

11-year consolidated financial summary

(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business results											
Net sales (Millions of yen))	584,662	681,021	846,716	1,043,542	1,210,841	1,135,524	1,371,842	1,575,026	1,534,045	1,630,193	1,812,521
Operating income (Millions of yen))	44,973	58,636	125,891	214,535	275,406	201,215	163,254	266,807	253,247	313,240	424,060
Operating income / net sales (%)	7.7	8.6	14.9	20.6	22.7	17.7	11.8	16.9	16.5	19.2	23.4
Income before income taxes (Millions of yen))	50,931	59,534	132,336	238,400	279,173	200,418	167,801	267,316	254,032	316,417	432,702
Net income attributable to Murata Corporation (Millions of yen))	30,807	42,386	93,191	167,711	203,776	156,060	146,086	206,930	183,012	237,057	314,124
Shareholders' equity (Millions of yen))	808,542	860,963	955,760	1,123,090	1,229,159	1,354,819	1,456,600	1,603,976	1,694,104	1,920,805	2,263,596
Total assets (Millions of yen))	1,000,885	1,087,144	1,243,687	1,431,303	1,517,784	1,634,999	1,797,013	2,048,893	2,250,230	2,462,261	2,809,171
Net cash provided by operating activities (Millions of yen))	57,589	88,537	185,751	259,936	252,451	243,920	225,249	279,842	350,334	373,571	421,458
Net cash used in investing activities (Millions of yen))	(46,487)	(56,173)	(117,150)	(91,379)	(205,316)	(202,697)	(194,165)	(303,741)	(284,431)	(150,275)	(212,300)
Net cash provided by (used in) financing activities (Millions of yen))	(9,148)	(9,655)	(40,899)	(66,966)	(56,614)	(11,729)	(83,585)	51,546	17,650	(118,189)	(117,505)
Cash and cash equivalents at end of year (Millions of yen))	65,302	90,068	118,884	212,936	212,570	239,184	187,910	217,805	302,320	407,699	512,072
Average exchange rate (Yen/U.S. dollar)	79.07	83.11	100.24	109.94	120.14	108.42	110.86	110.91	108.75	106.06	112.38

Indices

ROIC (pre-tax basis)* (%)	8.4	9.6	18.1	26.8	30.9	21.2	14.4	18.9	16.1	18.5	22.6
Shareholders' equity ratio (%)	80.8	79.2	76.8	78.5	81.0	82.9	81.1	78.3	75.3	78.0	80.6
Basic earnings attributable to Murata Corporation per share (yen)	48.12	66.94	146.88	264.06	320.85	244.62	228.62	323.45	286.05	370.51	490.95
Return on equity (ROE) (%)	3.8	5.1	10.3	16.1	17.3	12.1	10.4	13.5	11.1	13.1	15.0
Shareholders' equity per share (yen)	1,276.85	1,359.65	1,504.84	1,768.33	1,935.35	2,122.83	2,276.82	2,507.11	2,647.88	3,002.12	3,537.80
Cash dividends per share (yen)	33	33	43	60	70	73	87	93	97	115	130
Capital expenditures (Millions of yen)	68,445	77,662	68,197	101,184	172,540	158,579	306,608	291,581	281,599	196,660	152,786
Depreciation and amortization (Millions of yen)	61,008	72,323	76,884	84,935	99,105	113,523	141,625	124,419	140,267	143,074	155,583
Research and development expenses (Millions of yen)	40,978	48,766	54,649	64,990	77,982	81,809	94,181	101,589	102,486	101,727	111,297

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States.
 The company implemented a three-for-one common stock split, effective April 1, 2019. Information per share was calculated on the assumption that the relevant stock split had been implemented at the beginning of fiscal 2011.
 * ROIC (pre-tax basis) = Operating income / Invested capital (Property, plant and equipment + Inventories + Trade accounts receivable - Trade accounts payable)

Analysis of business results and financial position

Review of fiscal 2021

In fiscal 2021, demand for automotive electronics increased significantly year on year due to advancement in the electrification of automobiles and the accumulation of components inventory by customers. Additionally, demand for personal computers (PCs) continued to be steady mainly by the demand for remote work. On the other hand, demand for smartphones remained weak partly due to inventory adjustment by major customers in Greater China.

Net sales of connectivity modules for smartphones decreased. However, net sales of multilayer ceramic capacitors (MLCCs) increased significantly in the areas of computers and peripherals and automotive electronics. Further, net sales of lithium-ion secondary batteries for power tools increased. Net sales for fiscal 2021 increased by 11.2% year on year to 1,812.5 billion yen, marking a record high, boosted in part by the effects of the depreciating yen.

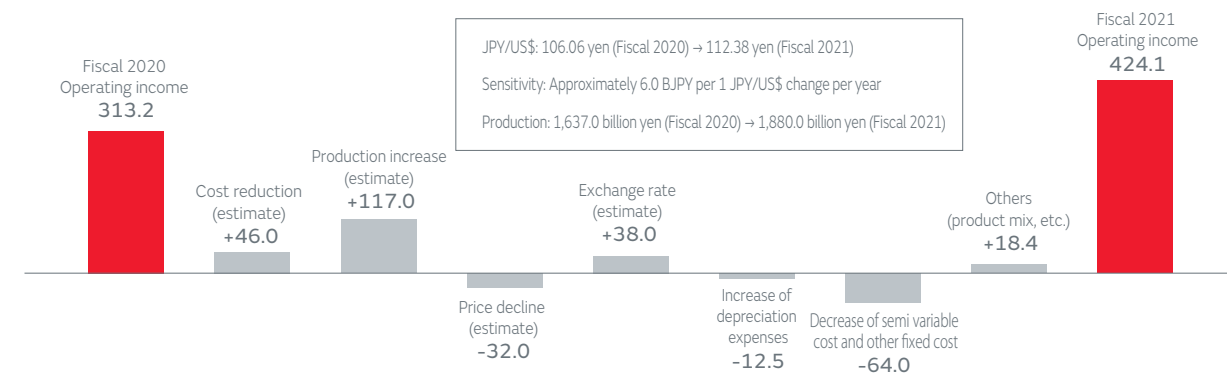
Looking at profits, performance was positively contributed to by production increase and cost reduction,

and the depreciation of the yen, despite an increase in production-related expenses driven by production growth. As a result, operating income was 424.1 billion yen, up 35.4% from the previous fiscal year, income before income taxes was 432.7 billion yen, up 36.8% from the above-mentioned period, and net income attributable to shareholders of the company was 314.1 billion yen, up 32.5% from the above-mentioned period. We marked a record high in each profit level.

ROIC (Return on Invested Capital) (pre-tax basis)* is established as a priority management index in "Medium-term Direction 2021." In fiscal 2021, ROIC (pre-tax basis) increased 4.1 points year on year to 22.6% due to large growth in operating income, despite an increase in invested capital as a result of building up inventories with an eye on demand for electronic components in the next fiscal year.

* ROIC (pre-tax basis) = Operating income / Invested capital (Property, plant and equipment + Inventories + Trade accounts receivable - Trade accounts payable)

● Actual increases and decreases in operating income (Billion yen)



Sales by product

	FY2020 results	FY2021 results	Increase/decrease	Reasons for increase/decrease
Capacitors	626.5	785.3	+158.7 (+25.3%)	Sales increased year on year, as sales of MLCCs increased not only for PCs, against the background of demand for remote work and online education, but also for automotive electronics due to advancement in electrification of automobiles and the accumulation of components inventory by customers.
Piezoelectric components	129.3	138.4	+9.1 (+7.0%)	Sales increased year on year, as sales of piezoelectric sensors grew for HDDs, and sales of resonators expanded for a broad range of applications.
Other components	387.6	460.4	+72.8 (+18.8%)	Sales increased year on year, as sales of lithium-ion secondary batteries for power tools increased significantly, as well as sales of inductors for PCs and automotive electronics increased.
Modules	484.1	425.6	-58.5 (-12.1%)	Sales decreased year on year, as sales of connectivity modules decreased for smartphones due to the restructuring of product portfolios, and sales of Multilayer resin substrates (Multilayer LCP Product) substrates also fell for communication devices.

Sales by application

(Billion yen)

	FY2020 results	FY2021 results	Increase/decrease	Reasons for increase/decrease
Audiovisual	71.9	71.5	-0.4 (-0.6%)	Sales decreased compared to the previous fiscal year, as sales of MLCCs decreased for set-top boxes, although sales of lithium-ion secondary batteries for digital cameras increased.
Communication	804.9	779.2	-25.7 (-3.2%)	Sales decreased from the previous fiscal year, as sales of MLCCs for smartphones increased but sales of connectivity modules decreased as a result of a revision to the business portfolio for the above application, while sales of RF modules also decreased.
Computers and peripherals	291.5	360.4	+68.9 (+23.6%)	Sales increased from the previous fiscal year, as sales of MLCCs and inductors for PCs and servers increased significantly.
Automotive Electronics	273.2	336.3	+63.1 (+23.1%)	Sales increased from the previous fiscal year, as sales of MLCCs increased significantly due to demand generated by advancement in the electrification of automobiles and the accumulation of components inventory by customers. Sales of EMI suppression filters and inductors also increased.
Home appliance and others	186.1	262.2	+76.1 (+40.9%)	Sales increased from the previous fiscal year, as sales of lithium-ion secondary batteries for power tools increased significantly and sales of MLCCs for distributors increased.

(Note) The above figures are based on our estimates.

Overview of financial conditions

(Billion yen)

	FY2020 results	FY2021 results	Increase/decrease	Reasons for increase/decrease
Assets	2,462.3	2,809.2	+346.9 (+14.1%)	Assets increased from the end of the previous fiscal year, mainly due to increases in short-term investments and inventories.
Liabilities	540.6	545.3	+4.7 (+0.9%)	Liabilities increased from the end of the previous fiscal year, due to increases in income taxes payable and trade accounts payable, despite a decrease due to the redemption of bonds.
Equity	1,921.6	2,263.9	+342.3 (+17.8%)	Equity increased from the end of the previous fiscal year, mainly due to an increase in retained earnings.

Cash flows

(Billion yen)

	FY2020 results	FY2021 results	Increase/decrease	Reasons for increase/decrease
Net cash provided by operating activities	373.6	421.5	+47.9 (+12.8%)	Net cash provided by operating activities was 421.5 billion yen, mainly due to an increase of 81.4 billion yen in inventories, net income of 313.9 billion yen and depreciation and amortization of 155.6 billion yen.
Net cash used in investing activities	-150.3	-212.3	-62.0 (-)	Net cash used in investing activities was 212.3 billion yen. There were cash outflows of 150.5 billion yen for payment for purchases of property, plant and equipment aimed at boosting production capacity and 48.8 billion yen in the acquisition of businesses.
Net cash used in financing activities	-118.2	-117.5	+0.7 (-)	Net cash used in financing activities was 117.5 billion yen. There were cash outflows due to dividend payment of 76.8 billion yen and 40.0 billion yen in the redemption of bonds.

Overview of segment information

(Billion yen)

		FY2020 results	FY2021 results	Increase/decrease	Reasons for increase/decrease
Components	Net sales	1,175.4	1,416.6	+241.2 (+20.5%)	Net sales and segment income both increased due to significant increases in sales of capacitors and inductors.
	Segment income	313.0	452.6	+139.6 (+44.6%)	
Modules	Net sales	484.1	425.6	-58.5 (-12.1%)	Net sales and segment income both decreased due to a decrease in sales of connectivity modules as a result of a revision to the business portfolio, and sales of Multilayer resin substrates (Multilayer LCP Product) substrates and RF modules also fell.
	Segment income	54.3	38.5	-15.8 (-29.0%)	
Others	Net sales	61.1	61.3	+0.2 (+0.3%)	—
	Segment income	7.8	6.9	-0.8 (-10.7%)	
Corporate and eliminations	Net sales	-90.4	-90.9	-0.5 (-)	Expenses increased overall due to an increase in expenses in conjunction with the expansion of the business scale.
	Corporate expenses	-61.8	-74.0	-12.2 (-)	
Consolidated	Net sales	1,630.2	1,812.5	+182.3 (+11.2%)	—
	Operating income	3,132	4,241	+1,108 (+35.4%)	

Consolidated Balance Sheets

(Millions of yen)

	End of FY2020 March 31, 2021	End of FY2021 March 31, 2022
Assets		
Current assets	1,184,180	1,435,206
Cash	363,979	370,388
Short-term investments	64,218	174,074
Marketable securities	22,599	23,979
Trade notes receivable	25	0
Trade accounts receivable	342,260	360,517
Allowance for doubtful notes and accounts	(1,414)	(2,207)
Inventories	361,331	464,723
Prepaid expenses and other	31,182	43,732
Property, plant and equipment	1,078,838	1,116,602
Land	73,359	81,213
Buildings	741,346	789,142
Machinery, and equipment, tools, dies, furniture and autos and trucks	1,418,356	1,530,121
Construction in progress	100,277	89,723
Accumulated depreciation	(1,286,598)	(1,405,460)
Operating lease right-of-use assets	32,098	31,863
Investments and other assets	199,243	257,363
Investments	41,438	34,618
Intangible assets	33,524	47,141
Goodwill	71,058	118,014
Deferred income taxes	37,796	26,562
Other	15,427	31,028
Total assets	2,462,261	2,809,171
Liabilities		
Current liabilities	317,911	321,258
Short-term borrowing	97	—
Trade accounts payable	85,927	93,842
Current portion of bonds	39,982	—
Accrued payroll and bonuses	52,909	63,997
Income taxes payable	41,525	59,228
Accrued expenses and other	90,516	97,816
Current operating lease liabilities	6,955	6,375
Long-term liabilities	222,705	224,001
Bonds	109,853	109,901
Long-term debt	772	1,078
Termination and retirement benefits	74,005	64,566
Deferred income taxes	7,603	13,233
Noncurrent operating lease liabilities	25,051	25,627
Other	5,421	9,596
Total liabilities	540,616	545,259
Equity		
Murata Corporation's Shareholders' equity	1,920,805	2,263,596
Common stock	69,444	69,444
Capital surplus	120,880	121,004
Retained earnings	1,786,660	2,024,368
Accumulated other comprehensive income (loss)	(2,627)	102,318
Unrealized gains on securities	(32)	(43)
Pension liability adjustments	(14,814)	(1,963)
Foreign currency translation adjustments	12,219	104,324
Treasury stock, at cost	(53,552)	(53,538)
Noncontrolling interests	840	316
Total equity	1,921,645	2,263,912
Total liabilities and equity	2,462,261	2,809,171

Consolidated Statements of Income

(Millions of yen)

	FY2020 April 1, 2020 - March 31, 2021	FY2021 April 1, 2021 - March 31, 2022
Net sales	1,630,193	1,812,521
Cost of sales	1,007,992	1,044,292
Selling, general and administrative	203,680	232,872
Research and development	101,727	111,297
Impairment losses on goodwill	3,554	—
Operating income	313,240	424,060
Interest and dividend income	1,667	1,193
Interest expense	(384)	(318)
Foreign currency exchange gain (loss)	(10,237)	263
Other - net	12,131	7,504
Income before income taxes	316,417	432,702
Income taxes	79,392	118,823
<Current income tax>	<80,476>	<116,610>
<Deferred income tax>	<(1,084)>	<2,213>
Net income	237,025	313,879
Less: Net income (loss) attributable to noncontrolling interests	(32)	(245)
Net income attributable to shareholders of the company	237,057	314,124

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020 April 1, 2020 - March 31, 2021	FY2021 April 1, 2021 - March 31, 2022
Net income	237,025	313,879
Other comprehensive income (loss), net of tax		
Unrealized gains on securities	29	(11)
Pension liability adjustments	11,185	12,851
Foreign currency translation adjustments	45,568	92,224
Other comprehensive income (loss)	56,782	105,064
Comprehensive income	293,807	418,943
Less: Comprehensive income (loss) attributable to noncontrolling interests	41	(126)
Comprehensive income attributable to Murata Corporation	293,766	419,069

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020 April 1, 2020 - March 31, 2021	FY2021 April 1, 2021 - March 31, 2022
Operating activities		
Net income	237,025	313,879
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	143,074	155,583
Losses on sales and disposals of property, plant and equipment	1,054	911
Impairment losses on long-lived assets	1,531	2,526
Impairment losses on goodwill	3,554	—
Provision for termination and retirement benefits, less payments	4,918	(5,059)
Deferred income taxes	(1,084)	2,213
Changes in assets and liabilities		
(Increase) decrease in trade notes and accounts receivable	(42,560)	11,637
(Increase) decrease in inventories	(16,027)	(81,363)
(Increase) decrease in prepaid expenses and other	4,644	(9,857)
Increase (decrease) in trade notes and accounts payable	4,353	3,507
Increase (decrease) in accrued payroll and bonuses	6,986	9,081
Increase (decrease) in income taxes payable	12,636	16,601
Increase (decrease) in accrued expenses and other	19,755	914
Other - net	(6,288)	885
Net cash provided by operating activities	373,571	421,458
Investing activities		
Payment for purchases of property, plant and equipment	(199,876)	(150,531)
Payment for purchases of marketable securities, investments, and other	(26,542)	(38,941)
Maturities and sales of marketable securities, investments, and other	42,705	34,335
Increase in long-term deposits and loans	—	(81)
Decrease in long-term deposits and loans	5,827	5,476
(Increase) decrease in short-term investments	23,299	(16,689)
Acquisition of businesses, net of cash acquired	—	(48,802)
Other - net	4,312	2,933
Net cash used in investing activities	(150,275)	(212,300)
Financing activities		
Net increase (decrease) in short-term borrowing	(50,908)	(91)
Proceeds from long-term debt	249	357
Repayment of long-term debt	(136)	(6)
Repayment of bonds	—	(40,000)
Dividends paid	(67,180)	(76,779)
Other - net	(214)	(986)
Net cash used in financing activities	(118,189)	(117,505)
Effect of exchange rate changes on cash and cash equivalents	272	12,720
Net increase (decrease) in cash and cash equivalents	105,379	104,373
Cash and cash equivalents at beginning of year	302,320	407,699
Cash and cash equivalents at end of year	407,699	512,072
Additional cash and cash equivalents information		
Cash	363,979	370,388
Short-term investments	64,218	174,074
Short-term investments with the original maturities over three months	(20,498)	(32,390)
Cash and cash equivalents at end of year	407,699	512,072