Murata Manufacturing Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2023

April 28, 2023

Event Summary

[Company Name]	Murata Manufacturing Co., Ltd.	
[Company ID]	6981-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2023	
[Fiscal Period]	FY2022 Q4	
[Date]	April 28, 2023	
[Time]	15:30 – 16:33 (Total: 63 minutes, Presentation: 22 minutes, Q&A: 41 minutes)	
[Venue]	Webcast	
[Number of Speakers]	3	
	Norio Nakajima	President, Representative Director
	Masanori Minamide	Executive Vice President (Board Member), General Manager, Corporate Unit
	Nagato Omori	Senior Vice President, General Manager, Ceramic Capacitor Business Unit
[Analyst Names]	Daiki Takayama	Goldman Sachs
	Akihiko Uchino	Mitsubishi UFJ Morgan Stanley Securities
	Fumihide Goto	Mizuho Securities
	Shingo Hirata	UBS Securities
	Manabu Akizuki	Nomura Securities
	Takayuki Naito	Citigroup Global Markets

Presentation

Moderator: As it is time, we will now commence Murata Manufacturing Co., Ltd.'s financial results briefing for the fiscal year ended March 2023.

Thank you very much for joining us today despite your busy schedules.

First, let me introduce the attendees from our company. We have Representative Director and President, Norio Nakajima.

Nakajima: Thank you for having me.

Moderator: Next, we have Executive Vice President and General Manager of the Corporate Unit, Masanori Minamide.

Minamide: Thank you for having me.

Moderator: Next, we have Senior Vice President and General Manager of the Ceramic Capacitors Business Unit, Nagato Omori.

Omori: Thank you for having me.

Moderator: Other IR members are also in attendance.

Nakajima: Allow me to say a few words at the outset. As we disclosed yesterday, it was confirmed that our data server was accessed on March 16. As a result of our investigation up until today, we have found no impact on our financial data. Therefore, we will proceed with the financial results briefing as scheduled. We apologize for any concerns this may have caused. Thank you for your understanding.

Moderator: Today's schedule will begin with our company's explanation of the financial results, followed by a Q&A session starting around 3:50 PM. The materials can be found on our website under the IR Library in the investor relations section. Additionally, timely disclosure of the briefing materials is being carried out, and they can also be viewed through the Tokyo Stock Exchange's Timely Disclosure Information Viewing Service. We will refer to the page numbers of the financial results briefing materials during our explanation, so please refer to them if you are joining by phone.

Now, I will hand it over to Minamide to explain the financial results.

Topics (1/2)

Financial Results of FY2022(U.S.GAAP)

Financial Results

- Net sales were 1,686.8 billion yen, down 6.9% year on year, and operating income was 297.9 billion yen down 29.8% year on year. Not only did sales of capacitors decrease for computers and smartphones, but SAW filters and RF modules also fell, resulting in a net sales decrease. In terms of profits, a loss in productivity from lower capacity utilization, resulting from a decrease in production output, was the main profit-decreasing factor.
- Both net sales and operating income were largely in line with latest projected financial results, partly because the yen remained weaker than assumed.

Shareholder returns

- The Company plans to pay a year-end dividend of 75 yen per share as planned at the beginning of the fiscal year.
  (The annual dividend will be 150 yen per share, an increase of 20 yen from the previous fiscal year.)

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Minamide: Thank you for your continued support of our IR activities. Now, let's begin the financial results presentation.

Please look at page two. This is a summary of the results for FY2022.

First, net sales decreased by 6.9% compared to the previous fiscal year, amounting to JPY1,686.8 billion. Operating income decreased by 29.8% to JPY297.9 billion. This is due to a decline in sales of capacitors and components for consumer electronics, as well as parts for communication devices, from the middle of the fiscal year. The main factor contributing to the decrease in profits is the loss in productivity from lower capacity utilization caused by the decrease in production volume.

As for the most recent earnings forecast announced in February, the results are almost as we announced.

Regarding shareholder returns, we plan to distribute a year-end dividend of JPY75 per share, as planned.

Topics (2/2)

Projected Financial Results for FY2023(IFRS) * % indicates changes between FY2023 projected financial results (IFRS) and FY2022 results (US GAAP).

Projected Financial Results

- Net sales are planned to be 1,640.0 billion yen, down 2.8%* year on year. Although sales of capacitors will increase for mobility, a recovery in demand for parts for the consumer product market will be moderate. Additionally, expecting lower sales of connectivity modules, the company expects a decrease in net sales due in part to the appreciation of the yen.
- Operating income is planned to be 220.0 billion yen, down 26.1%* year on year. The Company forecasts a decrease in profits due to selling price reductions and the appreciation of the yen.

Capital expenditures

- Capital expenditures are planned to be 220.0 billion yen, up 11.9 billion yen year on year, mainly for expanding and reinforcing production capacity and the construction of a production building in preparation for medium-term growth in the demand for parts.

Shareholder returns

- The Company plans to pay an annual dividend of 150 yen per share, the same as in the previous fiscal year.

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Please turn to page three. This is a summary of the earnings forecast for FY2023.

Net sales are expected to decrease by 2.8% compared to the previous fiscal year, and operating income is planned to decrease by 26.1% to JPY220 billion. We will explain the factors behind the changes in net sales and profits later.

For capital investment, we plan to allocate JPY220 billion this fiscal year to prepare for the medium-term expansion of component demand.

Regarding shareholder returns, we plan to distribute a dividend of JPY150 per share, the same amount as the previous fiscal year.

Financial Results

Financial Results Overview for FY2022

	FY2021 (B JPY)	FY2021 (%)	FY2022 (B JPY)	FY2022 (%)	Y on Y Change (B JPY)	Y on Y Change (%)
Net sales	1,812.5	100.0	1,686.8	100.0	(125.7)	(6.9)
Operating income	424.1	23.4	297.9	17.7	(126.2)	(29.8)
Income before income taxes	432.7	23.9	314.9	18.7	(117.8)	(27.2)
Net income attributable to Murata Corporation	314.1	17.3	253.7	15.0	(60.4)	(19.2)
ROIC (pre-tax basis) (%)	22.6		14.6		(8.0)	
Average exchange rates yen/US dollar	112.38		135.48			

- Net sales decreased as sales of RF modules, connectivity modules, SAW filters and others declined for smartphones, and capacitors also fell for computers although sales of capacitors grew for mobility, and sales of lithium-ion secondary batteries rose for power tools. (Down 19.7% year on year excluding the impact of foreign exchange)
- Operating income decreased due to the occurrence of a loss of productivity from lower capacity utilization, as opposed to the profit-increasing effect of the depreciation of the yen. (Down 57.0% year on year excluding the impact of foreign exchange)
- ROIC (before taxes) declined due to a decrease in operating income, as opposed to increases in inventories and fixed costs.

*Exchange rate sensitivity (per 1 JPY/US$ change per year) Net sales FY2022 : 10.0 BJPY Operating income FY2022 : 5.0 BJPY

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Please turn to page five. This is an overview of the financial results.

I mentioned earlier regarding net sales and operating income, but I would also like to touch on ROIC. Compared to 22.6% in FY2021, it decreased to 14.6% in FY2022. This is due to the decrease in operating income ratio on net sales, as well as an increase in inventory assets and fixed assets.

Regarding the exchange rate, it was JPY135.48 against the US dollar. As for the sensitivity to exchange rate fluctuations, we expect that a JPY1 appreciation in the exchange rate will have an impact of JPY10 billion on net sales and JPY5 billion on operating income this fiscal year.

Quarterly Financial Results

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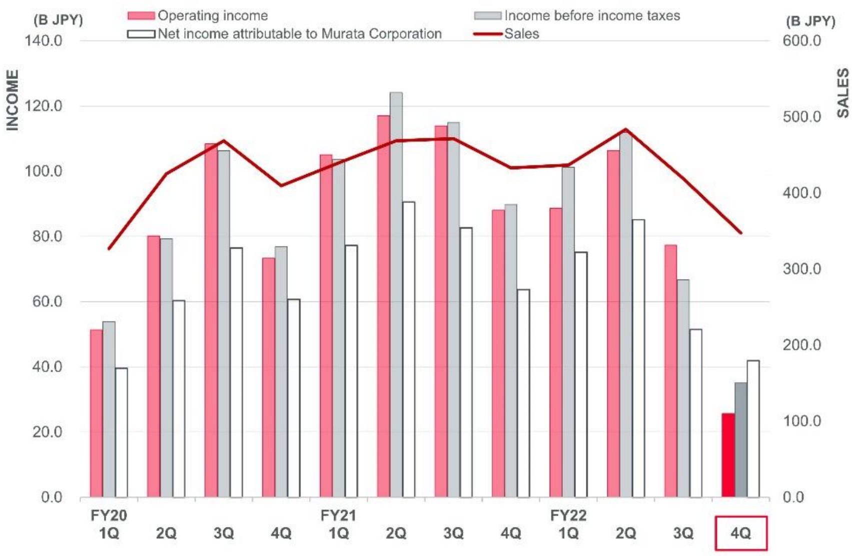

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Please turn to page six. This is a graph of the quarterly performance trends.

For Q4, net sales declined, and productivity from capacity utilization decreased accordingly. Additionally, the exchange rate slightly appreciated, and with seasonal fluctuations, Q4 saw a significant drop in profits.

Financial Results

Quarterly Sales, Order and Backlog

- On a quarter on quarter basis, orders received decreased.
- The book-to-bill ratio remains below 1, but rose from the last quarter.

* 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: 132.70 yen at the end of December 2022, 133.54 yen at the end of March 2023

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Please turn to page seven. This shows the trends in sales, orders, and order backlog.

In Q4, as I mentioned earlier, net sales decreased, and orders also remained sluggish in Q4, with a book-to-bill ratio of 0.9. The order backlog is also decreasing accordingly.

Regarding Q4, the trends in sales and orders are roughly the same, but to add a little more detail about sales, sales for the mobility market have remained relatively strong, while sales for smartphones, PCs, and lithium-ion secondary batteries for home appliances decreased in Q4. This is the main reason.

Financial Results

Operating segment sales for FY2022

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	FY2021		FY2022		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Capacitors	788.5	43.5	738.8	43.8	(49.7)	(6.3)
Inductors and EMI filters	195.8	10.8	175.3	10.4	(20.4)	(10.4)
High-Frequency Device and Communications Module	528.2	29.1	453.6	26.9	(74.6)	(14.1)
Battery and Power supply	180.4	10.0	214.6	12.7	+34.1	+18.9
Functional Device	106.4	5.9	92.8	5.5	(13.6)	(12.8)
Others	13.2	0.7	11.7	0.7	(1.5)	(11.6)
Net sales	1,812.5	100.0	1,686.8	100.0	(125.7)	(6.9)

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Please turn to page eight. This is a breakdown of sales by business segment.

While I will provide more details on the next page, overall, sales for each product have decreased. Only the battery and power supply segment saw an increase compared to the previous fiscal year.

Financial Results

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Operating segment sales [FY2021 to FY2022]

Capacitors (6.3%)	***MLCCs* :** Whereas sales for mobility increased, sales decreased for computers and smartphones.
Inductors and EMI filters (10.4%)	***Electromagnetic Interference(EMI) suppression filters* :** Sales increased for mobility. ***Inductors* :** Sales decreased for computers and smartphones.
High-Frequency Device and Communications Module (14.1%)	***Multilayer resin substrates* :** Sales increased for smartphones. ***SAW Filters, High-frequency modules, Connectivity modules* :** Sales decreased for smartphones.
Battery and Power supply +18.9%	***Lithium-Ion secondary batteries* :** Sales increased for power tools.
Functional Device (12.8%)	***Sensors* :** Whereas sales for mobility increased, sales decreased for computers.

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Let me explain on page nine.

The trends for capacitors and inductors and EMI filters are roughly the same. Sales for the mobility market increased due to the impact of exchange rates, but sales for consumer electronics decreased.

Regarding high-frequency device and communication module, sales increased in multilayer resin substrates, but there was a decrease in surface acoustic wave filters and high-frequency modules in the last fiscal year. There has also been a decrease in connectivity modules, due to portfolio changes.

As for battery and power supply, battery sales for power tools have increased. However, I would like to add that this also includes the gradual pass-through of the impact of rising material prices.

Sales by Application for FY2022

	FY2021		FY2022		Y on Y Change	
	(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Communication	779.2	43.0	659.2	39.1	(120.0)	(15.4)
Mobility	336.3	18.6	390.2	23.1	+53.9	+16.0
Computers	297.5	16.4	224.7	13.3	(72.8)	(24.5)
Home Electronics	183.2	10.1	197.8	11.7	+14.6	+8.0
Industry and Others	216.3	11.9	214.8	12.8	(1.5)	(0.7)
Net sales	1,812.5	100.0	1,686.8	100.0	(125.7)	(6.9)

*Based on our estimate

Please turn to page 10. This is a breakdown of sales by application.

Sales for mobility and home electronics have increased, while other applications have decreased.

Financial Results

Sales by Application [FY2021 to FY2022]

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Communication (15.4%)	Sales of multilayer resin substrates increased for smartphones. Sales of high-frequency modules, connectivity modules, SAW Filters, and capacitors decreased for smartphones.
Mobility +16.0%	Sales of MLCCs and EMI suppression filters increased mainly due to the sales-increasing factor of a weaker yen and a recovery in the quantity of automobiles produced.
Computers (24.5%)	Sales of capacitors and inductors decreased for PCs.
Home Electronics +8.0%	Sales of lithium-ion secondary batteries increased for power tools.
Industry and Others (0.7%)	Sales for healthcare products and Industrial equipment increased. Sales for distributors decreased.

*Based on our estimate

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Please turn to page 11. This is about the factors contributing to the increase or decrease in sales by application.

As the content here largely overlaps with what I mentioned in the product-specific section earlier, I will omit the details here.

Segment Information

		FY2021		FY2022		Y on Y Change	
		(B JPY)	(%)	(B JPY)	(%)	(B JPY)	(%)
Components	Total Revenues	998.1	100.0	924.4	100.0	(73.8)	(7.4)
	Operating income	355.5	35.6	280.1	30.3	(75.4)	(21.2)
	ROIC (pre-tax basis) (%)	34.3		24.0		(10.3)	
Devices and modules	Total Revenues	815.1	100.0	761.0	100.0	(54.1)	(6.6)
	Operating income	69.7	8.6	20.6	2.7	(49.1)	(70.5)
	ROIC (pre-tax basis) (%)	8.7		2.5		(6.2)	
Others	Total Revenues	71.2	100.0	74.6	100.0	+3.4	+4.8
	Operating income	(1.2)	(1.6)	(2.8)	(3.8)	(1.6)	-
Eliminations	ROIC (pre-tax basis) (%)	(71.8)	-	(73.1)	-	(1.3)	-
Consolidated	Total Revenues	1,812.5	100.0	1,686.8	100.0	(125.7)	(6.9)
	Operating income	424.1	23.4	297.9	17.7	(126.2)	(29.8)
	ROIC (pre-tax basis) (%)	22.6		14.6		(8.0)	

- **Components** — **Profits decreased due to the occurrence of a loss of productivity from lower capacity utilization resulting from a decrease in production output and an increase in fixed costs despite the profit-increasing effect of the depreciation of the yen. ROIC (before taxes) lowered partly due to an increase in invested capital.**
- **Devices and modules** — **Profits fell due to a deterioration in profitability caused by lower sales of SAW filters and functional devices. ROIC (before taxes) declined as a result of a decrease in operating income.**

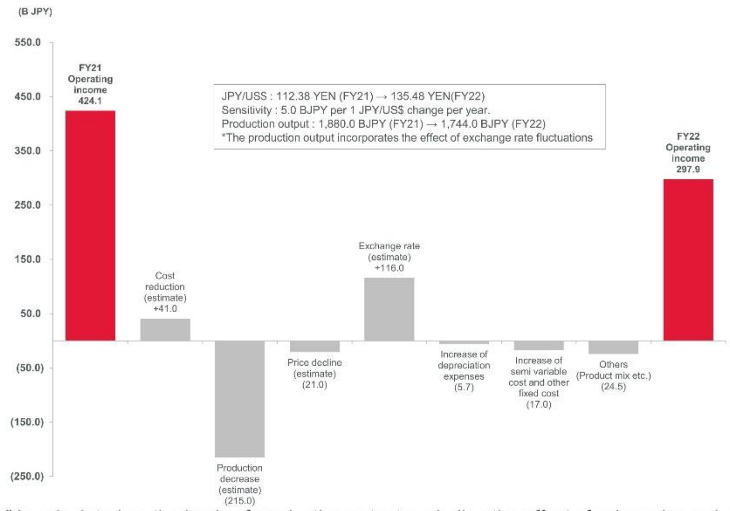
Note : we have changed classifications of income on represents from "segment income" to "operating income" from the current fiscal year.
Note : we started disclosing the full-year cumulative results of ROIC (before taxes) for each of components, devices and modules from the current fiscal year.

Please turn to page 12. This is the profit and loss situation by segment.

Components show a decrease in both sales and profit compared to the previous fiscal year, and device and module also show a decrease in both sales and profit compared to the previous fiscal year.

Regarding the device and module segment, it was in the red for Q4.

Breakdown of Operating Income Changes [FY2021 to FY2022]



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

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

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Please turn to page 13. This shows the factors contributing to the change in profit from FY2021 to FY2022.

As shown in this graph, the largest factor contributing to the decrease in profit is the loss in productivity from lower capacity utilization. On the other hand, there is a positive factor due to exchange rates.

To provide a little more detail on semi-variable costs and fixed costs, this is a factor contributing to the decrease in profit, and as we mentioned in the previous earnings report for Q3 of FY2022, there is a special expense of JPY7 billion. In addition, energy costs, labor costs, and the costs of Resonant and Eta Wireless, which were acquired in the previous fiscal year, are also included from FY2022.

The increase in material costs is included in the others category. However, since we have been able to partially price increase, please understand that it is accounted for both increases and decreases in expenses.

Cash Flows

	FY2021 (B JPY)	FY2022 (B JPY)	Y on Y Change (B JPY)
Operating activities	421.5	276.3	(145.2)
Investing activities	(212.3)	(157.9)	+54.5
Financing activities	(117.5)	(173.7)	(56.2)
Effect of exchange rate changes	12.7	12.6	(0.1)
Cash and cash equivalents	512.1	469.4	(42.7)
Free Cash Flows	209.2	118.4	(90.7)
Capital expenditures	(150.5)	(190.0)	(39.4)
Depreciation and amortization	155.6	161.3	+5.7

- **Cash flow from operating activities fell due to a year-on-year profit decrease and an increase in inventories.**
- **Cash flows from financing activities decreased due to the acquisition of treasury stock (80.0 billion yen).**

Please turn to page 14. This is about cash flow.

Regarding operating cash flow, in addition to the decrease in net profit compared to the previous fiscal year, the increase in inventory assets has affected operating cash flow, resulting in a significant decrease in cash flow from operating activities compared to the previous fiscal year.

Regarding cash flow from financing activities, this fiscal year includes the acquisition of treasury stock worth JPY80 billion.

Projections

Projected Financial Results for FY2023

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	FY2022 (U.S. GAAP) Actual (B JPY)	(%)	FY2023 (IFRS) 1st Half (B JPY)	2nd Half (B JPY)	Projections (B JPY)	(%)	Y on Y Change (for reference) (B JPY)	(%)
Net sales	1,686.8	100.0	788.0	852.0	1,640.0	100.0	(46.8)	(2.8)
Operating income	297.9	17.7	84.0	136.0	220.0	13.4	(77.9)	(26.1)
Income before income taxes	314.9	18.7	84.0	136.0	220.0	13.4	(94.9)	(30.1)
Net income attributable to Murata Corporation	253.7	15.0	63.0	101.0	164.0	10.0	(89.7)	(35.4)
ROIC (pre-tax basis) (%)	14.6				10.2		(4.4)	
Average exchange rates yen/US dollar	135.48				127.00			

- **Although sales of capacitors will increase for mobility, the appreciation of the yen will persist, and we expect sluggish final demand for the consumer product market and an impact from the business portfolio review of connectivity modules among others. Based on the above, the Company expects a year-on-year net sales decrease.**
- **Profits are forecast to decrease year on year due to profit-decreasing factors such as product price reductions and the appreciation of the yen.**

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Please turn to page 16. This is the earnings forecast for FY2023.

As written above, we will adopt IFRS from FY2023, so we cannot actually compare it with the US GAAP-based results for FY2022, but there is no significant, noticeable impact on profit and loss, so I would like to explain using this comparison as a reference.

I will explain the decrease in sales and profit using the materials later on.

Projections

Recognition of Business Environment

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	Assumptions for projected financial results	Risks not factored into projected financial results
Sales	- The smartphone market is expected to recover around the summer - Mounting downward pressure on product prices due to sluggish final demand - Continued holding of BCP inventory by customers for mobility - Inventory adjustment in the power tools market will improve slightly in the second half - Exchange rate set at 127 yen	- A delay in the recovery of the smartphone market - Prolonged curbs on investment for servers and data centers primarily due to a deterioration of business sentiment - Slowdown of a recovery in the number of automobiles produced - Prolonged inventory adjustment in the power tools market - More-than-expected appreciation of the yen
Productions	- Execution of production plans for inventory reduction	- Additional production reduction accompanying a downturn in the quantity of sets
Costs	- Continued high level of material prices and energy costs (Estimated based on the situation as of the end of March 2023) - Increase in strategic expenditures such as for strengthening of IT infrastructure	- Further soaring of material prices and energy costs

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Please turn to page 17. First, let's discuss our understanding of the business environment.

The left side shows the assumptions for this earnings forecast, and the right side lists risks that are not factored into these assumptions.

Some of the key points include the timing of the smartphone recovery, which we expect to be around summer, and a certain level of price reduction anticipated for the current fiscal year. We also assume that mobility customers will continue to maintain BCP component inventory. In addition, we are considering a recovery in the power tool segment in H2, exchange rate assumptions, our company's production activities, and a production plan aimed at reducing inventory to a certain extent.

Regarding these points, if there are any further risks, we have listed them on the right side. I will omit the details for now.

Projections

Projections of Demand

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	FY2022 Actual	FY2023 Projections	Change
Smartphones (units)	1,080 M	1,110 M	+3%
therein 5G smartphones	600 M	650 M	+8%
PCs (units)	420 M	380 M	(10%)
Vehicles (units)	82 M	86 M	+5%
therein xEV	24 M	32 M	1.3 times

* Smartphones and PCs are based on the number of demand for components. Vehicles are based on the number of units produced.

- **Smartphones** — **Although inventory adjustment will come to an end, an increase in the quantity of sets will be moderate due to weak final demand. Additionally, the ratio of low-end devices to all smartphones is expected to rise.**
- **PCs** — **Although inventory adjustment will come to an end, demand is expected to remain weak due to the low level of consumers' purchasing appetite. High-end tablet PCs, whose sales were brisk, are expected to fall as a downward correction of the brisk sales.**
- **Vehicles** — **The quantity is expected to rise mainly in xEV as semiconductor shortages gradually lessen.**

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Please turn to page 18. Although this is based on assumptions, I will explain our forecast for component demand in the market in terms of the number of units.

For smartphones, we expect a 3% increase, for PCs a 10% decrease, and for automobiles a 5% increase, with xEVs projected to grow by 1.3 times.

As a supplementary note in the slide, regarding smartphones, we are mainly talking about customers in the Chinese market, and we anticipate that the proportion of low-end devices will increase to a certain extent.

Projections

Projected Sales by Operating segment

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	FY2022 (U.S. GAAP) Actual	FY2023 (IFRS)			Y on Y Change (for reference)	
		1st Half	2nd Half	Projections		
	(B JPY)	(B JPY)	(B JPY)	(B JPY)	(B JPY)	(%)
Capacitors	738.8	371.2	403.2	774.4	+35.5	+4.8
Inductors and EMI filters	175.3	86.9	92.3	179.1	+3.8	+2.2
Components	914.2	458.1	495.5	953.5	+39.4	+4.3
High-Frequency Device and Communications Module	453.6	186.5	201.5	388.0	(65.6)	(14.5)
Battery and Power supply	214.6	88.4	96.2	184.6	(29.9)	(13.9)
Functional Device	92.8	49.4	52.9	102.2	+9.5	+10.2
Devices/Module	761.0	324.3	350.6	674.9	(86.1)	(11.3)
Others	11.7	5.6	6.0	11.6	(0.1)	(0.5)
Total	1,686.8	788.0	852.0	1,640.0	(46.8)	(2.8)

Please turn to page 19. This is the sales forecast by segment.

We expect an increase mainly in components and functional devices within the devices and module segment, but a decrease in high-frequency device and communication module and battery and power supply. I will discuss the details on the next page.

Projections

Projected Sales by Operating segment [FY2022 to FY2023]

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Capacitors +4.8%	***MLCCs* :** Sales are planned to grow for mobility due to an increase in the number of parts, resulting from a greater number of vehicles produced and progress in the electrification of automobiles.
Inductors and EMI filters +2.2%	***EMI suppression filters*: :** Sales are planned to grow for mobility due to an increase in the number of parts, resulting from a greater number of vehicles produced and progress in the electrification of automobiles.
High-Frequency Device and Communications Module (14.5%)	***Connectivity modules* :** Sales are planned to decline due to the continued review of the business portfolio. ***Multilayer resin substrates* :** Sales are expected to decline for smartphones. ***RF modules, SAW Filters* :** Sales are expected to increase for smartphones.
Battery and Power supply (13.9%)	***Lithium-Ion secondary batteries* :** Sales are expected to decline for power tools due to lower demand and inventory adjustment.
Functional Device +10.2%	***Sensors* :** Sales are planned to increase for mobility due to a high functionality of automobiles and a greater number of vehicles produced.

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Please take a look at page 20.

For capacitors and inductors and EMI filters, the trends are generally similar, with an expected increase in sales in the mobility sector.

Regarding high-frequency device and communication module, we expect a decrease in sales for connectivity modules due to the ongoing review of our business portfolio in FY2023. For multilayer resin substrates, which increased in sales in the previous fiscal year, we do not expect any significant fluctuations in market share this year. However, there will be a decrease due to the anticipated decline in the amount used per device. We plan to increase high-frequency modules and SAW filters this year.

Battery and power supply sales are expected to decrease this year. We expect a positive trend for functional device.

Projections

Projected Sales by Application

	FY2022 (U.S. GAAP) Actual (B JPY)	FY2023 (IFRS) 1st Half (B JPY)	2nd Half (B JPY)	Projections (B JPY)	Y on Y Change (for reference) (B JPY)	(%)
Communication	659.2	288.0	312.5	600.5	(58.8)	(8.9)
Mobility	390.2	211.1	223.9	435.1	+44.9	+11.5
Computers	224.7	101.1	113.6	214.6	(10.1)	(4.5)
Home Electronics	197.8	87.4	96.6	184.0	(13.9)	(7.0)
Industry and Others	214.8	100.4	105.5	205.8	(9.0)	(4.2)
Total	1,686.8	788.0	852.0	1,640.0	(46.8)	(2.8)

*Based on our estimate

Please turn to page 21.

By application, we expect a positive trend in mobility and a negative trend in other areas for this fiscal year.

Projections

Projected Financial Results for FY2023

	FY2022 (U.S. GAAP) Actual	FY2023 (IFRS) Projections
Depreciation and amortization	161.3 B JPY	170.0 B JPY
R & D expenses	124.2 B JPY	130.0 B JPY
Capital expenditures	208.1 B JPY	220.0 B JPY
Average exchange rate (JPY/USD)	135.48	127.00

[Exchange rate sensitivity (per 1 JPY/US$ change per year)]
Net sales FY2023：10.0 BJPY
Operating income FY2023： 5.0 BJPY

 22

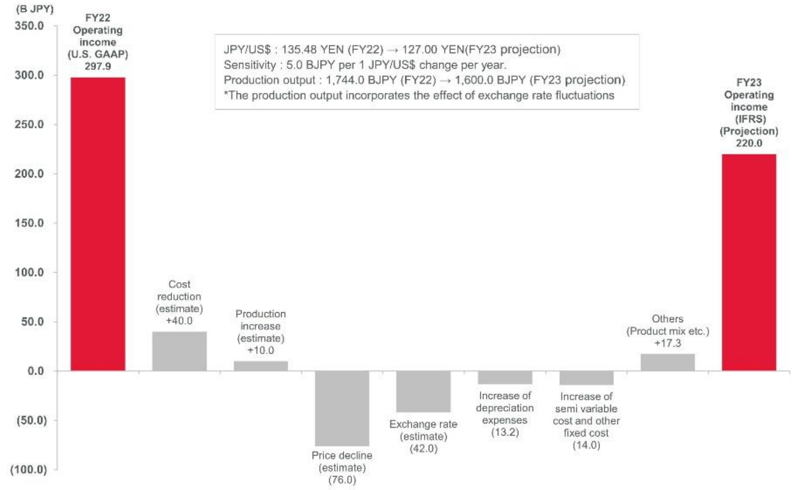
Please turn to page 22, which shows the assumptions for our performance forecast.

I would like to provide a brief explanation of capital investments. Although capital investments will increase in FY2023 compared to FY2022, one reason is that some investments were postponed due to the unavailability of materials in FY2022. Additionally, we plan to acquire buildings and land in FY2023, resulting in a slight increase. This is in preparation for medium- and long-term component demand.

Regarding the exchange rate, we expect JPY127 against the US dollar for FY2023.

Projections

Breakdown of Operating Income Changes [FY2022 to FY2023]



*"Production increase" is calculated on the basis of production output excluding the effect of sales price reductions and exchange rate fluctuations.
*Changes in semi variable cost and other fixed cost include the impact of one-time expenses that occurred in the third quarter of FY2022.
*According to a change in accounting standards, lease expenses (approximately 10 billion yen), which were recorded as semi variable cost and other fixed cost, have been reclassified to depreciation expenses.

 23

Please turn to page 23, which shows the factors contributing to the change in profit from FY2022.

As you can see here, I would like to briefly explain the semi-variable costs and fixed costs. It is shown as having a negative impact for this fiscal year. This is partly because when considering the annual average, energy costs are still expected to increase. We also anticipate an increase in fixed costs related to IT investments and other expenses.

Projections

Financial Results Overview
[FY23 1st Half Projections to FY23 2nd Half Projections]

muRata INNOVATOR IN ELECTRONICS

	FY2023 1st Half Projections (B JPY)	(%)	FY2023 2nd Half Projections (B JPY)	(%)	H on H Change (B JPY)	(%)
Net sales	788.0	100.0	852.0	100.0	+64.0	+8.1
Operating income	84.0	10.7	136.0	16.0	+52.0	+61.9
Income before income taxes	84.0	10.7	136.0	16.0	+52.0	+61.9
Net income attributable to Murata Corporation	63.0	8.0	101.0	11.9	+38.0	+60.3

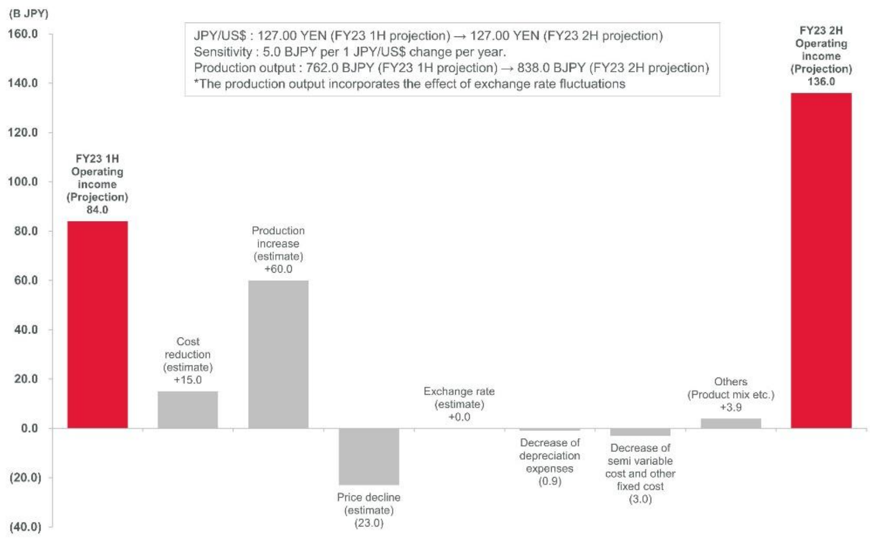
24

Please turn to page 24. This shows the breakdown of H1 and H2.

As you can see, we expect sales to recover significantly in H2, which will lead to an increase in operating profit.

Projections

Breakdown of Operating Income Changes
[FY23 1st Half Projections to FY23 2nd Half Projections]



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

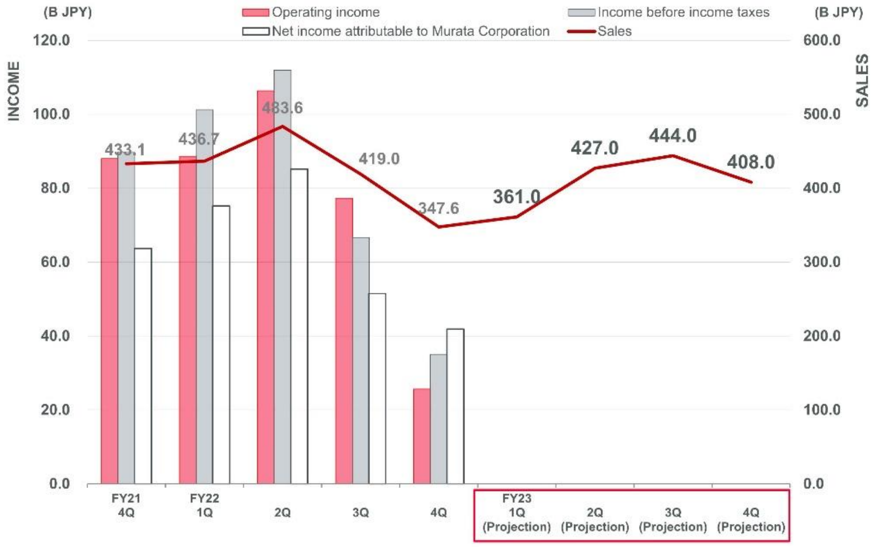
 25

Please turn to page 25. This page shows the factors contributing to the increase or decrease in H1 and H2.

We primarily plan to increase productivity from capacity utilization.

Projections

Quarterly Financial Results



26

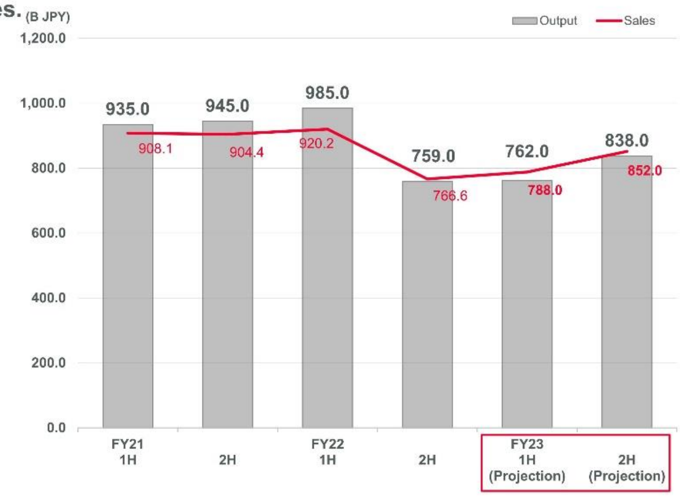
Please turn to page 26. This is the quarterly sales forecast for FY2023.

We expect sales to increase from Q2 to Q3.

Projections

Production Plan for FY 2023

- Production output for FY2023 is planned to be 1,600.0 billion yen (down 140.0 billion yen year on year).
- The Company will reduce inventories by about 40.0 billion yen by keeping production output below net sales.



 27

Please turn to page 27. This is the production plan.

As you can see, in FY2022, production exceeded sales. In FY2023, we plan to reduce inventory to an appropriate level, resulting in a reduction of JPY40 billion in finished goods and work-in-progress inventory for the full year.

Projections

Dividends per Share

- FY2023(Year Ending March 31, 2024) projected annual dividends per share
  150 JPY per share
  (Interim: 75 JPY per share, Year-end: 75 JPY per share)
  * Set the annual dividend at the same amount as the previous year.

- FY2022(Year Ending March 31, 2023) annual dividends per share
  150 JPY per share
  (Interim: 75 JPY per share, Year-end: 75 JPY per share)

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

 28

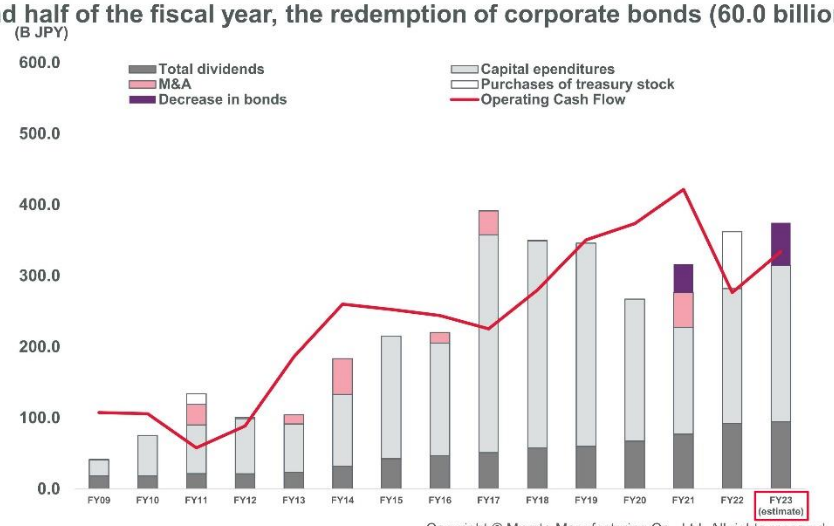
Please turn to page 28.

Regarding dividends, we plan to distribute the same amount as in FY2022.

Projections

Cash Flows

- **Operating cash flow is expected to increase in FY2023 due to inventory reduction.**
- **On the other hand, the Company plans an increase in capital expenditures and in the second half of the fiscal year, the redemption of corporate bonds (60.0 billion yen).**



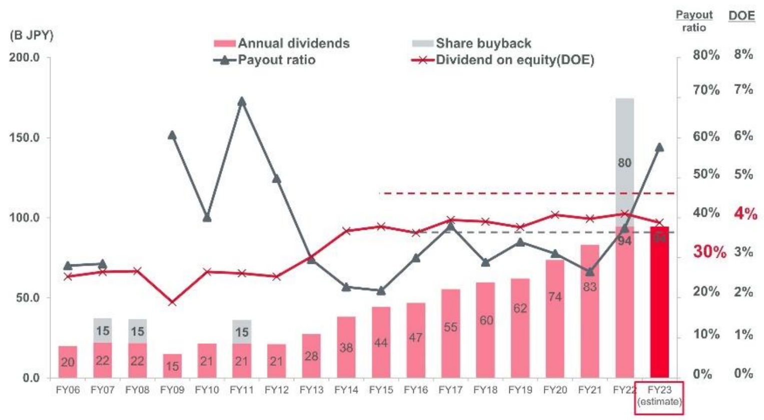
Please turn to page 29. This page shows the cash flow trend.

We will skip the details for now.

Projections

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.



 30

Please turn to page 30.

As mentioned earlier, the dividend will be the same as in the previous term. Our company aims for a medium-term dividend payout ratio of 30% and a DOE of 4% or higher. Therefore, we have decided to maintain the same dividend amount for this fiscal year.

Progress in Economic Value

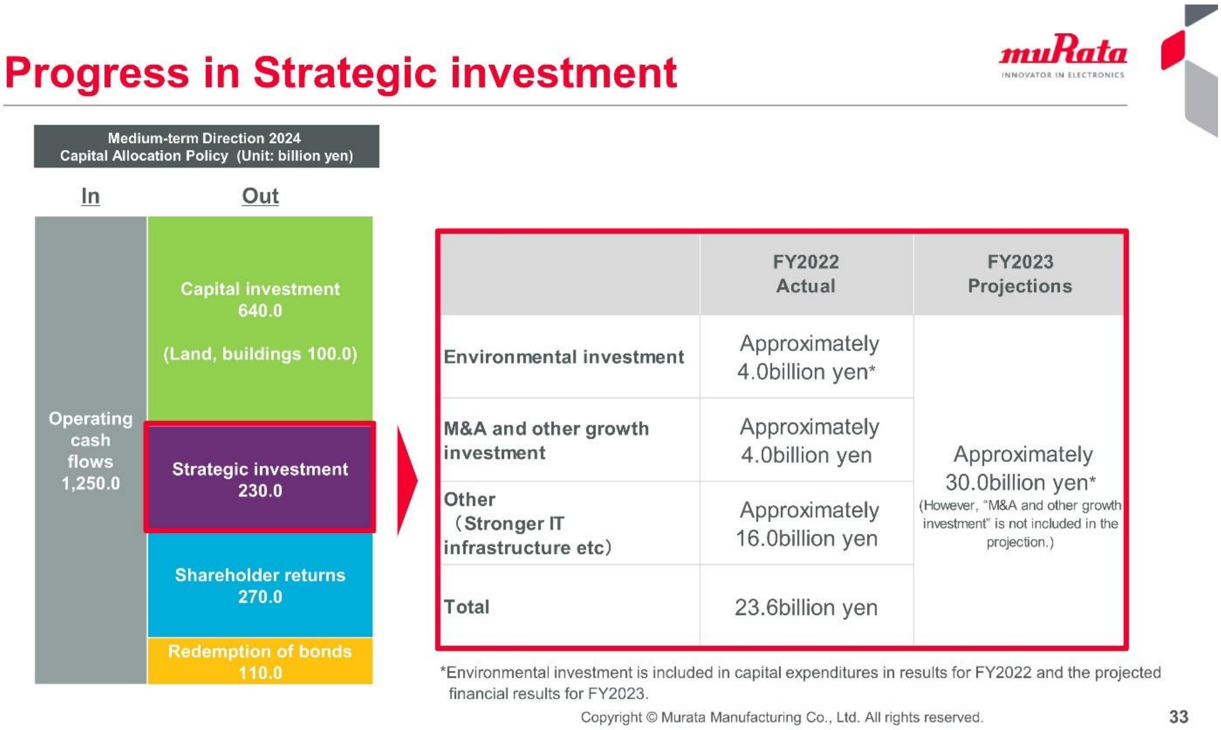
- Demand for parts in FY2022 declined more than expected due to sluggish smartphone and PC markets and prolonged inventory adjustment. The Company expects a recovery to remain limited in the consumer product market in FY2023.
- In such circumstances, the Company will speed up internal initiatives, such as improving profitability and enhancing capital efficiency toward achieving Economic Value Targets in Medium-Term Direction 2024.

	FY2022 Actual	FY2023 Projections	FY2024 Targets
Net sales (JPY)	1,686.8billion	1,640.0billion	2,000.0billion
Operating income ratio	17.7%	13.4%	20% or higher
ROIC (pre-tax basis)	14.6%	10.2%	20% or higher

 32

Please turn to page 32, where I will briefly discuss the medium-term direction.

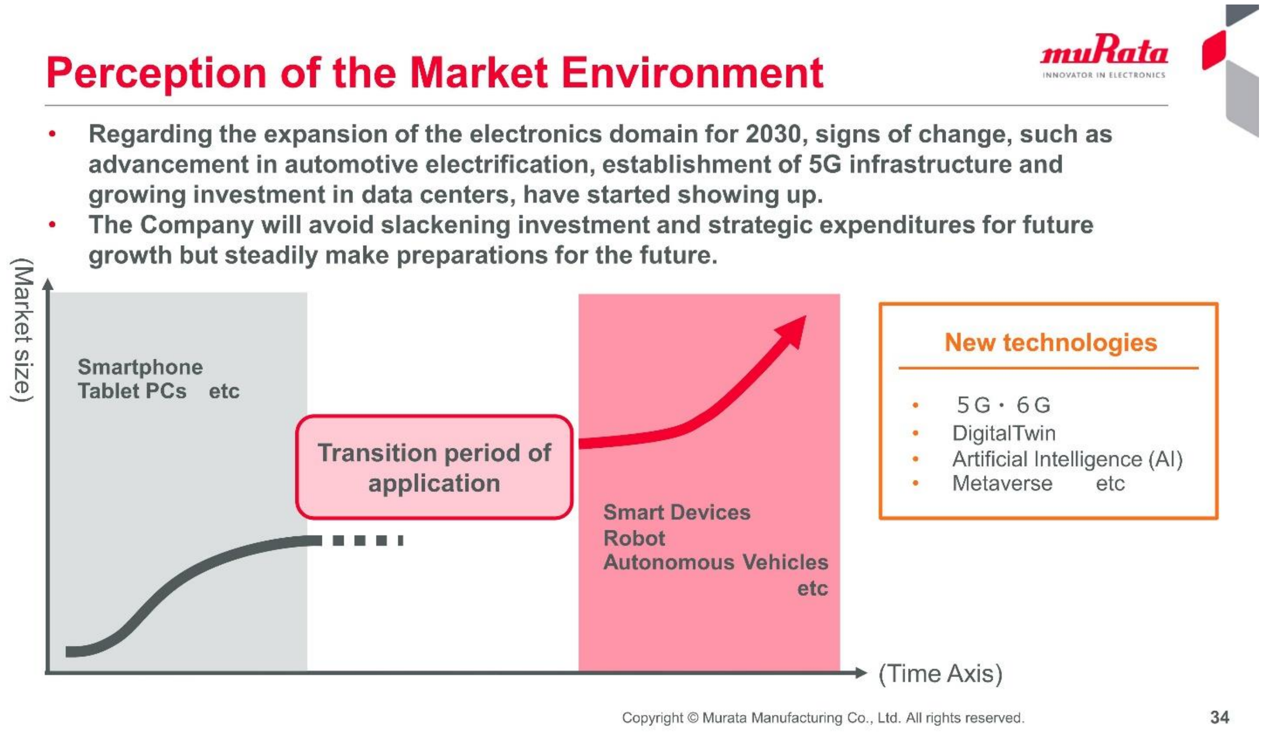
As you can see, there is a gap between our FY2023 sales forecast and our sales target of JPY2 trillion in FY2024, as well as a gap in the operating profit margin, and 20% ROIC. However, we will work diligently to turn this around in FY2023 and get as close as possible to our FY2024 targets.



Please turn to page 33. The strategic investments are shown here.

We had planned for JPY230 billion over three years. In FY2022, we invested JPY23.6 billion, which might seem small. However, this is partly because we accelerated the M&A of Resonant in FY2021.

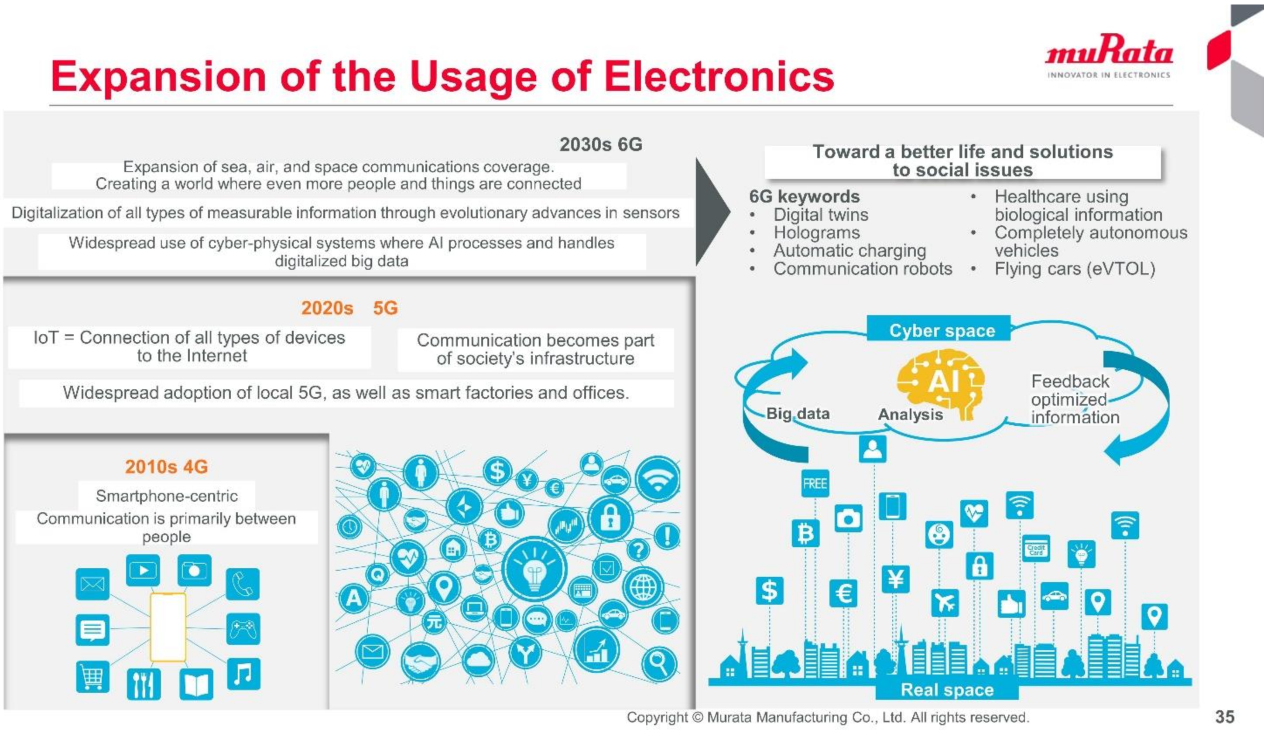
Additionally, some of the expenses for environmental investments and IT infrastructure are also included in capital investments. For FY2023, M&A is not included in this figure, but we are currently planning to have a strategic investment budget of around JPY30 billion.



Please turn to page 34.

As I mentioned earlier, there is a gap between our current performance and the medium-term plan. Our applications, such as smartphones and tablet PCs, are currently in a transitional phase in the market.

On the right side, you can see several new technologies listed. We want to be well prepared for these new technologies with our existing products and other product groups under development, and we will continue to strengthen our foundation for future growth with our investments.



Please turn to page 35. This is the last page, showing the future image we presented at the information meeting.

We want to build a solid foundation for this kind of future and ask for your continued support and guidance.

That concludes my presentation.

Moderator: This concludes the presentation from our company.

Question & Answer

Moderator [M]: Now, we will move on to the question-and-answer session.

If you have any questions, we will call your name, and then you can ask your question. For those who have submitted questions via chat, I will read them on your behalf, and the speakers will provide answers.

Now, Takayama-san from Goldman Sachs, please go ahead.

Takayama [Q]: Thank you. I have three questions.

First, regarding MLCC, how did the actual capacity utilization in Q4 turn out, and how do you plan to maintain it for Q1, Q2, Q3, and Q4 of this fiscal year? Please also tell us about your capacity.

At the same time, it is challenging to understand the order situation using the term BB ratio, but around when in April to June or July to September do you think it is likely for the BB ratio to exceed 1? If there were to be an orders driver, what would it be? I understand you expect automobiles to perform well, but how about smartphones? Please tell us in more detail about the order outlook by applications and the overall situation. That's my first question.

Omori [A]: Thank you. I will answer your question.

First, regarding Q4 capacity utilization, as we mentioned during the previous earnings report, we reduced it to around 80% on a working day basis.

However, there is some variation depending on the product group. In particular, for smartphones, PCs, and other consumer products, we have taken measures to partially reduce equipment capacity utilization in situations where adjusting working days alone is not sufficient.

On the other hand, we have received a steady stream of orders in the automotive sector and have maintained high capacity utilization in that area. Overall, on average, we have kept capacity utilization adjustments to around 80% on a working day basis, and we have conducted operations with adjustments to that level.

Regarding the changes we expect to see in Q1, Q2, Q3 and Q4 of FY2023, we expect a slight improvement in Q1 and Q2. For the current capacity utilization, which we have reduced to around 80% on a working day basis, we expect to raise it to the range of 80% to 85% by this summer.

In H2, for Q3 and Q4, we plan to further increase capacity utilization to 85% to 90% as the smartphone market picks up and the automotive sector grows.

As for the BB ratio, we are currently still below 1 in Q4, at around 0.9. However, we have seen some improvement in February, March, and April this year, and we expect the situation to get closer to 1 in H2. That's all.

Takayama [Q]: I'd also like you to talk about your capacity for this year, and whether it's correct to assume that the automotive sector will remain strong, with customers maintaining their inventory levels, while smartphones will experience their usual seasonality from July to September.

Omori [A]: Regarding capacity, as I mentioned earlier, our production capacity has been slightly reduced on a working day basis, so there is a decrease in that regard. In terms of market inventory and our own inventory, we recognize that the inventory in the smartphone market has significantly decreased. While we maintain a certain level of inventory in this area within our company, we plan to increase production to meet the rising orders in the future as we work through the existing inventory.

However, until this summer, we expect that it won't be a strong order period and view it as a time for inventory reduction.

As for the automotive sector, we expect to continue receiving strong orders. As mentioned in the previous explanation, on page 18, we are forecasting a 1.3 times increase in xEV and a 5% growth in the auto market. We are currently preparing for inventory and production in this area.

Takayama [Q]: Regarding capacity, is it correct to understand that there is a slight decrease in the MLCC segment while you're aiming for a 10% increase annually?

Omori [A]: In terms of capacity expansion, we will proceed with the plan to increase production load by 10% as planned.

Takayama [Q]: I understand. Second, regarding pricing, it says in the materials that you expect a negative impact on profit of JPY76 billion. Is this based on the same pricing level as in the previous fiscal year? Is this phenomenon actually happening now, or is it just assumed based on the current business environment? Can you give me a little more information about the current situation?

Omori [M]: Are you asking about capacitors?

Takayama [Q]: Not just capacitors but also the whole company, and also what kind of movements in pricing are happening in each applications, if possible.

Nakajima [A]: MLCC is the main focus, but basically, due to normal business relationships, I think it's true that customers are making stringent demands in the current situation of excess capacity. In order to maintain or gain a little more market share, we want to pursue an aggressive pricing policy.

Takayama [Q]: I understand. Finally, regarding your inventory strategy, you plan to keep production lower than sales throughout the year.

Is it that you originally had a lot of inventory, or is it that the level was appropriate but you are reducing it just in case, thinking of a jump up next year? Please explain the meaning behind this.

Minamide [A]: I think it varies depending on the product, but first of all, for product types where inventory is a bit excessive, there are lithium-ion secondary batteries. There are also delays in delivery times, so we think that the inventory is a bit high at the moment, and we want to normalize it throughout FY2023.

As for MLCC, it's slightly higher than the normal level. Regarding this, we may have mentioned this before, but considering the future ramp-up, we are building up inventory within the range that we control.

We plan to normalize this mainly in H1, but in reality, by the end of FY2023, we believe that it will reach an appropriate level.

Takayama [M]: I understand. Thank you very much.

Moderator [M]: Thank you, Takayama-san. Now, let's move on to the next question. From Mitsubishi UFJ Morgan Stanley Securities, Uchino-san, please go ahead.

Uchino [Q]: Thank you. First, regarding MLCCs, you mentioned earlier that there has been some movement in orders for February, March, and April. Can you tell me in which areas orders are starting to move and whether they are continuous? What kind of demand can be expected for Q1? This is my first question.

Omori [A]: Thank you. The change that has been happening in the trend so far is that the Chinese smartphone market is getting a little stronger. As for whether this is a short-term phenomenon or a trend going forward, we believe that orders will be received in line with demand based on the understanding that the inventory of finished smartphones in China has been largely consumed.

Uchino [Q]: Are there no major changes in other trends besides smartphones, such as automobiles or industrial equipment? Is the situation slightly different in those sectors?

Omori [A]: We haven't noticed any significant changes in the automotive sector. We have a steady stream of orders and long-term demand.

As for the industrial equipment sector, we are focusing on base stations and server systems, but there is no significant movement in this area yet.

Uchino [Q]: How about PCs?

Omori [A]: High-performance gaming PCs continue to grow without decline. However, as a whole, this is not at a level accounting for a major portion of PCs in terms of volume, so the overall level is relatively low in terms of orders.

Uchino [Q]: I understand. Thank you. My second question is the current progress of RF modules for smartphones. Rather than focusing on this fiscal year, please provide an update on any changes in the current development trends or customer technology trends when looking ahead to the next fiscal year and beyond.

Nakajima [A]: There haven't been any major changes since our last report, but for smartphone manufacturers in Greater China, we expect a considerable number of modules to be adopted in Greater China chipset manufacturer's platform this year, and we believe that orders for new models launched by Korean smartphone manufacturer may perform slightly better than for previous models. As for smartphone manufacturers in North America, we think there could be a significant opportunity for us next year if platform changes are implemented as expected.

Uchino [Q]: I understand. The presence or absence of platform changes is of keen interest, but from your company's perspective, is this still uncertain, or are you steadily preparing for it?

Nakajima [A]: We believe that if the platform change proceeds as planned, it would lead to significant opportunities. However, there may be delays caused by factors that are beyond our prediction, so we would like to closely monitor this situation.

Uchino [Q]: I see. In addition, when I asked recently, you mentioned that a major breakthrough in the future would likely involve VR-related products or smaller wearable devices. From this perspective, I think various new VR products will be launched this year. Can you see any changes in your company for this fiscal year or the next in relation to VR or wearable applications?

Nakajima [A]: Technologically, there hasn't been much change in the trend, as we are currently in the adoption phase of 5G. Rather, we think that as these communication devices become part of social infrastructure, updates will emerge in sensing information and other information carried on them.

Uchino [M]: I understand. Thank you.

Moderator [M]: Thank you, Uchino-san. Now, let's move on to the next question. Goto-san from Mizuho Securities, please go ahead.

Goto [Q]: Thank you. I have two questions related to the numbers.

First, could you please let us know if there are any temporary factors affecting the profit increase or decrease in Q4 results, such as the year-end inventory valuation or any items that will not continue beyond FY2023 Q1?

Also, you provided the month-on-month movement of MLCC and overall orders in the last briefing. Could you please give us an update on the digital trends for the past few months? That's all for my two questions.

Nakajima [A]: For the second point, as Omori mentioned earlier, there is a gradual recovery trend, mainly in Chinese smartphones.

Amid this situation, as I mentioned earlier, MLCC and lithium-ion secondary batteries are slightly overstocked. In terms of the BB ratio, the total is still below 1, but on the other hand, if we exclude these two items, the BB ratio has reversed since February and March.

So, we do feel that there is a gradual recovery trend since Q4, which we consider having been the bottom. We have also been having quite open conversations with our customers, and we expect demand to be stimulated from this summer onward at the latest. The month-on-month trend has been gradually showing improvements in the BB ratio with a focus on the recovery later this year.

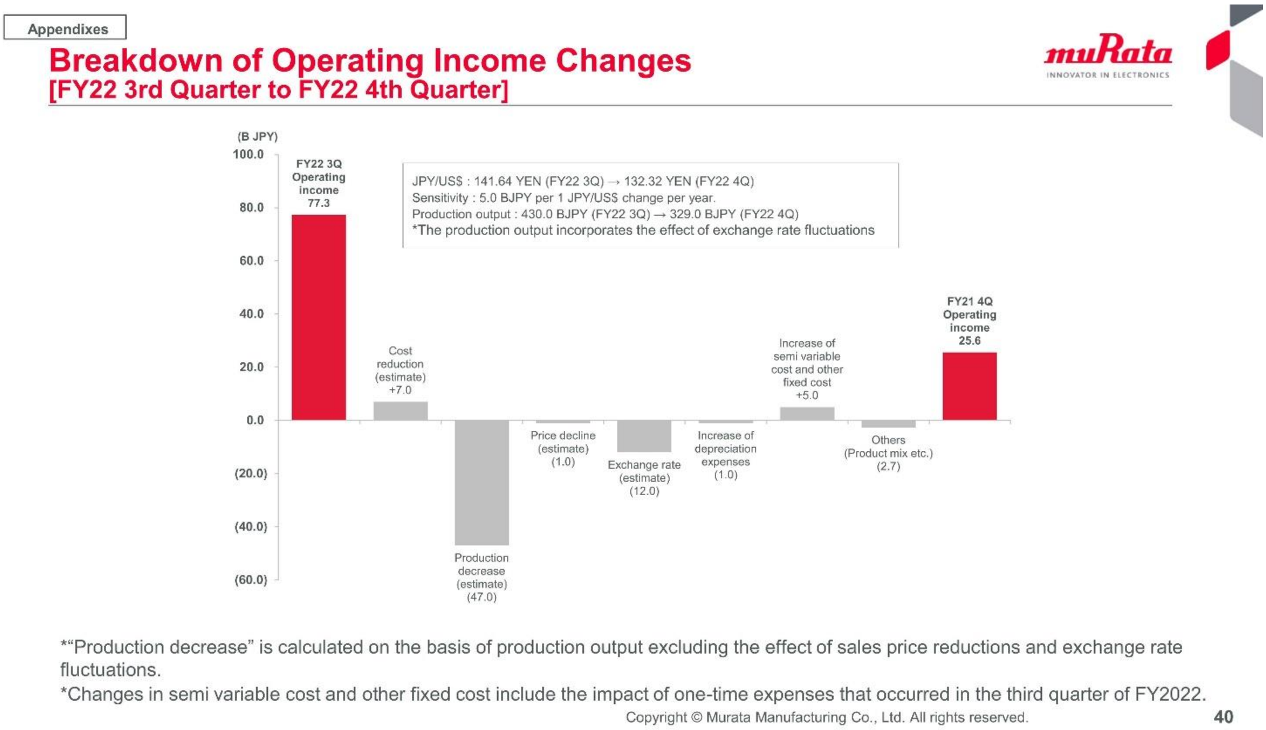
Goto [Q]: Can you give us an explanation of the order growth in terms of, for example, a percentage increase from the previous month?

Minamide [A]: This is Minamide, I will answer your question. Regarding the monthly trend of orders, for the entire company, January was zero to minus 5% compared to the previous month, February was also zero to minus 5%, and March was plus 10% to 15% compared to the previous month, with an increase in March.

For capacitors, January was minus 10% to 15% compared to the previous month, February was plus 10% to 15%, and March was also plus 10% to 15%.

Goto [Q]: Do you have any information about the atmosphere in April?

Minamide [A]: Regarding April, I can't say much at this point, but overall, the level of sluggish orders is still continuing. There are some differences in performance by market.



So, I will provide an explanation regarding your first question. In Q4, as for temporary expenses, in Q3, we recorded JPY7 billion in special expenses, quality-related expenses, and environmental measures expenses. On the other hand, those expenses will drop out this year. This is the factor that has led to the decrease in semi-variable and fixed costs shown on page 40, resulting in a positive impact on profit.

However, regarding the inventory valuation, we originally expected a valuation loss of about JPY10 billion in Q4, but in the end, we recorded a valuation loss of about JPY13 billion. This includes the usual determination based on the so-called retention period and an additional provision for lithium-ion secondary batteries.

Goto [Q]: Are there any other notable temporary factors?

Minamide [A]: Well, if you're asking about prominent factors, they are the ones I just explained.

Goto [M]: Understood. Thank you.

Moderator [M]: Thank you, Goto-san from Mizuho Securities. Now, let's move on to the next question. Hirata-san from UBS Securities, please go ahead.

Hirata [Q]: Thank you for today.

I would like to ask about inventory. Looking at the financial statements, the inventory assets at the end of March seem to be JPY575 billion, not much different from the end of December. On the other hand, comparing Q4 production and sales, I think production is probably about JPY18 billion lower. I would like to know how the inventory of finished goods and work in progress has changed.

Also, three months ago, the message was that once inventory was reduced in January to March, it would not be reduced much further, but I have the impression that your current message has changed considerably. Has there been any change in your thinking, and, if so, could you explain it in more detail?

Nakajima [A]: As mentioned earlier, the items with noticeable excess inventory are MLCCs and lithium-ion secondary batteries. As for Q4, as I mentioned earlier, we believe that demand growth was not as expected, and we were at the bottom.

In that sense, inventory reduction did not progress as much as expected. However, as I mentioned earlier, there has been a gradual recovery since the March period, so we believe that we can proceed with inventory reduction toward leveling out in H1.

Minamide [A]: I would like to explain a little about the change in inventory assets, finished goods, and work in progress from Q3 to Q4.

In fact, on the balance sheet, finished goods and work in progress decreased by JPY2.4 billion compared to the previous quarter, while raw materials increased by JPY2.5 billion.

On the other hand, we have explained that production in Q4 was reduced by about JPY18 billion compared to sales. This is the difference with the JPY2.4 billion decrease in finished goods and work in progress, because there is a part of unrealized profit recovery in this. This is due to the fact that the profit margin in Q4 has decreased, and the amount of unrealized profit has become smaller. In this way, production output is calculated excluding the effects of changes in unrealized profits.

Hirata [Q]: In real terms, production didn't decrease as much as planned?

Minamide [A]: It did decrease in real terms, but compared to our plan announced in February, the way inventory decreased was less than expected. I think that would be the right understanding.

Hirata [Q]: Thank you. My second question is about pricing. It might overlap with other questioners, but looking at the increase/decrease analysis for Q4, the price does not seem to have fallen so much. Orders are returning, so prices are being viewed very conservatively.

Earlier, there was a comment about aggressively pursuing pricing policies and gaining market share, which seems to be a bit different in tone from before. In which areas are you considering aggressively lowering prices and gaining market share? Can you confirm your thinking about this price assumption, including whether you are looking at pricing conservatively?

Minamide [A]: First, regarding the materials, in FY2022 and FY2023, the pricing fluctuation section includes the pass-through of rising material costs, so there may be some discrepancy between the appearance and reality.

In reality, FY2021 was a year with very low price declines, but FY2022 saw a slight decrease. Then, for FY2023, in terms of normal price reductions, we are planning a larger-than-previous-year price reduction in policy-related aspects compared to FY2022.

Nakajima [A]: I don't think we are looking at pricing as very conservative, as noted in your concern earlier. Given the current market environment, there is some back-and-forth in price pass-through, but I don't think the number we are showing here is overly aggressive.

Hirata [Q]: I understand. Thank you. Finally, about lithium-ion secondary batteries, I think you've been struggling with profitability all along in this area, so I'm not sure whether you're considering improving or worsening profitability this fiscal year, but could you tell us about your thoughts on this area, such as prospects for turning a profit and your current perspective?

Nakajima [A]: Our perspective is that we are thinking of turning the business profitable by 2024, as stated in our medium-term plan, but the market environment is quite tough.

The power tool market, which we are focusing on, is, of course, a growth market in the medium to long term, and we believe the CAGR will be more than 10%. However, looking at FY2023, as mentioned earlier, we still have a significant amount of inventory in stock, and we would like to prioritize its reduction, so we think we will still be in a tough situation in FY2023.

On the other hand, we have started providing secondary batteries with new structures, which other companies cannot do and have differentiated features or structures, so we want to focus on ensuring a successful launch.

Hirata [Q]: Thank you. In that case, should I understand that the loss amount for this business in FY2023 will be a year in which the loss increases compared to the previous year?

Nakajima [A]: We will try to avoid that.

Hirata [M]: Thank you.

Moderator [M]: Thank you, Hirata-san. Now, let's move on to the next question. Akizuki-san from Nomura Securities, please go ahead.

Akizuki [Q]: Thank you for your time.

At the time of Q3, there was a discussion about the JPY3 billion inventory valuation loss being larger than expected, but was there any other unexpected expense at the end of the period?

Minamide [A]: There is no significant special expense this time, but we have accounted for a valuation loss of JPY13 billion on inventory assets. This is slightly larger than what we had planned.

Akizuki [Q]: Next, I have a question about the business. President Nakajima has mentioned several times that opportunities arise when customers have new platforms, and generally, it is said that the timing of new platforms emerging from customers is not so far away.

I think it's still undecided whether or not it's decided, but as a chance, what kind of things are becoming visible? When trying to acquire new business in areas that you haven't been able to reach before, what kind of opportunities are becoming visible to you? I would appreciate anything you can share with us about this.

Nakajima [A]: If the current plans were to be decided as planned, we believe it would have led to a significant share increase. However, as mentioned earlier, this is about the entire platform, and there are things we don't know whether it will start as planned or not.

While the overall trend is visible as a result of our efforts over the past two years, it's still a major platform change, and we don't know whether it will be executed according to plan or executed with 100% probability. That's why we can't give a clear answer today, and it could also affect whether or not we can achieve the goals set in our medium-term direction. That's why we can't discuss it clearly at this stage.

Akizuki [Q]: I see. What do you think are the potential points of opportunity for Murata?

Nakajima [A]: For example, we had a peak in high-frequency components in FY2015, and since then, we've been in an environment where our share has dropped slightly. We've been focusing on this for about two years, reflecting on those issues, and we've put a lot of effort into it. I think that's what has led to our current success.

Akizuki [Q]: I understand. Thank you. Lastly, just one quick question about MLCC. I can't help but feel that the JPY76 billion assumed impact from price reductions is quite significant. How should we interpret this?

Last year, there were not many units, and it was a year where unit prices rose mainly due to larger sizes. This year, you assume that it will be a year with more units, so the price will drop as the number of units increases, and the operating rate will also increase accordingly. Is that how you are seeing it?

Omori [A]: Yes. The relationship between the increase in units and the price has been one of the trends so far. In the automotive industry, especially in the xEV market, which has been frequently mentioned in newspapers lately, there is some movement in the prices of the vehicles themselves. We are closely watching how these price changes will affect the components.

Akizuki [M]: I understand. Thank you.

Moderator [M]: Thank you, Akizuki-san. As the scheduled time is approaching, we will take questions from one more person. Please note that we will answer the questions received via chat in the minutes later on.

Now, Naito-san from Citigroup Global Markets, please go ahead.

Naito [Q]: Thank you for your time. Please allow me to ask one last question.

Regarding MLCC, I would also like to confirm one point about the pricing strategy. How should we think about the target KPI?

You mentioned earlier about maintaining or gaining market share. In order to maintain or expand your share in the automotive sector, specifically in the xEV market, should we understand that you will adopt a slightly more aggressive pricing strategy?

Also, I believe you suggested earlier that if vehicle prices in the xEV market decline, there could be pricing pressure in this area. Is this based on requests from OEMs or Tier 1 suppliers? Alternatively, is there a need to reduce prices initially because of the risks associated with managing competition in a competitive setting? How should we understand this aspect? Please only provide information about the pricing strategy.

Omori [A]: Thank you. To answer your first question with a yes or no, the answer is yes. We have been consciously looking at the automotive market and preparing for it.

On the other hand, in terms of maintaining our position in such areas, where our peers are also making efforts, we believe in using quality, supply capability, and, to some extent, price.

As for the future of this area, how customers will absorb the price reductions mentioned earlier will be determined through negotiations with them. We do not have the intention of actively lowering prices.

Naito [Q]: I understand. Thank you. Is maintaining the capacity utilization rate also an important point?

Nakajima [A]: Considering the loss in productivity from lower capacity utilization, maintaining the utilization rate has a significant impact, so that is also a point that needs to be considered to an extent.

Naito [M]: Thank you. That clarifies things for me. That's all from me.

Moderator [M]: Thank you, Naito-san. As the scheduled time has come, we will conclude Murata Manufacturing’s financial results briefing for the fiscal year ended March 2023.

Thank you very much for your participation today despite your busy schedules.

(Answer to question in chat)

[Q]: The sales forecast for mobility in FY2023 is +11.5% compared to the previous fiscal year. Please tell us about the entry of competitors into the automotive MLCC market. Will there be any fluctuations in market share?

[A]: Although competition with competitors is intensifying, we believe that our market share of automotive MLCCs will be about 50%, and there is no significant change in market share at this time. Due to the shortage of semiconductor supply, vehicle production will grow by only +5%, but sales for mobility are expected to be +11.5%. We plan to increase sales more than the growth in vehicle production volume due to an increase in the number of components due to the progress of electrification and other factors.

[END]