

# Earnings Release Conference Second Quarter of FY2022 (July 1, 2022 to September 30, 2022)

October 31, 2022  
Murata Manufacturing Co., Ltd.



## Topics (1/2)



### Financial Results of FY2021 1<sup>st</sup> Half

- Net sales were 920.2 billion yen, up 1.3% year on year, due to a significant increase in sales of lithium-ion secondary batteries for power tools in addition to the sales-increasing effect of the depreciation of the yen, although sales of SAW filters decreased for smartphones.
- Operating income was 195.0 billion, down 12.2% year on year, due to a drop in the operation rate and an increase in fixed costs despite profit-increasing effects such as the depreciation of the yen and cost reductions.
- The Company failed to achieve the projected financial results with net sales and operating income down 3.3% and 6.7% from the projection, respectively. Profits fell short of the projected results mainly due to a productivity loss from lower capacity utilization, resulting from sales decreases mainly in the consumer product market, and surges in material and energy prices, despite the effect of the depreciation of the yen.

I will now provide an overview of our financial results.

First of all, I would like to thank you for your continued guidance and support of our IR activities. We would like to take this opportunity to express our sincere gratitude.

First, here is a summary of the results for 1H of the year.

Net sales were JPY920.2 billion, up 1.3% YoY. As background, our sales have been declining due to down trends in the smartphone and PC markets. Although there was an increase in revenue due to the weak yen and other factors, the result was a slight increase.

Operating income was JPY195 billion, down 12.2% YoY, due to a decrease in capacity utilization and an increase in fixed costs, despite the positive effects of the weaker yen and cost reductions.

Net sales and operating income fell short of forecasts by 3.3% and 6.7%, respectively. I will explain the reason for this later.

## Topics (2/2)



### Projected Financial Results for FY2022

The Company has revised the projected financial results based on the results for the first-half of FY2022 and demand forecasts for the second half of FY2022.

#### Projected Financial Results

- Net sales are planned to decrease 5.7% from the previous projected result. Sales, mainly those of components, are expected to decline for communication and computers despite the effect of the depreciation of the yen.
- Operating income is planned to decrease 13.6% from the previous projected result. A loss in productivity from lower capacity utilization resulting from a decrease in production output is expected despite the effect of the depreciation of the yen.

#### Capital expenditures

- The amount has been revised to 210.0 billion yen, down 30.0 billion yen from the previous projected result, due to delays in the delivery of equipment.

#### Shareholder returns

- The annual dividend remains unchanged at 150 yen per share.

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We have revised our full-year forecast downward based on the 1H results and the demand outlook for 2H of the year.

Net sales decreased by 5.7% from the previous forecast. Operating income is planned to decrease by 13.6% from the previous forecast.

The forecast for capital investment has been revised downward by JPY30 billion from the previous forecast to JPY210 billion mainly due to the delay in the delivery of equipment.

Although we have revised our earnings forecast, with both sales and profits falling short of the previous forecast, we still plan to pay an annual dividend of JPY150 per share, an increase of JPY20 from the previous year.

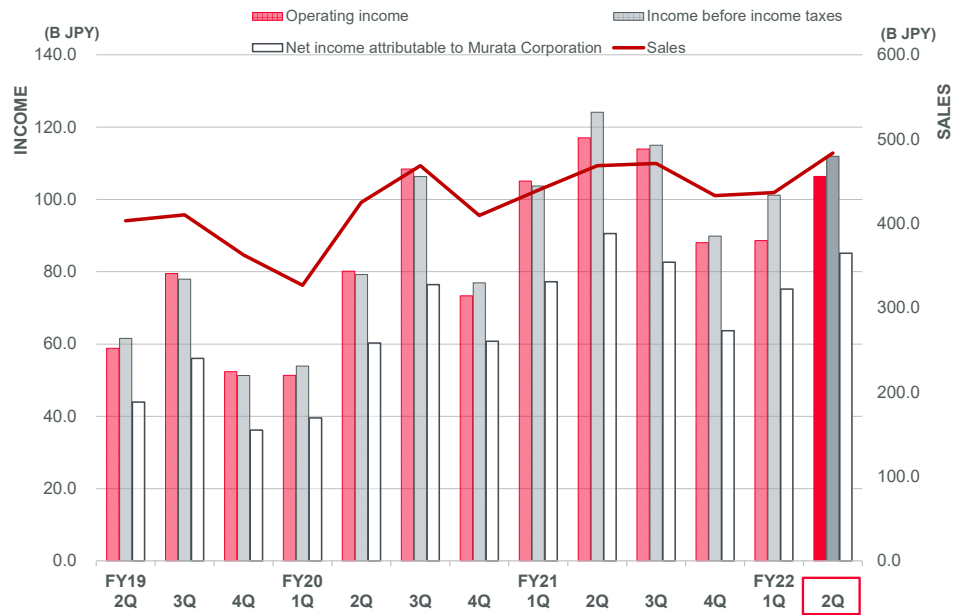


## Second Quarter of FY2022

From July 1, 2022 to September 30, 2022  
Consolidated Basis

**muRata**  
INNOVATOR IN ELECTRONICS

## Quarterly Financial Results



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This is the performance trend.  
I will explain the numbers later.

## Financial Results Overview

	FY2021 1st Half		1st Quarter		2nd Quarter		FY2022 1st Half		Q on Q Change		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Net sales	908.1	100.0	436.7	100.0	483.6	100.0	920.2	100.0	+46.9	+10.7	+12.2	+1.3
Operating income	222.1	24.5	88.6	20.3	106.4	22.0	195.0	21.2	+17.7	+20.0	(27.1)	(12.2)
Income before income taxes	227.9	25.1	101.2	23.2	112.0	23.2	213.2	23.2	+10.8	+10.6	(14.7)	(6.4)
Net income attributable to Murata Corporation	167.8	18.5	75.2	17.2	85.2	17.6	160.4	17.4	+10.0	+13.2	(7.4)	(4.4)
Average exchange rates yen/US dollar	109.80		129.57		138.38		133.98					

- In net sales, multilayer resin substrates and high-frequency modules increased from the last quarter for smartphones. In addition, not only did sales of lithium-ion secondary batteries increase for power tools, but there was also the sales-increasing effect of the depreciation of the yen, which contributed to net sales as a whole.
- Operating income increased, compared with the last quarter, due to the profit-increasing effect of the depreciation of the yen and improvement in the product mix, despite a loss in productivity from lower capacity utilization, resulting from a decrease in production output. Compared with the same quarter a year earlier, operating income fell mainly due to a loss in productivity from lower capacity utilization resulting from a decrease in production output, an increase in fixed costs and surges in material prices despite the profit-increasing effect of the depreciation of the yen.

Note: 1 yen appreciation or depreciation against the U.S. dollar for FY2022 is estimated to have an annualized impact of 10.0 billion yen on net sales, and 5.0 billion yen on operating income.

\*FY22 Projection (April 2022): 1 yen appreciation or depreciation against the U.S. dollar is estimated to have an annualized impact of 11.0 billion yen on net sales, and 6.0 billion yen on operating income.

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This is the financial results overview.

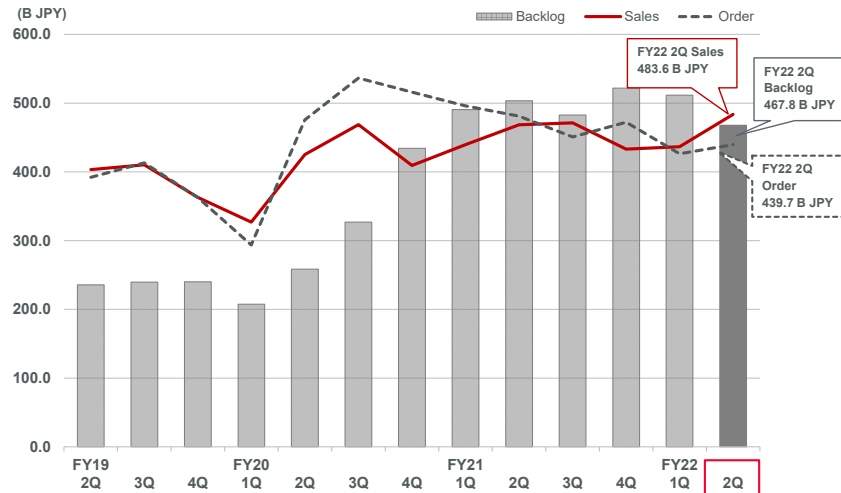
I will explain the results in detail later, so I will omit the explanation of this item.

Regarding the sensitivity to exchange rate fluctuations, which is shown at the bottom of the slide, the impact was previously estimated to be JPY11 billion for net sales and JPY6 billion for operating income on a basis of JPY1 per dollar. However, since we have lowered our sales plan, we have revised the sensitivity to JPY10 billion in net sales and JPY5 billion in operating income.

## Quarterly Sales, Order and Backlog

On a quarter-on-quarter basis, orders received increased.

The book-to-bill ratio remained below 1 due to the continued reduction of high levels of order backlogs.



\* Orders = Sales + Backlogs at the Current Quarter - Backlogs at the Previous Quarter

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

\* Exchange rate against the U.S. dollar: 136.69 yen at the end of June, 144.81 yen at the end of September

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This is the change in orders, sales, and order backlog.

Sales have increased since Q1, partly due to seasonal factors, and orders received have also increased, but the increase has been small compared to sales, resulting in a slight QoQ decrease in the order backlog.

The BB ratio, which was 0.98 in Q1, is now 0.91 in Q2.

## Operating segment sales

	FY2021 1st Half		1Q	2Q	FY2022 1st Half		Q on Q Change		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	393.4	43.3	202.1	194.4	396.6	43.1	(7.7)	(3.8)	+3.2	+0.8
Inductors and EMI filters	101.2	11.1	46.9	48.3	95.2	10.4	+1.4	+3.0	(6.0)	(5.9)
High-Frequency Device and Communications Module	265.7	29.3	108.4	147.6	256.0	27.8	+39.2	+36.2	(9.6)	(3.6)
Battery and Power supply	87.9	9.7	51.3	65.0	116.3	12.6	+13.7	+26.8	+28.4	+32.3
Functional Device	54.4	6.0	24.8	24.9	49.7	5.4	+0.1	+0.3	(4.7)	(8.6)
Others	5.6	0.6	3.1	3.3	6.5	0.7	+0.2	+6.1	+0.9	+15.8
Net sales	908.1	100.0	436.7	483.6	920.2	100.0	+46.9	+10.7	+12.2	+1.3

Sales by business segment.

This too will be explained in detail on the next page and beyond.



## Operating segment sales

[FY22 1st Half vs. FY21 1st Half]

<b>Capacitors</b> +0.8%	<b>MLCCs :</b> Sales of MLCCs decreased for computers. But increased for mobility due in part to sales-increasing factors including a weaker yen.
<b>Inductors and EMI filters</b> (5.9%)	<b>Inductors / Electromagnetic Interference(EMI) suppression filters :</b> Sales of and EMI suppression filters and inductors increased for mobility. However, sales of inductors decreased for computers and smartphones.
<b>High-Frequency Device and Communications Module</b> (3.6%)	<b>SAW Filters, High-frequency modules, Connectivity modules :</b> Sales decreased for smartphones.  <b>Multilayer resin substrates :</b> Sales increased for high-end smartphones.
<b>Battery and Power supply</b> +32.3%	<b>Lithium-Ion secondary batteries :</b> Sales increased for power tools.
<b>Functional Device</b> (8.6%)	<b>Sensors :</b> Sales decreased for computers.

The first is a comparison of 1H of the year to the same period of the previous year.

Sales of capacitors increased slightly, while sales of inductors and EMI filters were down 5.9%, and sales of high-frequency device and communications module decreased, mainly due to a decrease in sales of SAW filters and connectivity modules for smartphones. On the other hand, sales of multilayer resin substrates increased.

The 32% YoY increase in battery and power supply is the result of an increase in lithium-ion secondary batteries for power tools. Functional device was minus 8.6%.

## Operating segment sales

[FY22 2nd Quarter vs. FY22 1st Quarter]

<b>Capacitors</b> (3.8%)	<b>MLCCs :</b> Sales decreased due to a decline in sales quantities for computers, industry and others, although there was the sales-increasing effect of the depreciation of the yen.
<b>Inductors and EMI filters</b> +3.0%	<b>Inductors / Electromagnetic Interference(EMI) suppression filters :</b> Sales of inductors increased for smartphones, and EMI suppression filters increased for industry and others.
<b>High-Frequency Device and Communications Module</b> +36.2%	<b>Multilayer resin substrates / High-frequency modules :</b> Sales increased for high-end smartphones.  <b>SAW Filters :</b> Sales decreased for smartphone manufacturers in Greater China.
<b>Battery and Power supply</b> +26.8%	<b>Lithium-Ion secondary batteries :</b> Sales increased for power tools.
<b>Functional Device</b> +0.3%	<b>Sensors :</b> Sales increased for mobilities and communication.

This is the comparison between Q1 and Q2.

Capacitors were down about 4%, inductors and EMI filters were up 3%, and high-frequency device and communications module increased by 36% QoQ. This was due to seasonal factors and an increase in multilayer resin substrates and high-frequency modules for high-end smartphones.

Regarding battery and power supply, Q2 also saw an increase for power tools. This is a positive result due in part to the progress of pass-through of prices in Q2. Functional device is almost flat.

## Sales by Application

	FY2021 1st Half		1Q	2Q	FY2022 1st Half		Q on Q Change		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(B JPY)	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Communication	392.7	43.2	169.2	205.0	374.2	40.7	+35.9	+21.2	(18.5)	(4.7)
Mobility	164.8	18.2	91.9	94.3	186.2	20.2	+2.4	+2.6	+21.4	+13.0
Computers	151.7	16.7	68.2	65.2	133.4	14.5	(2.9)	(4.3)	(18.3)	(12.1)
Home Electronics	92.4	10.2	51.3	61.9	113.3	12.3	+10.6	+20.7	+20.9	+22.6
Industry and Others	106.4	11.7	56.1	57.0	113.1	12.3	+1.0	+1.7	+6.7	+6.3
Net sales	908.1	100.0	436.7	483.6	920.2	100.0	+46.9	+10.7	+12.2	+1.3

\*Based on our estimate

First, let us look at net sales by application.

This will also be explained in detail on the following pages.

## Sales by Application [FY22 1st Half vs. FY21 1st Half]

<b>Communication</b> (4.7%)	Sales of SAW filters, MLCCs and Connectivity modules decreased for smartphones. Sales of MLCCs for wearable devices and base stations increased.
<b>Mobility</b> +13.0%	Sales of MLCCs and EMI suppression filters increased partly due to the sales-increasing factor of a weaker yen.
<b>Computers</b> (12.1%)	Sales of MLCCs and inductors decreased for PCs.
<b>Home Electronics</b> +22.6%	Sales of lithium-ion secondary batteries for power tools increased.
<b>Industry and Others</b> +6.3%	Sales for Industrial equipment and healthcare products increased.

\*Based on our estimate

The trend by business segment is as I mentioned above but compared to the same period last year and 1H of the previous year, the negative growth rate is relatively large in communication and computers.

On the other hand, the mobility sector increased by 13% YoY partly due to the weak yen, and the home electronics sector increased by 22%, mainly due to an increase in lithium-ion secondary batteries for power tools. The industry and others also increased.

## Sales by Application [FY22 2nd Quarter vs. FY22 1st Quarter]

<b>Communication</b> +21.2%	<p>Sales of Multilayer resin substrates and High-frequency modules increased for smartphones.</p> <p>Sales of MLCCs and high-frequency products decreased for base stations .</p>
<b>Mobility</b> +2.6%	<p>Sales rose for a broad range of products due in part to the sales-increasing effect of the depreciation of the yen.</p>
<b>Computers</b> (4.3%)	<p>Sales of MLCCs and inductors decreased for PCs.</p> <p>Sales of MLCCs decreased for servers.</p> <p>Sales of Connectivity modules and High-frequency modules increased for PCs.</p>
<b>Home Electronics</b> +20.7%	<p>Sales of Lithium-ion secondary batteries increased for power tools.</p> <p>Sales of MLCCs and Lithium-ion secondary batteries increased for video game consoles.</p>
<b>Industry and Others</b> +1.7%	<p>Sales for Industrial equipment and healthcare products increased.</p>

This is the change from Q1.

On the communications side, there is a launch of high-end smartphones, and that is why there has been an increase. Mobility side is slightly positive. As for computers, there was a slight decrease from Q1. For home electronics, the number is increasing with power tools.

## Segment Information

		FY2021 1st Half		FY2022 1st Half		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	500.8	100.0	497.2	100.0	(3.6)	(0.7)
	Operating income	180.7	36.1	167.8	33.8	(12.8)	(7.1)
Devices and modules	Total Revenues	407.9	100.0	422.0	100.0	+14.1	+3.4
	Operating income	42.4	10.4	27.7	6.6	(14.7)	(34.7)
Others	Total Revenues	35.3	100.0	36.7	100.0	+1.4	+4.1
	Operating income	(1.0)	(2.8)	(0.6)	(1.5)	+0.4	-
Eliminations	Total Revenues	(35.9)	-	(35.7)	-	+0.2	-
Consolidated	Total Revenues	908.1	100.0	920.2	100.0	+12.2	+1.3
	Operating income	222.1	24.5	195.0	21.2	(27.1)	(12.2)

- **Components** Profits decreased due to an increase in fixed costs such as energy costs, despite the profit-increasing effect of the depreciation of the yen.
- **Devices and modules** Profits declined due to not only deteriorated profitability, caused by lower sales of SAW filters and functional devices, but also surges in the price of materials for lithium-ion secondary batteries.

Note : we have changed classifications of income on represents from "segment income" to "operating income" from the period under review.

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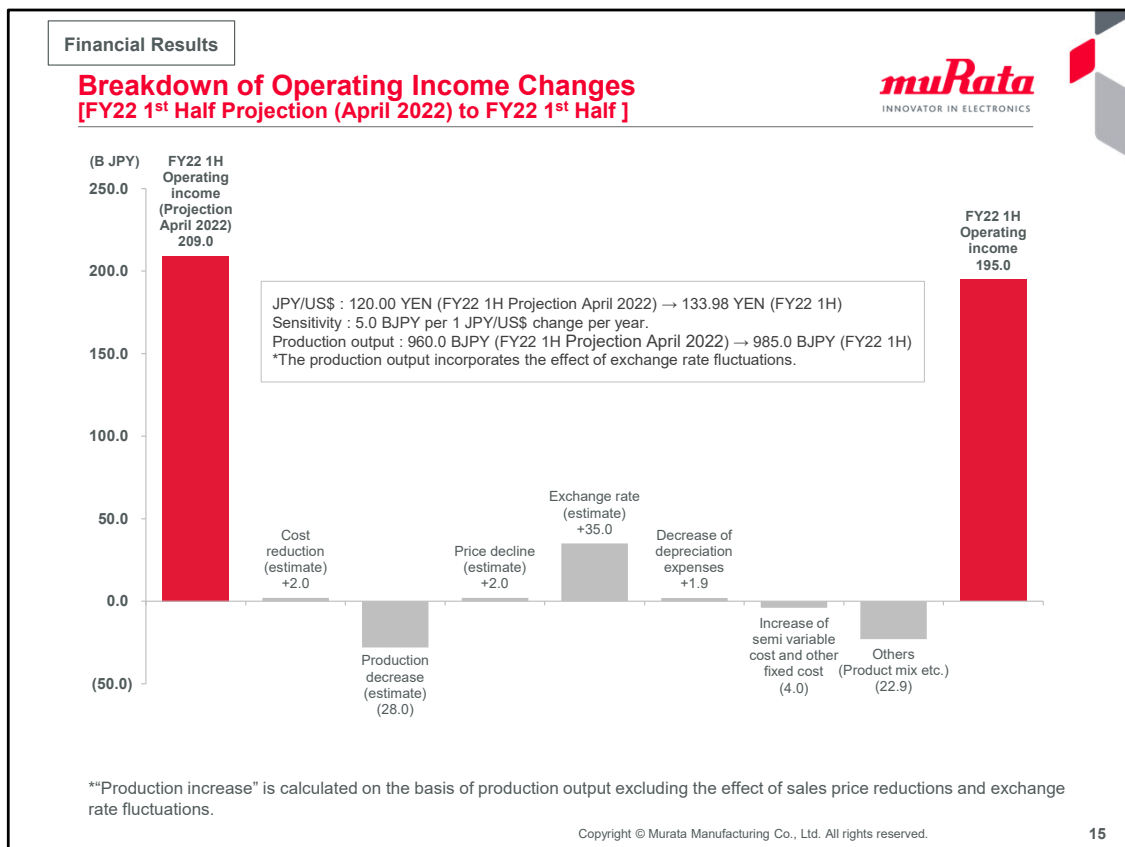
### Business segment information.

Compared to the same period of the previous year and to 1H of the previous year, the components business reported a slight decrease in net sales and operating income of minus 7.1%, with a slight decrease in the operating income margin.

Devices and modules increased in sales compared to the same period last year, while operating income worsened by 34.7%. The increase in sales is partly due to the depreciation of the yen and partly due to the pass-through of prices for products belonging to battery and power supply.

On the other hand, the lower ratio of SAW filters compared to the same period of the previous year was a factor in the lower profit margin.

However, the operating income for devices and modules recovered to more than 10% in the Q2.

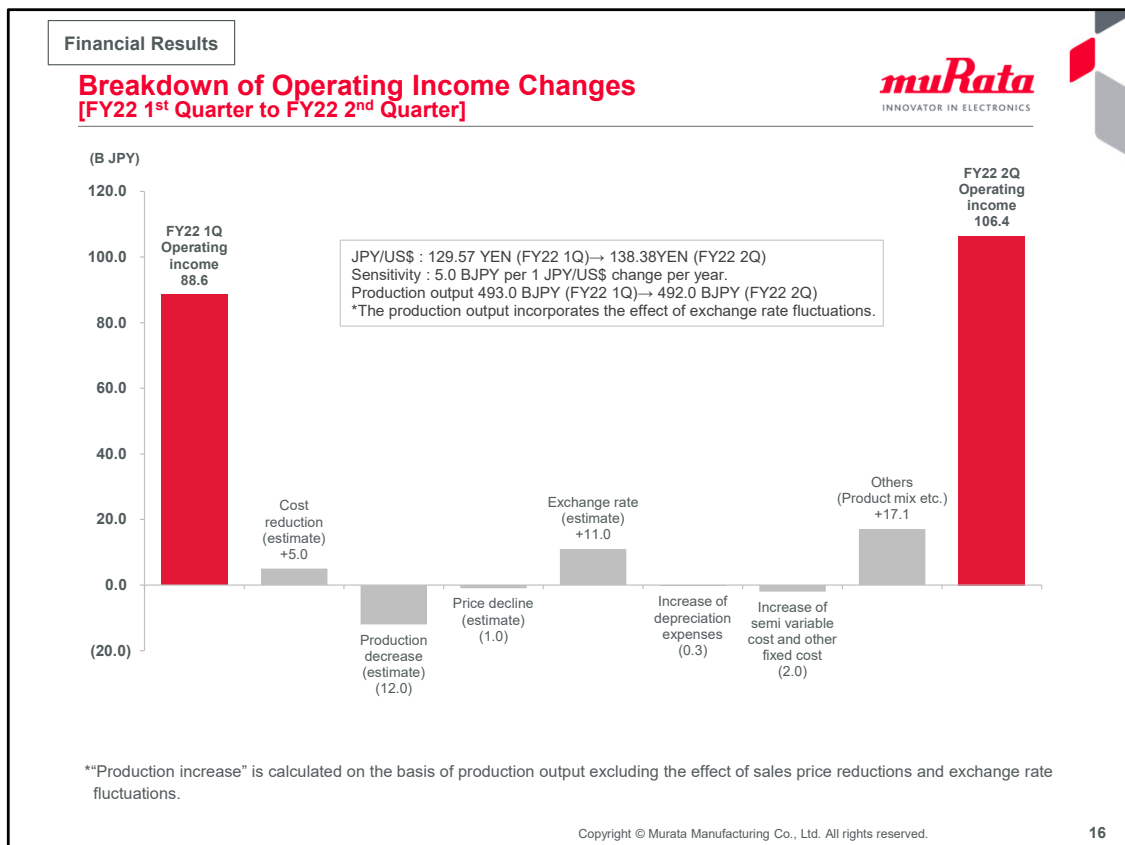


## Operating income changes.

First of all, I will explain the reasons for the change in profit compared to the April forecast for 1H of the year. Although sales did not reach the forecast, production increased slightly compared to the April forecast.

On the other hand, the production increase is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations, the production increase is negative. Foreign exchange is a positive factor.

The reasons for the other factor of JPY22.9 billion are the rising cost of materials and the deterioration of SAW filters.



This is the reason for the change in profit from Q1 to Q2.

One point to note is that while sales increased significantly from Q1 to Q2, production remained almost unchanged from Q1 to Q2.

And production increase or decrease is reported as production decrease because it is calculated on the basis of output excluding foreign exchange.

On the other hand, others is positive on the contrary. Since we accumulated inventory in Q1, unrealized profit will appear as a negative factor in Q1. In Q2, however, production is almost equal to sales, so there is a difference in marginal profit, which is a positive factor. Another positive factor is the increase in high-frequency device and communications module in Q2.



## Cash Flows

	FY2021 1st Half (B JPY)	FY2022 1st Half (B JPY)	Y on Y Change (B JPY)
Operating activities	207.9	153.3	(54.6)
Investing activities	(80.2)	(59.6)	+20.6
Financing activities	(39.0)	(126.6)	(87.6)
Effect of exchange rate changes	(0.1)	19.2	+19.3
Cash and cash equivalents	496.3	498.4	+2.1
Free Cash Flows	127.7	93.7	(34.0)
Capital expenditures	(80.0)	(86.8)	(6.8)
Depreciation and amortization	76.0	79.8	+3.8

- Cash flows from operating activities decreased due to a year-on-year increase in inventories.
- Cash flows from financing activities decreased due to the acquisition of treasury stock (80.0 billion yen).

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Next is the statement of cash flows.

One of the reasons for the negative cash flow from operating activities compared to the previous year is the increase in inventories.

Cash flow from financing activities was negative by more than JPY80 billion YoY due to the acquisition of JPY80 billion of treasury stock in 1H of the current fiscal year.

## Projected Financial Results for FY2022

(From April 2022 to March 2023)



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## Projected Financial Results for FY2022

	FY2022 Projections(April)				FY2022 Projections(October)				Change	
	1st Half (B JPY)	2nd Half (B JPY)	Projections(April) (B JPY)	(%)	1st Half (B JPY)	2nd Half (B JPY)	Projections(October) (B JPY)	(%)	(B JPY)	(%)
Net sales	952.0	978.0	1,930.0	100.0	920.2	899.8	1,820.0	100.0	(110.0)	(5.7)
Operating income	209.0	231.0	440.0	22.8	195.0	185.0	380.0	20.9	(60.0)	(13.6)
Income before income taxes	210.0	232.0	442.0	22.9	213.2	185.8	399.0	21.9	(43.0)	(9.7)
Net income attributable to Murata Corporation	154.0	170.0	324.0	16.8	160.4	136.6	297.0	16.3	(27.0)	(8.3)
ROIC (pre-tax basis) (%)			21.4				18.7			
Average exchange rates yen/US dollar			120.00				136.99			


- Both sales and profits are planned to decline from the previous projected results although there will be the effect of the depreciation of the yen.
- Although sales for mobility will remain firm, sales for communication and computers, mainly those of components, are expected to fall due to a decline in quantities of smartphones and PCs.
- Production output too has been revised downward in line with the sales decrease. Profits will fall short of the previous projected result due to an expected productivity loss from lower capacity utilization.
- The assumed exchange rate for the second half has been changed to 140 yen to the US dollar.

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As I mentioned at the beginning of this presentation, we have revised downward our full-year forecasts for net sales and operating income by JPY110 billion and JPY60 billion, respectively.

I will now explain the background and factors behind this.

Projections		 INNOVATOR IN ELECTRONICS	
Recognition of Business Environment			
	Premises of projected financial results as of April	Recognition of the current situation as of October	
Sales	<ul style="list-style-type: none"><li>- Recovery will start from Q2 in demand for smartphone manufacturers in Greater China.</li><li>- Supply chain disruptions due to lockdowns in China will return to normal in Q2.</li><li>- There will be no reduction of BCP inventory by customers.</li><li>- Decline in the number of automobiles produced due to the Ukraine crisis. (Decrease of 2.5 million units)</li></ul>	<ul style="list-style-type: none"><li>- The quantity of smartphones and PCs will decrease significantly due to their poor sales.</li><li>- Demand recovery for middle- and low-end smartphones expected in next fiscal year.</li><li>- The currency exchange market sees the yen depreciate further.</li><li>- High-end smartphone market remains firm.</li><li>- Constraints on automobile production have persisted longer than assumed. There will be no reduction of BCP inventory by customers.</li></ul>	
Productions	<ul style="list-style-type: none"><li>- Supply chain disruptions due to lockdowns in China will return to normal in Q2.</li><li>- There will be no constraints on production caused by incidents other than lockdowns in China &amp; other countries.</li></ul>	<ul style="list-style-type: none"><li>- The output of the Company is expected to decrease as a result of a fall in demand.</li></ul>	
Costs	<ul style="list-style-type: none"><li>- Reflection of cost rises resulting from a surge in raw material prices and a rise in electricity rates. (Estimates based on the situation as of the end of March)</li></ul>	<ul style="list-style-type: none"><li>- Prices of materials and energy keep rising.</li></ul>	
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First, I would like to explain the changes in the business environment since April.

I would like you to take a look at the right-hand side, where the current status as of this October is shown.

The first and most significant factor is the significant decrease in the number of set units due to sluggish sales of smartphones and PCs, and we have factored this into our earnings forecast. And we expect demand for middle- and low-end smartphones to recover in the next fiscal year or later.

As a premise, we assume that high-end smartphones will remain firm. In addition, restrictions on vehicle production are being extended longer than expected. On the other hand, the calculations are based on the assumption that no major drawdown of BCP inventory by customers will occur this time.

## Projection of Demand

	FY2021	FY2022	FY2022	Change	
	Actual	Projections(April)	Projections(October)	FY21 vs FY22	vs Projections(April)
Smart phones (units)	1,360 M	1,370 M	1,090 M	(20%)	(21%)
therein 5G smartphones	560 M	750 M	610 M	+8%	(18%)
PCs (units)	500 M	480 M	440 M	(13%)	(9%)
Vehicles (units)	76 M	84 M	82 M	+8%	(2%)
therein xEV	16 M	24 M	24 M	1.5 times	Flat

\* Vehicles are based on the number of units produced.

- Smartphones** The quantity forecast has been revised downward from the previous projection mainly due to the poor sales of middle- and low-end devices and the impact of inflation that is gaining momentum globally.
- PCs** The quantity forecast for note PCs and middle- and low-end tablet PCs has been revised downward from the previous projection due to the continuation of inventory adjustments.
- Vehicles** Although final demand remains firm, the quantity forecast has been slightly revised downward from the previous projection as constraints on production mainly due to shortages of semiconductors has continued.

This is a forecast of demand for parts.

Smartphones are down 21% compared to the number announced in April. Similarly, for PCs, the figure is a negative 9%. As for vehicles, there is a slight decrease. The figures for the same period of the previous year are as stated.

## Projected Sales by Operating segment

	FY2021 Actual (B JPY)	FY2022 Projections (YoY growth ratio)	FY2022 Projections (HoH growth ratio)
Capacitors	788.5	Flat	(2%)
Inductors and EMI filters	195.8	(3%)	+1%
Components	984.3	(1%)	(1%)
High-Frequency Device and Communications Module	528.2	(8%)	(10%)
Battery and Power supply	180.4	+36%	+11%
Functional Device	106.4	(5%)	+4%
Devices/Module	815.0	+2%	(3%)
Total	1,812.5	Flat	(2%)

This is our sales forecast by product.

Although it is not shown here, we have revised downward the sales of both capacitors and inductors by more than 10% from the previous forecast by segment announced in April.

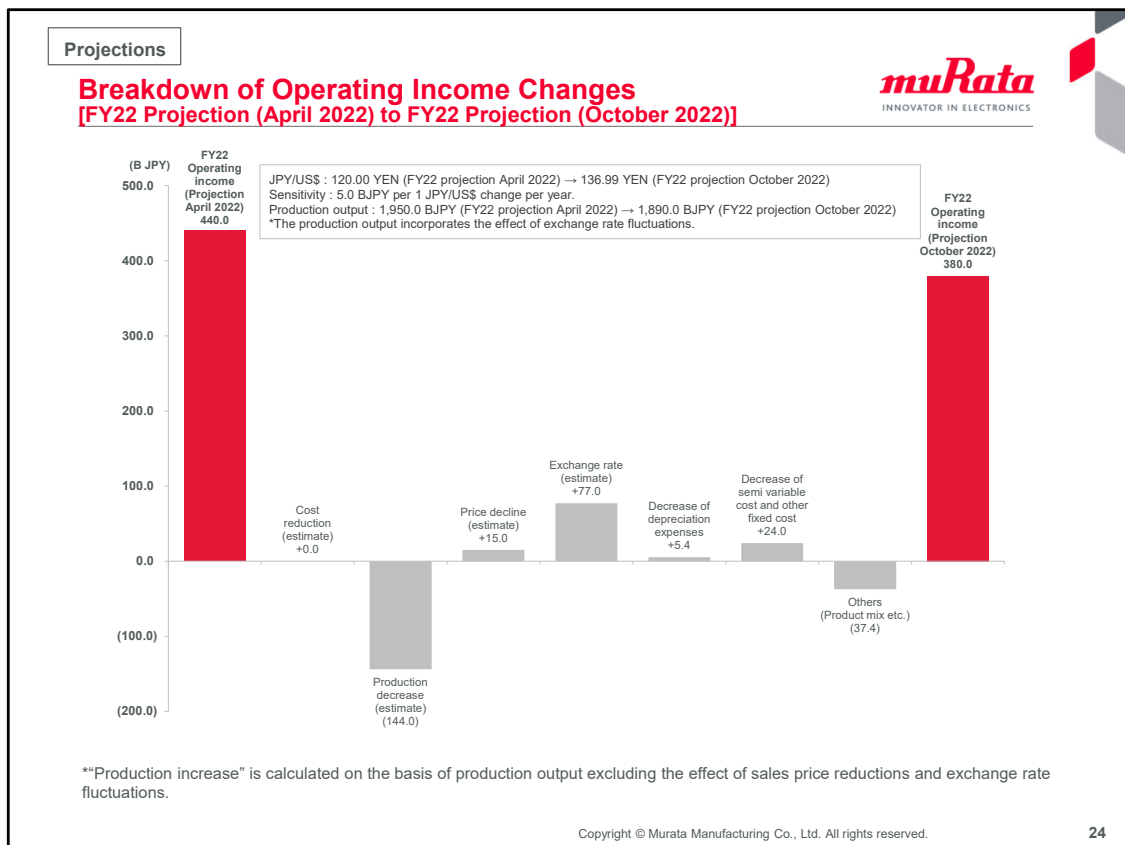
The figures for devices and modules are not so different from those we announced in April, but the breakdown is assumed to be positive in battery and power supply and negative in functional device.

## Projected Sales by Application

	FY2021 Actual (B JPY)	FY2022 Projections (YoY growth ratio)	FY2022 Projections (HoH growth ratio)
Communication	779.2	(8%)	(9%)
Mobility	336.3	+20%	+17%
Computers	297.5	(11%)	(2%)
Home Electronics	183.2	+24%	+1%
Industry and Others	216.3	(4%)	(17%)
Total	1,812.5	Flat	(2%)

\*Based on our estimate

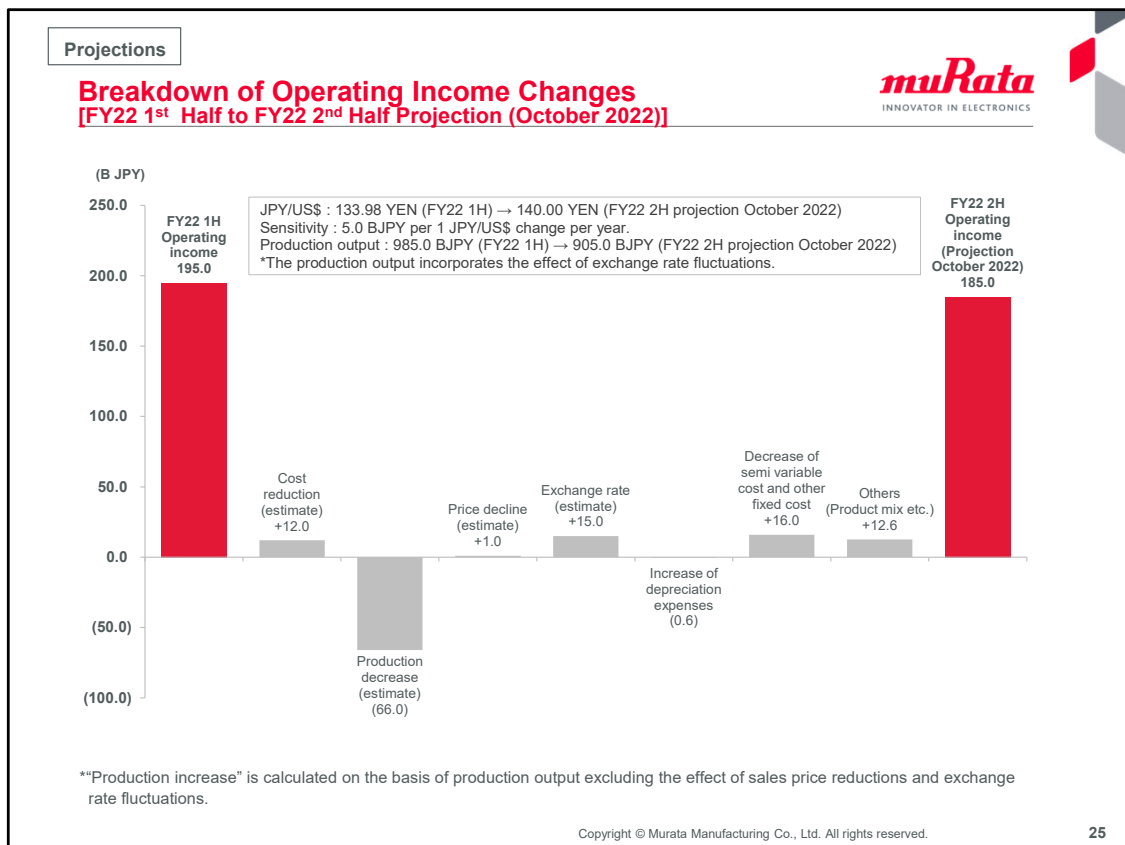
As I have explained so far, communication and computers are still in the negative, both compared to the initial forecast and the previous year's results. We are assuming a plus for mobility and a plus for home electronics.



I will only explain the other part, which is the product mix.

We expect a JPY60 billion decrease in profit from the beginning of the fiscal year due to negative factors such as soaring material costs, a decrease in the ratio of SAW filters, and an increase in the ratio of batteries.





This is a change from H1 of the year to H2 of the year.

As for production, we built up inventories in 1H of the year, but we will not build up inventories in 2H of the year, as we do not expect a full recovery until the next fiscal year or later. Accordingly, we are planning a production amount that is almost equal to the sales amount.

Factors for the increase/decrease are as stated. As I mentioned earlier about unrealized gains, the realization of unrealized gains in the 2H of the fiscal year is a positive factor in others.

## Projected Financial Results for FY2022

	FY2022 1st Half Results	FY2022 2nd Half Projections	FY2022 Projections
Depreciation and amortization	79.8 B JPY	80.2 B JPY	160.0 B JPY
R & D expenses	62.2 B JPY	58.8 B JPY	121.0 B JPY
Capital expenditures	83.7 B JPY	126.3 B JPY	210.0 B JPY
Average exchange rate (JPY/USD)	133.98	140.00	136.99

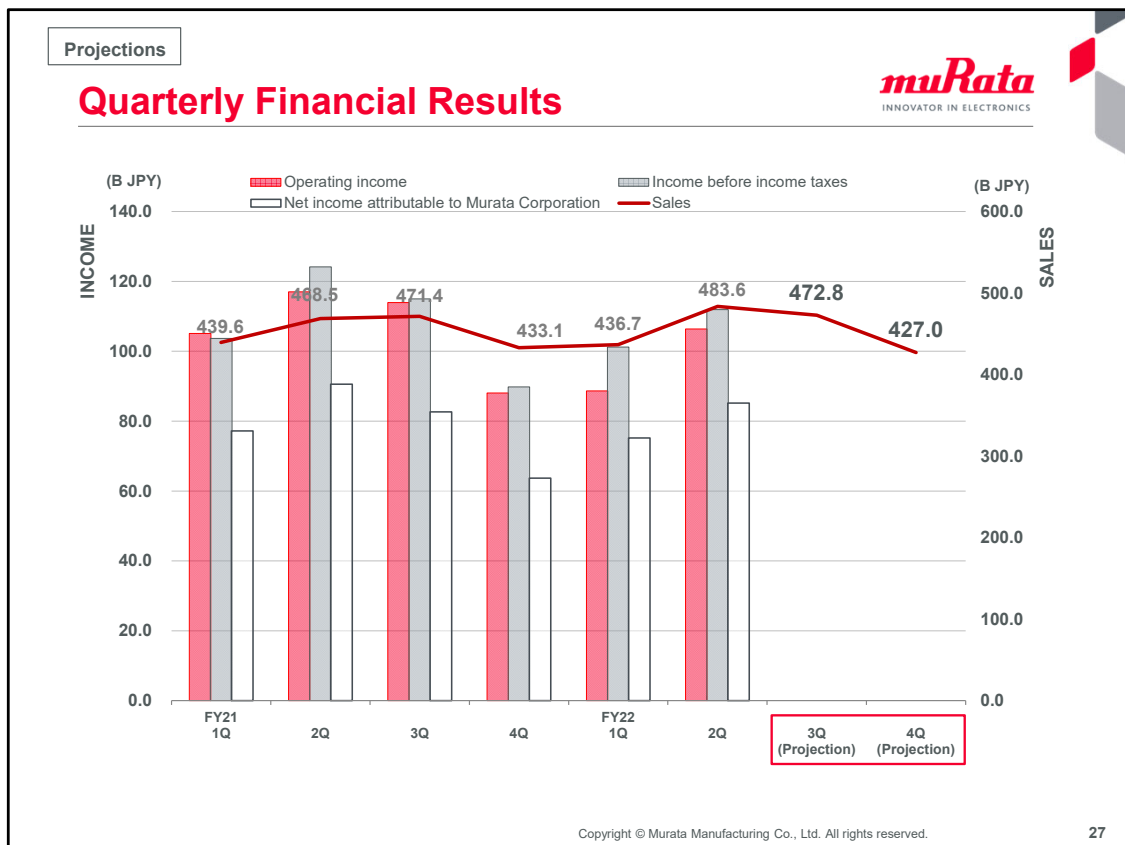
[Exchange rate sensitivity (per 1 JPY/US\$ change per year)]

Net sales FY2022 : 10.0 BJPY

Operating income FY2022 : 5.0 BJPY

This is the projected financial results.

I have generally explained the numbers, so I will omit the explanation.



This is the last page.

Although the movements are similar to seasonal fluctuations every year, the forecast for Q3 is JPY472.8 billion, and the forecast for Q4 is JPY427 billion.

That concludes my explanation.

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

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

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

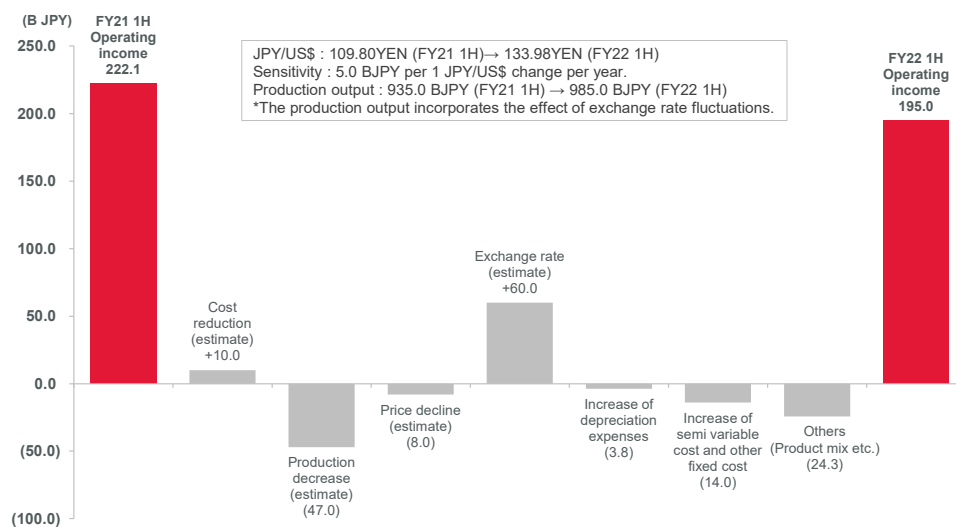
Thank you



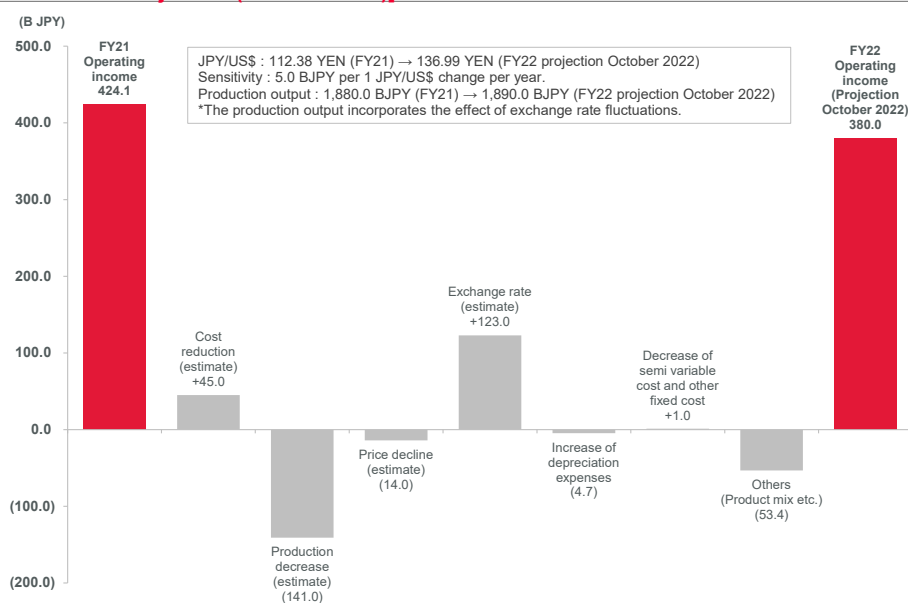
## Appendixes

**muRata**  
INNOVATOR IN ELECTRONICS

## Breakdown of Operating Income Changes [FY21 1st Half to FY22 1st Half]



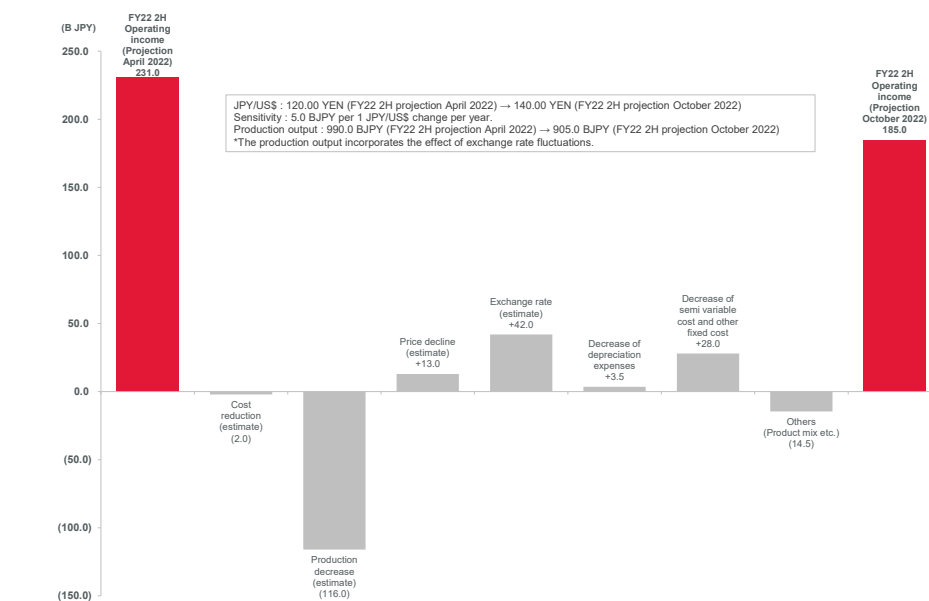
\*\*"Production increase" is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.

**Breakdown of Operating Income Changes**  
**[FY21 to FY22 Projection (October 2022)]**


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



## Breakdown of Operating Income Changes [FY22 2nd Half Projection (April 2022) to FY22 2nd Half Projection (October 2022)]



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



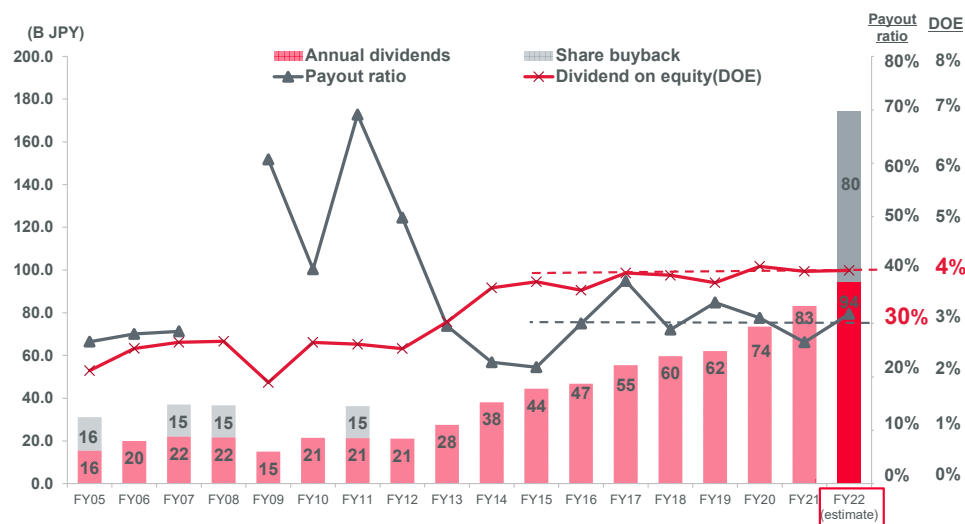
## Dividends per Share

- FY2022 (Year Ending March 31, 2023) projected annual dividends per share
  - 150 JPY per share
  - (Interim: 75 JPY per share, Year-end: 75 JPY per share)  
\*20 yen increase of annual dividend per share
- FY2021 (Year Ending March 31, 2022) annual dividends per share
  - 130 JPY per share
  - (Interim: 60 JPY per share, Year-end: 70 JPY per share)

Note: The above projections are based on our view of the current business environment and our projections for FY2022.

## Return to Shareholders

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



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## Financial Data (1/3)

(B JPY)

	FY2019			FY2020				FY2021				FY2022	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales	403.4	410.2	362.9	326.8	425.2	468.6	409.5	439.6	468.5	471.4	433.1	436.7	483.6
Operating income	58.8	79.5	52.4	51.3	80.2	108.4	73.3	105.1	117.0	113.9	88.0	88.6	106.4
Income before income taxes	61.6	78.0	51.3	53.9	79.2	106.3	76.9	103.7	124.1	115.0	89.8	101.2	112.0
Net income attributable to Murata Corporation	43.9	56.1	36.2	39.6	60.3	76.5	60.7	77.2	90.6	82.6	63.7	75.2	85.2
Capital expenditures	62.0	81.4	85.4	40.2	43.8	48.9	63.9	42.6	32.1	33.4	44.7	38.6	45.1
Depreciation and amortization	34.6	35.7	36.4	34.0	35.9	35.7	37.5	37.3	38.7	39.6	40.0	39.8	40.1
R & D expenses	25.3	24.7	26.4	24.8	26.2	24.4	26.3	27.0	27.2	28.2	28.9	30.7	31.5
Average exchange rates (yen)	107.35	108.76	108.97	107.62	106.22	104.51	105.90	109.49	110.11	113.71	116.21	129.57	138.38

## Financial Data (2/3)

(B JPY)

		FY2021				FY2022	
		1Q	2Q	3Q	4Q	1Q	2Q
Operating segment sales	Capacitors	190.0	203.4	201.4	193.8	202.1	194.4
	Inductors and EMI filters	49.3	51.9	51.1	43.5	46.9	48.3
	Components	239.3	255.2	252.5	237.3	249.0	242.7
	High-Frequency Device and Communications Module	128.3	137.4	140.2	122.4	108.4	147.6
	Battery and Power supply	42.6	45.3	48.8	43.7	51.3	65.0
	Functional Device	26.7	27.7	26.3	25.6	24.8	24.9
	Devices/Module	197.6	210.3	215.3	191.8	184.5	237.5
	Others	2.6	3.0	3.6	4.0	3.1	3.3
	Net sales	439.6	468.5	471.4	433.1	436.7	483.6
Sales by Application	Communication	185.7	207.1	210.4	176.1	169.2	205.0
	Mobility	82.7	82.1	80.3	91.2	91.9	94.3
	Computers	74.6	77.0	75.1	70.7	68.2	65.2
	Home Electronics	44.2	48.3	47.1	43.7	51.3	61.9
	Industry and Others	52.4	54.1	58.6	51.3	56.1	57.0
	Net sales	439.6	468.5	471.4	433.1	436.7	483.6

## Financial Data (3/3)

(B JPY)

		FY2021				FY2022	
		1Q	2Q	3Q	4Q	1Q	2Q
Components	Total revenue	242.2	258.5	255.9	241.5	252.0	245.2
	Operating income	86.3	94.3	93.6	81.3	86.8	81.0
Devices and modules	Total revenue	197.6	210.3	215.3	191.8	184.5	237.5
	Operating income	18.9	23.6	20.8	6.4	1.6	26.1
Others	Total revenue	17.5	17.8	17.5	18.4	20.2	16.5
	Operating income	(0.1)	(0.9)	(0.5)	0.3	0.2	(0.7)
Eliminations	Total revenue	(17.7)	(18.2)	(17.3)	(18.6)	(20.0)	(15.7)
Consolidated	Total revenue	439.6	468.5	471.4	433.1	436.7	483.6
	Operating income	105.1	117.0	113.9	88.0	88.6	106.4

