

## Business environment and the four medium-term management issues established in Medium-term Direction 2024

Medium-term Direction 2024 is the first phase toward realizing Vision 2030, which defines what Murata wants to be. In Medium-term Direction 2024, we will complete the ongoing issues from Medium-term Direction 2021 and tackle the four medium-term management issues by backcasting from the changes in the environment from a long-term perspective.

### Ongoing issues from Medium-term Direction 2021 [▶P.37](#)

Changes in the environment from a medium- to long-term perspective

Medium- to long-term business environment (opportunities and risks)

#### Expansion of the usage of electronics



#### Transition to a sustainable society



#### Advancement of digitalization



#### Increasing geopolitical risks



#### Changing population structure and balance of power



#### Response to post-pandemic society



The transition to a sustainable society will bring a shared global awareness and ESG initiatives will lead to increased corporate value

The business environment surrounding Murata is expected to become change dramatically and quick decision-making and execution in areas closer to the frontlines will be required, as well as business management that uses backcasting to anticipate future scenarios

Competitiveness will depend on our ability to respond to advances in the digitalization of society

Customer definitions will change as applications expand and demand for value will shift toward software and solutions

Demand for electronic components will increase due to the spread of 5G, the electrification of vehicles, and the shift to EVs

As environmental conservation increases in importance and, particularly amid the aging societies of developed countries, extending healthy life will be an important theme, which will expand business opportunities related to the environment and wellness

Work styles will diversify and competition to acquire DX human resources will intensify in the post-pandemic society and with the use of digital tools

It will be important to build a supply chain that responds to the declining working-age population due to Japan's falling birthrate and aging population, heightened geopolitical risks, and diversification of business models

An emergence of new customers along with changes in industry structure and changes in value chains will occur

There will be a need to take a long-term perspective in preparing for changes such as shifts in geopolitical power balances and in the framework of the international community due to the commoditization of volume zone for electronic components and the rise of emerging countries

### The four medium-term management issues established in Medium-term Direction 2024

#### Management transformation

**Management that creates a continuous cycle of social value and economic value**  
Promote initiatives to realize a sustainable society, such as strengthening Murata's response to climate change, and create innovations that lead to solutions to social issues and lead to business opportunities.

**Autonomous and decentralized organizational management**  
Transform into an autonomous, decentralized organization that emphasizes three aspects of autonomy, collectiveness, and evolution with the aim of continuously practicing the Murata Philosophy, delivering value, and continuing to grow.

**Change-responsive management based on hypothetical thinking**  
Respond flexibly to changes by increasing information sensitivity to changes in the business environment and incorporating hypothetical thinking approaches into business management systems.

**Digital transformation (DX)**  
Develop a foundation for promoting DX as a means of reforming our organizations and work systems to improve productivity and create new value.

#### Higher level portfolio management

**Practicing 3-layer portfolio management**  
Solve ongoing issues such as the continuous improvement of capital efficiency and the selection and concentration of businesses, linking these efforts to financial results, and take portfolio management to a higher level by evolving business management systems such as by linking it to human resource allocation and incorporating social value elements.  
Use diverse innovations in management to renew our businesses and technologies, while managing the business using a 3-layer portfolio in four business opportunities with the aim of pursuing profitability, efficiency, and growth for each business and continuing to provide value to customers and society.

#### Form a lean management base

**Strengthen human capital**  
Strengthen the human resource base and organizational capabilities for sustainable value creation by improving employee engagement and developing a diverse human resources that is active on a global scale.

**Strengthen quality foundation**  
Establish a quality assurance and control system that meets the needs of a wide variety of businesses and practice quality-oriented risk management.

#### Preparation for 2030

**Strengthen monozukuri in a broad sense**  
Dramatically increase productivity and create innovative technologies while building a monozukuri system for 2030, radically strengthen the ECM axis, and improve the SCM axis to increase the added value provided to customers.

**Strengthen response to management risks**  
Develop intelligence capabilities for future management risks, while assessing key management risks to make the necessary preparations.

**Strengthen the power to sell and power to support**  
Strengthen selling and overall operational (support) capabilities to continue to provide value based on a timely and accurate understanding of the social, market, and customer needs.

**Drive innovation**  
Discover and cultivate technologies that will become a source of competitiveness in the future, while showcasing technologies to bring about valuable collaboration. Additionally, develop and implement an intellectual property strategy to support our technologies.