 28, 2022, resolved the matters regarding the purchase of treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph (3) of the same Act, as follows.

1) Purpose of purchase of treasury stock

To improve capital efficiency and enable a flexible financial strategy.

2) Details of the resolution of the Board of Directors on the purchase of treasury stock

Type of shares to be acquired	Common stock of the Company
Total number of shares to be purchased	Up to 16,000,000 shares (2.50% of shares outstanding (excluding treasury stock))
Total amount of purchase costs of shares	Up to 80,000 million yen
Period of acquisition	From May 2, 2022 to October 31, 2022

(Other notes)

Accounting for termination and retirement benefits

(1) Summary of termination and retirement benefit system utilized by the Company

As a defined benefit plan, the Company has established a fund-type defined benefit corporate pension plan and a lump-sum retirement pension plan. It also operates a defined contribution pension plan.

(2) Matters concerning the defined-benefit type termination and retirement benefit liabilities (As of March 31, 2022)

a. Termination and retirement benefit liabilities	113,054 million yen
b. Pension assets	93,559 million yen
<hr/>	
c. Termination and retirement benefit liabilities in excess of pension assets (a – b)	19,495 million yen
d. Unrecognized actuarial differences	(11,756) million yen
e. Unrecognized prior service cost	(339) million yen
<hr/>	
f. Termination and retirement benefits (c – d – e)	31,591 million yen

(3) Matters concerning the defined-benefit type termination and retirement expenses (From April 1, 2021 to March 31, 2022)

a. Service cost	5,971 million yen
b. Interest expenses	600 million yen
c. Expected operational profit	(1,714) million yen
d. Recorded amount of actuarial difference expenses	(83) million yen
e. Recorded amount of prior service cost	(223) million yen
<hr/>	
f. Termination and retirement expenses (a + b + c + d + e)	4,549 million yen

(4) Matters concerning calculation of the defined-benefit type termination and retirement benefit liabilities

a. Distribution period method for expected termination and retirement benefits	Benefit formula standard
b. Discount rate	0.9 %
c. Expected operational profit rate	2.0 %
d. Number of years for evaluating prior service cost	16 to 20 years (Amortized using the straight-line method based on the average remaining years of service of employees as of the time of occurrence)
e. Number of years for evaluating actuarial differences	5 years (Amortized using the straight-line method over a certain number of years within the average remaining years of service commencing the following fiscal year after incurrence.)

(5) Matters concerning defined contribution pension plans (From April 1, 2021 to March 31, 2022)

Recognized costs involved in contributions to defined contribution pension plans during the fiscal year under review are 893 million yen.