BUSINESS REPORT

FOR THE 88TH FISCAL TERM

FROM APRIL 1, 2023
TO MARCH 31, 2024

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

Business Report

From April 1, 2023
to March 31, 2024

1. Matters Concerning Status of the Companies

(1) Main business areas

The main business of the Companies is the development, manufacturing and sale of electronic components and related products, and this business is divided into three operating segments: Components (capacitors, inductors, EMI suppression filters, etc.), Devices and Modules (High Frequency Modules, Surface Wave Filters, Lithium Ion Secondary Batteries, Sensors, etc.) and Others (Healthcare Equipment, Solution Business, etc.).

(2) Business progress and results

1) Business conditions

The global economic environment for the current fiscal year remained uncertain amid the ongoing global trend of monetary tightening, which put downward pressure on business activities, and growing geopolitical risks. The United States has maintained a strong economy, as underpinned by rising wages in a tightening cycle/environment and robust consumer spending on the back of the lower-than-expected unemployment rates. In Europe, the economy continued to stagnate as consumer sentiment was still low following rising prices and tight monetary policies, with a slump in exports in the wake of overseas economic slowdown. China saw some recovery in consumption thanks to economic stimulus measures and the Chinese New Year, while the ongoing falling real estate market and weak exports drove business down; (a sense of) economic sluggishness has lingered.

In the electronics market where the Companies operate, demand for components increased for mobility thanks to a recovery in the number of cars produced after the semiconductor shortage alleviated, and a recovery from inventory adjustments was also seen in the smartphone market. However, demand fell for PCs, AV equipment, and power tools amid rising prices in various countries, which led to a decline in final consumption.

In these circumstances, revenue for the current fiscal year showed increases in high-frequency modules for smartphones and in capacitors for mobility and smartphones. Meanwhile, decreases were seen in lithium-ion secondary batteries for power tools and in connectivity modules for smartphones and PCs. As a result, overall revenue decreased 2.8% year on year to 1,640,158 million yen, despite currency fluctuations (the yen depreciated 9.14 yen year on year).

As to profits, operating profit decreased 27.8% year on year to 215,447 million yen, with profit before tax down 20.9% to 239,404 million yen and profit attributable to owners of parent down 25.9% to 180,838 million yen. This was due to profit-cutting factors including a decline in the operation rate, falling product prices, and recognition of impairment losses on facilities for cylindrical-type lithium-ion secondary batteries, etc., despite profit-increasing factors such as a weaker yen, cost reductions, and a decrease in fixed expenses.

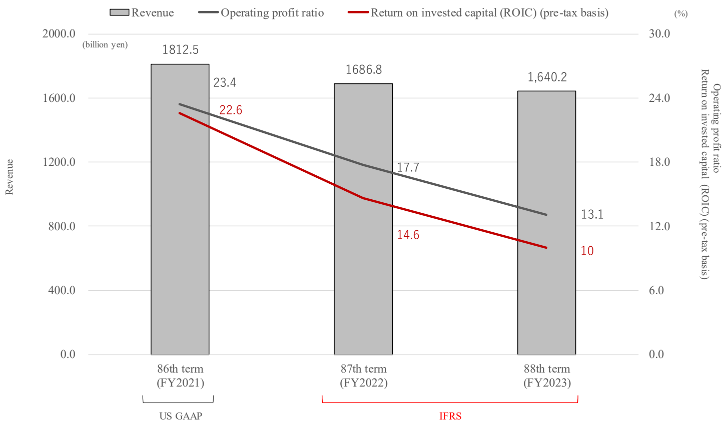
ROIC (pre-tax basis) decreased 4.4 points year on year to 10.0% due to an increase in property, plant and equipment and a decrease in capital turnover after the operating profit ratio fell as a result of recording impairment losses on facilities for cylindrical-type lithium-ion secondary batteries and making advance investments in anticipation of future market growth.

Key financial results

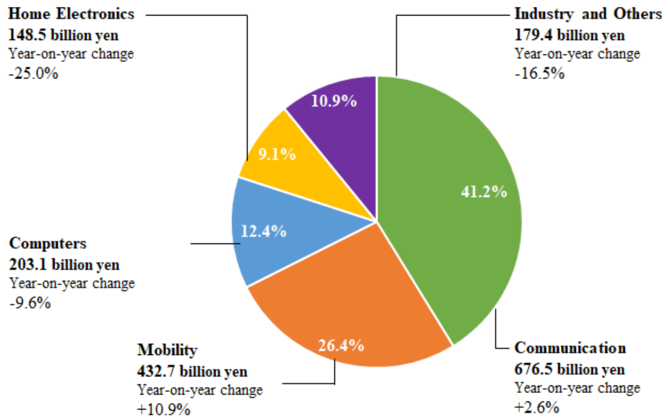
Starting from the current fiscal year (the 88th fiscal term from April 1, 2023 to March 31, 2024), the Company adopts the disclosure of consolidated financial statements in compliance with International Financial Reporting Standards (hereinafter "IFRS"). Financial results for the 87th term are listed on an IFRS basis for the purpose of comparison with the current fiscal year, while figures/values corresponding to the IFRS accounts are listed on a US GAAP basis, which was applied prior to the transition to IFRS, for the 86th term.

Revenue	**1,640.2 billion yen**	YoY **-2.8%**
Operating profit	**215.4 billion yen**	YoY **-27.8%**
Profit before tax	**239.4 billion yen**	YoY **-20.9%**
Profit attributable to owners of parent	**180.8 billion yen**	YoY **-25.9%**
Return on invested capital (ROIC) (pre-tax basis)	**10.0 %**	YoY **-4.4 percentage points**

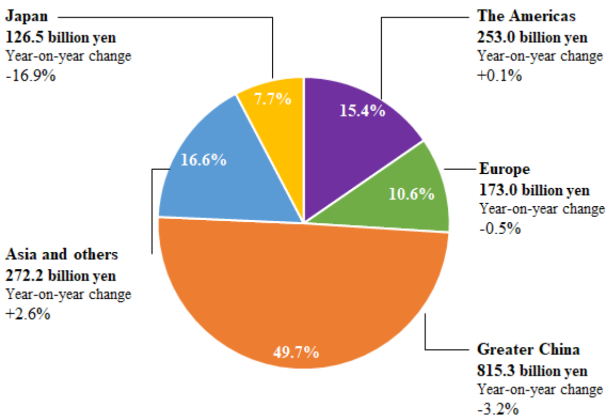
Performance Trend



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



Sales by Area



2) Revenue by operating segment

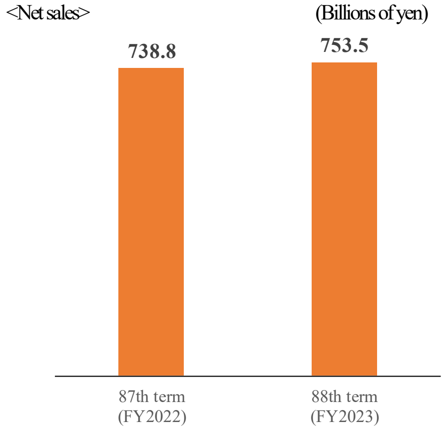
[Capacitors]
(MLCCs, etc.)

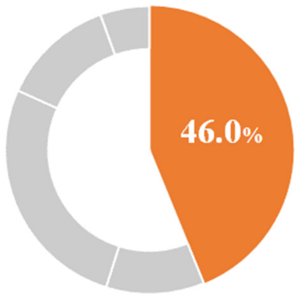
Orders and backlogs
758.8 billion yen

Net sales
753.5 billion yen

YoY
+14.7 billion yen (+2.0%)

For the fiscal year under review, sales of MLCCs fell for industrial equipment and AV equipment but increased for mobility and smartphones.
As a result, overall revenue increased 2.0% year on year to 753,520 million yen.





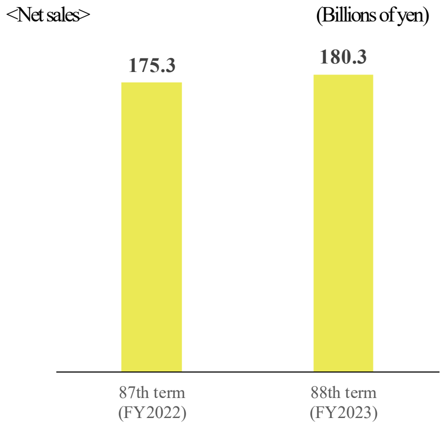
[Inductors and EMI Filters]
(Inductors, EMI suppression filters)

Orders and backlogs
181.0 billion yen

Net sales
180.3 billion yen

YoY
+4.9 billion yen (+2.8%)

For the fiscal year under review, sales of inductors increased for smartphones and mobility.
As a result, overall revenue increased 2.8% year on year to 180,251 million yen.



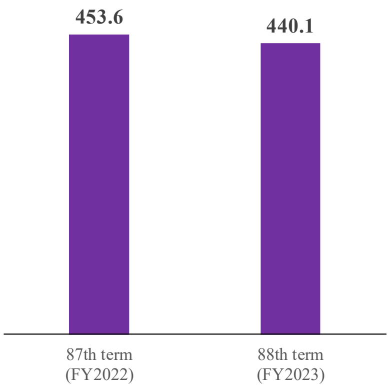
[High-Frequency Device and Communications Module]

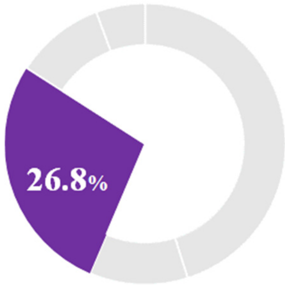
(Connectivity modules, high-frequency modules, SAW filters, multilayer resin substrates, etc.)

Orders and backlogs	**423.9 billion yen**
Net sales	**440.1 billion yen**
YoY	**-13.5 billion yen (-3.0%)**

For the fiscal year under review, sales of high-frequency modules, SAW filters, and multilayer resin substrates increased for smartphones, while sales of connectivity modules decreased for smartphones and PCs.
As a result, overall revenue fell 3.0% year on year to 440,142 million yen.

<Net sales> (Billions of yen)





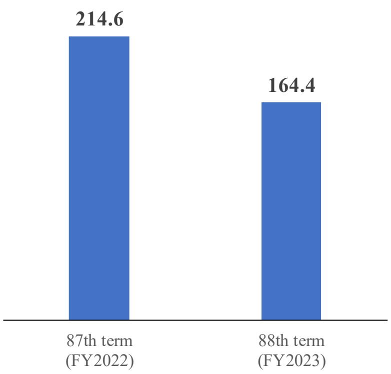
[Battery and Power supply]

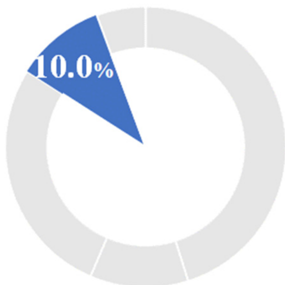
(Lithium ion secondary batteries, power supplies modules)

Orders and backlogs	**148.9 billion yen**
Net sales	**164.4 billion yen**
YoY	**-50.2 billion yen (-23.4%)**

For the fiscal year under review, sales of lithium-ion secondary batteries for power tools decreased.
As a result, overall revenue decreased by 23.4% year-on-year to 164,393 million yen.

<Net sales> (Billions of yen)

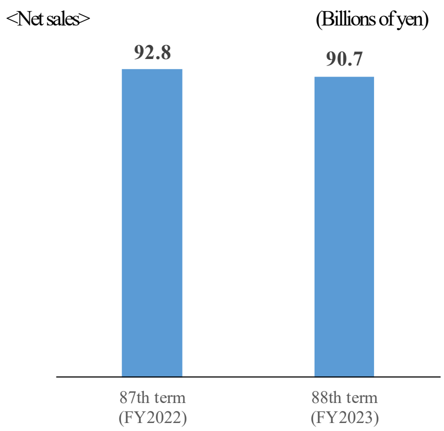


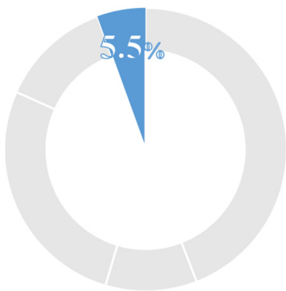


[Functional Device]
(Sensors, timing devices (resonators), etc.)

Orders and backlogs	**86.9 billion yen**
Net sales	**90.7 billion yen**
YoY	**-2.1 billion yen (-2.2%)**

For the fiscal year under review, sales of sensors increased for mobility. However, sales of sensors and timing devices decreased for industrial equipment and computers.
As a result, overall revenue decreased by 2.2% year-on-year to 90,701 million yen.





(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 Companies implement 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 Companies 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 FY2021, we further developed the Companies' 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 Companies 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.

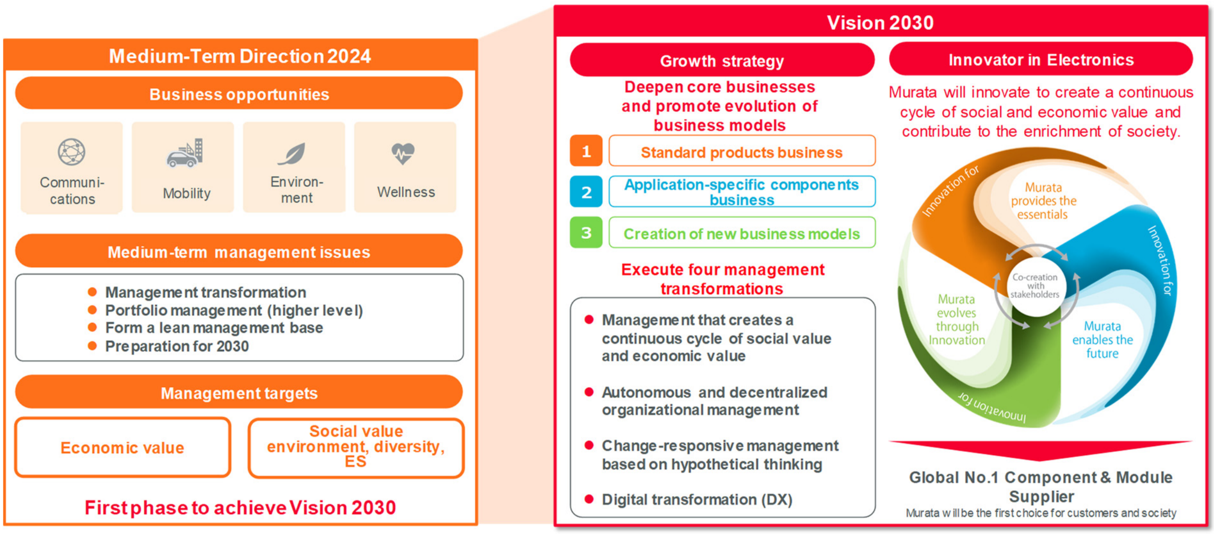
https://corporate.murata.com/en-us/company/valuecreation

2) Medium- to Long-Term Company Management Strategy

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

The Companies 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 Companies remain the best choice for customers and society as well as the global No. 1 component & module supplier.

In addition, the Companies have positioned the Medium-term Direction 2024 as 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.

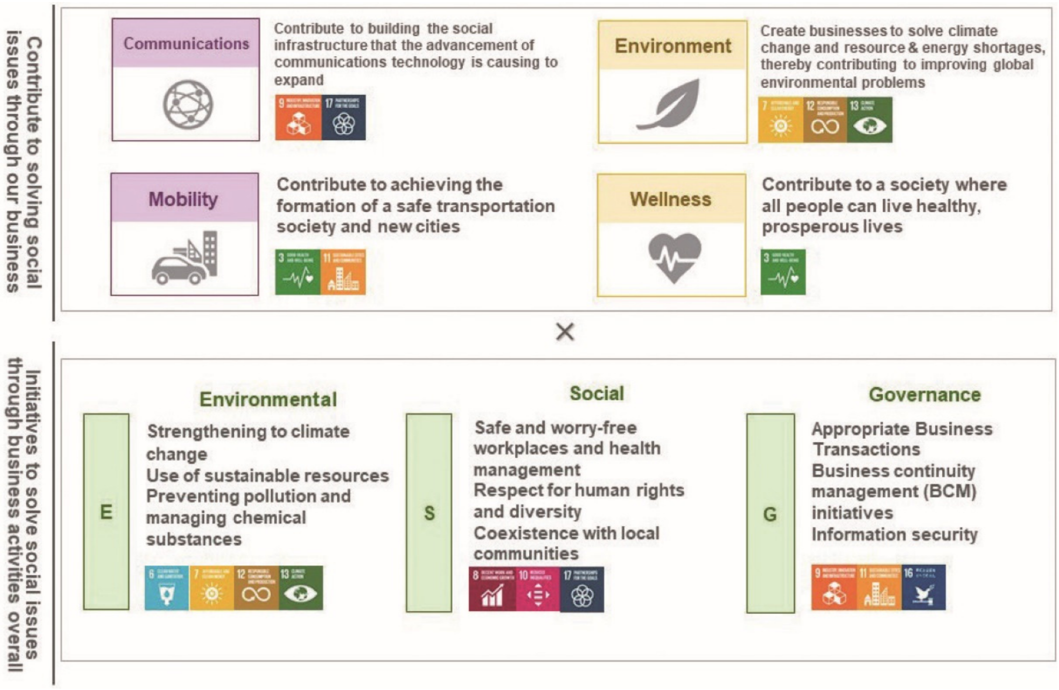


■ **Medium-term management issues**

1) Management transformation

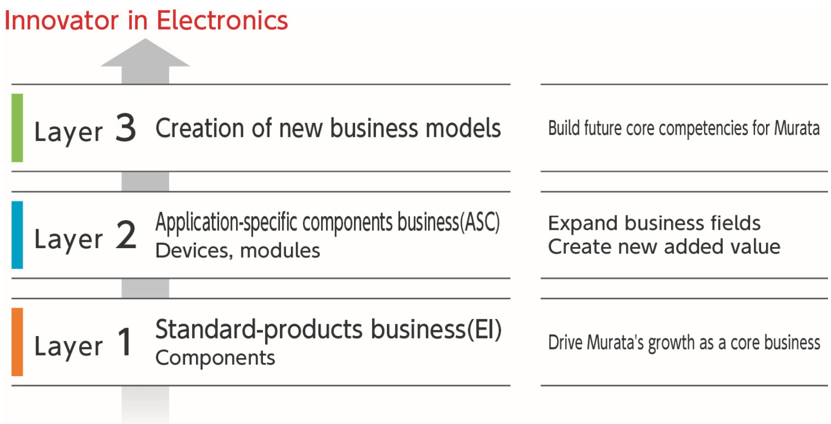
Vision 2030, Murata's long-term vision, sets out four management transformations as a growth strategy, namely "Management that creates a continuous cycle of social value and economic value," "Autonomous and decentralized organizational management," "Change-responsive management based on hypothetical 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 Companies



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 current fiscal year, the Company together with Ishihara Sangyo Kaisha, Ltd. and Fuji Titanium Industry Co., Ltd. established a joint venture company, MF Material Co., Ltd., for the purpose of building a stable supply system for materials for MLCCs. The Company also built a new production facility in Vietnam to establish a system ready to deal with medium to long-term growth in demand for coil products for electronic devices and vehicles. 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 current fiscal year, in the self-driving/autonomous car market, we developed an ultrasonic sensor for the advanced driver assist system (ADAS), which can detect a range as close as 15 cm and realized mass production. In an effort to build a stable supply system, we also expanded production capacity for MEMS inertia force sensors at Murata Electronics Oy, as well as at Kanazawa Murata. For layer 3, we will explore business areas where we can put Murata’s strengths to work. During the year, PIECLEX Co., Ltd. launched a demonstration experiment on a highly transparent recycling infrastructure, “P-FACTS (PIECLEX Fabrics Composting Technology Solution),” with which we collect apparel and textile products made of pieclex for composting for agricultural and forestry application purposes, in coordination and co-creation with many stakeholders, such as partner companies, municipalities, welfare institutions, and school corporations. 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) “Form a lean management base”

The Companies are 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 current fiscal year, we promoted next-generation leader development programs, conducted global organization surveys and developed and executed action plans in response to such results, and proactively provided opportunities for employees to get work experience at different bases on a global basis with the aim to fill our workplaces with diverse talents. 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 current fiscal year, we promoted a business risk assessment mechanism and took other steps to strengthen quality governance. Murata will continue to strive for quality trusted by all customers by practicing scientific management starting at the origin of processes.

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

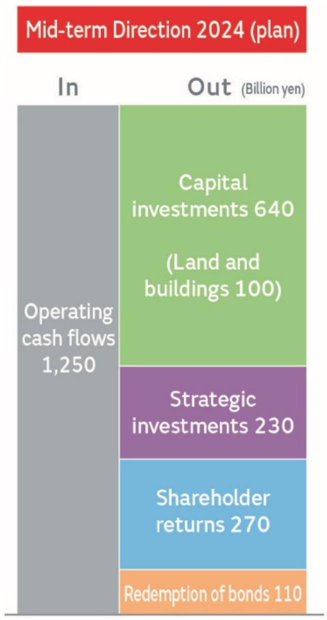
(Notes) 1. The Companies have adopted IFRS effective for the first time from the current fiscal year. Therefore, FY2022 results are reclassified in accordance with IFRS.

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

The Company released its consolidated financial results for FY2024 (projected) on April 26, 2024, in which revenue, operating profit ratio, and ROIC (pre-tax basis) are expected to be lower than the "FY2024 target" set out in the Medium-Term Direction 2024. In the mobility market, which we consider to be our base market, by recognizing that the evolving automotive electrification movement was a business opportunity, we achieved sales larger than the target set in the previous Medium-Term Direction. On the other hand, in the consumer electronics market such as smartphones and PCs, demand for components fell significantly below initial expectations because inventory adjustments for electronic devices were prolonged due to a drop in special demand that arose at the time of the COVID-19 pandemic. Under these circumstances, the Company undertook initiatives across the board to reduce costs and improve productivity; however, net sales and operating profit ratio are expected to be lower than the targets, mainly because of the lower operation rate at factories, which were affected by a decline in demand for components, and delayed improvement in businesses with low profitability. Demand for components is stalling in the short term, but we will continue making advance investments as preparation for the expectation that the electronics field will grow further. As a result of this, ROIC (pre-tax basis) is expected to be lower than the target due to falling capital turnover with a lower operating profit ratio and advance investments, as mentioned above.

"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 last two fiscal years amounted to 53.3 billion yen, combining projects already executed and projects approved. Shareholder returns in the form of dividends were 186.5 billion yen in total during the last two consolidated fiscal years. In addition, the redemption of bonds of 60.0 billion yen was executed during the current fiscal year. We will continue investing in our main businesses (components and devices/modules) and aim to steadily generate cash. We will meet stakeholder expectations by maintaining a solid financial footing while expanding shareholder returns.



(4) Status of capital expenditures

During the current fiscal year, the Companies had capital expenditures totaling 219,531 million yen.

Primary components were 107,018 million yen in reinforcement and rationalization of manufacturing facilities of the Company and its subsidiaries, 55,554 million yen in the acquisition of land and buildings, and 16,169 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

Status of property and profits of the Companies

(Millions of yen)

Term / Item	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		88th Fiscal Term From April 1, 2023 to March 31, 2024
	U.S. GAAP	U.S. GAAP	U.S. GAAP	IFRS	IFRS
Revenue	1,630,193	1,812,521	1,686,796	1,686,796	1,640,158
Profit before tax	316,417	432,702	314,895	302,683	239,404
Profit attributable to owners of parent	237,057	314,124	253,690	243,946	180,838
Total assets	2,462,261	2,809,171	2,872,763	2,858,303	3,037,895
Equity attributable to owners of parent	1,920,805	2,263,596	2,402,511	2,359,985	2,556,147
Basic earnings per share	123.50 yen	163.65 yen	133.78 yen	128.64 yen	95.72 yen
Ratio of equity attributable to owners of parent	78.0%	80.6%	83.6%	82.6%	84.1%

(Notes)
1. The Company prepares consolidated financial statements on an IFRS basis starting from the 88th term, and the above is stated in accounts under IFRS. For the 87th term, the figures after reclassified in accordance with IFRS are also listed.
2. The Company implemented a three-for-one common stock split effective October 1, 2023. Basic earnings per share are calculated based on the assumption that the stock split was executed at the beginning of the 85th term.
3. Amounts of less than one million yen are rounded to the nearest million yen.

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

1) The Company (As of March 31, 2024)

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 Division	Nagaokakyo-shi, Kyoto
Minato MIRAI Innovation Center	Yokohama-shi, Kanagawa

2) Subsidiaries (As of March 31, 2024)

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
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$ 421,000	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 components, 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 6,610,385	100	Manufacturing of components, devices and modules	Kingdom of Thailand

Company name	Capital	Share of voting rights held by the Company	Primary business areas	Head office location
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
Murata Integrated Passive Solutions SAS	Thousands of EURO 60,646	100 (Note)	Development and manufacturing of components	France
Murata Manufacturing Vietnam Co., Ltd.	Thousands of US$ 80,600	100 (Note)	Manufacturing of components	Vietnam
pSemi Corporation	US$ 0.1	100 (Note)	Manufacturing, sales, and 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 83, including 22 significant subsidiaries above. The results of business combinations are as stated in "(2) Business progress and results" in "1. Matters Concerning Status of the Companies."

(7) Employees

1) Employees of the Companies

Number of employees	
As of March 31, 2024	Year-on-year change
Persons 73,165	Persons 1

(Note) The number of employees is the number of persons in regular employment at the Company (excluding persons seconded outside of the Companies), and does not include seasonal, part-time, or temporary employees (2,048 persons).

2) Employees of the Company

Number of employees		Average age	Average length of service
As of March 31, 2024	Year-on-year change		
Persons 10,401	Persons 312	Years old 39.9	Years 13.9

(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 (546 persons).

(8) Lenders (As of March 31, 2024)

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

2. Matters Concerning Stock (As of March 31, 2024)

(1) Total number of authorized shares 5,229,000,000 shares (Number of shares per unit: 100 shares)

(2) Total number of issued shares 2,027,442,843 shares (Includes 138,209,482 shares of treasury stock)

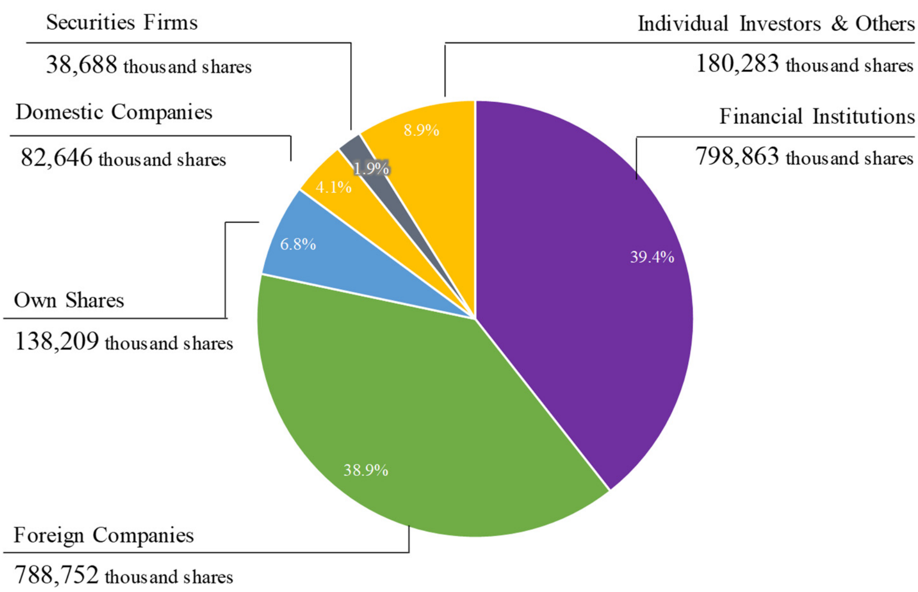
(3) Number of shareholders 136,242 persons

(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)	313,038	16.6
2	Custody Bank of Japan, Ltd. (Trust Account)	133,082	7.0
3	Nippon Life Insurance Company	49,687	2.6
4	The Bank of Kyoto, Ltd.	47,340	2.5
5	Meiji Yasuda Life Insurance Company	47,168	2.5
6	SSBTC CLIENT OMNIBUS ACCOUNT	45,554	2.4
7	STATE STREET BANK WEST CLIENT – TREATY 505234	33,830	1.8
8	THE BANK OF NEW YORK MELLON 140042	25,986	1.4
9	Mizuho Bank, Ltd.	24,892	1.3
10	GOVERNMENT OF NORWAY	23,983	1.3

(Note) Ownership ratio is calculated after subtracting treasury stock (138,209 thousand shares) from the total number of issued shares.

Shareholding by shareholder category



(5) Other important matters concerning stock

The Company implemented a three-for-one common stock split effective October 1, 2023.

Subsequent to this, the total number of authorized shares and total number of issued shares increased to 5,229,000,000 shares and 2,027,442,843 shares, respectively.

(6) Shares granted as compensation for the execution of duties during the current fiscal year

Category	Number of shares (shares)	Persons
Members of the Board of Directors (excluding those who are Audit and Supervisory Committee Members)	30,300	4
Vice Presidents	36,030	20

(Notes)
1. The number of shares granted is after the stock split executed on October 1, 2023.
2. Out of the total shown above, there are no shares granted to Outside Directors.
3. 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, 2024)

Name	Positions and responsibilities	Significant concurrent positions	
Tsuneo Murata	Chairman of the Board and Representative Director	Murata Science and Education 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.	Director and Vice President
		Eisai Co., Ltd.	Outside Director
Takashi Nishijima	Member of the Board of Directors	LOGISTEED, Ltd.	Outside Director
Yoshiro Ozawa	Member of the Board of Directors who is an Audit and Supervisory Committee Member (Standing)		
Hyo Kambayashi	Member of the Board of Directors who is an Audit and Supervisory Committee Member	Protiviti LLC	Senior Managing Director
Takatoshi Yamamoto	Member of the Board of Directors who is an Audit and Supervisory Committee Member	Hitachi, Ltd.	Outside Director
Naoko Munakata	Member of the Board of Directors who is an Audit and Supervisory Committee Member	The University of Tokyo Graduate School of Public Policy	Professor
		ExaWizards Inc.	Outside Director

(Notes)

1. 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.
2. 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.
3. Member of the Board of Directors and Audit and Supervisory Committee Member Yoshiro Ozawa is a Standing Audit and Supervisory Committee Member.
   The Company designates a Standing Audit and Supervisory Committee Member to improve the effectiveness of audits and supervision of the Audit and Supervisory Committee through collecting information by attending important internal meetings on a daily basis and deep cooperation with the Independent Auditor and Internal Audit Department, etc.
4. There are no special interests between the Companies 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 27 Vice Presidents. Aside from Members of the Board of Directors above that hold concurrent positions as Vice Presidents, the Company has 25 other Vice Presidents.
7. Changes in significant concurrent positions of Members of the Board of Directors during the current fiscal year are as follows.
   Member of the Board of Directors Yuko Yasuda was appointed as Outside Director of Eisai Co., Ltd. on June 21, 2023, and retired from her position as Outside Director of Nissui Corporation on June 28, 2023.
   Member of the Board of Directors Takashi Nishijima retired from his position as Chairman of Yokogawa Electric Corporation on June 27, 2023.

(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, and (c) share-based remuneration (non-monetary remuneration).

(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.

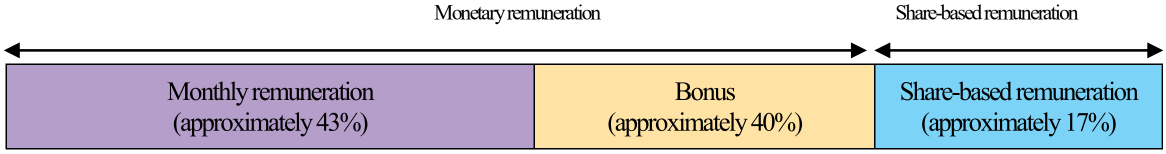
(b) Bonus: Bonus is cash remuneration that is provided as an incentive to create economic value in each fiscal year and, in principle, is paid in June after the end of the fiscal year. The amount is calculated by multiplying a reference amount for each position by a factor (variable within a range of 0% and 200%) according to the level of achievement of the targets for performance evaluation indicators. The performance evaluation indicators are consolidated operating profit 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.

Amount of annual bonuses paid (Varies in the range of 0 to 200%) = Base amount by position × (Payment coefficient based on operating profit result (0 to 200%) × Adjustment factor based on ROIC result (0.8 to 1.2))

(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 ±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. In the diagram of composition ratios below, the ratios displayed are those in the case where the bonus and the share-based remuneration are the base amount. The actual composition ratios of the remuneration components actually paid may differ from those shown below.



(3) 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 current fiscal year, the President and Representative Director holds shares equivalent of 270% 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

(4) 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) Relationship between remuneration results and business performance

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)	422	238	101	82	6
Members of the Board of Directors who are Audit and Supervisory Committee Members	80	80	–	–	4

(Notes)
1. Out of the total shown above, total compensation, etc., provided to five Outside Directors, is 82 million yen (only monthly remuneration).
2. 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.
3. 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).
4. 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).
5. 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.
6. The state of the Company's shares granted as share-based remuneration for the current fiscal year is as stated in "2. (6) Shares granted as compensation for the execution of duties during the current fiscal year."

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	28	25	116
Norio Nakajima (Member of the Board of Directors)	Reporting company	70	39	31	141

iii. Targets and results of performance evaluation indicators for performance-linked compensation with the current fiscal year as the evaluation period

(1) Bonus

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

Performance-linked indicators	Targets	Results
Consolidated operating profit	275,000 million yen	215,447 million yen
ROIC (pre-tax basis)	20%	10.0%

(2) Share-based remuneration (variable portion linked to progress in initiatives related to the creation of social value and ESGs)

For the share-based remuneration for the current fiscal year as an evaluation period, the Remuneration Advisory Committee reviews progress in measures taken during the year to achieve the social value outlined in the Medium-Term Direction 2024 (see table below) and finalizes the evaluation for the year.

The actual results of the initiatives to achieve social value will be disclosed in "Business Overview" in the Annual Securities Report (for the 88th fiscal term) to be issued in June 2024.

Social value target subject to evaluation		Medium-term target (FY2022 - FY2024)
Environment	Greenhouse gas emissions	20% reduction (vs. FY2019)
	Renewable energy introduction	25%
	Sustainable resources use	1% higher than FY2021 actual results
	Recyclable/circulative resources	5% higher than FY2021 actual results
Diversity	Overseas indirect department employees with work experience at different bases (%)	7%
	Female managers	4% (unconsolidated)
ES	Employee engagement affirmative answers	70%

iv. Matters related to the determination of the details of fixed individual compensation, etc., of Members of the Board of Directors for the current fiscal year

Composition, status of attendance, and activities of the Remuneration Advisory Committee held in the current fiscal year 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%)
Tsuneo Murata	Chairman of the Board and Representative Director	14/14 (100%)
Masanori Minamide	Member of the Board of Directors	14/14 (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	14/14 (100%)

(Notes) 1. ◎ after the name means the person is the chairperson.
2. The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting four times during the current fiscal year. The number of attendance of each person includes attendance in the four joint meetings.

[Activities]

Main contents of discussion	Period
Determination of the amount of individual bonus for directors for the 87th fiscal term	May
Reporting of decision policy on director remuneration for the 88th fiscal term	April
Consideration and reporting of the reference amount of director remuneration for the 88th fiscal term	April, May, and June
Consideration and reporting of targets for bonus for the 88th fiscal term	April and May
Consideration and reporting of the evaluation of progress in social value targets and targets for share-based remuneration for the 88th fiscal term share-based remuneration	May and June
Consideration and determination of the individual reference amount for directors for the 88th fiscal term	June and July
Determination of activity plans for the Committee for the 88th fiscal term	July
Verification of the latest trends surrounding director remuneration	October
Determination of the evaluation on President and Representative Director for the current fiscal year (jointly with the Nomination Advisory Committee)	June, December, and January
Review of director remuneration based on its issues and trends	July, October, December, January, February, and March

(Notes) 1. In June, December, and January, 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.
2. The individual amounts of bonuses for directors for the current fiscal year were determined in May 2024 after the current fiscal year ended.

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 current fiscal year, 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 current fiscal year were made, judged that the details of fixed individual compensation, etc., for Members of the Board of Directors followed decision policy.

(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	—	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, further improvement of effectiveness of the Board of Directors, 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. In addition, as a member of the Remuneration Advisory Committee, she attended all 14 meetings of the committee held during the current fiscal year, 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. Additionally, as a member of the Nomination Advisory Committee, she attended all nine meetings of the committee held during the current fiscal year, 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.
Outside Director Takashi Nishijima	12/12	—	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, business portfolio, 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. Additionally, as a member of the Nomination Advisory Committee, he attended all nine meetings of the committee held during the current fiscal year, 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. In addition, as a member of the Remuneration Advisory Committee, he attended all 14 meetings of the committee held during the current fiscal year, 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.

Name (Category)	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee	Key activities and outline of duties performed in relation to expected roles
Outside Director who is an Audit and Supervisory Committee Member Hyo Kambayashi	12/12	10/10	Hyo Kambayashi actively provided opinions and made proposals on many agenda items at meetings of the Board of Directors and meetings of the Audit and Supervisory Committee. In particular, based on his perspective as a certified public accountant and an expert in the fields of internal controls and risk management, as well as his abundant experience as a corporate manager, he has fulfilled appropriate roles in ensuring the validity and appropriateness of decision-making, as well as the 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. In addition, as a member of the Remuneration Advisory Committee, he attended all 14 meetings of the committee held during the current fiscal year, 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.
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 portfolio, business investments, 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 nine meetings of the committee held during the current fiscal year, 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 the 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 geopolitical risks, information security risks, and technological advantages, providing advice on intellectual capital strategies, and raising issues and making proposals from the standpoint of management strategies with a view to medium and long-term prospects.

(Notes) 1. The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting four times during the current fiscal year. The number of attendance of each person includes attendance in the four joint meetings.

4. Matters Concerning the Independent Auditor

(1) Name of Independent Auditor
Deloitte Touche Tohmatsu LLC

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

	Category	Amount of compensation, etc.
(1)	Compensation, etc., as Independent Auditor	Millions of yen 238
(2)	Total amount of cash and other beneficial property payable by the Company and its subsidiaries	266

(Notes)
1. The Audit and Supervisory Committee has given its consent to the amount of compensation, etc. for the Independent Auditor for the current fiscal year 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., Murata Integrated Passive Solutions SAS, Murata Manufacturing Vietnam Co., Ltd., and pSemi Corporation are audited (such as audits defined by the Companies Act or the Financial Instruments and Exchange Act [including corresponding foreign laws and regulations]) by certified public accountants or Independent Auditors (including parties that hold corresponding foreign certifications) other than the Independent Auditor serving the Company.

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

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

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

Systems to Secure the Appropriateness of Company Operations

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

[Systems to Secure the Appropriateness of Company Operations]

(1) System to secure compatibility between execution of duties of Members of the Board of Directors and employees with laws and regulations and the Articles of Incorporation

1) The Company shall appoint a number of Outside Directors to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors.
2) The Company shall establish an organizational committee to evaluate the maintenance and operational conditions of the internal control system, and work to maintain and continuously improve the internal control system.
3) In order to fulfill corporate social responsibilities (CSR), the Company shall establish an organizational committee which manages activities regarding CSR areas such as compliance and environment, etc., and promote CSR management of the Company and its subsidiaries (the "Companies") 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 Companies' risk management structure and operational status and examination of measures for company-wide risk projects of the Companies 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 Companies are 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 Companies, composed of the Company and its subsidiaries
   1) The Companies 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 Companies 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 Companies. 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 Companies 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 Companies 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 Companies, 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 Companies 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 Companies, 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 Companies 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 Companies, 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," "Environmental Committee," "Climate Change Committee," "Social & Community Contributions Committee," "Health & Safety Promotion Committee," and "Human Rights 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 Companies, 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 Companies, 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 Companies. 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 Companies 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 Companies 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 Companies 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 Companies, 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 Statement of Financial Position

(As of March 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
Assets	3,037,895	Liabilities	482,286
Current assets	1,499,762	Current liabilities	317,617
Cash and cash equivalents	622,007	Bonds and borrowings	50,400
Trade receivables	292,736	Trade payables	67,620
Inventories	513,024	Lease liabilities	9,256
Other financial assets	19,532	Other financial liabilities	56,116
Other current assets	52,463	Income taxes payable	26,966
		Deferred income	883
		Provisions	1,529
		Other current liabilities	104,847
Non-current assets	1,538,133	Non-current liabilities	164,669
Property, plant and equipment	1,184,608	Bonds and borrowings	2,436
Right-of-use assets	59,402	Lease liabilities	43,848
Goodwill	137,144	Other financial liabilities	4,131
Intangible assets	39,049	Deferred income	20,387
Investments accounted for using equity method	87	Retirement benefit liability	70,679
Other financial assets	47,346	Provisions	8,034
Deferred tax assets	47,454	Deferred tax liabilities	10,946
Other non-current assets	23,043	Other non-current liabilities	4,208
		Equity	2,555,609
		Equity attributable to owners of parent	2,556,147
		Share capital	69,444
		Capital surplus	121,231
		Retained earnings	2,332,018
		Other components of equity	166,895
		Treasury shares	(133,441)
		Non-controlling interests	(538)
Total assets	3,037,895	Total liabilities and equity	3,037,895

Consolidated Statement of Profit or Loss

From April 1, 2023
to March 31, 2024

(Millions of yen)

Item	Amount	
Revenue		1,640,158
Cost of sales	(1,003,361)	
Gross profit		636,797
Selling, general and administrative expenses	(243,193)	
Research and development expenses	(132,502)	
Other income	7,269	
Other expenses	(52,924)	
Operating profit		215,447
Finance income	28,392	
Finance costs	(4,466)	
Share of profit (loss) of investments accounted for using equity method	31	
Profit before tax		239,404
Income tax expenses	(59,068)	
Profit for the period		180,336
Profit attributable to:		
Owners of parent		180,838
Non-controlling interests		(502)
Profit for the period		180,336

Consolidated Statement of Changes in Equity

From April 1, 2023
to March 31, 2024

(Millions of yen)

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

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: 83
      Major consolidated subsidiaries:
      Fukui Murata Manufacturing Co., Ltd.
      Izumo Murata Manufacturing Co., Ltd.
      Toyama Murata Manufacturing Co., Ltd.
      Kanazawa 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
      Murata Integrated Passive Solutions SAS
      Murata Manufacturing Vietnam Co., Ltd.
      pSemi Corporation, and others
   2) 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)
   1 company was included in consolidation.
   4 companies were excluded from consolidation.
   (Affiliated companies)
   1 company was included in companies accounted for by equity method.
   1 company was excluded from companies accounted for by equity method.

3. Significant accounting policies
   (1) Standards for preparation of consolidated financial statements
   The consolidated financial statements of the Company are prepared in accordance with the International Financial Reporting Standards ("IFRS"), pursuant to Article 120, Paragraph (1) of the Company Accounting Ordinance. The Companies first applied IFRS in the current fiscal year, with the date of transition to IFRS being April 1, 2022. Some of the disclosure items required by the IFRS are omitted, pursuant to the second sentence of the said Paragraph.

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

(3) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

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

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

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

(a) Financial assets measured at amortized cost

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

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

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

(b) Financial assets measured at fair value

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

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

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

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

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

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

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

[3] Financial assets measured at fair value through profit or loss

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

(ii) Subsequent measurement

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at fair value

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

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

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

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

[3] Financial assets measured at fair value through profit or loss

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

(iii) Derecognition of financial assets

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

(iv) Impairment of financial assets

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

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

since initial recognition.
The Companies determine whether credit risk has increased significantly based on changes in the risk of a default occurring, and in making this determination, the Companies consider downgrades of internal credit ratings, deterioration in the business performance of counterparties, and information on the elapse of due dates, etc.
Expected credit losses are recognized at the present value of the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive.
The Companies estimate expected credit losses on financial assets in a manner that reflects the following:
・An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
・Time value of money
・Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions
In case of being affected by significant economic fluctuations, etc., necessary adjustments are made to the expected credit losses measured above.
The carrying amount of a financial asset is directly reduced if the Companies do not have a reasonable expectation of recovering the entirety or a portion of a financial asset.

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

3) Derivatives and hedge accounting
Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are remeasured at fair value at the end of each fiscal year after initial recognition.
The Companies use forward exchange contracts to fix cash flows related to recognized financial assets and liabilities and future transactions.
There are no derivatives to which hedge accounting is applied for the above derivatives.

(4) Property, plant, and equipment
The acquisition cost includes costs directly attributable to the acquisition of the asset, costs of dismantling and removing, and restoration of assets. The cost model is used for measurement after initial recognition, and the assets are carried at acquisition cost, less accumulated depreciation and accumulated impairment losses. Depreciation of each asset other than land and construction in progress is recognized on the straight-line method over their respective estimated useful lives.
Estimated useful lives, residual values, and depreciation methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(5) Goodwill and intangible assets
1) Goodwill
The Companies initially measure goodwill at the fair value of the consideration for transfer, including the recognized amount of any non-controlling interests in the acquiree measured as of the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed as of the acquisition date.
Goodwill is not amortized, but tested for impairment each period or whenever an indication of impairment exists. Goodwill impairment losses are recognized in the consolidated statement of profit or loss and are not subsequently reversed.
Goodwill is stated at acquisition cost, less accumulated impairment losses, in the consolidated statement of financial position.
2) Intangible assets
Intangible assets acquired individually are measured at acquisition cost on initial recognition. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date. The cost model is used for measurement after initial recognition, and the intangible assets are carried at acquisition cost, less accumulated amortization and accumulated impairment losses.
Research and development expenses incurred within the Companies are expensed as incurred, except for expenditures for development activities that meet all of the following capitalization requirements:
・Technical feasibility of completing the intangible asset so that it is available for use or sale
・Intent to complete and use or sell the intangible asset
・Ability to use or sell the intangible asset
・Probable future economic benefits generated from the intangible asset
・Availability of adequate technical, financial, and other resources required to complete the development and use or sell the intangible asset
・Ability to reliably measure expenditures attributable to intangible assets during the development period
Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.
Estimated useful lives, residual values, and depreciation methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(6) Leases

In the case of becoming the lessee under a lease contract, right-of-use assets and lease liabilities are recognized at the commencement of the lease. The initial measurement of the lease liabilities is measured at the present value of the total lease payments not paid as of the commencement date, and right-of-use assets are measured at acquisition cost, adjusted for initial direct costs incurred by the lessee, such as lease payments paid up to the commencement date, to the amount of lease liabilities initially measured.

After the commencement date, right-of-use assets are depreciated using a straight-line method over the lease term and depreciation is charged to cost of sales; selling, general and administrative expenses; and research and development expenses in the consolidated statements of profit or loss. For lease liabilities, lease payments are allocated between interest expense and repayment of the lease liabilities based on the interest method, with interest expense recorded in finance costs in the consolidated statement of profit or loss.

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

(7) Impairment of non-financial assets

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

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

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

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

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

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

(8) Employee benefits

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

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

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

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

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

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

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

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

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

(9) Provisions

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

(10) Revenue recognition

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

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

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

4. Significant accounting estimates and judgments

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and their underlying assumptions are continuously reviewed. The effects of a change in any accounting estimate are recognized in the period of the change and future periods.
The following are items that are recorded in the consolidated financial statements for the current fiscal year based on accounting estimates and may have a material impact on the consolidated financial statements for the following fiscal year:

(1) Impairment of property, plant and equipment

The balance of property, plant and equipment for the current fiscal year is as stated in the consolidated statement of financial position.
For property, plant and equipment, the Companies assess whether there is any indication of impairment of assets at the end of the fiscal year, and estimate the recoverable amount of the asset if any indication of impairment exists.
The recoverable amount of a cash-generating unit or a group of cash-generating units is recognized at the higher of its value in use or its fair value less disposal costs. Value in use is calculated by discounting estimated future cash flows, which are calculated based on the assumption of remaining useful lives, future cash flows, growth rate, etc., of the asset, to the present value using a pre-tax discount rate that reflects the time value of money and the risks inherent in the asset.
An impairment loss is recognized in profit or loss when the carrying amount of the cash-generating unit or group of cash-generating units exceeds its recoverable amount.
The recoverable amount of property, plant and equipment is determined based on management's best estimates and judgments, but any unforeseeable changes in future business plans, economic conditions, etc., may have a significant impact on the consolidated financial statements for the following fiscal year.
The breakdown of the impairment losses recognized for the current fiscal year is as stated in "Notes to impairment of non-financial assets."

(2) Impairment of goodwill

The balance of goodwill for the current fiscal year is as stated in the consolidated statement of financial position.
The Companies estimate the recoverable amount of goodwill at the same time each year regardless of an indication of impairment and put it to an impairment test if there is any indication of impairment.
The recoverable amount for testing goodwill impairment is calculated based on value in use. Value in use is calculated, with future cash flows, which reflect past experience and external information and estimated based on the management-approved future business plans and growth rates for up to next five years, discounted to the present value using a discount rate based on a pre-tax weighted average cost of capital for the cash-generating unit or group of cash-generating units. Growth rates are determined by reference to long-term inflation forecasts, etc., in the industry or country where the cash-generating unit or group of cash-generating units belongs.
An impairment loss is recognized in profit or loss when the carrying amount of the cash-generating unit or group of cash-generating units exceeds its estimated recoverable amount.
The recoverable amount of goodwill is determined based on management's best estimates and judgments, but any unforeseeable changes in future business plans, economic conditions, etc., may have a significant impact on the consolidated financial statements for the following fiscal year.

(Note to Consolidated Statement of Financial Position)

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

1. Allowance for doubtful notes and accounts deducted directly from assets

Trade receivables 1,563 million yen

2. Accumulated depreciation of property, plant and equipment and impairment loss 1,734,210 million yen

3. Breakdown of other components of equity is as follows.

(Unit: million yen)

Financial assets measured at fair value through other comprehensive income	6,923
Exchange differences on translation of foreign operations	159,972
Total	166,895

(Note to Consolidated Statement of Changes in Equity)

1. Total number of common shares issued as of March 31, 2024 2,027,442,843 shares

2. 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, 2023 Ordinary General Meeting of Shareholders	Common shares	47,229	75	March 31, 2023	June 30, 2023
October 31, 2023 Meeting of the Board of Directors	Common shares	47,231	75	September 30, 2023	November 27, 2023

(Note) The Company executed a three-for-one common stock split effective October 1, 2023. “Dividend per share” represents the amount before the stock split.

2) Of dividends with a record date during the current fiscal year, and with an effective date during the following fiscal year

Planned resolution	Type of stock	Total amount of dividends (Millions of yen)	Source of funds for dividends.	Dividend per share (yen)	Record date	Effective date
June 27, 2024 Ordinary General Meeting of Shareholders	Common shares	51,009	Retained earnings	27	March 31, 2024	June 28, 2024

(Note) The Company executed a three-for-one common stock split effective October 1, 2023. “Dividend per share” based on the resolution of the Ordinary General Meeting of Shareholders on June 27, 2024 is the amount after the stock split.

(Note to financial instruments)

1. Status of financial instruments

1) Capital management

The Companies manage capital with the aim of maintaining a sound financial position on the one hand and a high capital efficiency on the other.

In capital management, the Companies have positioned return on equity attributable to owners of the parent and return on invested capital (ROIC) (pretax basis) as important management indicators, and are working to improve them.

2) Financial risk management

The Companies are exposed to financial risks (credit risk, liquidity risk, foreign currency risk, interest rate risk, and market price fluctuation risk) in the course of their management activities, and manage risks based on certain policies to mitigate such financial risks. The Companies enter into forward foreign exchange contracts to hedge foreign currency fluctuation risks, but do not hold such contracts for trading purposes.

3) Credit risk management

Credit risk is the risk that causes financial loss to the Companies when a counterparty of a financial asset held by the Companies goes into default for contractual obligations.

The Companies manage due dates and outstanding balances by customers, while they also monitor the credit status of major customers, based on the Companies' credit management regulations periodically.

In addition, the Companies make foreign exchange contracts only with financial institutions, etc., with a high level of creditworthiness, and these transactions' effect on credit risk is thus limited.

Furthermore, the Companies are not exposed to any credit risk excessively concentrated in a specific counterparty or group to which a specific counterparty belongs.

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk of financial assets held by the Companies.

The Companies hold no properties as collateral or other credit enhancements with regard to these credit risk exposures.

4) Liquidity risk management

Liquidity risk is the risk that the Companies become unable to meet their repayment obligations on financial liabilities that are due on the due date.

The Companies manage liquidity risk by preparing appropriate repayment funds, securing credit facilities that are available to use at any time from financial institutions, and by continuously monitoring projected and actual cash flows.

5) Foreign exchange risk management

Since the Companies conduct business globally, fluctuations in foreign exchange rates are mainly U.S. dollar significantly influencing their operating performance.

The Companies strive to reflect exchange rate fluctuations in overseas sales prices to reduce exchange rate fluctuation risks. They have also concluded exchange contracts for a certain percentage of foreign currency denominated transaction amounts while taking into consideration exchange rate hedge costs to offset the influence of exchange rate fluctuations on profit and loss based on trends in foreign exchange rates and events that affect foreign exchange rates. Although hedge accounting is not applied to foreign exchange forward contracts, the Companies believe that the transactions effectively offset the influence of exchange rate fluctuations.

6) Interest rate risk management

The Companies pay interest on financing necessary for working capital and capital expenditures in conducting their business activities. The interest rate risk is deemed to be immaterial to the Companies at present, as the impact of interest payments on the Companies is minimal.

7) Market price fluctuation risk management

The Companies are exposed to stock price fluctuation risk as they hold listed shares of business partner companies in order to maintain and strengthen business relationships with them. The Companies review their holdings on an ongoing basis, taking into account their relationship with the business partner companies, by regularly monitoring the fair value and the financial condition of such companies.

2. Fair values of financial instruments

For financial instruments measured at fair value, the Companies classify the fair value into the following three levels according to the observability of the inputs used in their measurement.

Level 1: Market prices in active markets for identical assets or liabilities
Level 2: Fair value calculated directly or indirectly using observable prices other than Level 1
Level 3: Fair value calculated using valuation techniques that include unobservable inputs

1) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows.

Financial instruments measured at fair value and financial instruments with fair value being nearly equal to their carrying amount are not included in the following table.

(Unit: million yen)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Bonds and long-term borrowings (including current portion)	52,836	52,800
Total	52,836	52,800

The fair value of bonds is determined based on the market prices or prices quoted by counterparty financial institutions and is classified as Level 2.

The fair value of long-term borrowings (including current portion) is determined based on the present value of future cash flows discounted at the interest rate to be applied if similar new contracts were entered into, and is classified as Level 2.

2) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is as follows:

(Unit: million yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	111	—	111
Equity securities and investments in capital, etc.	—	—	10,296	10,296
Financial assets measured at fair value through other comprehensive income				
Debt securities	—	1,700	—	1,700
Equity securities	22,696	—	930	23,626
Total	22,696	1,811	11,226	35,733
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	345	1,113	1,458
Total	—	345	1,113	1,458

Transfers between levels in the fair value hierarchy are recognized on the date an event or change in the situation resulting in the transfers arises. There were no material transfers between Level 1 and Level 2 in the current fiscal year.

(i) Information about fair value measurements of financial instruments classified as Levels 2 and 3

Debt securities and derivatives classified as Level 2 are valued based on the prices quoted by counterparty financial institutions.

Equity securities and investments in capital, etc. classified as Level 3 are valued using appropriate techniques that comprehensively take into account the most recently available information about the investee, including its projected future profitability and net asset value.

Derivatives classified as Level 3 are those recognized in connection with the settlement of cash flows arising from differences between the fixed electricity price based on a virtual PPA agreement and the wholesale market electricity price, and they are evaluated by a proper technique, whereby future prices in the wholesale market, expected power generation by renewable energy generation facilities, and such are considered.
No significant changes in fair value are expected from changing unobservable inputs for financial instruments classified as Level 3 to reasonably possible alternative assumptions.

(ii) Reconciliation of financial instruments classified as Level 3 from the beginning balance to the ending balance
The reconciliation of the beginning balance to the ending balance of the fair value measurement categorized as Level 3 is as follows:

(Unit: million yen)

	Equity securities and investments in capital, etc.
Balance at beginning of year	9,509
Purchase	2,032
Gains or losses	
Profit or loss	(58)
Other comprehensive income	302
Sale or settlement	(559)
Balance at end of year	11,226

Other than listed above, derivatives are also included in financial instruments classified as Level 3, and their changes arise from profit or loss.
Gains or losses recognized in profit or loss are included in finance income or finance costs in the consolidated statement of profit or loss.

(Notes to revenue recognition)

1. Disaggregation of revenue

The Companies sell electronic components that comprise the Companies' operating segments and related products. Operating segments are classified based on the Companies' business strategies, and the Companies recognized the Components segment, the Devices and Modules segment and Others. The Companies break revenues from contracts with customers into the categories of Capacitors and Inductors / EMI Filters derived from Components Business, and the categories of High-Frequency Device and Communications Module, Battery and Power supply and Functional Device derived from Modules Business.

The relationship between disaggregated revenue and segment revenue is as follows:

(Millions of yen)

		Amount
	Capacitors	753,520
	Inductors and EMI filters	180,251
	Components	933,771
	High-Frequency Device and Communications Module	440,142
	Battery and Power supply	164,393
	Functional Device	90,701
	Devices and Modules	695,236
	Others	11,151
Total		1,640,158

With regard to the sales of products, the Companies recognize revenue upon delivery of a product since they consider that the customer obtains control over the product and performance obligations are satisfied at the time of delivery of the product. In addition, revenue is recognized at the amount of consideration promised in the contract with the customer, less discounts, rebates, returned goods, etc. The Companies mostly receive transaction consideration within one year after performance obligations are satisfied, and there are no significant financial components included.

2. Contract balances

The breakdown of receivables from contracts with customers and contract liabilities is as follows:

(Millions of yen)

	Beginning of the current fiscal year (April 1, 2023)	End of the current fiscal year (March 31, 2024)
Receivables from contracts with customers	270,239	292,736
Contract liabilities	2,604	4,185

Receivables from contracts with customers are included in trade receivables in the consolidated statement of financial position. Contract liabilities are primarily the balance of consideration received from customers before transferring control to customers, and are included in other current liabilities in the consolidated statement of financial position. The amounts of revenue recognized in the current fiscal year that were included in the balance of contract liabilities at the beginning of the period are 2,604 million yen. Furthermore, the amounts of revenues recognized in the current fiscal year from the performance obligations satisfied (or partially satisfied) in prior periods were immaterial. There were no significant changes in the balance of contract liabilities during the current fiscal year. The balance of contract assets is immaterial.

3. Transaction price allocated to the remaining performance obligations

The Companies have omitted information on remaining performance obligations per application of practical expedient because there are no material transactions for which the expected duration of any individual contract would exceed one year. The Companies' contracts with customers have no significant consideration that is not included in the transaction price.

(Notes to amounts per share)

1. Equity attributable to owners of parent per share	1,353.01 yen
2. Basic earnings per share	95.72 yen

(Note) The Company executed a three-for-one common stock split effective October 1, 2023. Equity attributable to owners of parent per share and basic earnings per share are calculated based on the assumption that the stock split was executed at the beginning of the current fiscal year.

(Significant subsequent events)

Purchase and cancellation of treasury stock

The Company adopted a resolution at the meeting of the Board of Directors held on April 26, 2024 on matters on the purchase of treasury stock in accordance with Article 156 of the Companies Act to be replaced pursuant to Article 165, Paragraph (3) of the Act and on the cancellation of treasury stock in accordance with Article 178 of the Act.

1. Reasons for the purchase and cancellation of treasury stock

The Company makes the purchase of treasury stock with an aim to improve capital efficiency and enable flexible financial strategies. With a maximum limit to the total number of treasury shares held set at 5% of the total number of shares issued and under a policy on treasury shares in excess of 5% to be cancelled as a rule, the cancelation of treasury stock will be executed.

2. Details of purchase

(1) Type of stock subject to purchase:	Common shares
(2) Total number of shares available for purchase:	44,000,000 shares (maximum) Percentage of total number of shares issued (excluding treasury shares): 2.33%
(3) Total amount of purchase of shares:	80,000,000,000 yen (maximum)
(4) Purchase period:	From April 30, 2024 to October 31, 2024

3. Details of cancelation

(1) Type of stock to be canceled:	Common shares in the Company
(2) Total number of shares to be canceled:	36,830,000 shares plus the number of all the treasury shares purchased in compliance with 2 above (Maximum percentage of total number of shares issued before the cancelation: 3.99%)
(3) Scheduled date of cancelation:	(i) 36,830,000 shares: May 31, 2024 (ii) All the shares purchased in compliance with 2 above: November 29, 2024

(Notes to impairment of non-financial assets)

"Other expenses" recorded in the consolidated statement of profit or loss for the current fiscal year contain impairment loss on non-financial assets (49,546 million yen).

Of the total impairment loss, 49,482 million yen is recorded for manufacturing machinery, etc., for cylindrical type lithium-ion secondary batteries, which comprises "Devices and Modules" segment.

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

As a result of this, the Companies assess the recoverable amount of the cash-generating unit as lower than its carrying amount at the end of the current fiscal year and record impairment losses of 25,080 million yen for "machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks," 24,393 million yen for "construction in progress," and 9 million yen for "software."

As the estimated future cash flows used in calculating value in use, which is the recoverable amount, are negative, the recoverable amount is assessed as zero.

Balance Sheets

(As of March 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
Assets	1,414,724	Liabilities	690,282
Current assets	714,251	Current liabilities	657,825
Cash	196,292	Trade accounts payable	114,027
Trade accounts receivable	309,667	Current portion of bonds	50,000
Marketable securities	1,700	Short-term borrowings	435,426
Merchandise and finished goods	12,393	Current portion of long-term borrowings	1,500
Raw materials and supplies	42,201	Other accounts payable	27,960
Work in process	23,248	Accrued expenses	24,069
Accounts receivable	43,919	Accrued income tax	43
Income taxes refund receivable	9,748	Other	4,796
Current portion of long-term loans receivable	68,018	Long-term liabilities	32,457
		Termination and retirement benefits	28,806
Other	7,136	Other	3,650
Allowance for doubtful notes and accounts	(75)	Net assets	724,441
		Murata Corporation's Shareholders' equity	714,344
Noncurrent assets	700,472	Common stock	69,444
Property, plant and equipment	197,227	Capital surplus	126,989
Buildings	92,386	Legal capital surplus	107,733
Structures	7,601	Other capital surplus	19,255
Machinery	32,499	Retained earnings	651,351
Vehicles	135	Legal retained earnings	7,899
Equipment	12,376	Other retained earnings	643,452
Land	35,842	Reserve for reduction entry of land	13
Construction in progress	16,385	Reserve for reduction entry of replaced property	767
Intangible assets	64,249		
Investments and other assets	438,995	General reserve	162,707
Investment securities	28,434	Retained earnings brought forward	479,962
Shares of subsidiaries and associates	290,426	Treasury stock	(133,441)
Investments in capital of subsidiaries and associates	17,335	Valuation and translation adjustments	10,096
		Valuation difference on other marketable securities	10,096
Long-term loans receivable	68,630		
Deferred tax assets	16,078		
Other	20,054		
Allowance for doubtful notes and accounts	(1,964)		
Total assets	1,414,724	Total liabilities and total net assets	1,414,724

Income Statements

From April 1, 2023
to March 31, 2024

(Millions of yen)

Item	Amount	
Net sales		1,069,763
Cost of sales		780,170
Gross profit		289,593
Selling, general and administrative expenses		286,351
Operating income		3,241
Non-operating income		
Interest and dividend income	108,653	
Foreign currency exchange gain	1,217	
Other	5,063	114,934
Non-operating expenses		
Interest expense	5,424	
Product replacement and repair costs	4,432	
Other	4,558	14,415
Ordinary income		103,760
Extraordinary losses		
Provision of allowance for doubtful notes and accounts	1,937	
Loss on valuation of shares of subsidiaries and associates	139	2,076
Income before income taxes		101,683
Current income tax	(7,216)	
Deferred income tax	1,092	(6,123)
Net income		107,807

Statements of Shareholders' Equity

From April 1, 2023
to March 31, 2024

(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, 2023	69,444	107,733	19,138	126,872	7,899	13	767	130
Changes of items during period								
Restricted share remuneration			116	116				
Cash dividends								
Net income								
Purchases of treasury stock at cost								
Disposal of treasury stock			0	0				
Reversal of reserve for purchase of specified shares								(130)
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	117	117	-	-	-	(130)
Balance at March 31, 2024	69,444	107,733	19,255	126,989	7,899	13	767	-

	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, 2023	162,707	466,485	638,004	(133,494)	700,826	6,938	6,938	707,765
Changes of items during period								
Restricted share remuneration				64	180			180
Cash dividends		(94,460)	(94,460)		(94,460)			(94,460)
Net income		107,807	107,807		107,807			107,807
Purchases of treasury stock at cost				(10)	(10)			(10)
Disposal of treasury stock				0	0			0
Reversal of reserve for purchase of specified shares	-	130	-		-			-
Net changes of items other than shareholders' equity						3,158	3,158	3,158
Total changes of items during period	-	13,477	13,477	53	13,517	3,158	3,158	16,676
Balance at March 31, 2024	162,707	479,962	651,351	(133,441)	714,344	10,096	10,096	724,441

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

(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 on significant accounting estimates)

1. Evaluation of investments and loans extended to affiliated companies

(1) Amounts stated in the financial statements for the current fiscal year

Stock of affiliated companies	290,426 million yen
Investments in affiliated companies	17,335 million yen
Long-term loans receivable	68,602 million yen
Allowance for doubtful notes and accounts	1,937 million yen

(2) Helpful information in understanding significant accounting estimates

In evaluating shares in subsidiaries and associates and investments in capital of subsidiaries and associates, if the substantial value, which is calculated based on the amount of net assets per share, decreases approximately 50% or more relative to the acquisition cost due to financial deterioration of an affiliated company, the Company recognizes impairment loss by reducing to the substantial value, except when the recoverability is supported by sufficient evidence. In evaluating loans to subsidiaries and associates that financially deteriorate, the Company records the estimated uncollectible amount as allowance for doubtful accounts, in compliance with "3. Standards for recording of allowances" in (Notes to Significant Accounting Policies).

Worsened business results and financial conditions due to certain changes in economic conditions, etc., unforeseeable at the time of estimation, may affect evaluations and the amounts of relevant allowances in the financial statements for the following fiscal year.

(Notes to unconsolidated balance sheets)

1. Accumulated depreciation of property, plant and equipment	242,399 million yen

2. Short-term monetary claims with affiliated companies	365,603 million yen
Long-term monetary claims with affiliated companies	70,332 million yen
Short-term monetary liabilities with affiliated companies	548,719 million yen

3. Guarantee obligations

Warrantee	Guaranteed amount (Millions of yen)	Liability guaranteed
pSemi Corporation	443	Trade notes and accounts payable
Shenzhen Murata Technology Co., Ltd.	104	Trade notes and accounts payable
Total	547	-

4. Tax purpose reduction entry

Accumulated reduction entry in the current fiscal year, directly deducted from non-current assets acquired by using government subsidies, etc.

Buildings	4,752 million yen
Structures	28 million yen
Machinery	263 million yen
Vehicles	0 million yen
Tools, furniture and fixtures	21 million yen
Land	1,786 million yen

(Notes to unconsolidated income statements)

Transactions with affiliated companies

Business transactions	
Net sales	928,923 million yen
Purchase turnover	729,139 million yen
Non-business transactions	
Interest income	320 million yen
Dividend income	103,964 million yen
Asset transfer	2,729 million yen
Interest expense	5,320 million yen
Asset purchase	1,143 million yen

(Notes to statements of shareholders' equity)

Type and number of treasury stock as of March 31, 2024

Common shares	138,209,482 shares

(Notes to tax effect accounting)

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

Deferred tax assets	
Accrued bonuses	3,300 million yen
Inventories	4,880 million yen
Accrued expenses	1,139 million yen
Accounts payable - other	24 million yen
Termination and retirement benefits	7,072 million yen
Stock of affiliated companies	5,243 million yen
Tangible and intangible assets	1,959 million yen
Deferred tax adjustment	872 million yen
Investment securities	914 million yen
Other	4,436 million yen
Deferred tax assets subtotal	29,853 million yen
Valuation allowance for total deductible temporary differences, etc.	(9,291) million yen
Total deferred tax assets	20,562 million yen
Elimination with deferred tax liabilities	(4,483) million yen
Net deferred tax assets	16,078 million yen

Deferred tax liabilities	
Other marketable securities valuation adjustment	4,032 million yen
Enterprise tax refund receivable	59 million yen
Other	391 million yen
Total deferred tax liabilities	4,483 million yen
Elimination with deferred tax assets	(4,483) million yen
Net deferred tax liabilities	- 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	(30.5) %
Tax exemption for R&D promotion tax system	(8.7) %
Change in valuation allowance	2.7 %
Other	0.0 %
Income tax rate after application of tax effect accounting	(6.0) %

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

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)	130,703	Trade accounts payable	9,963
				Borrowing of funds Payment of interest (Note 2) (Note 3)	22,298 6	Short-term borrowings Accrued expenses	42,487 2
Subsidiary	Izumo Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Procurement of products, etc. (Note 1)	214,865	Trade accounts payable	16,404
				Borrowing of funds Payment of interest (Note 2) (Note 3)	73,474 22	Short-term borrowings Accrued expenses	91,806 8
Subsidiary	Kanazawa Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2) (Note 3)	28,499 6	Short-term borrowings Accrued expenses	33,286 0
Subsidiary	Okayama Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2) (Note 3)	21,601 6	Short-term borrowings Accrued expenses	31,770 2
Subsidiary	Sabae Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Borrowing of funds Payment of interest (Note 2) (Note 3)	14,955 0	Short-term borrowings	13,170
Subsidiary	Tohoku Murata Manufacturing Co., Ltd.	Holding Directly, 100%	Manufacturing of the Company's products	Lending of funds Recovery of funds Reception of interest (Note 2)	31,360 17,087 166	Current portion of long-term loans receivable Long-term loans receivable Other current assets (Accrued revenue)	26,815 16,907 3

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)	234,918	Trade accounts receivable	67,636
				Borrowing of funds Payment of interest (Note 2) (Note 3)	82,684 3,681	Short-term borrowings Accrued expenses	78,330 107
Subsidiary	Murata Electronics Trading (Shanghai) Co., Ltd.	Holding Indirectly, 100%	Sales of products of the Company and subsidiaries	Sales of products, etc. (Note 1)	198,892	Trade accounts receivable	69,452
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) (Note 3)	53,701 1,592	Short-term borrowings	76,290
Subsidiary	Philippine Manufacturing Co. of Murata, Inc.	Holding Directly, 100%	Manufacturing of the Company's products	Lending of funds Reception of interest (Note 4)	13,935 45	Current portion of long-term loans receivable Long-term loans receivable	35,700 32,045

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 the interest rate 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.

(Note 3) Transaction amounts are the average balance over the course of the current fiscal year.

(Note 4) Borrowing and lending of funds includes is determined in consideration of market interest rates.

(Note 5) The Company records 1,937 million yen as provision of allowance for doubtful accounts of subsidiaries.
The balance of allowance for doubtful accounts of subsidiaries at the end of the current fiscal year is 1,937 million yen.

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 Murata Science and Education 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	383.46 yen
Net income per share	57.06 yen

(Note) The Company executed a three-for-one common stock split effective October 1, 2023. Net assets per share and net income per share are calculated based on the assumption that the stock split was executed at the beginning of the current fiscal year.

(Notes to revenue recognition)

Notes on information on the basis for understanding revenue arising from contracts with customers are omitted because the same content is described in the Consolidated Financial Statements "Notes to the Consolidated Financial Statements, (Notes to revenue recognition)."

(Significant subsequent events)

Purchase and cancellation of treasury stock

The Company adopted a resolution at the meeting of the Board of Directors held on April 26, 2024 on matters on the purchase of treasury stock in accordance with Article 156 of the Companies Act to be replaced pursuant to Article 165, Paragraph (3) of the Act and on the cancellation of treasury stock in accordance with Article 178 of the Act.

1. Reasons for the purchase and cancellation of treasury stock

The Company makes the purchase of treasury stock with an aim to improve capital efficiency and enable flexible financial strategies. With a maximum limit to the total number of treasury shares held set at 5% of the total number of shares issued and under a policy on treasury shares in excess of 5% to be cancelled as a rule, the cancelation of treasury stock will be executed.

2. Details of purchase

(1) Type of stock subject to purchase:	Common shares
(2) Total number of shares available for purchase:	44,000,000 shares (maximum) Percentage of total number of shares issued (excluding treasury shares): 2.33%
(3) Total amount of purchase of shares:	80,000,000,000 yen (maximum)
(4) Purchase period:	From April 30, 2024 to October 31, 2024

3. Details of cancelation

(1) Type of stock to be canceled:	Common shares in the Company
(2) Total number of shares to be canceled:	36,830,000 shares plus the number of all the treasury shares purchased in compliance with 2 above (Maximum percentage of total number of shares issued before the cancelation: 3.99%)
(3) Scheduled date of cancelation:	(i) 36,830,000 shares: May 31, 2024 (ii) All the shares purchased in compliance with 2 above: November 29, 2024