

Earnings Release Conference Third Quarter of FY2023 (October 1, 2023 to December 31, 2023)

February 2, 2024

Murata Manufacturing Co., Ltd.



The Murata Group expresses deep sorrow for the victims of the 2024 Noto Peninsula earthquake, and our thoughts and prayers are with all of those affected by the disaster.

We will do our utmost to support those affected and sincerely hope for a swift recovery.

Murata Manufacturing Co., Ltd.

The Aftermath of the Noto Peninsula Earthquake

- The Company has checked the status of damage to the infrastructure and facilities of affected business sites. Upon ensuring the safety of employees, production has resumed in facilities in sequence.
- Regarding the prospect of upcoming restoration, the Company will post information on [its company website](#) as soon as the situation changes.

Name of Production Site	Status of Production and Estimated Schedule of Resumption of Production as of February 2nd
Toyama Murata Manufacturing Co., Ltd.	Production resumed since Jan.9
Fukui Murata Manufacturing Co., Ltd.	Production resumed since Jan.6
Sabae Murata Manufacturing Co., Ltd.	Production resumed since Jan.6
Kanazawa Murata Manufacturing Co., Ltd.	Production resumed since Jan.9
Kanazu Murata Manufacturing Co., Ltd.	Production resumed since Jan.9
Asuwa Murata Manufacturing Co., Ltd.	Production resumed since Jan.9
Komatsu Murata Manufacturing Co., Ltd.	Production resumed methodically since Jan. 9
Himi Murata Manufacturing Co., Ltd.	Production expected to resume methodically from early February
Hakui Murata Manufacturing Co., Ltd.	Production resumed methodically since Jan. 11
Wakura Murata Manufacturing Co., Ltd.	Production expected to resume methodically from early March
Anamizu Murata Manufacturing Co., Ltd.	Production is expected to resume in mid-May or later.

Financial Results of the third quarter of FY2023

- Revenue were 439.4 billion yen, flat from the last quarter, and operating profit came to 76.2 billion yen, down 14.2% from the last quarter. Revenue from high-frequency modules and capacitors for smartphones increased. However, revenue as a whole remained almost flat due to a decrease in revenue from capacitors for distributors and industrial equipment in addition to a decline in revenue from lithium-ion secondary batteries for video game consoles. In terms of profits, a productivity loss from lower capacity utilization and declines in product selling prices caused a profit decrease.
- +3.4% of revenue forecast. Revenue exceeded expectations mainly in parts for smartphones

Projected Financial Results for FY2023

- The Company has kept the full-year projections and dividend forecasts for FY2023 unchanged from the announced figures.
- To verify the projected financial results, the Company has taken the impact of the Noto Peninsula Earthquake into consideration

Financial Results Third Quarter of FY2023

From October 1, 2023
to December 31, 2023
Consolidated Basis

*The Company has voluntarily adopted International Financial Reporting Standards (IFRS) since FY2023 in place of U.S. GAAP, which was previously applied. With this change, the results for FY2022, presented in this material, have been reclassified from U.S. GAAP to IFRS.

Financial Results Overview

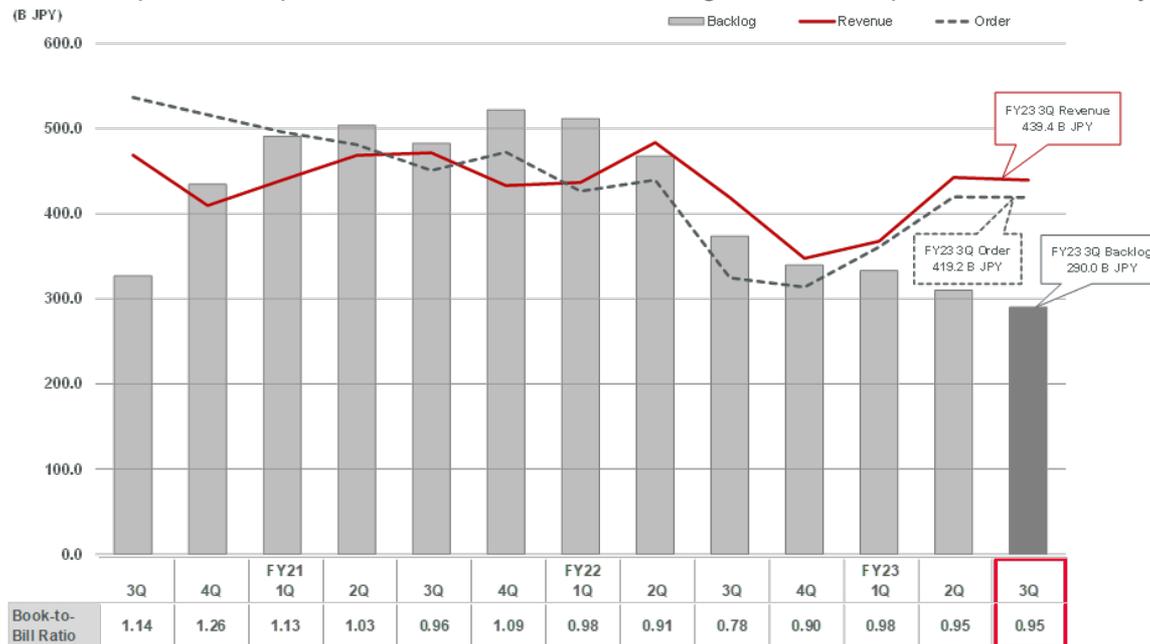
	FY2022		FY2023		FY2023		Y on Y Change		Q on Q Change		Impact of exchange rate (B JPY)	Constant Currency basis	
	3rd Quarter		2nd Quarter		3rd Quarter							basis	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)		(B JPY)	(%)
Revenue	419.0	100.0	442.7	100.0	439.4	100.0	+20.4	+4.9	(3.3)	(0.7)	+8.0	(11.3)	(2.6)
Operating profit	78.4	18.7	88.8	20.1	76.2	17.3	(2.2)	(2.9)	(12.6)	(14.2)	+4.0	(16.6)	(21.8)
Profit before tax	65.7	15.7	98.5	22.2	64.2	14.6	(1.5)	(2.2)	(34.2)	(34.8)			
Profit attributable to owners of parent	51.0	12.2	75.1	17.0	49.4	11.2	(1.7)	(3.3)	(25.7)	(34.2)			
Average exchange rates yen/US dollar	141.64		144.63		147.89		*Exchange rate sensitivity (per 1 JPY/US\$ change per year) Revenue : 10.0 BJPY Operating profit : 5.0 BJPY						

Third Quarter of FY2023(QoQ)

- Revenue of high frequency modules increased for smartphones and capacitors increased for smartphones and mobility. However, Revenue of multilayer resin substrates and connectivity modules decreased for smartphones. Additionally, revenue of lithium-ion secondary batteries decreased for video game consoles.
- Operating profit decreased due to a decline in production output and deteriorations in product selling prices despite profit-increasing factors such as streamlining and cost reduction, and the effect of a weak yen.
- The impact of the Noto Peninsula Earthquake, etc. on profit/loss has not been recorded in the third quarter under review.

Quarterly Revenue, Order and Backlog

- Orders received fell slightly on a quarter-on-quarter basis. The decline was due to revaluation of the order backlog that was denominated in foreign currency as the yen rapidly appreciated compared with the end of September, in addition to decreases in High-Frequency Devices and Communication Modules resulting from the seasonality of smartphones.
- The book-to-bill ratio of capacitors improved to 1.03. Orders received grew for smartphones and mobility.



* Orders = Revenue + Backlogs at the Current Quarter - Backlogs at the Previous Quarter

* Backlogs are calculated based on exchange rates as of the end of each quarter.

* Exchange rate against the U.S. dollar: 149.58 yen at the end of September 2023, 141.82 yen at the end of December 2023

Revenue by Operating segments

	FY2022 3rd Quarter		FY2023 2nd Quarter		FY2023 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	182.7	43.6	197.0	44.5	198.1	45.1	+15.3	+8.4	+1.0	+0.5
Inductors and EMI filters	43.4	10.3	48.4	10.9	48.2	11.0	+4.8	+11.0	(0.2)	(0.5)
High-Frequency Device and Communications Module	114.4	27.3	127.7	28.9	130.9	29.8	+16.5	+14.5	+3.2	+2.5
Battery and Power supply	53.9	12.9	43.1	9.7	36.6	8.3	(17.3)	(32.2)	(6.5)	(15.2)
Functional Device	22.1	5.3	23.5	5.3	22.8	5.2	+0.7	+3.0	(0.8)	(3.2)
Others	2.5	0.6	2.9	0.6	2.9	0.6	+0.4	+18.1	+0.0	+0.7
Revenue	419.0	100.0	442.7	100.0	439.4	100.0	+20.4	+4.9	(3.3)	(0.7)

Revenue by Operating segments [FY23 3rd Quarter vs. FY23 2nd Quarter]

Capacitors +0.5%	MLCCs : Revenue decreased for AV equipment. Revenue increased for smartphones and mobility.
Inductors and EMI filters (0.5%)	Inductors, EMI suppression filters : Revenue increased for mobility. Revenue decreased for wearable devices and AV equipment.
High-Frequency Device and Communications Module +2.5%	High frequency modules : Revenue increased for smartphones. Multilayer resin substrates, Connectivity modules : Revenue decreased for smartphones.
Battery and Power supply (15.2%)	Lithium-Ion secondary batteries : Revenue decreased for video game consoles.
Functional Device (3.2%)	Sensors : Revenue decreased for mobility and smartphones.

Revenue by Application

	FY2022 3rd Quarter		FY2023 2nd Quarter		FY2023 3rd Quarter		Y on Y Change		Q on Q Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Communication	162.6	38.8	194.1	43.9	199.1	45.3	+36.5	+22.5	+5.0	+2.6
Mobility	106.3	25.4	110.7	25.0	113.0	25.7	+6.7	+6.3	+2.2	+2.0
Computers	50.7	12.1	50.7	11.4	52.2	11.9	+1.5	+2.9	+1.5	+3.0
Home Electronics	45.6	10.9	40.3	9.1	32.7	7.4	(12.9)	(28.2)	(7.5)	(18.8)
Industry and Others	53.8	12.8	46.8	10.6	42.4	9.7	(11.4)	(21.2)	(4.5)	(9.5)
Revenue	419.0	100.0	442.7	100.0	439.4	100.0	+20.4	+4.9	(3.3)	(0.7)

*Based on our estimate

Revenue by Application [FY23 3rd Quarter vs. FY23 2nd Quarter]

Communication +2.6%	Revenue of high-frequency modules and capacitors increased for smartphones. Revenue of multilayer resin substrates and connectivity modules decreased for smartphones.
Mobility +2.0%	Revenue of capacitors, EMI suppression filters and inductors increased due to a demand recovery for automobiles.
Computers +3.0%	Revenue of capacitors increased for data centers and server. Revenue of capacitors and connectivity modules decreased for PCs.
Home Electronics (18.8%)	Revenue of lithium-ion secondary batteries and capacitors decreased for video game consoles.
Industry and Others (9.5%)	Revenue of capacitors decreased for distributors and industrial equipment.

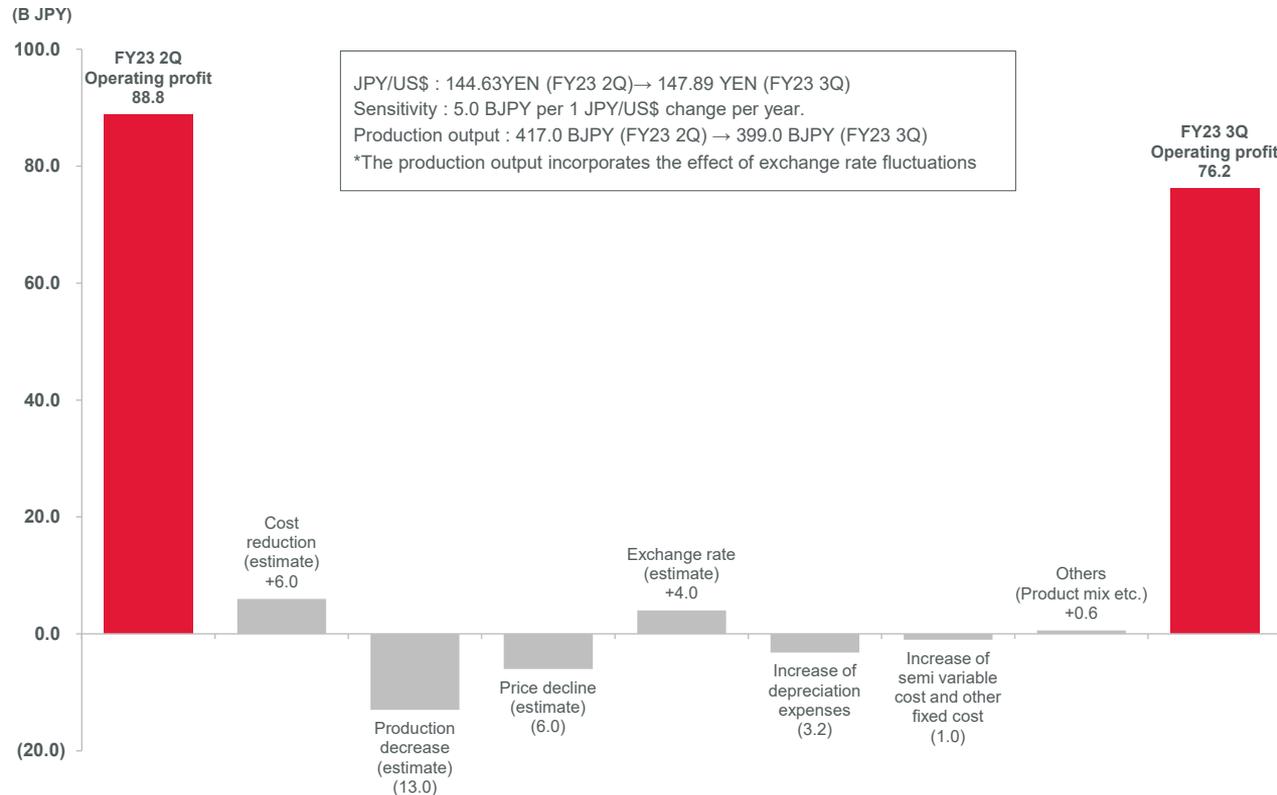
*Based on our estimate

Segment Information

		FY2022 9 months		FY2023 9 months		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Revenue	725.8	100.0	706.9	100.0	(18.9)	(2.6)
	Operating profit	238.4	32.8	178.8	25.3	(59.6)	(25.0)
Devices and modules	Revenue	612.4	100.0	541.5	100.0	(70.9)	(11.6)
	Operating profit	42.2	6.9	40.8	7.5	(1.3)	(3.2)
Others	Revenue	54.8	100.0	47.8	100.0	(7.0)	(12.8)
	Operating profit	(1.5)	(2.8)	(4.5)	(9.4)	(2.9)	-
Eliminations	Revenue	(53.8)	-	(46.4)	-	+7.4	-
Consolidated	Revenue	1,339.2	100.0	1,249.7	100.0	(89.5)	(6.7)
	Operating profit	279.0	20.8	215.1	17.2	(63.9)	(22.9)

- Components**
 Profits fell due to the expansion of a loss of productivity from lower capacity utilization resulting from a decrease in production output, despite the profit-increasing effect of the depreciation of the yen.
- Devices and modules**
 Although operating profit decreased partly resulting from the drop in revenue, operating profit ratio improved primarily due to the profit-increasing factor of the weaker yen, improvements in the profitability of individual parts, and a rise in the ratio of Multilayer resin substrates and SAW filters to the product mix.

Breakdown of Operating Profit Changes [FY23 2nd Quarter to FY23 3rd Quarter]

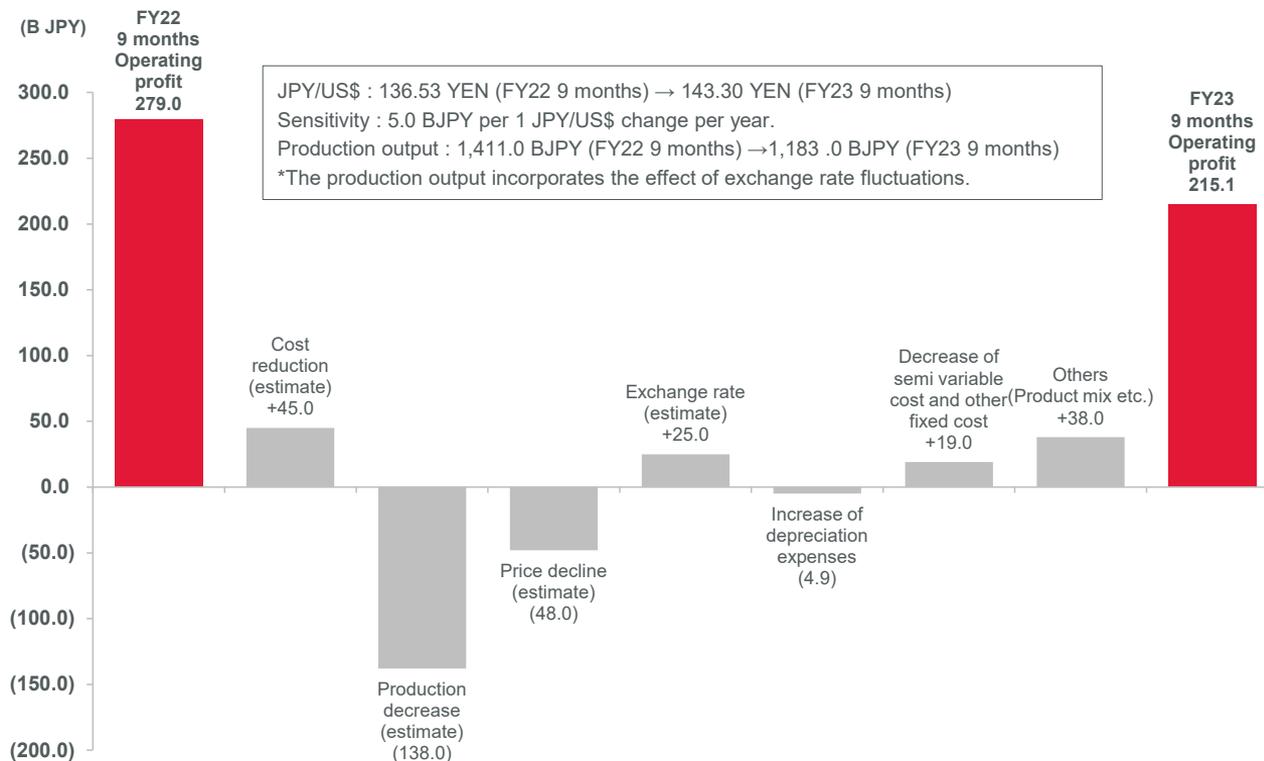


**“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

**“Increase of depreciation expenses” include the impact of one-time expenses with the disposal of equipment that occurred in the third quarter of FY2023.

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Breakdown of Operating Profit Changes [FY22 9 months to FY23 9 months]



*“Production decrease” is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

*“Changes in semi-variable costs and fixed costs” include the impact of one-time expenses that occurred in the third quarter of FY2022.

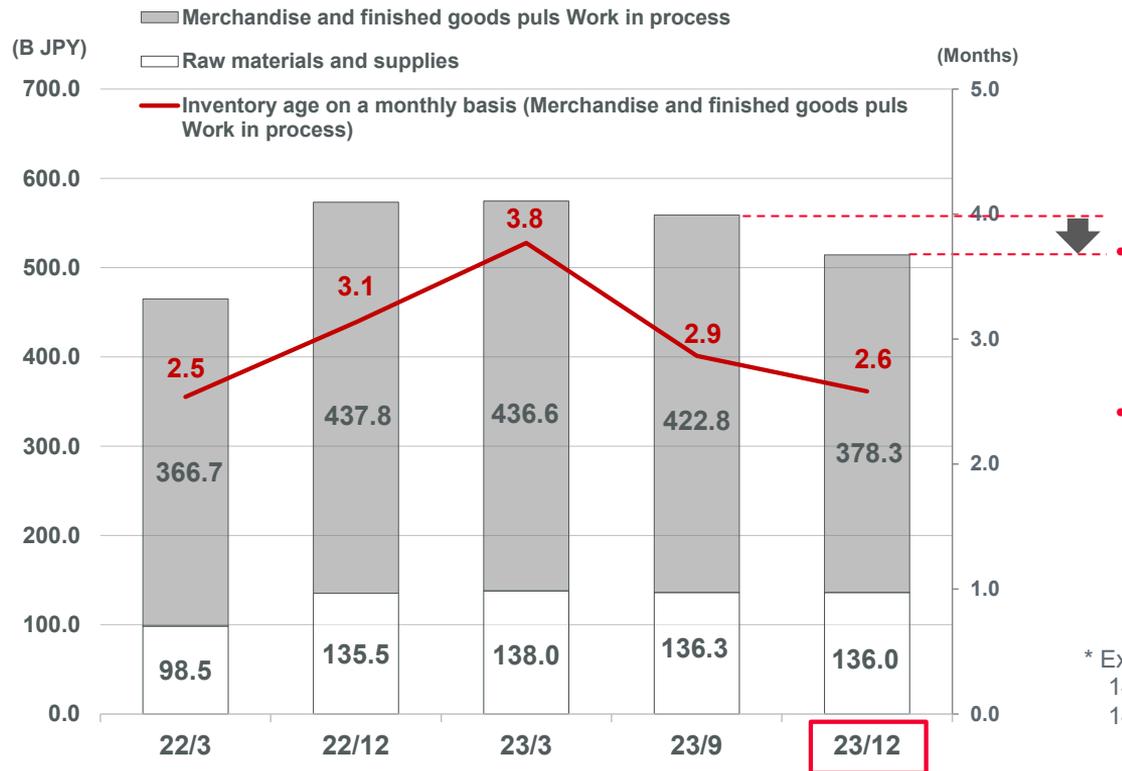
*“Increase of depreciation expenses” include the impact of one-time expenses with the disposal of equipment that occurred in the third quarter of FY2023.

Cash Flows

- Cash flow from operating activities increased as a result of decrease in inventories despite a year-on-year profit decrease.
- Cash flow from investing activities decreased due to a year-on-year increase in payments for acquiring property, plant and equipment, mainly capital expenditures.
- Cash flow from financing activities grew since the Company repurchased treasury stock in the same period a year earlier.

	FY2022 9 months	FY2023 9 months	Y on Y Change
	(B JPY)	(B JPY)	(B JPY)
Cash flows from operating activities	186.0	326.0	+140.0
Cash flows from investing activities	(99.5)	(171.2)	(71.7)
Cash flows from financing activities	(180.5)	(102.7)	+77.8
Effect of exchange rate changes	12.7	11.5	(1.2)
Cash and cash equivalents at end of period	430.9	533.0	+102.2
Free Cash Flows	86.5	154.8	+68.3
Purchase of property, plant and equipment	(143.1)	(185.7)	(42.7)
Depreciation and amortization	126.2	131.1	+4.9

Current Inventory Situation



Inventories decreased 45.0 billion yen from the end of the previous quarter.

- A decrease of approximately 38.0 billion yen when excluding the impact of the appreciation of the yen that took place on the final day of the third quarter.

* Exchange rate against the U.S. dollar:
 149.58 yen at the end of September 2023,
 141.82 yen at the end of December 2023

* Inventory age on a monthly basis = [Merchandise and finished goods plus work in process at the end of the period] divided by [Average monthly revenue for the most recent quarter]

Projected Financial Results for FY2023

From April 2023 to March 2024



Projected Financial Results for FY2023

	FY2022 Actual		1st Half	2nd Half	FY2023 Projections(October)		Y on Y Change		Impact of exchange rate	Constant Currency basis	
	(B JPY)	(%)			(B JPY)	(B JPY)	(B JPY)	(%)		(B JPY)	(B JPY)
Revenue	1,686.8	100.0	810.4	809.7	1,620.0	100.0	(66.8)	(4.0)	+75.0	(141.8)	(8.4)
Operating profit	298.2	17.7	138.9	131.1	270.0	16.7	(28.2)	(9.5)	+38.0	(66.2)	(22.2)
Profit before tax	302.7	17.9	161.2	136.8	298.0	18.4	(4.7)	(1.5)			
Profit attributable to owners of parent	243.9	14.5	125.2	99.8	225.0	13.9	(18.9)	(7.8)			
ROIC (pre-tax basis) (%)	14.4				12.3		(2.1pt)				
Average exchange rates yen/US dollar	135.48				143.00		*Exchange rate sensitivity (per 1 JPY/US\$ change per year) Revenue : 10.0 BJPY Operating profit : 5.0 BJPY				

- The Company has not revised the projected financial results for FY2023.
- To verify the projected financial results, the Company has taken the impact of the Noto Peninsula Earthquake into consideration.

Recognition of Business Environment

	Premises of projected financial results as of October	Recognition of the current situation as of February
Revenue	<ul style="list-style-type: none"> - In terms of quantity, demand for parts is lower than expected in all applications, but the demand will move on to a recovery path in the second half of the fiscal year. - A delay in a demand recovery for the power tools market and PC peripheral and server markets. - A rise in the price-downward pressure including in such as mobility by intensifying price competition. - The assumed exchange rate for the full year and 2nd half year has been changed to 143 and 145 yen against the U.S. dollar. 	<ul style="list-style-type: none"> - Demand for parts for the smartphone market has improved more than expected. Demand for the computer and mobility markets is as much as expected. - Inventory adjustment has continued in the power tool market, and demand for parts for the home electronics market and industrial equipment is slightly weaker than expected. - Product selling price declines are ongoing within the scope of the Company's expectations.
Productions	<ul style="list-style-type: none"> - A decrease in production output excluding the effect of exchange rates in line with a decrease in demand quantities. - Many parts of inventory quantities have reached almost appropriate levels in the first half of the fiscal year. - Production is planned to meet sales for the second half of the fiscal year. 	<ul style="list-style-type: none"> - A production system is being established in preparation for a quantitative increase in demand in the next fiscal year - For the fourth quarter, production is planned to meet the scale of sales or inventory is planned to increase slightly in preparation for a demand recovery.
Costs	<ul style="list-style-type: none"> - Improvement in the ratio of materials to costs in the wake of a decline in raw material prices - Decrease in fixed costs due to a fall in electricity unit prices and cost restraints 	<ul style="list-style-type: none"> - Expenses in connection with the Noto Peninsula Earthquake will be incurred in the fourth quarter. - Controllable fixed costs have been kept constrained in a sustainable manner.

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

Risks and uncertainties that may affect actual results include, but are not limited to, the following: (1) economic conditions of the Company's business environment, and trends, supply-demand balance, and price fluctuations in the markets for electronic devices and components; (2) price fluctuations and insufficient supply of raw materials; (3) exchange rate fluctuations; (4) the Group's ability to provide a stable supply of new products that are compatible with the rapid technical innovation of the electronic components market and to continue to design and develop products and services that satisfy customers; (5) changes in the market value of the Group's financial assets; (6) drastic legal, political, and social changes in the Group's business environment; and (7) other uncertainties and contingencies.

The Company undertakes no obligation to publicly update any forward-looking statements included in this report.

Thank you



Appendixes

Projected Financial Results for FY2023

	FY2023 1st Half Results	FY2023 2nd Half Projections	FY2023 Projections
Depreciation and amortization	85.0 B JPY	89.0 B JPY	174.0 B JPY
R & D expenses	66.3 B JPY	63.7 B JPY	130.0 B JPY
Capital expenditures	108.4 B JPY	111.6 B JPY	220.0 B JPY
Average exchange rate (JPY/USD)	141.00	145.00	143.00

[Exchange rate sensitivity (per 1 JPY/US\$ change per year)]

Revenue FY2023 : 10.0 B JPY

Operating profit FY2023 : 5.0 B JPY

Dividends per Share

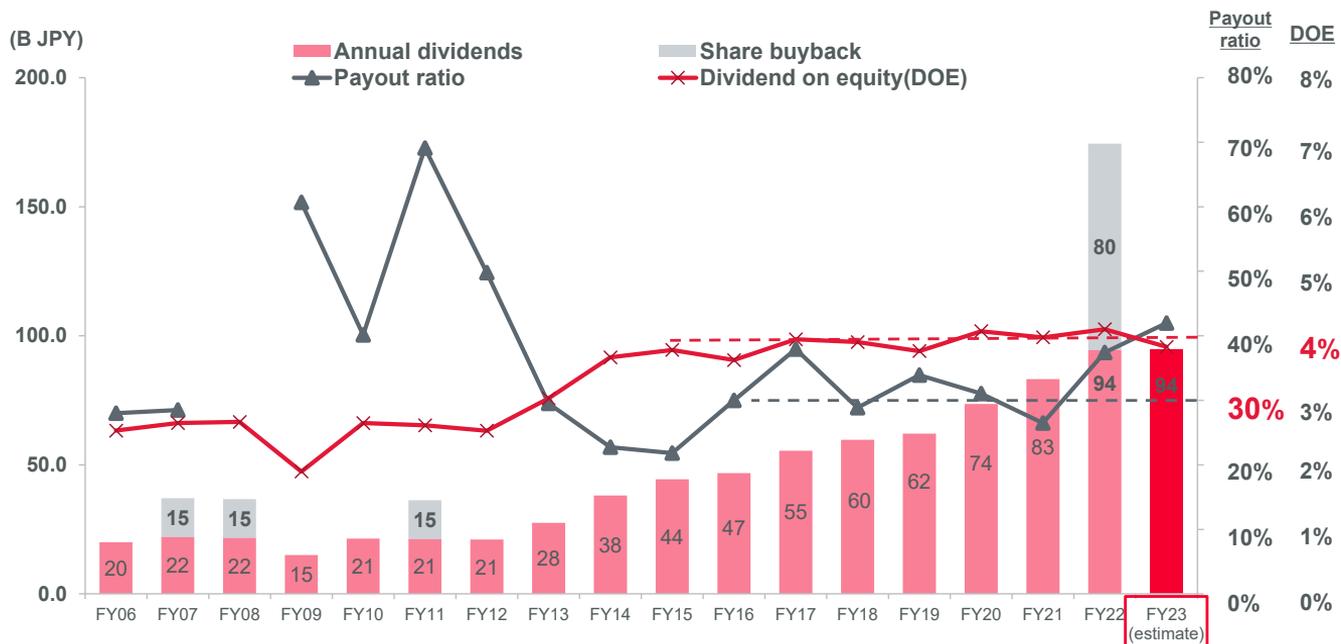
- FY2023(Year Ending March 31, 2024) projected annual dividends per share
Interim: 75 JPY per share, Year-end: 25 JPY per share*

* The amount has been calculated after taking into consideration the effect of the 3-for-1 stock split that was conducted on October 1, 2023, as its effective date. The annual dividend is at the same level as that of the previous term.
- FY2022(Year Ending March 31, 2023) annual dividends per share
150 JPY per share
(Interim: 75 JPY per share, Year-end: 75 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2023.

Return to Shareholders

- Dividend** As a stable increase in dividends is our basic policy, we aim to achieve DOE (Dividend on equity ratio) of 4% or higher over the medium term with reference to dividend payout ratio of approximately 30%.
- Share buyback** As a means of returning profits to shareholders, we implement share buybacks in a timely manner to improve capital efficiency.



References : Comparison of consolidated results for FY2022 following adoption of IFRS

- Comparison of consolidated results for FY2022 9 months
- Comparison of consolidated results for FY2022

Comparison of consolidated results for FY2022 9 months

	FY22 9 months (U.S. GAAP)		FY22 9 months (IFRS)		Difference in amount (B JPY)	
	(B JPY)	(%)	(B JPY)	(%)		
Net sales	1,339.2	100.0	Revenue	1,339.2	100.0	0.0
Operating income	272.3	20.3	Operating profit	279.0	20.8	+6.8
Income before income taxes	279.9	20.9	Profit before tax	282.6	21.1	+2.8
Net income attributable to Murata Corporation	211.8	15.8	Profit attributable to owners of parent	212.8	15.9	+1.0

* Causes of differences concerning operating profit and profit before tax are mainly the difference in the timing of recognizing levies, such as property tax, in net profit or loss.

Comparison of consolidated results for FY2022

FY2022 Actual (U.S. GAAP)			FY2022 Actual (IFRS)			Difference in amount
	(B JPY)	(%)		(B JPY)	(%)	(B JPY)
Net sales	1,686.8	100.0	Revenue	1,686.8	100.0	0.0
Operating income	297.9	17.7	Operating profit	298.2	17.7	+0.3
Income before income taxes	314.9	18.7	Profit before tax	302.7	17.9	(12.2)
Net income attributable to Murata Corporation	253.7	15.0	Profit attributable to owners of parent	243.9	14.5	(9.7)
ROIC (pre-tax basis) (%)	14.6		ROIC (pre-tax basis) (%)	14.4		(0.2pt)

* Causes of difference concerning profit before tax are mainly the difference in the timing of recognizing retirement benefit expenses and government grant income, such as subsidies, in net profit or loss.

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