

# BUSINESS REPORT

FOR THE 87TH FISCAL TERM

FROM APRIL 1, 2022  
TO MARCH 31, 2023

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

# Business Report

From April 1, 2022  
to March 31, 2023

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

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

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

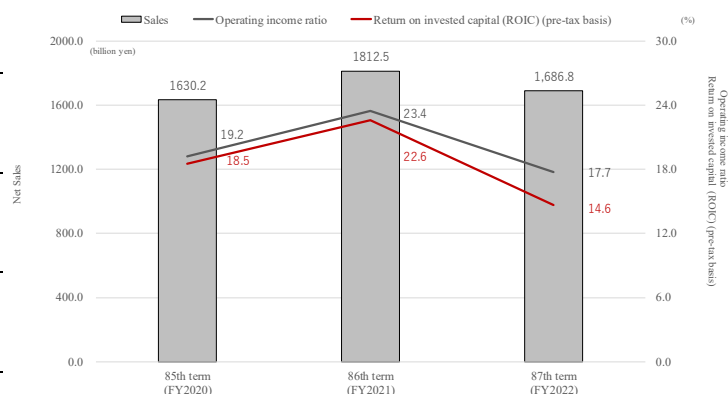
Looking at profits, operating income was 297,887 million yen, down 29.8% year on year, income before taxes came to 314,895 million yen, down 27.2% year on year, and net income attributable to Murata Corporation posted 253,690 million yen, down 19.2% year on year. This was due to a decrease in the operation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

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

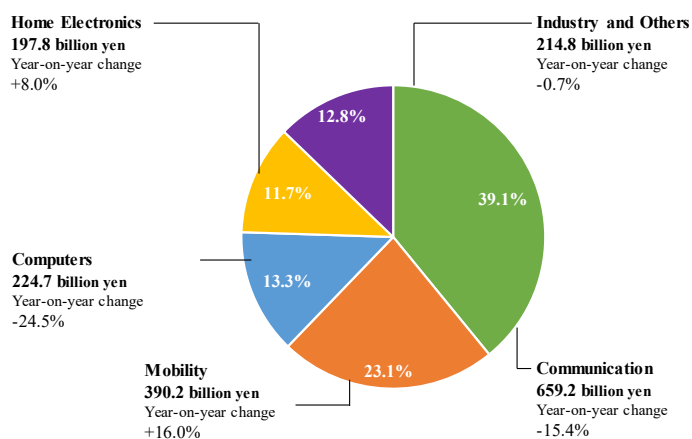
## Key financial results

Net sales	<b>1,686.8 billion yen</b>	YoY <b>-6.9%</b>
Operating income	<b>297.9 billion yen</b>	YoY <b>-29.8%</b>
Income before income taxes	<b>314.9 billion yen</b>	YoY <b>-27.2%</b>
Net income attributable to the Company	<b>253.7 billion yen</b>	YoY <b>-19.2%</b>
Return on invested capital (ROIC) (pre-tax basis)	<b>14.6 %</b>	YoY <b>-8.0 percentage points</b>

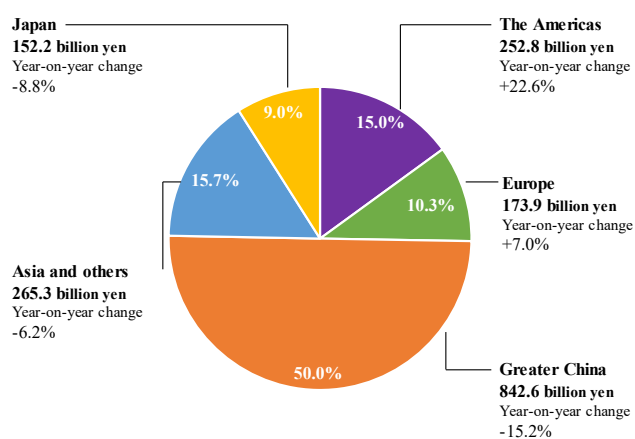
### Performance Trend



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



### Sales by Area



\*Classifications of sales by application have been changed since the period under review.

## 2) Sales by product category

### [Capacitors]

(Main products: MLCCs, etc.)

Orders and backlogs

**646.0 billion yen**

Net sales

**738.8 billion yen**

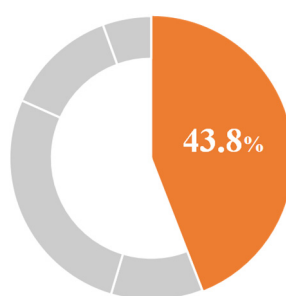
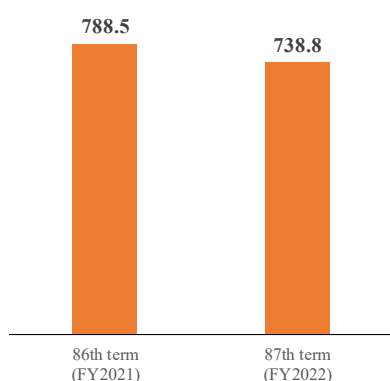
YoY

**-49.7 billion yen (-6.3%)**

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

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

<Net sales> (Billions of yen)



### [Inductors and EMI Filters]

(Main products: Inductors, EMI suppression filters, etc.)

Orders and backlogs

**156.9 billion yen**

Net sales

**175.3 billion yen**

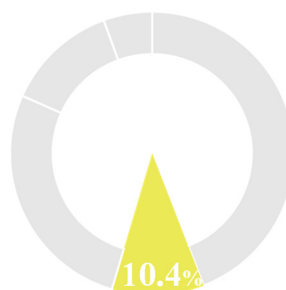
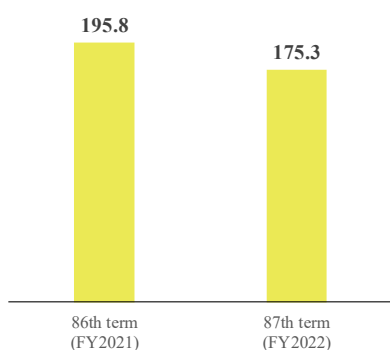
YoY

**-20.4 billion yen (-10.4%)**

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

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

<Net sales> (Billions of yen)



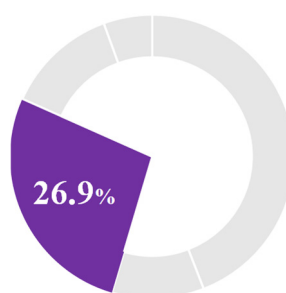
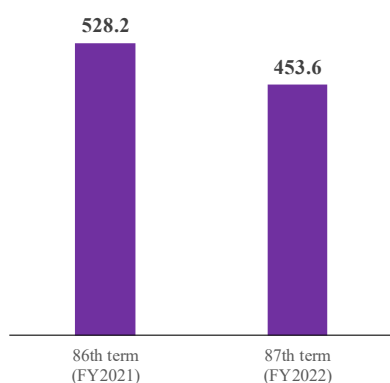
[High-Frequency Device and Communications Module]

(Main products: SAW filters, high-frequency modules, multilayer ceramic devices connectors, connectivity modules, multilayer resin substrates, etc.)

Orders and backlogs	<b>417.4 billion yen</b>
Net sales	<b>453.6 billion yen</b>
YoY	<b>-74.5 billion yen (-14.1%)</b>

For the fiscal year under review, while sales of multilayer resin substrates increased, sales of SAW filters, high-frequency modules and connectivity modules considerably fell for smartphones. As a result, overall net sales decreased by 14.1% year-on-year to 453,646 million yen.

<Net sales> (Billions of yen)



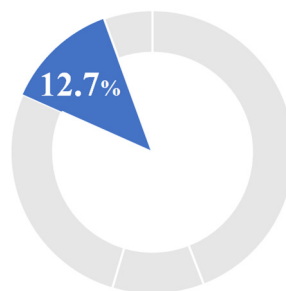
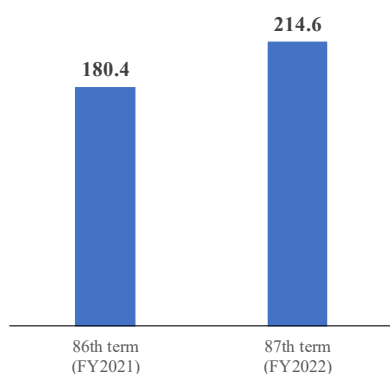
[Battery and Power supply]

(Main products: Lithium ion secondary batteries, power supplies modules, etc.)

Orders and backlogs	<b>187.9 billion yen</b>
Net sales	<b>214.6 billion yen</b>
YoY	<b>+34.1 billion yen (+18.9%)</b>

For the fiscal year under review, sales of lithium-ion secondary batteries for power tools increased. As a result, overall net sales increased by 18.9% year-on-year to 214,556 million yen.

<Net sales> (Billions of yen)



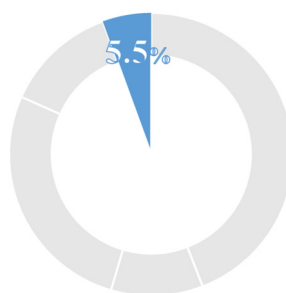
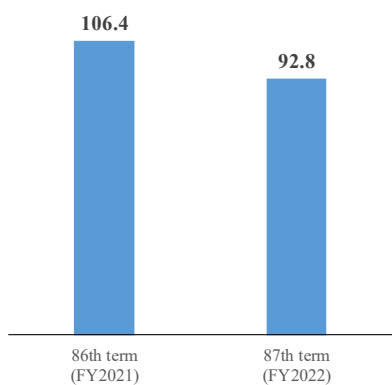
[Functional Device]

(Main products: Sensors, timing devices (resonators), etc.)

Orders and backlogs	<b>87.9 billion yen</b>
<hr/>	
Net sales	<b>92.8 billion yen</b>
<hr/>	
YoY	<b>-13.6 billion yen (-12.8%)</b>

For the fiscal year under review, sales of sensors increased for mobility. However, sales of sensors and timing devices decreased for computers. As a result, overall net sales decreased by 12.8% year-on-year to 92,778 million yen.

<Net sales> (Billions of 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>



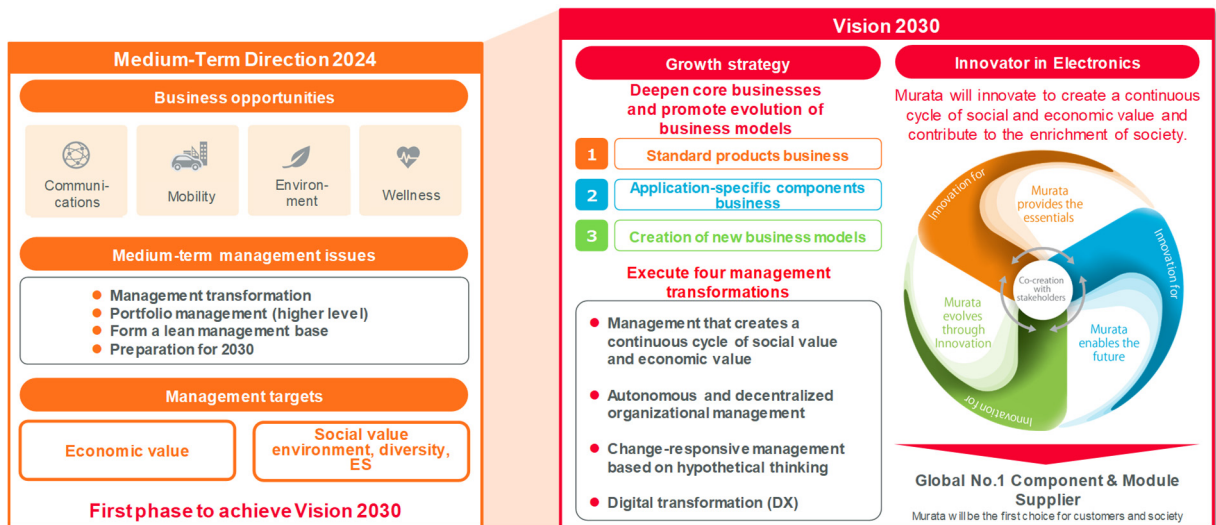


## 2) Medium- to Long-Term Company Management Strategy

### ■ Vision 2030 (Long-term direction) and Medium-term Direction 2024

The Company Group established Vision 2030 as our new long-term vision in 2021. 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.” 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.

In addition, the Company Group established the Medium-term Direction 2024 as a three-year action plan (the first year of which is the fiscal year under review), which represents the first phase of our effort to achieve Vision 2030. Under Medium-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, Medium-term Direction 2024 lays out four medium-term 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.

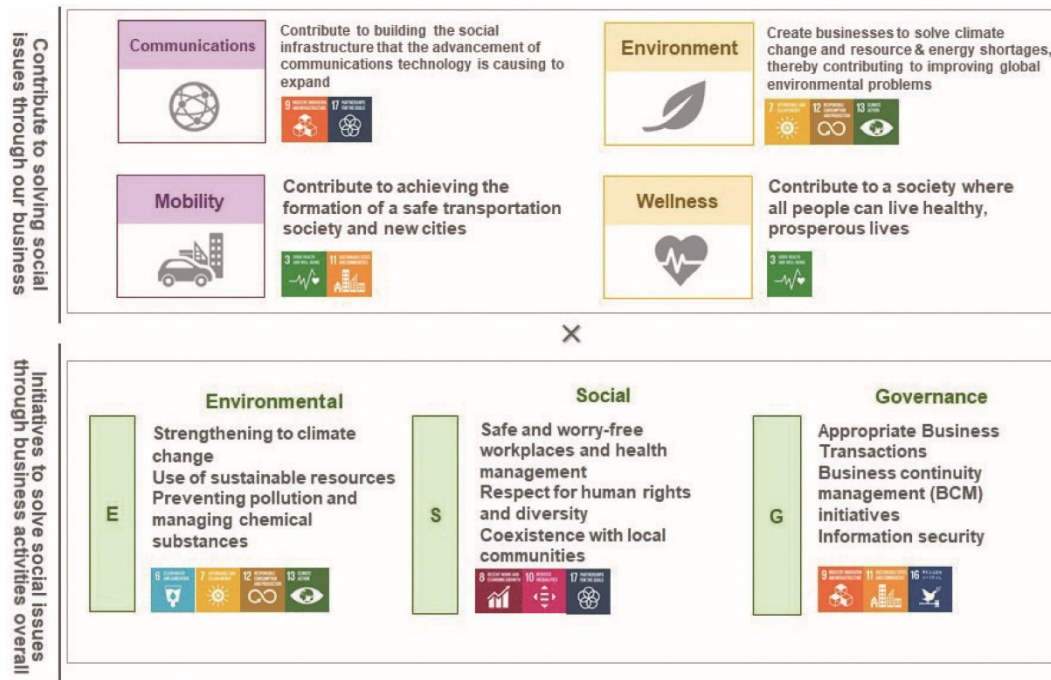


■ **Medium-term management issues**

1) Management transformation

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

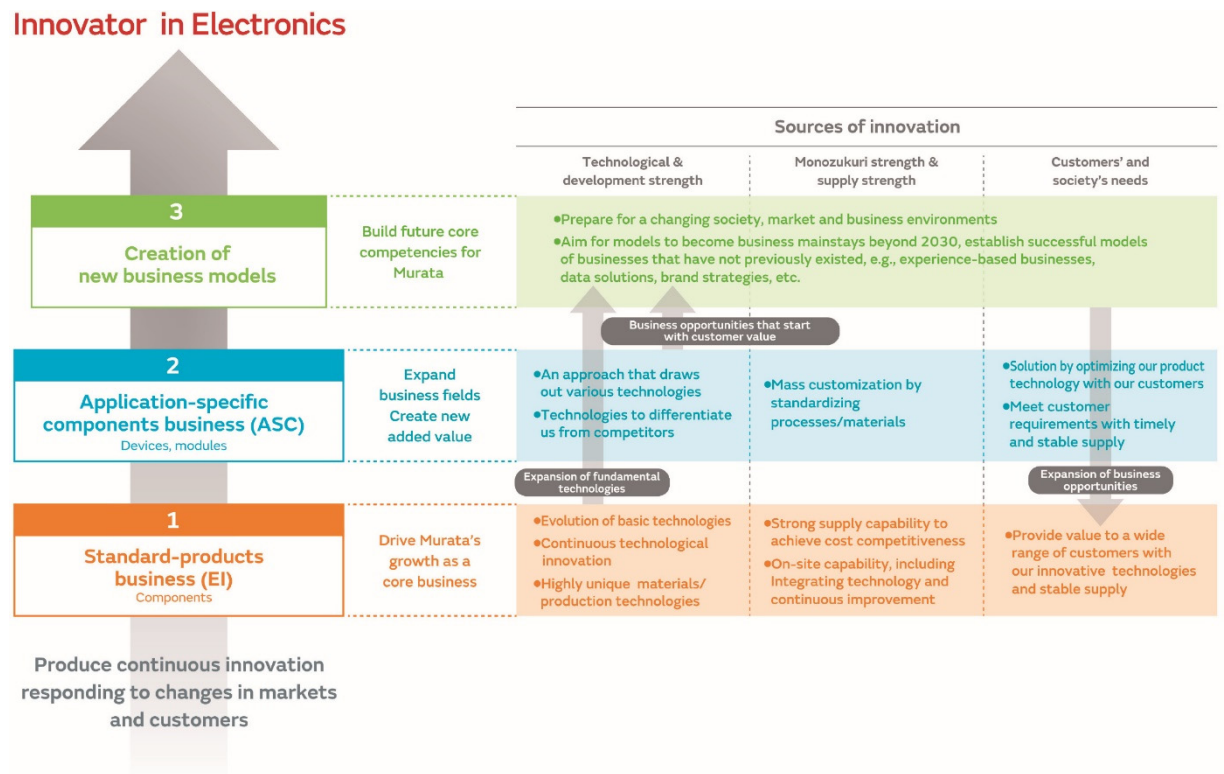
Materialities of the Company Group



2) “Portfolio management (higher level)”

To achieve a “deepening of core businesses and promoting evolution of business models,” a growth strategy found in Vision 2030, we will take portfolio management to a higher level using the 3-layer portfolio. Regarding layer 1, we will ensure our position as an industry leader by building up supply capacity to keep pace with growing demand, cutting-edge technical strength to overcome technical limitations, and business efficiency. During the fiscal year under review, Murata built a new production building in Thailand to establish a production system ready to meet medium- to long-term growth in demand for multilayer ceramic capacitors. For layer 2, Murata is endeavoring to win market share by stepping up differentiating technologies. We are also working to build up our financial strength by reconsidering our portfolio, for example selecting and concentrating on specific businesses. During the fiscal year under review, we pursued the post-merger integration of Resonant, whose acquisition we completed in March 2022, and developed XBAR technology. Finally, for layer 3, we are searching out business areas where we can put Murata’s strengths to work. During the fiscal year under review, we kicked off “KUMIHIMO Tech Camp with Murata.” This new co-creation project uses Murata hardware to realize ideas from startups and universities. Murata will continue to renew its businesses and technologies with management that taps a variety of innovations. We will practice management that uses our three-layer portfolio in four areas of business opportunities to pursue profitability, efficiency, and growth in each business and continue offering value to customers and society.

3-layer portfolio



3) “Form a lean management base”

The Murata Group is focusing on building more powerful human capital and a firmer foundation for quality to form a lean management base. Regarding human capital, we recognize that people are at the heart of value creation. As such, we are acting on three critical issues: acquiring and training human resources, increasing employee engagement, and enabling active participation by diverse personnel. We are building up our human resources foundation and organizational strength to ensure that we are sustainably creating value. During the fiscal year under review, we provided multi-track career paths that let diverse personnel play an active role; began a program, tied in with our management policy, to train candidates to be the next generation of executives; and worked to carry out an action plan based on results of our global organization survey. To build a firmer foundation for quality, we will establish a quality assurance and management system for a wide variety of businesses and work to implement quality-oriented risk management. During the fiscal year under review, we introduced a business risk assessment mechanism and took other steps to strengthen quality governance. Murata will continue to strive for quality trusted by all customers by practicing scientific management starting at the origin of processes.

4) “Preparation for 2030”

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

## ■ Progress on economic value targets and capital allocation policy

“Economic value targets”

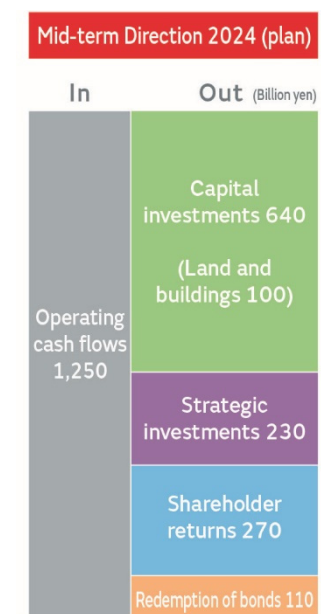
	FY2024 Target	FY2021 Result	FY2022 Result
Net sales (millions of yen)	2,000,000	1,812,521	1,686,796
Operating income ratio (%)	20% or higher	23.4	17.7
ROIC (pre-tax basis)* (%)	20% or higher	22.6	14.6

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

As described in “(2) Business progress and results,” net sales, operating income ratio, and ROIC (pre-tax basis) during the fiscal year under review were lower than those of the previous fiscal year. The business environment is somewhat uncertain due to slowdowns in the smartphone and PC markets, but the demand for electronic components in the electronics market in which the Murata Group competes is set to grow over the medium to long term. We will continue to address the medium-term management issues set out in Medium-term Direction 2024 and strengthen gains in profitability and productivity to meet our economic value targets.

### “Capital Allocation Policy”

Medium-term Direction 2024 sets out a clear capital allocation policy and establishes a new “strategic investment” category. We treat long-term environmental investment, acquisition of technologies, risk countermeasures, and stronger IT infrastructure as strategic investments. The progress on strategic investments during the fiscal year under review was 23.6 billion yen, combining projects already executed and projects approved. Shareholder returns amounted to 92.0 billion yen in dividends during the fiscal year under review. We will continue investing in our main businesses (components and devices/modules) and aim to steadily generate cash. We will meet stakeholder expectations by maintaining a solid financial footing while expanding shareholder returns.



(4) Status of capital expenditures

During the fiscal year under review, the Company Group had capital expenditures totaling 208,111 million yen.

Primary components were 117,463 million yen in reinforcement and rationalization of manufacturing facilities of the Company and its subsidiaries, 28,181 million yen in the acquisition of land and buildings, and 17,204 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	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		87th Fiscal Term From April 1, 2022 to March 31, 2023	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	1,534,045	97.4	1,630,193	106.3	1,812,521	111.2	1,686,796	93.1
Income before Income taxes	254,032	95.0	316,417	124.6	432,702	136.8	314,895	72.8
Net income attributable to the Company	183,012	88.4	237,057	129.5	314,124	132.5	253,690	80.8
Total assets	2,250,230	109.8	2,462,261	109.4	2,809,171	114.1	2,872,763	102.3
Shareholders' equity	1,694,104	105.6	1,920,805	113.4	2,263,596	117.8	2,402,511	106.1
Basic earnings attributable to the Company per share	Yen 286.05	-	Yen 370.51	-	Yen 490.95	-	Yen 401.33	-
Shareholders' equity ratio	% 75.3	-	% 78.0	-	% 80.6	-	% 83.6	-

- (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. 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	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		87th Fiscal Term From April 1, 2022 to March 31, 2023	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on- year change
Net sales	1,044,772	99.2	1,107,863	106.0	1,233,464	111.3	1,069,417	86.7
Ordinary income	68,629	107.9	90,872	132.4	213,786	235.3	146,625	68.6
Net income	67,669	101.0	85,317	126.1	184,784	216.6	148,193	80.2
Total assets	1,147,829	109.0	1,268,960	110.6	1,425,313	112.3	1,311,948	92.0
Net assets	601,650	101.0	623,496	103.6	730,966	117.2	707,765	96.8
Basic earnings per share	Yen 105.77	-	Yen 133.35	-	Yen 288.80	-	Yen 234.27	-
Shareholders' equity ratio	% 52.4	-	% 49.1	-	% 51.3	-	% 53.9	-

(Note) 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, 2023)

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, 2023)

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 devices and modules	Toyama-shi, Toyama
Kanazawa Murata Manufacturing Co., Ltd.	480	100	Manufacturing of devices and modules	Hakusan-shi, Ishikawa
Okayama Murata Manufacturing Co., Ltd.	480	100	Manufacturing of components, devices and modules	Setouchi-shi, Okayama
Komoro Murata Manufacturing Co., Ltd.	200	100	Manufacturing of devices and modules	Komoro-shi, Nagano
Tohoku Murata Manufacturing Co., Ltd.	300	100	Manufacturing and development of devices and modules	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
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

Company name	Capital	Share of voting rights held by the Company	Primary business areas	Head office location
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\$ 342,000	100 (Note)	Manufacturing of components, devices and modules	People's Republic of China
Shenzhen Murata Technology Co., Ltd.	Thousands of US\$ 58,100	100 (Note)	Manufacturing of devices and modules	People's Republic of China
Murata Energy Device Wuxi Co., Ltd.	Thousands of US\$ 486,220	100 (Note)	Manufacturing of devices and modules	People's Republic of China
Foshan Murata 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 6,093,731	100	Manufacturing of components, devices and modules	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, devices and modules, Sales of products of the Company and its subsidiaries and associates, General management of ASEAN sales companies	Singapore
Resonant Inc.	US\$ 67,183	100 (Note)	Development of devices and modules	United States of America

(Note) Ratio includes indirect holdings.

### 3) Progress and results of business combinations

The number of consolidated subsidiaries is 86, including 20 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, 2023	Year-on-year change
Persons	Persons
73,164	(4,417)

(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 (2,222 persons).

2) Employees of the Company

Number of employees		Average age	Average length of service
As of March 31, 2023	Year-on-year change		
Persons	Persons	Years old	Years
10,089	318	40.1	14.1

(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 (462 persons).

(8) Lenders (As of March 31, 2023)

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

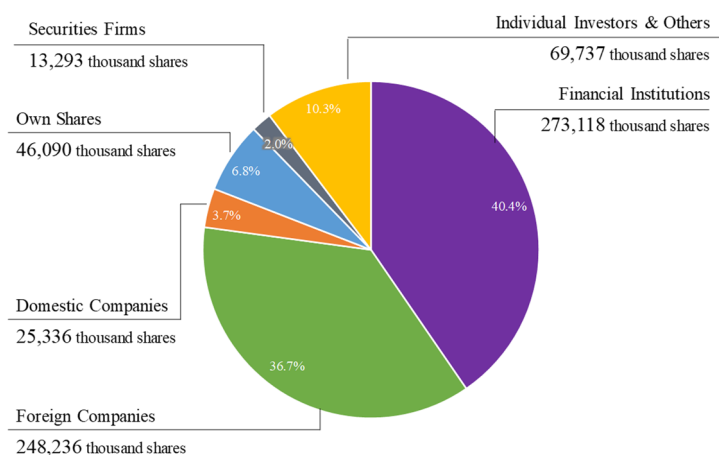
## 2. Matters Concerning Stock (As of March 31, 2023)

- (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 46,090,727 shares of treasury stock)  
 (3) Number of shareholders 133,124 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)	109,062	17.3
2	Custody Bank of Japan, Ltd. (Trust Account)	42,782	6.8
3	SSBTC CLIENT OMNIBUS ACCOUNT	17,418	2.8
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	10,226	1.6
8	THE BANK OF NEW YORK MELLON 140042	8,937	1.4
9	Mizuho Bank, Ltd.	8,297	1.3
10	THE SHIGA BANK, LTD.	7,653	1.2

(Note) Ownership ratio is calculated after subtracting treasury stock (46,090 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)	10,470	4
Vice Presidents	11,300	18

- (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, 2023)

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 Director of Communication and Sensor Business Unit		
Hiroshi Iwatsubo	Member of the Board of Directors Senior Executive Vice President Director of Corporate Technology & Business Development Unit		
Masanori Minamide	Member of the Board of Directors Executive Vice President Director of Corporate Unit and Director of Corporate Management Group	Murata (China) Investment Co., Ltd.	Chairman
Yuko Yasuda	Member of the Board of Directors	Board Advisors Japan, Inc.	Senior Partner
		Nissui Corporation	Outside Director
Takashi Nishijima	Member of the Board of Directors	Yokogawa Electric Corporation	Chairman
		Hitachi Transport System, Ltd.* *The company name changed to LOGISTEED, Ltd. on April 1, 2023	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
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 Yuko Yasuda and Takashi Nishijima, 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.
  - There are no special interests between the Company Group and companies, etc. at which Members of the Board of Directors Yuko Yasuda and Takashi Nishijima, 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 Yuko Yasuda and Takashi Nishijima, 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 24 Vice Presidents. Aside from Members of the Board of Directors above that hold concurrent positions as Vice Presidents, the Company has 22 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 86th Ordinary General Meeting of Shareholders held on June 29, 2022, Member of the Board of Directors Masahiro Ishitani, Ryuji Miyamoto, and Takashi Shigematsu retired from their position owing to the expiration of their 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
Norio Nakajima	President and Representative Director	President and Representative Director Director of Communication and Sensor Business Unit	July 1, 2022
Masanori Minamide	Member of the Board of Directors Executive Vice President Director of Corporate Management Group	Member of the Board of Directors Executive Vice President Director of Corporate Unit and Director of Corporate Management Group	July 1, 2022

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 Masanori Minamide was appointed as Chairman of Murata (China) Investment Co., Ltd. on July 1, 2022.  
In line with the business integration of Value Reporting Foundation and IFRS Foundation, effective August 1, 2022, Member of the Board of Directors and Audit and Supervisory Committee Member Takatoshi Yamamoto retired from his position as Director of Value Reporting Foundation on the same date.

## (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, upon establishing the following remuneration governance, operates its remuneration program and determines compensation, etc. of Directors based on the resolutions of the General Meeting of Shareholders and the decision policy of individual compensation, etc. of Members of the Board of the Company, which includes the basic policy for the remuneration system.

#### A) Remuneration governance

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

The Company makes decisions at the Board of Directors about the decision policy on individual compensation, etc. regarding the amount of compensation, etc., of Directors of the Company and determination of its calculation methods, based on reports from the Remuneration Advisory Committee, which was established to enhance objectivity and transparency and 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, the Remuneration Advisory Committee of the Company verifies 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, will diligently provide objective information to the Remuneration Advisory Committee that is sufficient and necessary by making use of the external remuneration consultant. This is to ensure effective deliberation at the Remuneration Advisory Committee while maintaining its independence. 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: Bonus is cash remuneration that is provided as an incentive to create economic value in each fiscal year and, in principle, is paid in June after the end of the fiscal year. The amount is calculated by multiplying a reference amount for each position by a factor (variable within a range of 0% and 200%) according to the level of achievement of the targets for performance evaluation indicators. The performance evaluation indicators are consolidated operating income and ROIC (pre-tax basis), which are indicators related to the Group-wide management targets for economic value outlined in the Medium-Term Direction 2024. The Company selected these indicators in order to provide an incentive to increase net sales, which are accompanied by profit margins that the Company emphasizes, and efficiently generate profits from invested capital.

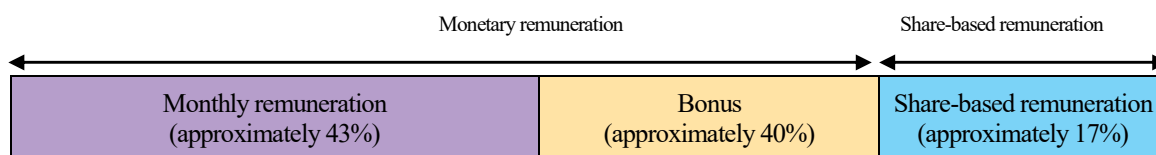


(c) Share-based remuneration: The Company's share-based remuneration aims to increase the willingness to contribute to the continuous enhancement of share values and corporate value spanning the long term between the Company's Members of the Board of Directors and shareholders. According to the reference amount set for each position of each Member of the Board of Directors, restricted shares will be allotted every July. Furthermore, because a portion

of the share-based remuneration (approximately 20% of the total share-based remuneration) is based on an evaluation of initiatives related to the creation of medium- to long-term social value and ESGs, every fiscal year the Remuneration Advisory Committee evaluates progress of the initiatives for achieving the Group-wide management targets related to social value in the Medium-term Direction 2024 and adjusts the amount of such portion within a range of  $\pm 20\%$  of the reference amount set for each position. In addition, 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 the President and Representative Director is largely as follows. The composition ratio of remuneration elements for other inside Members of the Board of Directors who are not Audit and Supervisory Committee Members of the Company is set so that the ratio of bonuses and share-based remuneration is higher for upper ranking positions according to the responsibilities etc. for each position.



(3) Targets and results of performance evaluation indicators for performance-linked compensation with the fiscal year under review as the evaluation period

(a) Bonus

The following are the targets and results of performance evaluation indicators for performance-linked remuneration with the fiscal year under review as the evaluation period

Performance-linked indicators	Targets	Results
Consolidated operating profit	400,000 million yen	297,887 million yen
ROIC (pre-tax basis)	20%	14.6%

(b) Share-based remuneration (Portion of the creation of social value and ESGs)

For the share-based remuneration for the fiscal year under review as the evaluation period, the Remuneration Advisory Committee plans to evaluate the initiatives concerning measures taken during the fiscal year under review for achieving the social value outlined in the Medium-term Direction 2024 based on reports, and the Committee will take its proposal up to the meeting of the Board of Directors scheduled for June.

(4) Guidelines for the holding of shares

From the perspective of strengthening the sharing of value with shareholders, the Company has recommended shareholdings as follows for Executive Directors. At the end of the fiscal year under review, the President and Representative Director holds shares equivalent of 220% of his fixed remuneration.

President and Representative Director: His or her target shall be to hold shares equivalent to 2.0 times fixed remuneration, within five years of being appointed to the relevant position

Other Executive Directors: Their target shall be to hold shares equivalent to 1.5 times fixed remuneration, within five years of being appointed to the relevant position

(5) Repayment of remuneration, etc. (malus and clawback provision)

In order to ensure soundness of the remuneration system for Members of the Board of Directors, the Company has established a provision (a so-called malus and clawback provision) whereby based on the decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, the right to receive a bonus before it is paid and share-based remuneration before the transfer restrictions are lifted are fully or partially forfeited under certain circumstances, such as misconduct or retrospective adjustments to financial statements due to fraudulent accounting. The provision applies to bonuses to be paid and share-based remuneration to be allotted after the 86th Ordinary General Meeting of Shareholders held in June 2022 and will remain in effect for all periods thereafter.



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

[Composition and status of attendance]

Name	Position	Status of attendance
Yuko Yasuda ◎	Outside Member of the Board of Directors	14/14 (100%)
Tsuneco Murata	Chairman of the Board and Representative Director	14/14 (100%)
Masanori Minamide	Member of the Board of Directors	10/10 (100%)
Hyo Kambayashi	Outside Member of the Board of Directors (Audit and Supervisory Committee Member)	14/14 (100%)
Takashi Nishijima	Outside Member of the Board of Directors	10/10 (100%)

- (Notes)
- ◎ after the name means the person is the chairperson.
  - The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting three times during the fiscal year under review. The number of attendance of each person includes attendance in the three joint meetings.
  - As Masanori Minamide and Takeshi Nishijima became Committee members on June 29, 2022, the number of meetings of the Committee for them to attend differs from other Directors.

[Activities]

Main contents of discussion	Period
Consideration and reporting of the reference amount of Director remuneration for the 87th fiscal term	April
Reporting of decision policy of Director remuneration for the 87th fiscal term	May
Reporting of targets for bonus and share-based remuneration for the 87th fiscal term	May
Consideration and determination of the individual reference amount for Directors, etc. for the 87th fiscal year	June and July
Determination of activity plans for the Committee for the 87th fiscal year	July
Verification of the latest trends surrounding Director remuneration	October
Consideration of coordination with the Nomination Advisory Committee	November, December, January, February and March
Consideration of reference amount of Director remuneration for the 88th fiscal year	February and March

- (Notes)
- In December, January and March, a joint meeting for the Nomination Advisory Committee and the Remuneration Advisory Committee was held in addition to the meeting of the Remuneration Advisory Committee.
  - In Consideration of coordination with the Nomination Advisory Committee, the strengthening of coordination in evaluation on the President and Representative Director and the building of a mechanism for that were considered and operated.

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)	414	252	78	82	9
Members of the Board of Directors who are Audit and Supervisory Committee Members	78	78	–	–	4

- (Notes) 1. The above figures include three Members of the Board of Directors who are not Audit and Supervisory Committee Members and retired during the fiscal year ended March 31, 2023.
2. Out of the total shown above, total compensation, etc., provided to six Outside Directors, is 81 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, 2023 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	21	23	109
Norio Nakajima (Member of the Board of Directors)	Reporting company	70	30	29	130

(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 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 oversight functions, such as by raising issues and providing advice regarding governance system, how effective the Board of Directors should be, and human capital including human resource diversity, and raising issues 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 14 meetings of the committee held during the fiscal year under review, taking on the oversight 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.</p> <p>Additionally, as a member of the Nomination Advisory Committee, she attended all seven meetings of the committee held during the fiscal year under review, taking on the oversight 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 Takashi Nishijima	10/10	—	<p>Takashi Nishijima 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 knowledge as a corporate manager and chairman of a company operating global business related to industrial automation, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the oversight functions, such as by raising issues and providing advice regarding governance system, digital utilization and creation of new business models, 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>Additionally, as a member of the Nomination Advisory Committee, he attended all seven meetings of the committee held during the fiscal year under review, taking on the oversight 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> <p>In addition, as a member of the Remuneration Advisory Committee, he attended all 10 meetings of the committee held during the fiscal year under review after he assumed the office on June 29, 2022, taking on the oversight 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 who is an Audit and Supervisory Committee Member Hyo Kambayashi	12/12	10/10	<p>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 oversight and supervisory functions, such as by raising issues and providing advice regarding systems and approach of internal controls and risk management, providing advice regarding management capital and disclosure, 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, he attended all 14 meetings of the committee held during the fiscal year under review, taking on the oversight and 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>

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 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 as well as his abundant experience in international corporate management, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the oversight and supervisory functions, such as by raising issues and providing advice regarding business strategies and disclosure from the perspective of an investor, 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 Nomination Advisory Committee, he attended all seven meetings of the committee held during the fiscal year under review, taking on the oversight and 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 as well as abundant experience in organizational management in central bureaucracy, she has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the oversight and supervisory functions, such as by raising issues and providing advice regarding risk management from the perspective of trends in international affairs, providing advice regarding how to progress new businesses, intellectual capital strategies, and disclosure, and raising issues and making proposals from the standpoint of management strategies with a view to medium- and long-term prospects.

- (Notes) 1. As Takashi Nishijima became Member of the Board of Directors at the 86th Ordinary General Meeting of Shareholders held on June 29, 2022, the number of Board of Directors meetings for him to attend differs from other Directors.
2. The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting three times during the fiscal year under review. The number of attendance of each person includes attendance in the three joint meetings.

#### 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 266
(2)	Total amount of cash and other beneficial property payable by the Company and its subsidiaries	302

- (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. 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 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. The meeting of the Board of Directors, held on March 17, 2023, made the resolution to separate the Risk Management Committee from the CSR Management Committee and make the former an organization that directly reports to the President and Representative Director from April 2023.

### [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 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) Organizational committee regarding risk management shall be established and 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 the 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 Medium-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, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets	2,872,763	Liabilities	470,287
Current assets	1,408,090	Current liabilities	303,597
Cash	318,557	Trade accounts payable	65,597
Short-term investments	162,456	Current portion of bonds	59,981
Marketable securities	12,240	Accrued payroll and bonuses	54,984
Trade accounts receivable	272,894	Income taxes payable	14,184
Allowance for doubtful notes and accounts	(2,276)	Accrued expenses and other	101,922
Inventories	575,026	Current operating lease liabilities	6,929
Prepaid expenses and other	69,193	Long-term liabilities	166,690
Property, plant and equipment	1,188,198	Bonds	49,968
Land	85,649	Long-term debt	1,496
Buildings	846,923	Termination and retirement benefits	63,261
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,609,043	Deferred income taxes	10,601
Construction in progress	135,966	Noncurrent operating lease liabilities	32,626
Accumulated depreciation	(1,529,644)	Other	8,738
Operating lease right-of-use assets	40,261	Equity	2,402,476
Investments and other assets	276,475	Murata Corporation's Shareholders' equity	2,402,511
Investments	30,365	Common stock	69,444
Intangible assets	44,387	Capital surplus	121,116
Goodwill	126,839	Retained earnings	2,186,040
Deferred income taxes	31,885	Accumulated other comprehensive income (loss)	159,405
Other	42,999	Unrealized gains (losses) on securities	(49)
		Pension liability adjustments	2,267
		Foreign currency translation adjustments	157,187
		Treasury stock, at cost	(133,494)
		Noncontrolling interests	(35)
<b>Total assets</b>	<b>2,872,763</b>	<b>Total liabilities and total equity</b>	<b>2,872,763</b>

## Consolidated Statements of Income

( From April 1, 2022  
to March 31, 2023 )

(Millions of yen)

Item	Amount	
Net sales		1,686,796
Operating expenses		
Cost of sales	1,010,948	
Selling, general and administrative expenses	253,722	
Research and development expenses	124,239	1,388,909
Operating income		297,887
Other income		
Interest and dividend income	6,512	
Interest expense	(335)	
Foreign currency exchange gain (loss)	992	
Other - net	9,839	17,008
Income before income taxes		314,895
Income taxes		
Current income tax	71,932	
Deferred income tax	(10,432)	61,500
Net income		253,395
Net income (loss) attributable to noncontrolling interests		(295)
Net income attributable to Murata Corporation		253,690

## Consolidated Statements of Shareholders' Equity

( From April 1, 2022  
to March 31, 2023 )

(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, 2022	675,814,281	69,444	121,004	2,024,368	102,318	(53,538)	2,263,596	316	2,263,912
Purchases of treasury stock at cost						(80,009)	(80,009)		(80,009)
Disposal of treasury stock			0			1	1		1
Net income				253,690			253,690	(295)	253,395
Cash dividends				(92,018)			(92,018)	(66)	(92,084)
Other comprehensive income (loss), net of tax					57,087		57,087	10	57,097
Restricted share remuneration			115			52	167		167
Equity transaction with noncontrolling interests and other			(3)				(3)		(3)
Balance at March 31, 2023	675,814,281	69,444	121,116	2,186,040	159,405	(133,494)	2,402,511	(35)	2,402,476



## 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: 86

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 Materials Co., Ltd.

Murata Electronics Europe B.V.

Murata Electronics (Thailand), Ltd.

Philippine Manufacturing Co. of Murata, Inc.

Murata Electronics Singapore (Pte.) Ltd

Resonant Inc., 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)

2 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 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 components that constitute the Group’s operating segments (Components, Device and Modules, and Others), and other 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	14,012	2	72	13,942

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

(Millions of yen)

Maturity date	Fair value
Within 1 year	12,240
Over 1 year, within 5 years	1,702
Total	13,942

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	(2,144)
Realized gains (losses) from the sale of equity securities in the fiscal year under review	10
Impairment of equity securities	(2,165)
Unrealized gains (losses) on equity securities	11

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 2,369 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	13,942
Equity securities	26,294
Total	40,236

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	96,566

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	803	Accrued expenses and other current liabilities	1,264

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	-	13,942	-	13,942
Equity securities	19,597	-	6,697	26,294
Financial derivatives				
Forward exchange contracts	-	803	-	803
Liabilities				
Financial derivatives				
Forward exchange contracts	-	1,264	-	1,264

#### 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)

The operating segments of the Company Group are set up in accordance with its business strategies and classified into three categories: “Components,” “Devices and Modules” and “Others.” The Company Group, based on contracts with customers that produce revenue from contracts with customers, divides the Components Business into categories of Capacitors, Inductors and EMI filters, and the Devices and Modules Business into categories of High-Frequency Devices and Communications Module, Battery and Power supply, and Functional Devices.

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

(Millions of yen)

	Amount
Capacitors	738,841
Inductors and EMI filters	175,324
Components	914,165
High-Frequency Devices and Communications Module	453,646
Battery and Power supply	214,556
Functional Devices	92,778
Devices and Modules	760,980
Others	11,651
Total	1,686,796

The Company Group conducts sales of electronic components that constitute the Group’s operating segments (Components, Device and Modules, and Others), and other 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, 2022)	End of the consolidated fiscal year under review (March 31, 2023)
	Amount	Amount
Contract liabilities	4,716	2,604

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, 4,916 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	3,815.18 yen
2. Basic earnings attributable to Murata Corporation per share	401.33 yen

## Balance Sheets

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets	1,311,948	Liabilities	604,183
Current assets	640,001	Current liabilities	521,641
Cash	160,105	Trade accounts payable	100,658
Trade accounts receivable	263,697	Current portion of bonds	60,000
Marketable securities	12,239	Short-term borrowings	312,617
Merchandise and finished goods	12,033	Current portion of long-term borrowings	1,800
Raw materials and supplies	40,487	Other accounts payable	19,626
Work in process	25,480	Accrued expenses	21,860
Accounts receivable	65,873	Accrued income tax	488
Income taxes refund receivable	6,347	Other	4,590
Current portion of long-term loans receivable	46,382	Long-term liabilities	82,541
Other	7,370	Bonds payable	50,000
Allowance for doubtful notes and accounts	(17)	Long-term borrowings	800
Noncurrent assets	671,946	Termination and retirement benefits	28,612
Property, plant and equipment	184,440	Other	3,129
Buildings	86,900	Net assets	707,765
Structures	7,529	Murata Corporation's Shareholders' equity	700,826
Machinery	32,349	Common stock	69,444
Vehicles	176	Capital surplus	126,872
Equipment	11,758	Legal capital surplus	107,733
Land	34,786	Other capital surplus	19,138
Construction in progress	10,939	Retained earnings	638,004
Intangible assets	71,108	Legal retained earnings	7,899
Investments and other assets	416,397	Other retained earnings	630,104
Investment securities	25,841	Reserve for reduction entry of land	13
Shares of subsidiaries and associates	289,222	Reserve for reduction entry of replaced property	767
Investments in capital of subsidiaries and associates	17,335	Reserve for purchase of specified shares	130
Long-term loans receivable	55,388	General reserve	162,707
Deferred tax assets	18,239	Retained earnings brought forward	466,485
Other	10,384	Treasury stock	(133,494)
Allowance for doubtful notes and accounts	(14)	Valuation and translation adjustments	6,938
		Valuation difference on other marketable securities	6,938
<b>Total assets</b>	<b>1,311,948</b>	<b>Total liabilities and total net assets</b>	<b>1,311,948</b>

## Income Statements

( From April 1, 2022  
to March 31, 2023 )

(Millions of yen)

Item	Amount	
Net sales		1,069,417
Cost of sales		761,589
Gross profit		307,828
Selling, general and administrative expenses		262,931
Operating income		44,897
Non-operating income		
Interest and dividend income	118,492	
Other	11,152	129,645
Non-operating expenses		
Interest expense	2,384	
Foreign currency exchange loss	12,042	
Product replacement and repair costs	3,899	
Loss on tax purpose reduction entry of noncurrent assets	5,338	
Other	4,252	27,917
Ordinary income		146,625
Income before income taxes		146,625
Current income tax	(2,066)	
Deferred income tax	497	(1,568)
Net income		148,193



## Statements of Shareholders' Equity

( From April 1, 2022  
to March 31, 2023 )

(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 reduction entry of replaced property	Reserve for purchase of specified shares
Balance at April 1, 2022	69,444	107,733	19,017	126,751	7,899	13	49	130
Changes of items during period								
Restricted share remuneration			120	120				
Cash dividends								
Net income								
Purchases of treasury stock at cost								
Disposal of treasury stock			0	0				
Provision of reserve for reduction entry of replaced property							717	
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	121	121	-	-	717	-
Balance at March 31, 2023	69,444	107,733	19,138	126,872	7,899	13	767	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, 2022	162,707	411,026	581,828	(53,537)	724,486	6,480	6,480	730,966	
Changes of items during period									
Restricted share remuneration				51	171			171	
Cash dividends		(92,017)	(92,017)		(92,017)			(92,017)	
Net income		148,193	148,193		148,193			148,193	
Purchases of treasury stock at cost				(80,008)	(80,008)			(80,008)	
Disposal of treasury stock				0	1			1	
Provision of reserve for reduction entry of replaced property		(717)	-		-			-	
Net changes of items other than shareholders' equity						458	458	458	
Total changes of items during period	-	55,458	56,176	(79,956)	(23,659)	458	458	(23,201)	
Balance at March 31, 2023	162,707	466,485	638,004	(133,494)	700,826	6,938	6,938	707,765	

## 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 (such as capacitors, inductors, and EMI suppression filters) and Devices and Modules (such as high-frequency modules, SAW filters, lithium-ion secondary batteries, and sensors), 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 group tax sharing system

The group tax sharing system is applied.

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

#### (Notes to changes in accounting policies)

##### Application of “Implementation Guidance on Accounting Standard for Fair Value Measurement”

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Guidance on 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 27-2 of Guidance on Fair Value Measurement Standard, the new accounting policy stipulated by the Guidance on Fair Value Measurement Standard, will be applied in the future. Furthermore, there is no effect on the financial statements.

#### (Notes to changes in presentation methods)

For assets acquired by using government subsidies, etc., a note related to tax purpose reduction entry has been added in the notes to unconsolidated balance sheets in accordance with the Annotations on the Corporate Accounting Principles (Annotation No. 24 (2)) due to the increase in the monetary significance of government subsidies, etc. deducted from the acquisition cost.

#### (Notes to unconsolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment	229,146 million yen
2. Short-term monetary claims with affiliated companies	317,888 million yen
Long-term monetary claims with affiliated companies	57,088 million yen
Short-term monetary liabilities with affiliated companies	407,940 million yen
Long-term monetary liabilities with affiliated companies	800 million yen
3. Guarantee obligations	27 million yen

Warranty	Guaranteed amount (Millions of yen)	Liability guaranteed
pSemi Corporation	27	Trade notes and accounts payable
Total	27	-

4. Tax purpose reduction entry

(1) Reduction entry amount from acceptance of government subsidies, etc. in the fiscal year under review	
Buildings	3,838 million yen
Land	1,500 million yen
(2) Accumulated reduction entry in the fiscal year under review, directly deducted from non-current assets acquired by using government subsidies, etc.	
Buildings	4,753 million yen
Structures	28 million yen
Machinery	263 million yen
Vehicles	0 million yen
Tools, furniture and fixtures	23 million yen
Land	1,786 million yen

(Notes to unconsolidated income statements)

1. Transactions with affiliated companies

Business transactions	
Net sales	900,626 million yen
Purchase turnover	703,317 million yen
Non-business transactions	
Interest income	370 million yen
Dividend income	115,325 million yen
Asset transfer	1,285 million yen
Interest expense	2,264 million yen
Asset purchase	41,542 million yen

2. Research and development expenses 107,546 million yen

(Notes to statements of shareholders' equity)

1. Type and total number of issued shares as of March 31, 2023

Common stock 675,814,281 shares

2. Type and number of treasury stock as of March 31, 2023

Common stock 46,090,727 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, 2022 Ordinary General Meeting of Shareholders	Common stock	44,788	70	March 31, 2022	June 30, 2022
October 31, 2022 Meeting of the Board of Directors	Common stock	47,229	75	September 30, 2022	November 28, 2022

(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, 2023, the Company plans to propose the following concerning dividends for common stock.

1) Total amount of dividends	47,229 million yen
2) Dividend per share	75 yen
3) Record date	March 31, 2023
4) Effective date	June 30, 2023

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	2,988 million yen	Other marketable securities	
Inventories	4,697 million yen	valuation adjustment	2,964 million yen
Accrued expenses	749 million yen	Enterprise tax refund receivable	129 million yen
Accounts payable - other	5 million yen	Other	<u>392 million yen</u>
Termination and retirement benefits	8,466 million yen	Total deferred tax liabilities	3,486 million yen
Stock of affiliated companies	5,014 million yen	Elimination with deferred tax assets	<u>(3,486) million yen</u>
Tangible and intangible assets	1,988 million yen	Net deferred tax liabilities	- million yen
Deferred tax adjustment	282 million yen		
Investment securities	661 million yen		
Other	<u>3,462 million yen</u>		
Deferred tax assets subtotal	28,316 million yen		
Valuation allowance for total deductible temporary differences, etc.	<u>(6,590) million yen</u>		
Total deferred tax assets	21,725 million yen		
Elimination with deferred tax liabilities	<u>(3,486) million yen</u>		
Net deferred tax assets	18,239 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	(23.1) %
Tax exemption for R&D promotion tax system	(8.1) %
Other	<u>(0.4) %</u>
Income tax rate after application of tax effect accounting	<u>(1.1) %</u>

3. Accounting treatment of corporate income tax and local corporate tax or accounting treatment of tax effect accounting concerning them

From the fiscal year under review, the Company has applied the Group Tax Sharing System. Additionally, following “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITE No. 42, August 12, 2021), the Company performs accounting treatment of corporate tax and local corporate tax or accounting treatment of tax effect accounting concerning them, and disclosure.

## (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	Procurement of products, etc. (Note 1)	128,194	Trade accounts payable	9,597
				Borrowing of funds Payment of interest (Note 2)	24,300 6	Short-term borrowings	13,722
Subsidiary	Izumo Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Procurement of products, etc. (Note 1)	203,042	Trade accounts payable	15,300
				Borrowing of funds Payment of interest (Note 2)	69,007 21	Short-term borrowings	80,940
Subsidiary	Kanazawa Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2)	31,947 8	Short-term borrowings	29,996
Subsidiary	Okayama Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2)	16,179 4	Short-term borrowings	16,396
Subsidiary	Sabae Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2)	15,198 0	Short-term borrowings	18,221
Subsidiary	Komoro Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2)	13,986 1	Short-term borrowings	8,477
Subsidiary	Tohoku Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Lending of funds Reception of interest (Note 2)	20,512 98	Current portion of long-term loans receivable Other current assets Long-term loans receivable	33,350

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	Murata Company Limited	Holding Directly, 100%	Sales of products of the Company and subsidiaries	Sales of products, etc. (Note 1)	239,416	Trade accounts receivable	42,804
				Borrowing of funds Payment of interest (Note 2)	79,783 1,626	Short-term borrowings	78,055
Subsidiary	Murata Electronics Trading (Shanghai) Co., Ltd.	Holding Indirectly, 100%	Sales of products of the Company and subsidiaries	Sales of products, etc. (Note 1)	192,355	Trade accounts receivable	63,211
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)	29,353 590	Short-term borrowings	40,115
Subsidiary	Philippine Manufacturing Co. of Murata, Inc.	Holding Directly, 100%	Manufacturing of the Company's products	Lending of funds Reception of interest (Note 2)	49,541 125	Current portion of long-term loans receivable Long-term loans receivable	53,810

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	1,123.93 yen
Net income per share	234.27 yen