

Registered number: 02480708

CELAB POWER MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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CELAB POWER MANAGEMENT LIMITED

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CELAB POWER MANAGEMENT LIMITED

COMPANY INFORMATION

Directors T Bizen (resigned 1 July 2025)
G Kamitani (resigned 1 July 2025)
M Nakayama (appointed 1 July 2025)
S Pimpis (appointed 1 July 2025)
A Inamori (appointed 1 July 2025)
M Cooper (appointed 1 July 2025)

Company secretary M E Arpesella

Registered number 02480708

Registered office 25A Woolmer Way
Bordon
Hampshire
GU35 9QE

Independent auditors MHA
The Pinnacle
150 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1LZ

Bankers HSBC Bank Plc
33 The Borough
Farnham
Surrey
GU9 7NJ

CELAB POWER MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

Introduction

The directors present their Strategic Report for the year ended 31 March 2025.

Principal activities

The principal activity of the Company in the period was that of a holding Company for its investment in Murata Power Solutions (Celab) Limited.

Business review

The trading performance of Murata Power Solutions (Celab) Limited for the year ended 31 March 2025 remained consistent with the prior year. The board are satisfied with the performance given the impact on the market following global inflation risks due to the war in Ukraine.

Research and Development

Murata Power Solutions (Celab) Limited is committed to product innovation and continues to conduct research into its core product markets and find new markets our products are suitable.

The business has continued to invest in staff and product research to improve the efficiency of our products while improving the products stability. We have further discussions with our customers on developing new products within their market sectors. With management's planned expansion, the business has also extended its research into other sectors to develop new products to meet growth expectations.

Key performance indicators

As an intermediate holding company with minimal transactions and no trading, the Directors of the Company do not monitor specific key performance indicators of the Company, focusing on the performance of the Company's trading subsidiary is outlined in their individual accounts.

Principal risks and uncertainties

Unlike the Company's trading subsidiary that is exposed to a greater level of risks and uncertainties, the nature of the Company's activities mean its principal risk and uncertainty is over audit charges and submitting financial reports.

With the continued support from Murata Power Solutions (Celab) Limited the Company's position remains positive going forward.

Financial risk management objectives and policies

The Company is exposed to a moderate level of liquidity risk and cash flow risk. The Company manages these risks by financing the operations of its trading subsidiaries through intercompany borrowings where necessary to fund its annual audit charge and other expenses.

The Company makes no use of financial instruments and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit and loss of the company.

CELAB POWER MANAGEMENT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Directors' statement of compliance with duty to promote the success of the Company

In accordance with section 172(1) of the Companies Act 2006, the directors have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

In doing so, the directors have had regard to the long-term consequences of their decisions, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment, the desirability of maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company.

The directors consider that they have fulfilled their duties under section 172(1) during the financial year.

This report was approved by the board and signed on its behalf.

M Cooper
Director



Date: 23/12/25

CELAB POWER MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The directors present their report and the financial statements for the year ended 31 March 2025.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of the Company in the period was that of a holding company for its investment in Murata Power Solutions (Celab) Limited.

Results and dividends

The loss for the year, after taxation, amounted to £7,500 (2024 - loss £4,250).

The directors did not recommend the payment of a dividend in the year (2024: £Nil)

Directors

The directors who served during the year were:

T Bizen (resigned 1 July 2025)
G Kamitani (resigned 1 July 2025)

CELAB POWER MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Future developments

The Murata Manufacturing Co. Ltd. Group, of which Celab Power Management Limited is a member, continues to develop power products within key market areas for industrial, defence and commercial sectors.

We continue to make improvements and redesign our products within these sectors. There are quotes for new designs in the commercial and military industry which will further expand our business portfolio with new power products required and a new sector of business relating to controlled environment farming.

Research and development

The Murata Manufacturing Co. Ltd. Group, of which Celab Power Management Limited is a member, is committed to product innovation and continues to conduct research into its core product markets and find new markets our products are suitable for.

Qualifying third party indemnity provisions

During the period and up to the date of this report, the company maintained liability insurance and third party indemnification provisions for its directors, under which the company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the exception of their powers, duties and responsibilities as directors of the company.

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. The matters related to a description of principal risks and uncertainties.

Going concern

Celab Power Management Limited is the holding company of Murata Power Solutions (Celab) Limited and itself does not trade. The company only incurs minimal administrative expenses which are funded by its subsidiary. Therefore the directors have assessed the impact of the current global inflation pressures on energy costs, transportation costs, labour and material costs on the company's trading subsidiary Murata Power Solutions (Celab) Limited and have concluded that it is in a strong position with sufficient cash reserves to withstand any potential downturn in revenues and increase in cost base while maintaining and building sufficient stocks as lead times extend out and manage liquidity for the foreseeable future. The trading subsidiary also trades across market sectors that range from committed government military contracts to critical infrastructures. This leaves the trading subsidiary in a strong position to navigate any future challenges, while working closely with its customers to ensure supply continues. Given the above, the directors consider that given the strong liquidity position of Murata Power Solutions (Celab) Limited that they are able to support Celab Power Management Limited for at least the next 12 months from the date of signing the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CELAB POWER MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP.

The auditors, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M Cooper
Director



Date:

23/12/25

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELAB POWER MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Celab Power Management Limited (the 'Company') for the year ended 31 March 2025, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

CELAB POWER MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELAB POWER MANAGEMENT LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELAB POWER MANAGEMENT LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management around actual and potential litigation and claims;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

CELAB POWER MANAGEMENT LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELAB POWER MANAGEMENT LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Robert John Butler FCA (Senior Statutory Auditor)

for and on behalf of

MHA

Statutory Auditor

Milton Keynes, United Kingdom

Date: 23/12/2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

CELAB POWER MANAGEMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2025**

	2025 £	2024 £
Administrative expenses	(7,500)	(4,250)
Operating loss	(7,500)	(4,250)
Tax on loss	-	-
Loss after tax for the financial year	(7,500)	(4,250)
Retained earnings at the beginning of the year	(32,813)	(28,563)
Loss for the year	(7,500)	(4,250)
Retained earnings at the end of the year	(40,313)	(32,813)

There were no recognised gains and losses for 2025 or 2024 other than those included in the statement of income and retained earnings.

All amounts relate to continuing activities. There was no other comprehensive income in 2025 (2024: £nil).

The notes on pages 13 to 19 form part of these financial statements.

CELAB POWER MANAGEMENT LIMITED
REGISTERED NUMBER: 02480708

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	2025 £	2024 £
Fixed assets			
Investments	5	27,527	27,527
		<u>27,527</u>	<u>27,527</u>
Creditors: amounts falling due within one year	6	(62,840)	(55,340)
Net current liabilities		<u>(62,840)</u>	<u>(55,340)</u>
Total assets less current liabilities		<u>(35,313)</u>	<u>(27,813)</u>
Net liabilities		<u>(35,313)</u>	<u>(27,813)</u>
Capital and reserves			
Called up share capital	7	5,000	5,000
Profit and loss account	8	(40,313)	(32,813)
		<u>(35,313)</u>	<u>(27,813)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Cooper
Director



Date:

23/12/25

The notes on pages 13 to 19 form part of these financial statements.

CELAB POWER MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Celab Power Management Limited is a private company limited by shares and incorporated in England and Wales. Registered number 02480708. Its registered head office is located at 25a Woolmer Way, Bordon, Hampshire, GU35 9QE.

The principal activity of the Company in the period was that of a holding company for its investment in Murata Power Solutions (Celab) Limited.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest £1 except when otherwise stated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Parties;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Murata Manufacturing Co Ltd as at 31 March 2024 and these financial statements may be obtained from its registered office at 10-1, Higashikotari 1-chrome, Nagaokakyo-shi, Kyoto 617-8555, Japan.

CELAB POWER MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.3 Going concern

Celab Power Management Limited is the holding company of Murata Power Solutions (Celab) Limited and itself does not trade. The company only incurs minimal administrative expenses which are funded by its subsidiary. Therefore the directors have assessed the impact of the current global inflation pressures on energy costs, transportation costs, labour and material costs on the company's trading subsidiary Murata Power Solutions (Celab) Limited and have concluded that it is in a strong position with sufficient cash reserves to withstand any potential downturn in revenues and increase in cost base while maintaining and building sufficient stocks as lead times extend out and manage liquidity for the foreseeable future. The trading subsidiary also trades across market sectors that range from committed government military contracts to critical infrastructures. This leaves the trading subsidiary in a strong position to navigate any future challenges, while working closely with its customers to ensure supply continues.

Given the above, the directors consider that given the strong liquidity position of Murata Power Solutions (Celab) Limited that they are able to support Celab Power Management Limited for at least the next 12 months from the date of signing the financial statements. Murata Power Solutions (Celab) Limited have issued a letter of support for the entity on this basis.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Other financial assets

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.5 Financial instruments (continued)**

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Basic financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans and other loans are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments**Derecognition of financial assets**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.6 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Exemption from preparing consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements for its group under Section 401 of the Companies Act 2006, where its parent entity is not established under the law of an EEA state on grounds that:

- The company and all of its subsidiaries are included in the consolidated accounts of Murata Manufacturing Co. Ltd, a company registered in Japan, drawn up to 31 March 2025, and
- that the consolidated accounts of Murata Manufacturing Co. Ltd are drawn up in a manner equivalent to consolidated accounts drawn up in accordance with the provisions of the Seventh Directive.
- the group accounts are audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;
- the company discloses in these individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
- the company states in these individual accounts the name of the parent undertaking which draws up the group accounts referred to above and the address of the undertaking's registered office.
- the company shall deliver to the registrar, within the period for filing its accounts and reports for the financial year in question, copies of the group accounts.
- copies of the group accounts shall be delivered to the registrar having been translated into English based on a certified translation.

On this basis these financial statements show the results of the company only.

CELAB POWER MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

3. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2025 £	2024 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	4,500	5,500
Fees payable to the Company's auditors in respect of:		
Accounts production, tax compliance and iXBRL tagging	<u>3,000</u>	<u>2,350</u>

4. Employees

The company has no employees other than the directors, who did not receive any remuneration within Celab Power Management Limited (2024: £nil).

During the year, T Bizen and G Kamitani were remunerated for their services to the group by Murata Manufacturing Co. Ltd. Their remunerations are disclosed on the accounts of these companies. It is not considered practicable to allocate their remuneration between the companies of which they are a director.

The average monthly number of employees, including directors, during the year was 2 (2024 - 2).

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2024	27,527
At 31 March 2025	<u>27,527</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Murata Power Solutions (Celab) Limited	25a Woolmer Way, Bordon, Hampshire, GU35 9QE	Ordinary £1 each	100%

CELAB POWER MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

5. Fixed asset investments (continued)**Subsidiary undertaking (continued)**

The aggregate of the share capital and reserves as at 31 March 2025 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Murata Power Solutions (Celab) Limited	23,709,493	240,662

6. Creditors: Amounts falling due within one year

	2025 £	2024 £
Amounts owed to group undertakings	62,840	55,340

Amounts owed to group undertakings are repayable on demand, unsecured and non-interest bearing.

7. Share capital

	2025 £	2024 £
Allotted, called up and fully paid		
5,000 (2024 - 5,000) Ordinary Shares shares of £1.00 each	5,000	5,000

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

8. Reserves**Profit and loss account**

The profit and loss account includes all current and prior period retained profit and losses.

9. Related party transactions

As a wholly owned subsidiary of Murata Manufacturing Co. Ltd, whose consolidated accounts are publicly available, the company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with any fellow group undertakings.

CELAB POWER MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

10. Controlling party

The immediate parent undertaking is NCL Holdings Limited, a company registered in England and Wales.

The smallest and largest group for which consolidated accounts are prepared and in which this company is included is Murata Manufacturing Co Limited, a company registered in Japan. Consolidated accounts are available from its registered head office located at 10-1, Higashikotari 1-chrome, Nagaokakyo-shi, Kyoto 617-8555, Japan and are publicly available from the relevant company website.

Disclaimer: This document is a translation of the audited Japanese original, which has been filed with the Director of the Kanto Local Finance Bureau of Japan pursuant to the Financial Instruments and Exchange Act of Japan. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this translation. In the case that there is any discrepancy between the Japanese original and this document, the Japanese original is assumed to be correct.

Annual Securities Report

(The 89th Fiscal Year)

From April 1, 2024 to March 31, 2025

Murata Manufacturing Co., Ltd.

No. E01914

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Company name	Kabushiki Kaisha Murata Seisakusho
Company name in English	Murata Manufacturing Co., Ltd.
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Place where available for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

Part I Corporate Information

I Overview of the Company

1. Key financial data

(1) Consolidated financial data, etc.

Fiscal year		IFRS			
		As of transition date	87th	88th	89th
Year end		April 1, 2022	March 2023	March 2024	March 2025
Revenue	(Millions of yen)	–	1,686,796	1,640,158	1,743,352
Profit before tax	(Millions of yen)	–	302,683	239,404	304,404
Profit attributable to owners of parent	(Millions of yen)	–	243,946	180,838	233,818
Comprehensive income attributable to owners of parent	(Millions of yen)	–	292,168	290,454	206,408
Equity attributable to owners of parent	(Millions of yen)	2,239,679	2,359,985	2,556,147	2,580,805
Total assets	(Millions of yen)	2,804,081	2,858,303	3,037,895	3,028,194
Equity attributable to owners of parent per share	(Yen)	1,166.81	1,249.22	1,353.01	1,385.77
Basic earnings per share	(Yen)	–	128.64	95.72	125.08
Diluted earnings per share	(Yen)	–	–	–	–
Ratio of equity attributable to owners of parent	(%)	79.9	82.6	84.1	85.2
Profit ratio to equity attributable to owners of parent	(%)	–	10.6	7.4	9.1
Price earnings ratio	(Times)	–	20.83	29.50	18.43
Net cash provided by operating activities	(Millions of yen)	–	277,641	489,637	451,905
Net cash used in investing activities	(Millions of yen)	–	(151,416)	(201,571)	(208,070)
Net cash used in financing activities	(Millions of yen)	–	(182,271)	(165,321)	(242,733)
Cash and cash equivalents at end of year	(Millions of yen)	512,072	469,406	622,007	625,148
Number of employees	(Persons)	77,581	73,164	73,165	72,572

(Notes) 1. Amounts of less than one million yen are rounded to the nearest million yen.

2. The consolidated financial statements of Murata Manufacturing Co., Ltd. (the “Company”) and its subsidiaries and associates (collectively, the “Companies”) have been prepared in accordance with IFRS Accounting Standards (hereinafter, “IFRS”) since the 88th fiscal year.

3. Diluted earnings per share is not stated since there are no dilutive potential shares.

4. The Company implemented a three-for-one common stock split on October 1, 2023. Equity attributable to owners of parent per share and basic earnings per share were calculated on the assumption that the relevant stock split had been implemented on the transition date.

Fiscal year		U.S. GAAP		
		85th	86th	87th
Year end		March 2021	March 2022	March 2023
Net sales	(Millions of yen)	1,630,193	1,812,521	1,686,796
Income before income taxes	(Millions of yen)	316,417	432,702	314,895
Net income attributable to Murata Corporation	(Millions of yen)	237,057	314,124	253,690
Comprehensive income attributable to Murata Corporation	(Millions of yen)	293,766	419,069	310,777
Murata Corporation's shareholders' equity	(Millions of yen)	1,920,805	2,263,596	2,402,511
Total assets	(Millions of yen)	2,462,261	2,809,171	2,872,763
Murata Corporation's shareholders' equity per share	(Yen)	1,000.71	1,179.27	1,271.73
Net income attributable to Murata Corporation per share	(Yen)	123.50	163.65	133.78
Diluted net income attributable to Murata Corporation per share	(Yen)	—	—	—
Shareholders' equity ratio	(%)	78.0	80.6	83.6
Net income attributable to Murata Corporation / Shareholders' equity	(%)	13.1	15.0	10.9
Price earnings ratio	(Times)	23.86	16.53	20.03
Net cash provided by operating activities	(Millions of yen)	373,571	421,458	276,278
Net cash used in investing activities	(Millions of yen)	(150,275)	(212,300)	(157,850)
Net cash used in financing activities	(Millions of yen)	(118,189)	(117,505)	(173,708)
Cash and cash equivalents at end of year	(Millions of yen)	407,699	512,072	469,406
Number of employees	(Persons)	75,184	77,581	73,164

(Notes) 1. Amounts of less than one million yen are rounded to the nearest million yen.

2. Until the 87th fiscal year, the consolidated financial statements of the Companies were prepared in conformity with accounting principles generally accepted in the United States of America.
3. Until the 87th fiscal year, the Companies adopted the "Accounting Standards Codification (ASC) 260: Earnings Per Share" published by the Financial Accounting Standards Board (FASB) of the United States of America, where diluted net income per share is computed if potential shares are dilutive. Diluted net income attributable to Murata Corporation per share is not stated since there are no dilutive shares.
4. In calculating Murata Corporation's shareholders' equity per share, the Company adopted the Guidance on Accounting Standard for Earnings Per Share (Accounting Standards Board of Japan (ASBJ) Guidance No. 4).
5. The Company implemented a three-for-one common stock split on October 1, 2023. Murata Corporation's shareholders' equity per share and net income attributable to Murata Corporation per share were calculated on the assumption that the relevant stock split had been implemented at the beginning of the 85th fiscal year.

(2) Management indicators of reporting company

Fiscal year		85th	86th	87th	88th	89th
Year end		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales	(Millions of yen)	1,107,863	1,233,464	1,069,417	1,069,763	1,106,301
Ordinary profit	(Millions of yen)	90,872	213,786	146,625	103,760	223,281
Profit for the period	(Millions of yen)	85,317	184,784	148,193	107,807	221,545
Share capital	(Millions of yen)	69,444	69,444	69,444	69,444	69,444
Total number of issued shares	(Thousands of shares)	675,814	675,814	675,814	2,027,442	1,963,001
Net assets	(Millions of yen)	623,496	730,966	707,765	724,441	762,316
Total assets	(Millions of yen)	1,268,960	1,425,313	1,311,948	1,414,724	1,452,484
Net assets per share	(Yen)	324.83	380.81	374.64	383.46	409.33
Dividend per share [Interim dividend per share]	(Yen)	115.00 [55.00]	130.00 [60.00]	150.00 [75.00]	102.00 [75.00]	57.00 [27.00]
Basic earnings per share	(Yen)	44.45	96.27	78.09	57.06	118.54
Diluted earnings per share	(Yen)	—	—	—	—	—
Shareholders' equity ratio	(%)	49.1	51.3	53.9	51.2	52.5
Return on equity	(%)	13.9	27.3	20.6	15.1	29.8
Price earnings ratio	(Times)	66.31	28.11	34.32	49.49	19.45
Payout ratio	(%)	86.2	45.0	64.0	91.1	48.1
Number of employees	(Persons)	9,528	9,771	10,089	10,401	10,865
Total shareholders return	(%)	163.7	152.8	154.1	164.9	139.6
[Benchmark: TOPIX total return]	(%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest stock price	(Yen)	10,835	10,535	8,811	8,736 *3,141	3,816
Lowest stock price	(Yen)	5,008	7,008	6,438	7,537 *2,461	2,306

- (Notes) 1. Amounts of less than one million yen are rounded down to the nearest million yen.
2. The Company implemented a three-for-one common stock split on October 1, 2023. Net assets per share and basic earnings per share are calculated as if the stock split had been conducted at the start of the 85th fiscal year. The asterisked figures are the highest and lowest stock prices after ex-rights due to the stock split.
3. Of the dividend of 57.00 yen per share for the 89th fiscal year, the year-end dividend of 30.00 yen is a matter for resolution at the Ordinary General Meeting of Shareholders to be held on June 27, 2025.
4. The diluted earnings per share are not stated since there were no dilutive potential securities.
5. Effective from April 4, 2022, the highest and lowest stock prices were on the Tokyo Stock Exchange's Prime Market, and before then, they were on the Tokyo Stock Exchange's First Section.

2. History

Month and year	History
October 1944	Akira Murata founded Murata Manufacturing as a personal venture in Kyoto-shi and started manufacturing ceramic capacitors.
December 1950	The venture was reorganized as a stock company with the capital stock of one million yen and its name was changed to Murata Manufacturing Co., Ltd.
February 1961	Head Office was moved to Nagaokakyo-shi, Kyoto.
September 1962	Established Yokaichi Plant.
September 1962	Invested in Fukui Murata Manufacturing Co., Ltd. (currently wholly owned).
March 1963	Listed on the Second Section of the Osaka Stock Exchange (moved to the First Section in February 1970).
May 1965	Established a sales company in the U.S., current Murata Electronics North America, Inc.
December 1969	Listed on the Second Section of the Tokyo Stock Exchange (moved to the First Section in February 1970).
December 1972	Established a sales and manufacturing company in Singapore, Murata Electronics Singapore (Pte.) Ltd.
October 1973	Established a sales company in China, Murata Company Limited.
April 1978	Established the first European sales company in Germany.
November 1978	Acquired a manufacturing and sales company in Taiwan, current Taiwan Murata Electronics Co., Ltd.
September 1980	Acquired a multination corporation in Canada, Erie Technological Products, Ltd. (currently one of the subsidiaries in the U.S. and Europe).
May 1981	Established Komatsu Murata Manufacturing Co., Ltd.
October 1982	Established Toyama Murata Manufacturing Co., Ltd.
August 1983	Established Izumo Murata Manufacturing Co., Ltd.
August 1984	Established Kanazawa Murata Manufacturing Co., Ltd.
July 1987	Established Yasu Plant.
September 1988	Established a manufacturing company in Thailand, Murata Electronics (Thailand), Ltd.
October 1988	Established the European management company in Germany. (Its functions were transferred to the current Murata Electronics Europe B.V. that was established in the Netherlands in August 2004.)
November 1988	Established Yokohama R&D Center.
December 1989	Established a sales company in the Netherlands. (It was integrated to the current Murata Electronics Europe B.V. in April 2014.)
July 1990	Established a sales company in Brazil, Murata World Comercial Ltda.
April 1992	Established Okayama Murata Manufacturing Co., Ltd.
May 1993	Established a manufacturing and sales company in Malaysia, Murata Electronics (Malaysia) Sdn. Bhd.
December 1994	Established a manufacturing company in China, Wuxi Murata Electronics Co., Ltd.
May 1995	Established a sales company in China, Murata Electronics Trading (Shanghai) Co., Ltd.
March 1999	Established Tokyo Branch in Shibuya-ku, Tokyo.
December 2000	Established a sales company in Republic of Korea, Korea Murata Electronics Company, Limited.
July 2002	Established a sales company in Mexico, Murata Electronics Trading Mexico, S.A. de C.V.
October 2004	Head Office was moved to a new building constructed at the current location.
June 2005	Established a manufacturing company in China, Shenzhen Murata Technology Co., Ltd.
December 2005	Established the sales management company for Greater China in China, Murata (China) Investment Co., Ltd.
August 2007	Acquired a development, manufacturing and sales company in the U.S., current Murata Power Solutions, Inc.
October 2010	Established a sales company in India, Murata Electronics (India) Private Limited.
October 2010	Established a sales company in Vietnam, Murata Electronics (Vietnam) Co., Ltd.
September 2011	Established a manufacturing company in the Philippines, Philippine Manufacturing Co. of Murata, Inc.
January 2012	Acquired a development and manufacturing company in Finland, current Murata Electronics Oy.
March 2012	Acquired the power amplifier business from Renesas Electronics Corporation.
August 2013	Acquired the current Iwate Murata Manufacturing Co., Ltd.
March 2014	Made the current Saitama Murata Manufacturing Co., Ltd. a subsidiary (a wholly owned subsidiary in May 2016).

Month and year	History
December 2014	Acquired a development, manufacturing and sales company in the U.S., current pSemi Corporation.
October 2016	Established a joint company with SHIZUKI ELECTRIC COMPANY INC., Murata Shizuki FC Solutions Co., Ltd.
October 2016	Acquired a development, manufacturing and sales company in France, current Murata Integrated Passive Solutions SAS.
September 2017	Acquired the battery business from Sony Corporation and Sony Group Corporation.
October 2017	Acquired a development and sales company in the U.S., current Murata Vios, Inc.
December 2020	Established Minato MIRAI Innovation Center in Nishi-ku, Yokohama-shi.
April 2022	After the Tokyo Stock Exchange restructured the market segments, the Company moved to the Prime Market of the Tokyo Stock Exchange from its First Section.

3. Description of business

The main business of Murata Manufacturing Co., Ltd. (the “Company”) and its subsidiaries and associates (collectively, the “Companies” or we) is the development, manufacturing and sale of electronic components and related products, and this business is divided into three operating segments: Components (capacitors, inductors, EMI suppression filters, etc.), Devices and Modules (High-frequency Modules, Surface Wave Filters, Lithium Ion Secondary Batteries, Sensors, etc.) and Others (Healthcare Equipment, Solution Business, etc.).

The position of each company in the relevant business is as follows:

[Manufacturing and sales of electronic components]

Reporting company

The Company manufactures semi-finished products that are intermediate products of various electronic components and supplies them to manufacturing companies in Japan and overseas. In addition, the Company sells finished products that are processed within the Companies to clients and sales companies at home and abroad.

Sales companies

Sales companies conduct sales and brokerage services of products manufactured within the Companies. Material sales companies, such as Murata Electronics North America, Inc. in the U.S., Murata Company Limited, Murata Electronics Trading (Shanghai) Co., Ltd., and Murata Electronics Trading (Tianjin) Co., Ltd. in China, and Murata Electronics Europe B.V. in the Netherlands, sell finished products manufactured by the Company and its subsidiaries and associates.

Manufacturing and sales companies

Manufacturing and sales companies principally process semi-finished products manufactured by the Company into finished products, which will be supplied to the Company and sales companies. They also sell products manufactured by the Company and its subsidiaries and associates to their clients. We have the following material manufacturing companies: In Japan, Fukui Murata Manufacturing Co., Ltd., Izumo Murata Manufacturing Co., Ltd., Toyama Murata Manufacturing Co., Ltd., Kanazawa Murata Manufacturing Co., Ltd., Okayama Murata Manufacturing Co., Ltd., Komoro Murata Manufacturing Co., Ltd., and Tohoku Murata Manufacturing Co., Ltd.; in China, Wuxi Murata Electronics Co., Ltd., Shenzhen Murata Technology Co., Ltd., Murata Energy Device Wuxi Co., Ltd., and Foshan Murata Materials Co., Ltd.; in Singapore, Murata Electronics Singapore (Pte.) Ltd.; in the Philippines, Philippine Manufacturing Co. of Murata, Inc.; in Thailand, Murata Electronics (Thailand), Ltd.; in France, Murata Integrated Passive Solutions SAS; and in Vietnam, Murata Manufacturing Vietnam Co., Ltd. These companies manufacture components and devices and modules.

Management companies

The management company conducts marketing activities in the relevant region and administers subsidiaries and associates. Material management company, Murata (China) Investment Co., Ltd. in China, conducts marketing and engineering activities in Greater China, and administers Chinese sales companies.

[Others]

There are subsidiaries and associates that engage in employees' welfare, leasing of real estate, and the development and sales of products and software.

The above-mentioned business content is shown in the following diagram:

4. Information on subsidiaries and associates

Name	Location	Capital stock or investments in capital (Millions of yen)	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
(Subsidiary)								
Izumo Murata Manufacturing Co., Ltd.*	Izumo-shi, Shimane	430	Manufacturing of components	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Fukui Murata Manufacturing Co., Ltd.*	Echizen-shi, Fukui	300	Manufacturing of components	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Okayama Murata Manufacturing Co., Ltd.	Setouchi-shi, Okayama	480	Manufacturing of components and devices/modules	100.0	○	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	Leasing of plant land
Tohoku Murata Manufacturing Co., Ltd.	Koriyama-shi, Fukushima	300	Manufacturing and development of devices/modules	100.0	—	Loans receivable 32,207 million yen	The Company purchases this company's products.	—
Kanazawa Murata Manufacturing Co., Ltd.	Hakusan-shi, Ishikawa	480	Manufacturing of devices/modules	100.0	○	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Toyama Murata Manufacturing Co., Ltd.	Toyama-shi, Toyama	450	Manufacturing of devices/modules	100.0	—	Loans receivable 105 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Komoro Murata Manufacturing Co., Ltd.	Komoro-shi, Nagano	200	Manufacturing of devices/modules	100.0	○	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Sabae Murata Manufacturing Co., Ltd.	Sabae-shi, Fukui	200	Manufacturing of devices/modules and metal parts	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Saitama Murata Manufacturing Co., Ltd.	Tsurugashima-shi, Saitama	100	Development of components	100.0	—	—	The Company outsources the designing, development, and marketing of components to this company.	—

Name	Location	Capital stock or investments in capital (Millions of yen)	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
Komatsu Murata Manufacturing Co., Ltd.	Komatsu-shi, Ishikawa	300	Manufacturing of devices/modules	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Sendai Murata Manufacturing Co., Ltd.	Izumi-ku, Sendai-shi	110	Manufacturing of devices/modules	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Ise Murata Manufacturing Co., Ltd.	Tsu-shi, Mie	100	Manufacturing of devices/modules	100.0	—	—	The Company purchases this company's products.	—
Iwate Murata Manufacturing Co., Ltd.	Morioka-shi, Iwate	350	Manufacturing of devices/modules	100.0	—	Loans receivable 7,678 million yen	The Company purchases this company's products.	—
Hakui Murata Manufacturing Co., Ltd.	Hakui-shi, Ishikawa	50	Manufacturing of devices/modules	100.0	—	Loans receivable 519 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Murata Eiko Co., Ltd.	Nagaokakyo-shi, Kyoto	60	Operation of shops, sales of books, etc. Travel agency	100.0	—	—	The Company purchases books and travel tickets, etc.	Leasing of land and buildings for business
Ogaki Murata Manufacturing Co., Ltd.	Ogaki-shi, Gifu	110	Manufacturing of devices/modules	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	Leasing of plant land
Murata Software Co., Ltd.	Nishi-ku, Yokohama-shi	50	Sales of software	100.0	○	—	The Company grants this company with rights to use and sell software. The Company also provides technical support.	Leasing of buildings for business
PIECLEX Co., Ltd.	Yasu-shi, Shiga	100	Development, manufacturing and sales of textile products	100.0	—	Loans receivable 2,100 million yen	The Company undertakes the development of textile products.	Leasing of buildings for business
Murata Cosmos Co., Ltd.	Nagaokakyo-shi, Kyoto	50	Cleaning of dust-free clothes, management of farm-type employment	100.0	—	—	The Company outsources farm management to this company.	Leasing of buildings for business

Name	Location	Capital stock or investments in capital (Millions of yen)	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
MIRAISENS, Inc.	Nishi-ku, Yokohama-shi	100	Development of software and devices/modules	100.0	—	—	The Company outsources the development of software and devices/modules to this company.	Leasing of buildings for business
Kanazu Murata Manufacturing Co., Ltd.	Awara-shi, Fukui	220	Manufacturing of devices/modules	100.0 (9.1)	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Murata Land & Building Co., Ltd.	Nagaokakyo-shi, Kyoto	450	Leasing of real estate, insurance agency services	100.0 (19.6)	—	Loans receivable 1,500 million yen	The Company undertakes real estate management and facility maintenance.	The Company rents the land of the Head Office and land for business, and leases buildings for business.
Murata Shizuki FC Solutions Co., Ltd.	Ugo-machi, Ogachi-gun, Akita	100	Manufacturing and development of components	65.0	—	Loans receivable 4,524 million yen	The Company supplies some materials to this company and purchases this company's products.	—
Tome Murata Manufacturing Co., Ltd.	Tome-shi, Miyagi	110	Manufacturing of components	100.0 (100.0)	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	Leasing of land and buildings for plant
Azumi Murata Manufacturing Co., Ltd.	Azumino-shi, Nagano	110	Manufacturing of components	100.0 (100.0)	—	Loans receivable 335 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	Leasing of land and buildings for plant
Wakura Murata Manufacturing Co., Ltd.	Nanao-shi, Ishikawa	10	Manufacturing of devices/modules	100.0 (100.0)	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Himi Murata Manufacturing Co., Ltd.	Himi-shi, Toyama	25	Manufacturing of devices/modules	100.0 (100.0)	—	Loans receivable 5,086 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Anamizu Murata Manufacturing Co., Ltd.	Anamizu-machi, Housu-gun, Ishikawa	10	Manufacturing of components	100.0 (100.0)	—	Loans receivable 1,838 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—

Name	Location	Capital stock or investments in capital	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
Murata Electronics North America, Inc.	U.S.A.	Thousands of US\$ 14,406	Sales of products of the Company and its subsidiaries and associates	100.0	o	—	The Company sells finished products to this company.	—
Murata Electronics Europe B.V.*	The Netherlands	Thousands of EURO 245,000	Sales of products of the Company and its subsidiaries and associates	100.0	o	—	The Company sells finished products to this company.	—
Murata Company Limited*	China	Thousands of HK\$ 1,900,000	Sales of products of the Company and its subsidiaries and associates	100.0	—	—	The Company sells finished products to this company.	—
Murata Electronics Singapore (Pte.) Ltd.	Singapore	Thousands of SD 4,000	Manufacturing of components and devices/modules, sales of products of the Company and its subsidiaries and associates, general management of sales companies in ASEAN	100.0	o	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products. The Company sells finished products to this company. The Company outsources the general management of sales companies in ASEAN to this company.	—
Philippine Manufacturing Co. of Murata, Inc.*	The Philippines	Thousands of PHP 7,700,000	Manufacturing of components	100.0	—	Loans receivable 82,290 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Murata Electronics (Thailand), Ltd.*	Thailand	Thousands of Baht 6,610,385	Manufacturing of components and devices/modules	100.0	—	Loans receivable 4,000 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—
Taiwan Murata Electronics Co., Ltd.	Taiwan	Thousands of NT\$ 270,000	Manufacturing of devices/modules, sales of products of the Company and its subsidiaries and associates	100.0	—	—	The Company supplies semi-finished products and some materials to this company and purchases this company's products. The Company sells finished products to this company.	—
Murata (China) Investment Co., Ltd.*	China	Thousands of US\$ 145,000	Marketing and engineering activities in Greater China, general management of Chinese sales companies	100.0	o	—	The Company outsources marketing activities in Greater China as well as the general management of Chinese sales companies.	—
Korea Murata Electronics Company, Limited	South Korea	Thousands of WON 1,500,000	Sales of products of the Company and its subsidiaries and associates	100.0	—	—	The Company sells finished products to this company.	—

Name	Location	Capital stock or investments in capital	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
Murata Electronics (Malaysia) Sdn. Bhd.	Malaysia	Thousands of RM 60,000	Manufacturing of components, sales of products of the Company and its subsidiaries and associates	100.0	-	-	The Company supplies semi-finished products and some materials to this company and purchases this company's products. The Company sells finished products to this company.	-
Murata Electronics (Vietnam) Co., Ltd.	Vietnam	Thousands of VND 14,620,082	Sales of products of the Company and its subsidiaries and associates	100.0	-	-	-	-
Murata World Comercial Ltda.	Brazil	Thousands of R\$ 3,413	Sales of products of the Company and its subsidiaries and associates	100.0 (0.2)	-	-	-	-
Shenzhen Murata Technology Co., Ltd.	China	Thousands of US\$ 58,100	Manufacturing of components and devices/modules	100.0 (72.5)	-	Guarantee obligations 370 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	-
Eta Wireless, Inc.	U.S.A.	Thousands of US\$ 6	Development of software and devices/modules	100.0 (89.2)	o	-	The Company outsources the development of software and devices/modules to this company.	-
Wuxi Murata Electronics Co., Ltd.*	China	Thousands of US\$ 478,000	Manufacturing of components and devices/modules	100.0 (100.0)	-	-	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	-
Murata Electronics Trading (Shanghai) Co., Ltd.*	China	Thousands of US\$ 23,400	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	-	-	The Company sells finished products to this company.	-
Murata Energy Device Wuxi Co., Ltd.*	China	Thousands of US\$ 486,220	Manufacturing of devices/modules	100.0 (100.0)	-	-	The Company supplies semi-finished products and some materials to this company.	-
pSemi Corporation	U.S.A.	US\$ 0.1	Manufacturing, sale and development of devices/modules	100.0 (100.0)	o	Guarantee obligations 2 million yen	The Company purchases this company's products.	-
Murata Electronics Trading (Tianjin) Co., Ltd.	China	Thousands of US\$ 6,267	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	-	-	The Company sells finished products to this company.	-
Murata Electronics Oy	Finland	Thousands of EURO 546	Manufacturing and development of devices/modules	100.0 (100.0)	-	-	The Company purchases this company's products.	-
Murata Integrated Passive Solutions SAS*	France	Thousands of EURO 60,646	Manufacturing and development of components	100.0 (100.0)	-	-	-	-
Murata Manufacturing Vietnam Co., Ltd.*	Vietnam	Thousands of US\$ 105,600	Manufacturing of components	100.0 (100.0)	-	-	-	-
Murata Electronics Trading (Shenzhen) Co., Ltd.	China	Thousands of HK\$ 4,000	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	-	-	-	-

Name	Location	Capital stock or investments in capital	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
Thai Murata Electronics Trading, Ltd.	Thailand	Thousands of Baht 200,000	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	—	—	The Company sells finished products to this company.	—
Murata Power Solutions, Inc.	U.S.A.	Thousands of US\$ 1	Manufacturing, sales and development of devices/modules	100.0 (100.0)	—	—	The Company purchases this company's products.	—
Murata Electronics (India) Private Limited	India	Thousands of INR 5,000	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	—	—	—	—
Murata Electronics Philippines Inc.	The Philippines	Thousands of PHP 84,000	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	—	—	The Company sells finished products to this company.	—
Resonant Inc.	U.S.A.	Thousands of US\$ 67	Development of devices/modules	100.0 (100.0)	○	—	The Company outsources the development of devices/modules to this company.	—
Murata Vios, Inc.	U.S.A.	US\$ 0.5	Development and sales of healthcare products	100.0 (100.0)	○	—	—	—
SyChip Electronic Technology (Shanghai) Ltd.	China	Thousands of US\$ 1,600	Development of devices/modules and software	100.0 (100.0)	—	—	The Company outsources the designing, development, and marketing of modules and software to this company.	—
Murata Electronics Trading Mexico, S.A. de C.V.	Mexico	Thousands of MXP 1,500	Sales of products of the Company and its subsidiaries and associates	100.0 (100.0)	—	—	—	—
Foshan Murata Materials Co., Ltd.*	China	Thousands of US\$ 68,900	Manufacturing of raw materials	90.0 (90.0)	○	Loans receivable 750 million yen	The Company supplies semi-finished products and some materials to this company and purchases this company's products.	—

Name	Location	Capital stock or investments in capital (Millions of yen)	Primary business areas	Ownership ratio of voting rights (%)	Officers' concurrent posts	Financial support	Business transactions	Facility leasing
(Equity-method associate)								
MF Material Co., Ltd.	Nobeoka-shi, Miyazaki	100	Manufacturing of raw materials	35.0	—	—	The Company purchases this company's products.	Leasing of production facilities

- (Notes) 1. Segment names are shown in the primary business areas column.
2. Other than the above 60 subsidiaries and one equity-method associate, there are 22 subsidiaries.
3. Figures in parentheses in the column of ownership ratio of voting rights are indirect ownership ratios.
4. The company marked by * is a specified subsidiary under the Financial Instruments and Exchange Act of Japan.
5. Revenue of Murata Company Limited, Murata Electronics Trading (Shanghai) Co., Ltd., and Murata Electronics Europe B.V. (excluding intra-group transactions) account for over 10% of consolidated revenue respectively.

Major profit/loss information

1) Murata Company Limited

(Millions of yen)

(1) Revenue	435,244
(2) Profit for the period	37,734
(3) Total equity	137,995
(4) Total assets	216,094

2) Murata Electronics Trading (Shanghai) Co., Ltd.

(Millions of yen)

(1) Revenue	324,707
(2) Profit for the period	19,670
(3) Total equity	138,326
(4) Total assets	207,459

3) Murata Electronics Europe B.V.

(Millions of yen)

(1) Revenue	175,595
(2) Profit for the period	32,175
(3) Total equity	178,498
(4) Total assets	214,285

5. Employees

(1) Consolidated companies

As of March 31, 2025

	Number of employees (Persons)
Components	40,762
Devices and Modules	25,625
Others	2,171
Corporate	4,014
Total	72,572

- (Notes) 1. The number of employees is the number of persons in regular employment at the Company (excluding persons seconded outside of the Companies) and does not include seasonal, part-time, or temporary employees (1,874 persons).
2. Employees who do not belong to any segment but engage in company-wide administration and basic research are categorized in Corporate.

(2) Reporting company

As of March 31, 2025

Number of employees (Persons)	Average age	Average length of service (Years)	Average annual salary (Thousands of yen)
10,865	40.1	14.1	8,031

As of March 31, 2025

	Number of employees (Persons)
Components	3,329
Devices and Modules	2,797
Others	725
Corporate	4,014
Total	10,865

- (Notes) 1. The number of employees is the number of persons in regular employment at the Company (excluding persons seconded to subsidiaries and associates, etc., but including persons seconded from subsidiaries and associates, etc.) and does not include seasonal, part-time, or temporary employees (484 persons).
2. The average annual salary (estimated amount) includes any bonuses, allowances and extra wages.
3. Employees who do not belong to any segment but engage in company-wide administration and basic research are categorized in Corporate.

(3) Labor unions

Labor unions are organized in the Company and some subsidiaries. The number of members of those labor unions in Japan is 15,270 as of March 31, 2025, and all the labor unions belong to Japanese Electrical Electronic & Information Union (JEIU).

There are no special matters to be noted between the companies and labor unions.

- (4) Percentage of female workers in managerial positions, male workers childcare leave acquisition rate, and male-female workers' wage difference

The following indicators of employee diversity in the current fiscal year are as follows. Regarding the calculation of each indicator, seconded employees are counted as employees at the seconded destinations.

1) Reporting company

Percentage of female workers in managerial positions* ¹ . * ² (%)	Male workers' childcare leave acquisition rate* ³ (%)	Male-female workers' wage difference* ¹ . * ⁶ (%)		
		All Workers* ⁴	Regular Workers	Part-timer/Fixed-Term Workers* ⁵
4.0	72	64.5	63.7	75.9

(Notes)

1. Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).
2. Percentage of female workers in managerial positions at the Companies is as follows:
 - The Company and domestic subsidiaries: 3.1%
 - Overseas subsidiaries: 13.1%
 - The Company and subsidiaries: 5.6%
3. Calculated based on the proportion of childcare leave, etc. taken as set out in Article 71-6, Item 1 of the "Regulation for the Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Order of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), and excludes employees taking leave for childcare purposes.
4. All workers include regular workers and part-timers/fixed-term workers.
5. Part-timer/fixed-term workers include part-time employees, fixed-term contract workers, and non-regular staff, but exclude dispatched workers.
6. The male-female worker's wage difference represents the ratio of female wages to male wages. There is no wage difference for the same work, and the gender wage gap among regular workers is mainly due to differences in the composition of job types. The weightings of regular workers by gender and job type at the reporting company are as follows.

	Weightings of regular workers by gender and job type (%)	
	Men	Women
Manufacturing operator	11.8	2.7
General-duties staff	5.9	55.4
Technical staff	7.1	0.6
Career track personnel	75.2	40.5
Other	—	0.8
Total	100.0	100.0

* A dash ("—") indicates that there were no applicable persons.

Also, the gender wage gap tends to narrow if the age and job type are the same. When calculating the gender wage gap for regular workers at the age of 30, the results are as follows. The wage gap in manufacturing operator is due to the higher proportion of male workers engaged in shift work.

	Male-female wage difference for 30-year-old regular workers (%)
Manufacturing operator	74.3
General-duties staff	85.8
Technical staff	—
Career track personnel	87.8
Other	—
Total	80.2

* A dash ("—") indicates that there were no applicable persons.

2) Subsidiaries

Corporate Name	Percentage of female workers in managerial positions* ¹ (%)	Male workers' childcare leave acquisition rate* ² (%)	Male-female workers' wage difference* ¹ (%)		
			All Workers* ³	Regular Workers	Part-timer/Fixed-Term Workers* ⁴
Izumo Murata Manufacturing Co., Ltd.	1.5	70	76.5	75.8	95.6
Fukui Murata Manufacturing Co., Ltd.	1.0	64	74.3	73.8	93.1
Kanazawa Murata Manufacturing Co., Ltd.	0.0	82	72.2	71.4	111.6
Okayama Murata Manufacturing Co., Ltd.	2.4	89	69.6	69.9	42.9
Tohoku Murata Manufacturing Co., Ltd.	5.0	47	71.0	70.3	108.2
Toyama Murata Manufacturing Co., Ltd.	0.0	108	72.4	71.8	88.2
Komoro Murata Manufacturing Co., Ltd.	0.0	0	72.8	71.0	87.3
Sabae Murata Manufacturing Co., Ltd.	0.0	75	71.3	71.4	76.2
Sendai Murata Manufacturing Co., Ltd.	0.0	35	76.2	76.1	—
Komatsu Murata Manufacturing Co., Ltd.	0.0	84	69.6	69.0	82.9
Iwate Murata Manufacturing Co., Ltd.	0.0	66	65.7	65.9	30.2
Hakui Murata Manufacturing Co., Ltd.	0.0	33	75.4	76.7	88.0
Tome Murata Manufacturing Co., Ltd.	0.0	54	76.5	76.4	101.0
Azumi Murata Manufacturing Co., Ltd.	0.0	54	71.2	70.8	99.0
Kanazu Murata Manufacturing Co., Ltd.	0.0	50	73.1	73.0	88.2

(Notes) 1. Calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Calculated based on the proportion of childcare leave, etc. taken as set out in Article 71-6, Item 1 of the “Regulation for the Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Order of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), and excludes employees taking leave for childcare purposes.

3. All workers include regular workers and part-timers/fixed-term workers.

4. Part-timer/fixed-term workers include part-time employees, fixed-term contract workers, and non-regular staff, but exclude dispatched workers. A dash (“—”) indicates that there were no applicable persons.

II Business Overview

1. Management policies, business environment and issues to be addressed, etc.

Forward-looking statements in this document are based on the judgment of the Companies at the end of the current fiscal year.

(1) Basic policy on company management

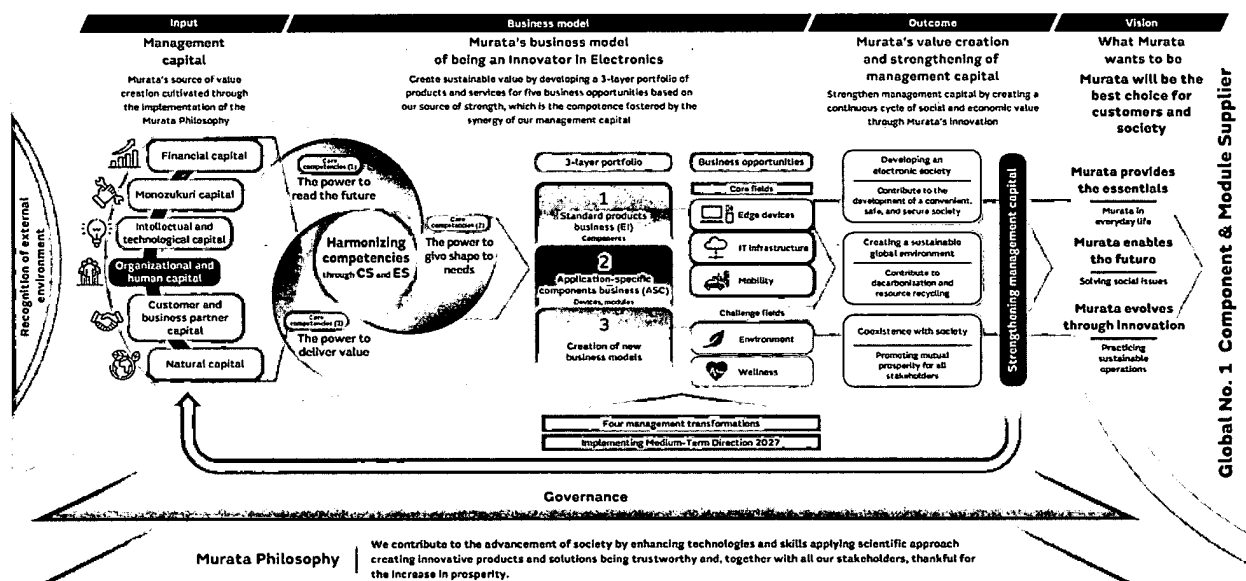
The Companies practice management based on the Murata Philosophy, the heart of which is to “contribute to the advancement of society by creating innovative products and solutions.” Our employees share a belief in the slogan “Innovator in Electronics,” which embodies the Companies’ desire to be a leader in innovation for the electronics industry.

For the Companies to continue proactively creating value as a true Innovator in Electronics, it is important that we expand the scope of the value we provide from just “innovation for customers” to also include “innovation for solving social issues.” “CS (customer satisfaction: Continuing to create and provide value that is recognized by the customer) and ES (employee satisfaction: Every employee achieves satisfaction and continuing growth through the performance of their work duties)” are key values of the Companies and the driving force behind the three core competencies: “the power to read the future,” “the power to give shape to needs,” and “the power to deliver value.” We aim to harness these core competencies to each other to demonstrate our collective strength and generate a continuous cycle of social and economic value, through which we will contribute to the enrichment of society.

To achieve this, we believe it important that diverse personnel collaborate with each other beyond organizational boundaries to create innovation. Another critical part is to pursue co-creation with stakeholders more actively than we ever have before. Going forward, we will build solid relationships with our stakeholders, work to solve social issues, and contribute to social sustainability.

“The Companies’ value creation process”

During the current fiscal year, the Companies reorganized our management capital, the source of our value creation, and reviewed our value creation process, for example by placing our collective strength through CS and ES at the center of our competencies.



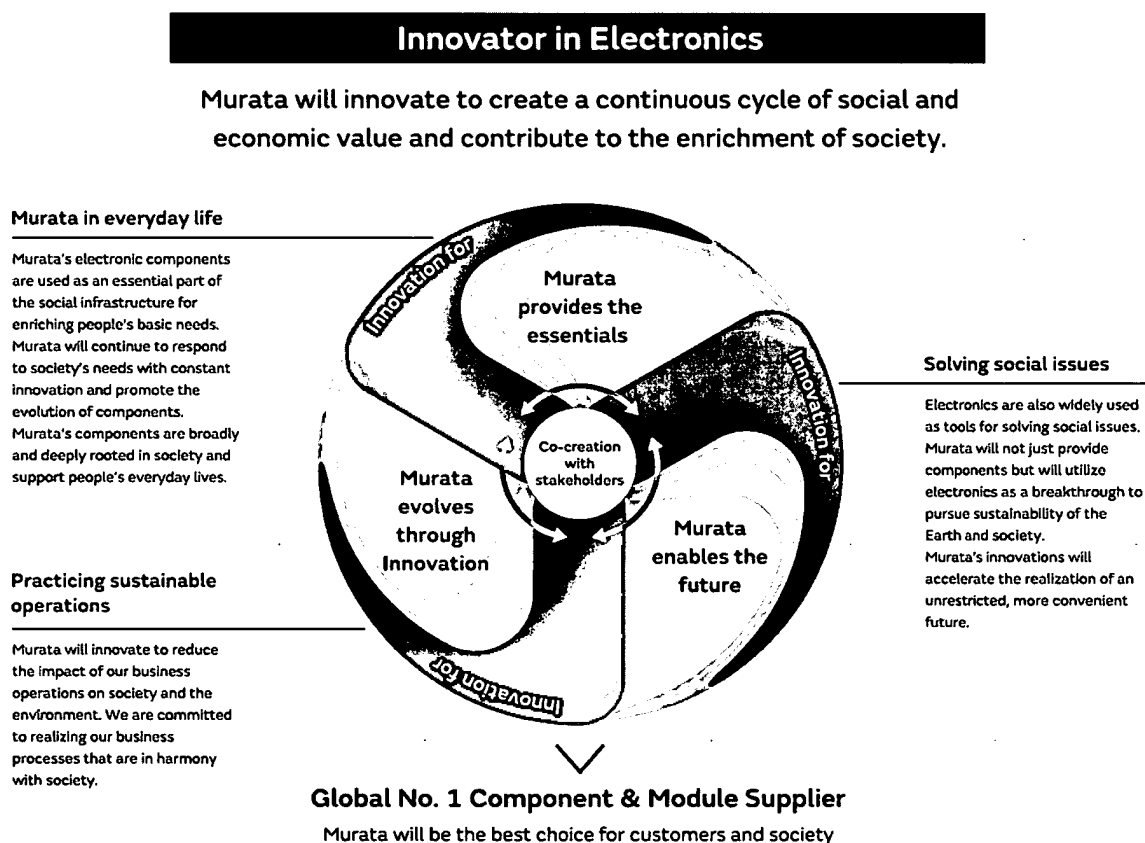
(2) Mid- to long-term company management strategy

I Vision 2030 (long-term vision)

During the fiscal year ended March 31, 2022, the Companies established Vision 2030 as our long term vision.

Vision 2030 describes what Murata wants to be, namely that “Murata will innovate to create a continuous cycle of social and economic value and contribute to the enrichment of society.” We also made it our growth strategy to “deepen core businesses and promote evolution of business models” and to “execute four management transformations.” We present these as our vision to give consistency to our efforts through 2030 and enable us to get where we want to be. By so doing, we aim to ensure that the Companies remain the best choice for customers and society as well as the global No. 1 component & module supplier.

“Vision 2030: What Murata wants to be”

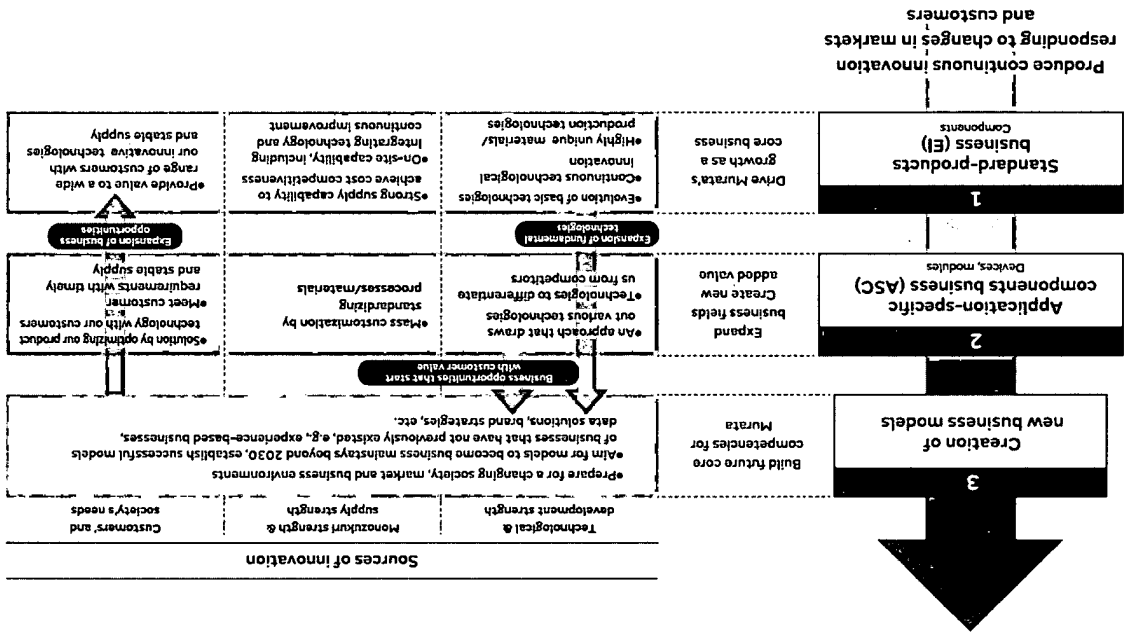


Growth strategy (I): Deepen core businesses and promote evolution of business models

In order for the Companies to continue to create value as an innovator in the drastically changing electronics industry, it is necessary to capture the global trends of technology and changes in society and reflect them in business management. In order to create various innovations looking ahead to the future from a long-term perspective, the Companies use a 3-layer portfolio in its business management and focus on five key fields with business opportunities to create value.

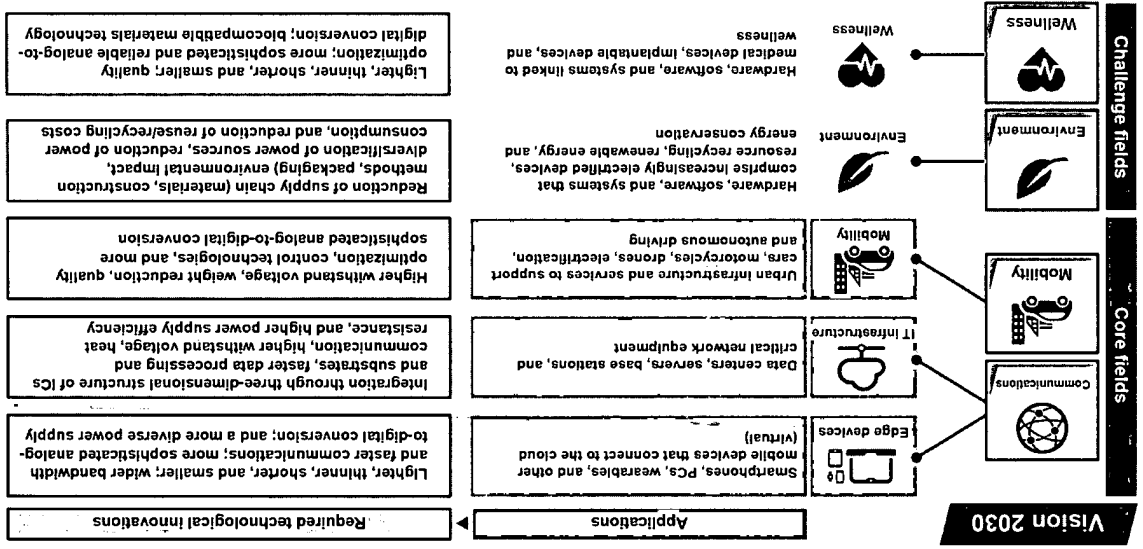
“3-layer portfolio”

Innovator in Electronics



“Five business opportunities”

In Medium-Term Direction 2027, formulated during the current fiscal year, the number of business opportunities was changed from four to five. By redefining the communication field, one of the Companies' core fields, into the two areas of edge devices and IT infrastructure, we have given more concrete form to the business opportunities created by technological innovations like AI and cloud computing. We aim to create value by seizing these five business opportunities.



Growth strategy (2): Execute four management transformations

- Management transformation 1: Management that creates a continuous cycle of social value and economic value

The Companies strive to increase the value it provides to society (social value) while creating a continuous cycle of social value and economic value as it aims to remain the company of choice that is trusted by its stakeholders. To achieve this vision, we have set targets for key issues (materialities) originating with social issues.

- Management transformation 2: Autonomous and decentralized organizational management

Even as the Companies expand its scale and business area, we hope to transform Murata's organizational management to be more autonomous and decentralized so that every employee can continue to practice the Murata Philosophy in their daily work, provide value, and continue growing just as we did when the Murata Philosophy established.

- Management transformation 3: Change-responsive management based on hypothetical thinking

At a time when the environment is changing drastically, we should not be passive, but rather prepare by hypothesizing what might happen in the future, then practice change-responsive business management, which flexibly corrects its course in response to change. Each function and organization continually gathers information on future changes, discusses them, takes action, and monitors, raising their sensitivity to environmental changes.

- Management transformation 4: Digital transformation (DX)

The Companies define digital transformation (DX) as an initiative that enables people and organizations (business processes) both inside and outside Murata to connect digitally and freely and make processes shorter, faster, and visible, thereby continually driving to dramatically increase customer value and competitiveness. Both the organization that promotes the strategy for company-wide DX and the executing organization will accelerate the overall digitalization in order to realize our vision in the domains to strengthen and core fields.

II Medium-Term Direction 2027

Review of Medium-Term Direction 2024

During the fiscal year ended March 31, 2022, the Companies established Medium-Term Direction 2024 (covering the fiscal year ended March 31, 2023 through the fiscal year ended March 31, 2025) as the first phase of Murata's effort toward our Vision 2030 description of what Murata wants to be.

1) Result of economic value targets

Medium-Term Direction 2024 set out economic value targets as measured in revenue, operating profit ratio, and ROIC (pre-tax basis), but unfortunately the Companies fell short on each of these three targets.

	Medium-Term Direction 2024 Target	FY2024 Result	Compared to the Target
Revenue (Millions of yen)	2,000,000	1,743,352	(256,648)
Operating profit ratio (%)	20% or higher	16.0	(4.0)
ROIC (pre-tax basis) (%) (Note)	20% or higher	13.0	(7.0)

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

With respect to revenues, although there was an upsurge in demand for AI servers, accelerated electrification in the mobility market, and the depreciation of the yen, consumer markets such as smartphones and PCs saw much lower demand for parts than expected due to prolonged inventory adjustment caused by a reactionary decline in demand following increases during the COVID-19 pandemic. In layer 2 businesses, the Companies' growth in market share of modules was delayed, resulting in lower-than-expected results. As for our operating profit ratio, it did not reach our target due to a lower factory operation rate and delays in the improvement of low-profit businesses, despite efforts to reduce the costs and improve productivity in response to lower demand for parts. Our ROIC (pre-tax basis) fell short of our target due to continued upfront investment in preparation for the expansion of the electronics field amid a declining operating profit ratio, as just mentioned.

2) Result of capital allocation

Medium-Term Direction 2024 set out a clear capital allocation policy and established a new “strategic investment” category. We treated long-term environmental investment, acquisition of technologies, risk countermeasures, and IT infrastructure enhancements as strategic investments.

Regarding the progress on strategic investment, the cumulative amount of combining projects already executed and projects approved for the past three fiscal years was 85 billion yen. For the progress on shareholder returns, the cumulative amount of dividends and purchase of treasury shares for the past three fiscal years was 448 billion yen. For the progress on redemption of bonds, 110 billion yen was redeemed during the past three fiscal years.

We will continue investing in our main businesses (components and devices/modules) and aim to steadily generate cash. We will meet stakeholder expectations by providing additional returns to shareholders in a flexible manner in response to the business environment.

(JPY billion)		(JPY billion)	
Medium-Term Direction 2024 Plan		Medium-Term Direction 2024 Result	
In	Out	In	Out
Operating cash flows 1,250.0	Capital expenditures 640.0 (land, buildings 100.0)	Others*	Capital expenditures 608.0 (land, buildings 110.0)
	Strategic investment 230.0	Operating cash flows 1,219.0	Strategic investment 85.0
	Return to shareholders 270.0		Return to shareholders 448.0 (Share buyback 160.0)
	Corporate bond repayment 110.0		Corporate bond repayment 110.0

* Includes excess funds on hand at the end of FY2021 and expenses incurred during the period.

3) Result of social value targets

“Social Value 1: Environment”

- We have carried out initiatives to achieve our target for “amount of GHG emissions (vs. FY 2019),” “renewable energy sourcing rate,” “rate of use of sustainable resources,” and “resource recycling rate.” For the actual results during the period covered by Medium-Term Direction 2024, please refer to the Company’s website stated in “(3) The Companies’ material issues” mentioned later.

“Social Value 2: Diversity”

- We have carried out initiatives to achieve our target for “percentage of overseas indirect employees with experience working at other sites.” For the actual results during the period covered by Medium-Term Direction 2024, please refer to the Company’s website stated in “(3) The Companies’ material issues” mentioned later.

“Social Value 3: ES”

- In the current fiscal year, we conducted a global survey targeting all roughly 72,000 employees at all domestic and overseas sites. The survey response rate was 95% and the “positive employee engagement response rate” was 67%, 3 percentage points below the FY 2024 targets. Although improvement is steadily emerging as employee-led activities begin to yield tangible results, we find there to be further room for improvement with respect to initiatives undertaken to ensure that employees take

action upon having sufficiently gained an understanding of the Company's overall strategy and trajectory. As such, we will take steps to more effectively convey feedback from management going forward.

<Main initiatives in Medium-Term Direction 2024>

- We held a case study-sharing session via webinar to share, among the Companies, good examples from our sites and organizations in Japan and overseas. Over 1,000 people watched the session in real time. We distributed video data and bilingual (Japanese and English) presentation materials to all employees.
- We worked to promote dialogue between management and employees through training sessions for employees (executive-sponsored training, stratified education, philosophy education, etc.) and an internal portal site.
- With an aim to promote organizational culture reform activities, we held workshops for division managers and training for managers.
- We implemented initiatives tailored to the specific issues of mid-career hires, senior, and manufacturing, which are the attributes we need to focus on in order to improve engagement.

4) Initiatives to address medium-term management issues

Under Medium-Term Direction 2024, in addition to solving problems that emerged during the years of Medium-Term Direction 2021, we strove to capture the changes in the environment from a long-term perspective and perform backcasting to identify preparations we needed to make going forward. Therefore, we took initiatives to address four medium-term management issues: management transformation, portfolio management (higher level), formation of a lean management base, and preparation for 2030.

Management transformation

Vision 2030, the Companies' long-term vision, sets out four management transformations as a growth strategy: management that creates a continuous cycle of social value and economic value, autonomous and decentralized organizational management, change-responsive management based on hypothetical thinking, and digital transformation (DX).

During the period covered by Medium-Term Direction 2024, we introduced a sustainability investment promotion system and an internal carbon pricing (ICP) system as new business management systems to address key issues (materiality) in relation to issues facing society and to promote a continuous cycle of social value and economic value. In addition, as projects to solve environmental issues, we are promoting the internal and external deployment of the integrated renewable energy control solution, eSimos, and an energy-saving system that combines our products with AI-driven energy-saving control from our partner Mutron. In addition, as a mechanism to ensure an autonomous and decentralized organization, we applied a hypothesis-based way of thinking in business plan management processes and reviewed the processes for formulating budgets and medium-term business plans as well as evaluating business viability. For the business viability evaluation process, we have targeted products that do not meet certain standards on the two axes of ROIC and market growth rate, formulating improvement plans and performing periodic monitoring. In addition, the Companies fostered awareness internally and the securing and training of DX staff, in addition to organizing issues, formulating concepts and plans, and implementing proof of concept (PoC) as we establish next-generation digital platforms and an infrastructure base. We will continue to promote management transformation initiatives to realize Vision 2030.

Portfolio management (higher level)

To achieve a deepening of core businesses and promote evolution of business models, a growth strategy found in Vision 2030, we will take portfolio management to a higher level using the 3-layer portfolio mentioned previously.

Regarding layer 1, we promoted initiatives to ensure our position as an industry leader by building up supply capacity to keep pace with growing demand, cutting-edge technical strength to overcome technical limitations, and business efficiency. To prepare for medium- to long-term demand and growth for multilayer ceramic capacitors and inductors, we have been constructing new production buildings in China, Thailand, and Vietnam and established a joint venture company, MF Material Co., Ltd. In preparation for future production in India, we started a contract to lease a factory in an industrial park in that country. Furthermore, our pursuit of cutting-edge technologies has made us the first to develop the world's smallest multilayer ceramic capacitor at 006003-inch size (0.16 mm x 0.08 mm), which contributes to the miniaturization and improvement of electronic devices. Likewise, we have also begun developing the world's smallest class of chip inductors of the same size. For layer 2, the Companies have endeavored to win market share by stepping up differentiating technologies. We are also working to build up our financial strength by reconsidering our portfolio, for example selecting and concentrating on specific businesses. In high-frequency devices and communications modules, we are promoting the development of XBAR technology from Resonant, a company whose acquisition we completed in March 2022, and are currently preparing to start shipments in the next fiscal year. In the battery business, we are taking initiatives to become profitable by creating business opportunities in the environmental field, establishing a lean business foundation, and strengthening and reallocating management capital.

On layer 3, we have been searching out business areas where we can put the Companies' strengths to work. During the period covered by Medium-Term Direction 2024, we kicked off KUMIHIMO Tech Camp with Murata, which aims to realize ideas of startups and universities by utilizing the Companies' hardware. We have also actively expanded co-creation

activities with external parties to create and accelerate innovation. For example, during the current fiscal year, we held the event outside Japan (in Bulgaria) for the first time. In addition, the number of cases of social implementation of layer 3 businesses, such as the deployment of PIECLEX, worker safety monitoring systems, efinnos, and wireless sensing solutions, is steadily rising. Co-creating with our stakeholders, we will accelerate our efforts to scale up such businesses.

- Form a lean management base

The Companies have focused on building more powerful human capital and a firmer foundation for quality to form a lean management base.

To improve our social value indicators (ES and diversity), we conducted a global organization survey and examined and implemented action plans based on the results. We also actively provided opportunities for personnel to gain work experience at other locations globally. Furthermore, we prepared and implemented selective education programs in Japan and overseas with the aim of training personnel as future management candidates, promoted elimination of wasteful practices at manufacturing sites and improvements in productivity by making use of smart technologies and digital technologies, and moved forward with training human resources that will support on-site improvements and the global production system. We also introduced a business risk assessment mechanism and strengthened our quality assurance and management system to support management of our 3-layer portfolio. The Companies will continue to strive for quality trusted by all customers by practicing scientific management starting at the origin of processes.

- Preparation for 2030

The Companies have assessed important management risks and made the necessary preparations, while identifying and nurturing technologies that will make us competitive in future and formulating and implementing intellectual property strategies to support them.

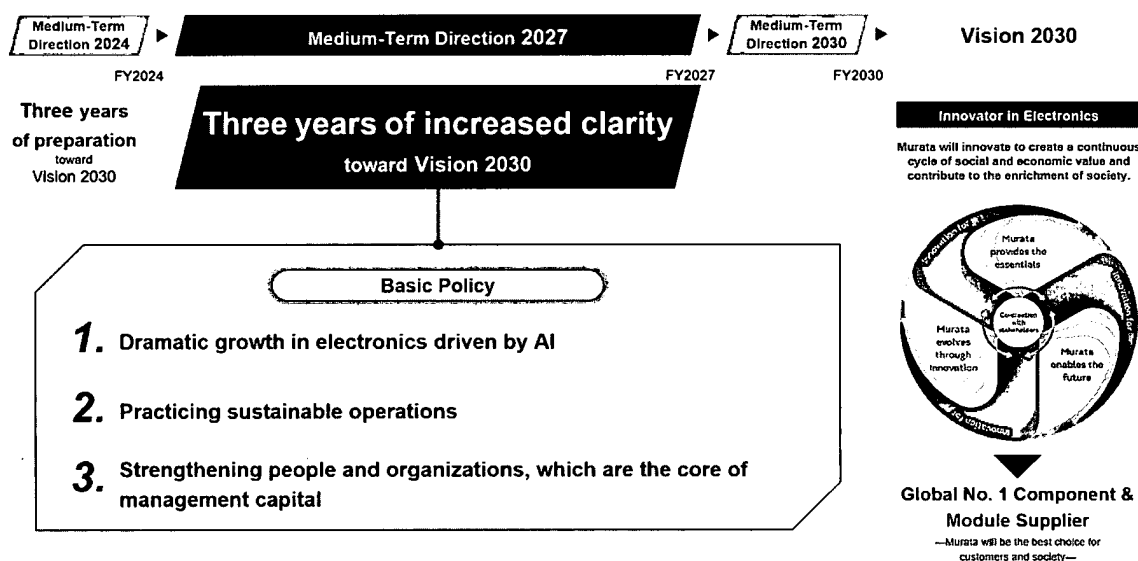
Specifically, we strengthened initiatives with an awareness of backcasting for the year 2030 and beyond, such as our SONAE Project and η Project. Under the SONAE Project, during the current fiscal year, we newly added the themes space and robotics to the four existing themes of next-generation communications and 6G, the environment, optics and semiconductors, and bioelectronics, and we will drive our studies and exploration, research and development, and commercialization in these areas. Furthermore, by strengthening sales and marketing capabilities to meet diversifying customer needs, by establishing a BCM framework (for example by opening the Tokyo Logistics Center), and by diversifying supply chains, we have strengthened risk management to counter geopolitical and other business risks that may arise in future. We will continue to practice management not only from a short-term perspective, but also with a view to medium- to long-term growth.

Medium-Term Direction 2027

During the current fiscal year, the Companies established Medium-Term Direction 2027 (covering the fiscal year ending March 31, 2026 through the fiscal year ending March 31, 2028) as the second phase of Murata's effort toward our Vision 2030 description of what Murata wants to be.

1) Positioning of Medium-Term Direction 2027

The Companies see Medium-Term Direction 2027 as covering a three-year period of increased clarity toward the realization of our vision as we work to achieve "what Murata wants to be" as described in Vision 2030. We believe that the emergence of AI will further accelerate the realization of "digital twins" that the Companies foresee for 2030 in our worldview. On the way to achieving our 2030 worldview, the three years from now through 2027 will be a period of major change in the electronics industry. For this period, we have set forth three basic policies that the Companies will implement to increase clarity toward the realization of our vision of initiatives to be the best choice for customers and society.



2) Management Targets

The figure below lays out our company-wide management targets under Medium-Term Direction 2027.

Economic value	Social value																											
Revenue FY2027: 2,000.0 billion JPY or higher FY2030: 2,500.0 billion JPY or higher Operating profit ratio FY2027: 18% or higher FY2030: 20% or higher ROIC (post-tax basis)*1 FY2027: 12% or higher FY2030: 15% or higher	(1) Environment <table><tr><td>Amount of GHG*2 emissions (vs. FY2019)</td><td>Renewable energy sourcing rate</td></tr><tr><td>Scope 1 and 2</td><td>Scope 3</td></tr><tr><td>FY2027: -39%</td><td>FY2027: Data refinement</td></tr><tr><td>FY2030: -46%</td><td>FY2030: -27.5%</td></tr><tr><td>FY2040: CN*3</td><td>FY2050: CN</td></tr><tr><td>Rate of use of sustainable resources*4</td><td>Resource recycling rate*5</td></tr><tr><td>FY2027: 16%</td><td>FY2027: 41%</td></tr><tr><td>FY2030: 25%</td><td>FY2030: 50%</td></tr><tr><td>FY2050: 100%</td><td>FY2050: 100%</td></tr></table> (2) Diversity <table><tr><td>Number of people with global experience*6</td><td>Ratio of women in managerial positions*7</td></tr><tr><td>FY2027: 1,500 people accumulated in 3 years</td><td>FY2027: 7%</td></tr><tr><td>FY2030: 3,000 people accumulated in 6 years</td><td>FY2030: 10%</td></tr></table> (3) ES <table><tr><td>Positive employee engagement response rate</td></tr><tr><td>FY2027: 71% or higher</td></tr><tr><td>FY2030: 76% or higher</td></tr></table>	Amount of GHG*2 emissions (vs. FY2019)	Renewable energy sourcing rate	Scope 1 and 2	Scope 3	FY2027: -39%	FY2027: Data refinement	FY2030: -46%	FY2030: -27.5%	FY2040: CN*3	FY2050: CN	Rate of use of sustainable resources*4	Resource recycling rate*5	FY2027: 16%	FY2027: 41%	FY2030: 25%	FY2030: 50%	FY2050: 100%	FY2050: 100%	Number of people with global experience*6	Ratio of women in managerial positions*7	FY2027: 1,500 people accumulated in 3 years	FY2027: 7%	FY2030: 3,000 people accumulated in 6 years	FY2030: 10%	Positive employee engagement response rate	FY2027: 71% or higher	FY2030: 76% or higher
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Positive employee engagement response rate																												
FY2027: 71% or higher																												
FY2030: 76% or higher																												

*1: ROIC disclosure has been changed from pre-tax to post-tax from this Medium-Term Direction.

ROIC (post-tax basis) = Operating profit × (1 – effective tax rate) / Average invested capital at the beginning and end of the period (Property, plant, and equipment + right-of-use assets + goodwill + intangible assets + inventories + trade receivable – trade payables)

The effective tax rate applied to ROIC (post-tax basis) is an average effective tax rate.

*2: Greenhouse gas

*3: Carbon neutral

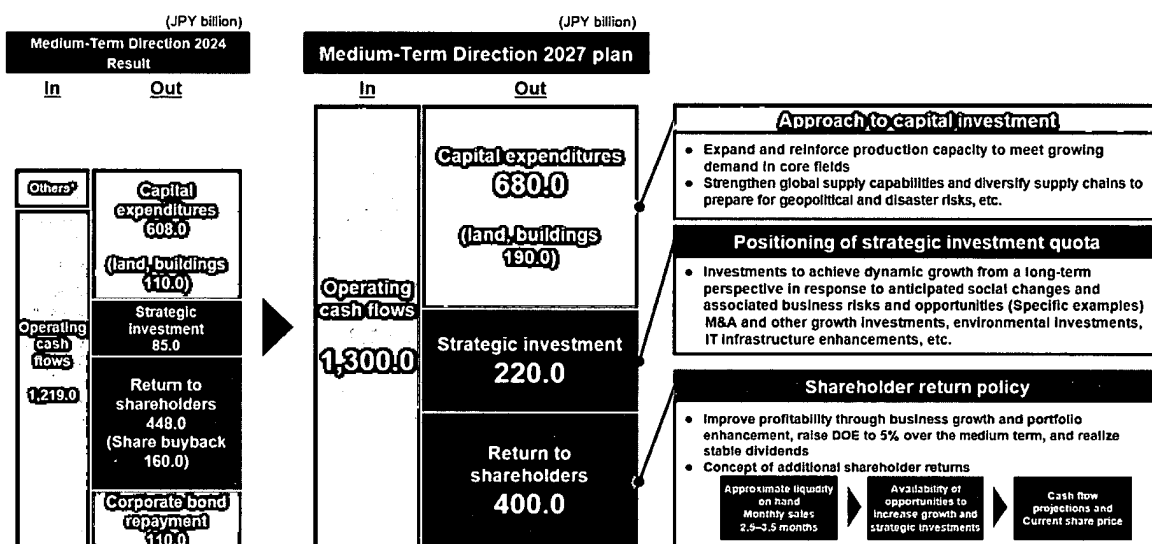
*4: Percentage of recycled material use (by weight), mainly in 24 resources at high risk of depletion

- *5: Percentage of Murata's discharges (waste + valuable materials) that are recycled as circulating resources (by weight)
 *6: Cumulative number of employees in Japan and abroad who have gained global experience through relocation, training, or remote assignments outside their home country after 2025
 *7: Murata Manufacturing Co., Ltd. on a non-consolidated basis

3) Capital allocation policy

In accordance with Medium-Term Direction 2027, we established the following capital allocation policy with the aims of expanding business and maximizing corporate value.

To strengthen our earning power over the medium to long term, we will actively make strategic investments to realize disruptive growth, in addition to investments to increase production capacity and diversify supply chains. Concerning returns to shareholders, the Companies are raising our target for dividend on equity (DOE) by improving profitability so we can ensure stable dividends and flexibly offer additional returns to shareholders in response to the business environment.



* Includes excess funds on hand at the end of FY2021 and expenses incurred during the period.

4) Three "Basic Policies"

- Policy 1: Dramatic growth in electronics driven by AI

With the development of AI technology, we foresee that the Companies' business opportunities will further expand as we realize our "digital twins" worldview, in which cyberspace and physical space are seamlessly connected.

The Companies will focus on edge devices, mobility, and IT infrastructure as our core fields, aiming to win the No. 1 share of the market for capacitors and for inductors and EMI filters, and to achieve high sales growth in functional devices, high-frequency devices and communications modules, and battery and power supply.

In addition, we see the environment, wellness, and layer 3 businesses as challenge fields. We will work to expand our businesses in these areas and explore technologies for the very long term beyond 2030.

- Policy 2: Practicing sustainable operations

Up to now, the Companies have achieved business growth by pursuing lighter, thinner, shorter, smaller, and more efficient products contributing to the miniaturization of electronic devices, and by taking the lead in efforts to reduce environmental impact through sustainable operations. Going forward, we will accelerate our efforts by co-creating with our stakeholders under the two main themes of climate change countermeasures and resource recycling.

In addition, to ensure a stable supply of products in business conditions where the threat of hazard risks and geopolitical risks is becoming more complex, we will further strengthen our efforts to reinforce our networks among sites around the globe, maintain appropriate inventory policies, and build resilient, diversified supply chains.

- Policy 3: Strengthening people and organizations, which are the core of management capital

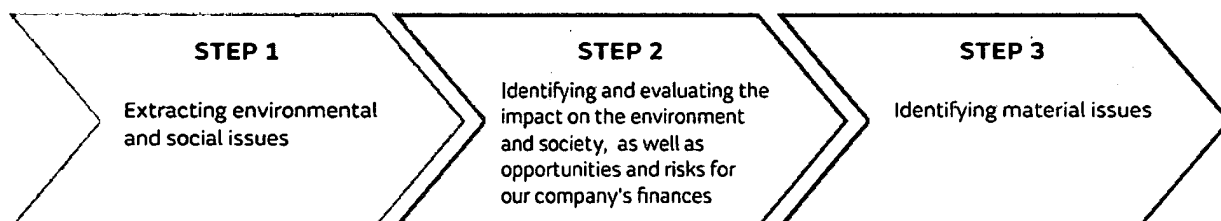
The Companies believe that organizational and human capital is the core connecting all management capital. As such, we aim to realize Vision 2030 by promoting the transformation into individuals and an organization brimming with innovation. We have drawn up a new "virtuous cycle between individuals and the organization" model that spells out actions to be taken by individuals and the organization in an autonomous and decentralized organizational management. We will further our initiatives under the three key themes of "dynamic resource allocation," "developing leaders who can change the future," and "achieving a virtuous cycle between individuals and the organization."

In addition, we aim to realize high-cycle operations by promoting DX to visualize and streamline engineering chains, supply chains, and demand chains. This will give our personnel more time to focus on the core objectives of our operations and serving customers properly, helping to maximize CS and ES.

(3) The Companies' material issues

The Companies identify key environmental and social issues and promote initiatives to address them in terms of both products and services and business processes. The material issues are reviewed in conjunction with the formulation of the three-year medium-term direction, and the results of the Medium-Term Direction 2024, which ended in FY 2024, are scheduled to be announced on the Company's website (<https://corporate.murata.com/en-us/csr/materiality/activities-2022>). We will continue to define management that creates a continuous cycle of social value and economic value as a part of management transformation in "Medium-Term Direction 2027." We will promote initiatives by dividing material issues into "Developing an electronic society," "Creating a sustainable global environment," and "Coexistence with society."

<Process of identifying material issues>



STEP 1: Extracting environmental and social issues

Environmental and social issues were extracted from ESRS, SASB, SDGs, and global risks.

STEP 2: Identifying and evaluating the impact on the environment and society, as well as opportunities and risks for our company's finances

In accordance to the "double materiality" philosophy advocated by CSRD/ESRS, the "impact on the environment and society" as well as "opportunities and risks for our company's finances" were identified and evaluated on Murata's entire value chain, based on opinions from external stakeholders.

STEP 3: Identifying material issues

These issues were debated within the CSR Management Committee chaired by the President to identify material issues, which were decided by the Board of Directors.

"Developing an electronic society"

Material issue	Our Vision for 2030	The Murata mindset
Achieve digital innovation through edge devices	To deliver value by addressing diverse needs through cutting-edge technologies. We aim to promote the widespread of edge devices supported by stable supply capabilities, increase the number of individuals benefiting from electronics, and create value in solving social issues through digital innovation.	The Companies are committed to providing a stable supply of cutting-edge components and maintaining their high-market-share components, aiming for light, thin, short, and small wireless communication technologies. They have contributed to the adoption of electronics into people's lives, such as smartphones and other edge devices. As digital society progresses, edge devices have become increasingly indispensable in people's lives, and their reach is expected to expand as population grows. The Companies aim to increase the population that benefits from electronics and help solve social issues through digital innovation. They will pursue new value creation such as high efficiency, low power consumption, and sensing solutions, and promote the spread of edge devices through their accumulated supply capability.

Material issue	Our Vision for 2030	The Murata mindset
Create a next-generation mobility society	To contribute to a sustainable global environment for a safe, secure and convenient society by providing products and services that meet the needs of an evolving mobility society.	The Companies are supporting the widespread adoption of electric vehicles and improved automotive safety by leveraging their strengths, the technological ability to produce highly reliable, high-performance products as well as the ability to mass-produce products of consistent quality. This market is expected to undergo further major changes, including the transition to a decarbonized society, traffic accident prevention, solutions to urban and rural transportation challenges, and diversification in modes of transportation and consumer needs. Amid these environmental changes, we adopt a broader view of the market as “mobility,” aiming to achieve both a safe, secure and convenient society and a sustainable global environment. Murata aims to contribute to the further spread of xEVs, the development of autonomous driving technology and the urban infrastructure to support it by offering a stable supply of highly functional and reliable products.
Create sustainable IT infrastructure	To support the development of an electronic society and help build a sustainable, environmentally friendly IT infrastructure by providing highly reliable products that focus on high speed, high capacity, and high efficiency.	The Companies are contributing to the construction of an IT infrastructure that has developed alongside society. The miniaturization of components and the integration of variety of power supplies products help improve energy efficiency. With advancements in cloud computing and introduction of AI, network traffic and computational loads on IT infrastructure have increased dramatically. This has led to new challenges such as a rapid increase in data center energy consumption. The Companies aim to continue supporting the development of an electronic society and help build sustainable, environmentally friendly IT infrastructure by providing a stable supply of highly reliable products that focus on high speed, high capacity, and high efficiency.
Create a society of physical and mental wellness	To enhance the promotion of overall well-being—physically, mentally, and socially—by creating new value in the wellness market.	The Companies have helped solve social issues in different eras through electronics by creating cutting-edge technologies and components. As people are becoming more health-conscious, the concept of health has expanded beyond physical health to include well-balanced mental and social wellness as well as the individual pursuit of happiness. The Companies aim to contribute to the development of products and services in medical care and prevention of disease by applying our fundamental technologies such as miniaturization, sensing, communication, and fluid control and leveraging our knowledge in the electronics field. We strive to create innovations that enrich the overall well-being leading to a healthy and prosperous life.

“Creating a sustainable global environment”

Material issue	Long-term targets	Medium-term targets (FY 2025-2027)
Create a decarbonized society	FY 2050 targets: GHG*¹ emissions (Scope 1, 2, 3): Carbon neutral FY 2040 targets: GHG emissions (Scope 1, 2): Carbon neutral FY 2035 targets: Renewable energy sourcing rate: 100% FY 2030 targets: GHG emissions (Scope 1, 2): 873 kt-CO₂e (46% reduction [Compared to FY2019]) GHG emissions (Scope 3): 3,246 kt-CO₂e (27.5% reduction [Compared to FY2019]) Renewable energy sourcing rate: 75%	GHG emissions (Scope 1, 2): 976 kt-CO₂e (39% reduction [Compared to FY2019]) GHG emissions (Scope 3): Data refinement Renewable energy sourcing rate: 55%
Create a recycling-oriented society	FY 2050 targets: Rate of use of sustainable resources*²: 100% Resource recycling rate*³: 100% FY 2030 targets: Rate of use of sustainable resources: 25% Resource recycling rate: 50%	Rate of use of sustainable resources: 16% Resource recycling rate: 41%

“Coexistence with society”

Material issue	Long-term targets	Medium-term targets (FY 2025-2027)
Achieve diversity and work satisfaction	FY 2030 targets: Positive employee engagement response rate: 76% or higher Number of people with global experience: 3,000 (6-year cumulative total) Ratio of women in managerial positions: 10% Self-rated health: 80% Occupational accidents per 1,000 employees (4 days of leave or more): Less than 0.39	Positive employee engagement response rate: 71% or higher Number of people with global experience: 1,500 (3-year cumulative total) Ratio of women in managerial positions: 7% Self-rated health: 79% Occupational accidents per 1,000 employees (4 days of leave or more): Less than 0.44
Respect for human rights	FY 2030 targets: Implementation rates for prevention/mitigation of significant human rights risk that have been identified as well as monitoring and information disclosure: 100%	Implementation rates for prevention/mitigation of significant human rights risk that have been identified as well as monitoring and information disclosure: 100%
Social and community development	FY 2030 targets: Positive response rate in company impression survey conducted in local communities: 75% or higher Number of participants in STEAM education programs (Primarily elementary and junior high school students in Murata's locations): 34,000 people/year	Positive response rate in company impression survey conducted in local communities: 70% or higher Number of participants in STEAM education programs (Primarily elementary and junior high school students in Murata's locations): 31,000 people/year

*1 GHG: Greenhouse gas. Gases that contribute to the greenhouse effect.

*2 Rate of use of sustainable resources: This indicates weight percentages of recycled materials of 24 resources with a high risk of depletion.

*3 Resource recycling rate: This indicates weight percentages of Murata's recycled waste (waste + valuables) resources.

*4 A cumulative number of domestic and overseas employees that have experienced transfers and training at overseas locations as well as global experience through remote assignment starting from 2025.

*5 Reporting company.

*6 Not a numerical result from a medical examination, but instead subjectively evaluates an individual's own state of health. Evaluation targets are domestic employees and are determined through positive response rates.

2. Concept and initiatives regarding sustainability

In order to realize a sustainable society, the Companies are working on CSR-related issues (environment, society, employees, respect for human rights, corruption prevention, bribery prevention, governance, cyber security, data security, etc.). Through these initiatives, the Companies aim to increase the value we provide to society (social value) and generate a virtuous cycle of social value and economic value as we aim to remain the companies of choice that are trusted by our stakeholders.

(1) The Companies' response to sustainability

I Governance

The Companies position CSR-related initiatives as one of the material issues, and are strengthening their governance system. The Board of Directors is accountable for all risks and opportunities.

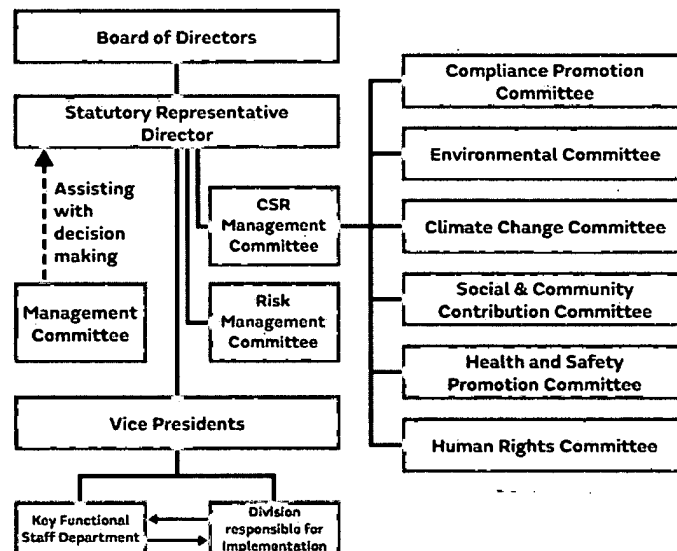
In addition, in order to set the direction of the Companies' CSR activities, the Company has established the CSR Management Committee under the supervision of the Board of Directors. The President and Representative Director, who chairs the Committee, is responsible for supervising CSR.

In order to continuously and systematically promote consistent company-wide CSR management, the committee implements the following items and regularly reports to the Board of Directors on the status of activities and other matters:

- (1) Formulation and establishment of CSR principles, policies, guidelines, etc.
- (2) Distilling material items (issues) related to CSR throughout the organization and directing efforts to address them
- (3) Company-wide sharing of activity results and guidance on key items (issues) that exceed the frame of subordinate committee activities (described below)
- (4) Sharing of CSR-related activity results, goals, and policies undertaken by subordinate committees that must be shared throughout the organization
- (5) Advising CSR-related customer responses and understanding related customer needs and results of customer responses

In addition, six subcommittees have been established within the CSR Management Committee: the Compliance Promotion Committee, the Environmental Committee, the Climate Change Committee, the Social & Community Contribution Committee, the Health and Safety Promotion Committee, and the Human Rights Committee to discuss CSR themes that require cross-organizational activities.

< Structure to promote CSR >



II Strategy

As mentioned earlier, the Companies aim to achieve what it wants to be for "Vision 2030" by contributing to achieving a rich society by generating a continuous cycle of social value and economic value by supporting the present, opening the way to the future, and working in harmony with society through co-creation with stakeholders. The Companies will continue to define management that creates a continuous cycle of social value and economic value as a part of management transformation in "Medium-Term Direction 2027," which is the second phase in achieving Vision 2030. To achieve this continuous cycle, we identify material issues, and promote initiatives from product and service as well as business process perspectives.

III Risk Management

The Companies identify risks and opportunities in each of CSR-related issues (environment, society, employees, respect for human rights, corruption prevention, bribery prevention, governance, cyber security, data security, etc.). Environmental and social issues identified as material issues are regularly evaluated through a structured process under the CSR Management Committee.

In terms of operation, we have established and operate a management system for the environment, safety, human rights, etc. at our business sites, and are continuously evaluating CSR-related risks to promote continuous improvements of the operations. These risks are incorporated into company-wide management items taken care of not only by the CSR Management Committee but also by the Risk Management Committee. Comprehensive assessments are made and additional countermeasures are taken as necessary to further reduce risks.

IV Metrics and Targets

The Companies define management that creates a continuous cycle of social value and economic value as a part of management transformation in the “Medium-Term Direction 2027.” We identify key environmental and social issues, set targets for each issue, and promote initiatives to address them. For details, please refer to “II Business Overview: 1. Management policies, business environment and issues to be addressed, etc.: (3) The Companies’ material issues” described above.

(2) Response to climate change

The Companies believe businesses have an important role in fighting climate change issues. The Companies recognize that climate change presents both risks of increased cost and disruption for our business as well as new opportunities for the Companies to create value while meeting the needs of society. The period toward Vision 2030 presents immense opportunities to expand our business into new domains, while living out the Companies' mission of contributing to the advancement of culture by creating innovative products and solutions.

Based on the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD), how we respond to each risk and opportunity brought about by climate change is as follows:

I Governance

The Companies' approach	● The Board of Directors has overall accountability for the management of all risks and opportunities including climate change, and supervises the Climate Change Committee and others upon receiving reports from them on measures and decisions. ● The CSR Management Committee, chaired by the President and Representative Director, receives a biannual report from the Climate Change Committee, chaired by the Representative Director and Senior Executive Vice President, on climate change countermeasures, and supervises the Committee at the management level. ● Progress management of environment targets and review of decarbonization-related investment decisions. ● Responsible department promotes company-wide climate change countermeasures based on the decisions made by the Climate Change Committee. ● Introduction of a remuneration system with remuneration fluctuating based on the result of social value targets, for part of the officers' share-based remuneration (excluding Audit and Supervisory Committee Members).
FY 2024 Status of Initiatives	● Held four meetings (including an extraordinary meeting) at Climate Change Committee Results of initiatives: ▶ Introduced on-site renewable energy in business sites; procured renewable energy from off-site via PPA, etc. ▶ Established materialities concerning climate change countermeasures for the next medium-term targets. ▶ Accelerated the achievement of a 100% renewable energy sourcing rate and set carbon neutrality targets, including Scope 1, 2, and 3. ▶ Calculated and disclosed to customers CFP* for the purpose of creating energy saving measures. ▶ Continuously held briefings and discussions with suppliers and promoted modal shift initiatives aimed at cutting Scope 3 emissions. Subjects of the Board of Directors concerning climate change countermeasures: ▶ The status of achievement of targets related to the materiality up to FY 2024, "reinforcement of climate change countermeasures"; and the establishment of the materiality from FY 2025, "create a decarbonized society" and report on the evaluation indicators and targets thereof. ▶ Approaches to accelerate the achievement of a 100% renewable energy sourcing rate and to become carbon neutral.

The Companies advance discussions, with the Climate Change Committee taking a central role, and make decisions on responses to initiatives such as RE100 and SBT, and on the introduction of a carbon pricing system. We will continue strengthening our governance system to enhance our corporate value from a medium- to long-term viewpoint. The Climate Change Committee discusses the Companies' policies for climate change countermeasures in cooperation with three subcommittees: the Climate Initiatives and Scope 3 Subcommittee, the Renewable Energy Subcommittee, and the Energy-saving Subcommittee. In FY 2024, the committee met four times, including extraordinary meetings, to discuss the procurement of renewable energy both within and outside of the Company's sites, the establishment of materiality related to medium-term climate change countermeasures starting in FY 2025, the acceleration of the achievement of a 100% renewable energy sourcing rate, and the setting of carbon neutrality targets, including Scope 1, 2, and 3.

* CFP is an abbreviation of Carbon Footprint of Product. It calculates the amount of GHG emitted throughout the entire lifecycle.

II Strategy

The Companies identify climate change countermeasures as critical issues for a manufacturing company and set “create a decarbonized society” as one of the material issues in Vision 2030 and the Medium-Term Direction 2027. By capturing climate change in both aspects of opportunity and risk, the Companies seek to practice corporate social responsibility and establish further competitiveness.

The Companies analyzed risks and opportunities in the two scenarios announced by IPCC^{*1} and IEA^{*2}, namely “4°C or higher global average temperature increase” and “keeping the global average temperature increase to below 2°C (1.5°C or below in some parts), agreed upon in the Paris Agreement.” As a result, we have revised our priority issue of “reinforcement of climate change countermeasures” until 2024 to “create a decarbonized society” with the intention of contributing to the decarbonization not only of our own company but also of society. As specific initiatives for decarbonization, we will continuously promote product development with competitiveness in terms of smaller size, higher efficiency, and longer service life in order to respond to the demand for high-efficiency parts required for changes in society, such as increasing energy saving and renewable energy needs, the transition in automotive industry related to the shift to EVs, and further speed and capacity increase in information communications infrastructure. Murata also aims to contribute to a decarbonized society and explore new business opportunities by rolling out energy saving and renewable energy measures both internally and externally, combining the solar power generation system introduced at Murata sites and Murata products such as storage batteries and energy management systems.

In FY 2023, we probed further into the physical risk analysis of TCFD at major production sites and business sites (covering 80% of the number of employees in the Companies). In FY 2024, we reviewed the impact of transition risks and opportunities based on the latest assumptions. The results of the analysis will be reflected in future management plan strategies to formulate concrete plans for action.

< Transition risks and action policies (1.5°C scenario)*3, *4, *5 >

	Climate change element	Item	Action policy	Impact level
Transition risk	Increase in decarbonized product needs Short to medium-term	Customer loss due to incapability to respond to decarbonization needs	- Continuous product development with competitiveness in terms of smaller size, higher efficiency, and longer service life - Reduction in CO₂ emissions in collaborations with suppliers - Active introduction of renewable energy for the promotion of decarbonization in the manufacturing process - Disclosure of product CFP for customers with high interest in the environment	High
	Increase in environmental awareness Short to medium-term	Deterioration of corporate value due to changes in investors' criteria	- Continuous dialogues with investors - Timely and appropriate disclosure of information through the TCFD framework or CDP - Climate Change Committee monitors the progress of achievement of environment management targets	Low
	Stricter energy saving standards Medium to long-term	Increase in plant building and operating costs	- Decrease in cost burden through active use of energy saving subsidies and preferential tax treatment - Offsetting increased building costs by reducing running costs through energy saving - Active adoption of low-environmental burden building materials for constructing plants	High
	Strained balance between mineral supply and demand Medium to long-term	Increase in material procurement costs due to the strained balance between the supply of and demand for rare metals, etc.	- Efforts to reduce the amount of materials used, associated with downsizing of products - Recycling process efforts and exploration of alternatives	Medium
	Introduction of carbon pricing Medium to long-term	Increase in fuel and power costs	- Energy saving efforts at manufacturing sites - Reduction in fossil fuel-derived power consumption due to active introduction of renewable energy - New attempts at realizing alternative energy sources, such as using hydrogen - Introduction of internal carbon pricing system in fiscal 2021 aimed at promoting investments in energy saving and renewable energy measures	Medium
	Instability in power supply due to active implementation of renewable energy Medium to long-term	Loss of business opportunities due to insufficient BCP response	- Enrichment of BCP at individual manufacturing sites - Ensuring a backup system at key manufacturing sites	Low

< Transition opportunities and action policies (1.5°C scenario)*4, *5 >

	Climate change element	Item	Action policy	Impact level
Transition opportunity	Increase in decarbonized product needs Short to medium-term	Increase in the demand for high added-value, low-power consumption devices	• Provision of the latest electronic parts that contribute to the evolution of hardware • Continuous product development with competitiveness in terms of smaller size, higher efficiency, and longer service life	High
		Expansion of business opportunities due to supporting energy conservation and renewable energy needs	• Contribution to a decarbonized society through battery and power supply business • Promote stakeholders' understanding of the competitiveness of energy conservation and renewable energy efforts of Murata's products through information disclosure based on TCFD and participation in environmental initiatives (RE100, SBT, CDP responses) • Creation of new businesses related to energy conservation and renewable energy • Environmental monitoring using modules and sensors (in-house technologies)	Medium
	Progression of EV shift Short to medium-term	Increase in the demand for electronic parts for automobiles (CASE) and automobile infrastructure	• Acquisition of opportunities due to the expansion of the parts market associated with the shift to EVs • Provision of new value including software solutions drawing on findings in the field of communications • Exploration of business opportunities in the Out-Car area	High
	Progress in the social implementation of information infrastructure Short to medium-term	Increase in the demand for electronic parts for high-speed, large-capacity communications and sensing society	• Promotion of the development of products that can respond to the technical requirements for the upcoming 6G society • Efforts for low power consumption and reduced loss • Continuous development of sensing techniques and devices	High
	Energy conservation and improved efficiency in business operations Short to medium-term	Reduction in power costs through introducing renewable energy and storage battery facilities in plants and promoting energy conservation	• Promotion of energy conservation efforts at manufacturing sites • Reduction in costs to purchase non-fossil fuel-derived power by actively introducing renewable energy and storage batteries	Low

< Physical risks and action policies (4°C scenario)*5 >

Natural disaster		Mitigation measures	Impact level
Physical risks	Extreme heat	• Energy saving: Initiatives to lower our demand for electricity, a major source of our CO₂ emissions • Renewable energy: Efforts for introducing solar power generation and storage batteries and for procurement of renewable energy	Medium
	Flood Storm surge	• Internal systems: An internal carbon pricing system was introduced in 2021 to align investment decision-making with Murata's commitment to CO₂ emissions reduction	Low
	Strong wind	• Targets: Joined RE100, committing to sourcing 75% renewable energy by 2030 and 100% by 2035. Established Scope 1, 2 and 3 reduction targets in conformance with SBT standards, and aims to achieve carbon neutrality by 2050.	Low

*1 Intergovernmental Panel on Climate Change (IPCC)

*2 International Energy Agency (IEA)

*3 CFP: Carbon Footprint of Product. It calculates the amount of GHG emitted throughout the entire lifecycle.

*4 Short-term: Within the next 3 years, Medium-term: Within the next 3 to 5 years, Long-term: Within the next 5 to 10 years

*5 Impact levels: Large: 20 billion+ JPY, Medium: 10 billion to 19.9 billion JPY, Small: Below 10 billion JPY. The transition analysis indicates the total monetary impact of the event and the physical analysis indicates the amount of the annual impact, taking into account the frequency of natural disasters.

III Risk Management

The CSR Management Committee regularly evaluates the materiality of a wide range of social, environmental, and economic issues through a structured process. In the most recent materiality assessment, climate change was identified as a critical risk and endorsed by the Board of Directors as an important issue that the Companies should prioritize management oversight and actions. On a strategic level, the Climate Change Committee provides oversight on the Companies' climate change agenda, including the continuous monitoring of evolving climate-related risks.

To evaluate the potential risks and opportunities posed by future climate change and the resilience of our business strategy, we have been continuously conducting in-depth analyses of physical scenarios and transition scenarios since FY 2021. Other efforts include a full-scale introduction of the sustainability investment promotion system in FY 2022, and decarbonization initiatives with the perspective of unprecedented discontinuous challenges, including the adoption of the internal carbon pricing system. To refine and reduce Scope 3 GHG emissions, we have continuously given briefings for decarbonization targeting more than 250 companies in Japan and interviews with suppliers. As a result, we were able to increase the primary data percentage of Category 1 CO₂ emissions up to 16.8%*.

On the operational level, ISO 14001 is enforced in our production facilities to drive continuous improvement while assessing environmental and climate change risks.

Risks arising from climate change are incorporated into company-wide enterprise risk register under the supervision of the Risk Management Committee. For example, guidelines for responding to severe weather conditions are provided in our Business Continuity Plan (BCP) to minimize business disruption.

Our participation in industry associations, such as Japan Climate Leaders' Partnership (JCLP), and global alliances, such as RE100, can help us gather insights into emerging risks and opportunities related to climate change and take advantage of those insights into our initiatives and responses.

The Companies' approach	• Climate change-related risks are subject to company-wide risk management under the oversight of the Risk Management Committee, and identified and evaluated as key risks for the Companies. These risks will be aligned with risks abstracted from scenario analysis. The initiatives to address these risks will be monitored. • Comprehensively extract "transition risks" and "physical risks" due to the impact of climate change. Evaluate the impact of each risk. • On the operational level, we acquired ISO 14001 certifications at our business sites. We will assess environmental risks and drive continuous improvement.
FY 2024 Status of Initiatives	• Reviewed the impact of transition risks and opportunities based on the latest assumptions • Spotted trends surrounding global climate change to utilize for our own initiatives and countermeasures

* The data for FY 2024 is provisional data as of June 2025. The Company plans to post the final figures on our website in August 2025.

https://corporate.murata.com/en-global/csr/environment_murata/climate_change

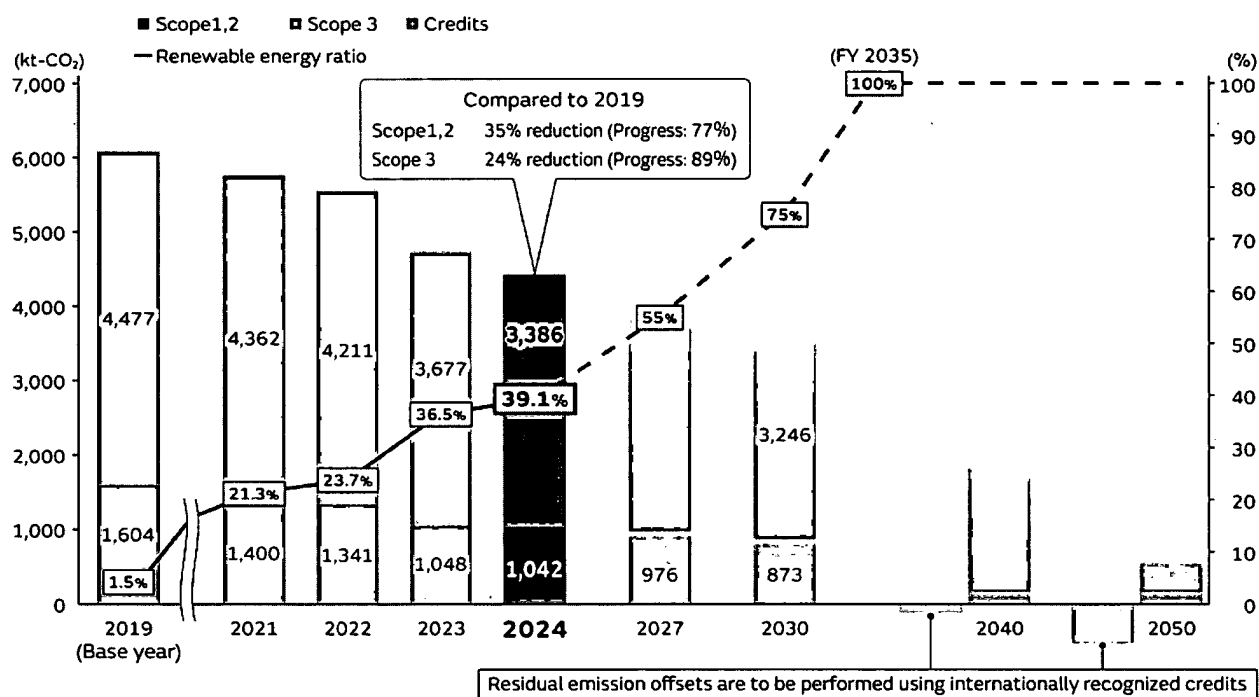
IV Metrics and Targets

In order to contribute to global initiatives to limit the temperature increase to 1.5°C, the Companies acquired SBT certification and joined RE100. While the business scale of the Companies is expected to expand, we will accelerate decarbonization across our value chain, aiming to reduce GHG emissions and increase renewable energy sourcing rate. In FY 2024, GHG emissions (Scope 1, 2) were 1.04 million t-CO₂e* and renewable energy sourcing rate was 39.1%*. As a result, we achieved our medium-term targets in FY 2024 for both GHG emissions (Scope 1, 2) and renewable energy sourcing.

Concept	• We consider energy saving, renewable energy, and renewable energy certificates as three pillars in promoting our decarbonization initiatives to reduce CO₂ emissions. In addition, we strive to further strengthen cooperation with our business partners to consider measures for reducing CO₂ emissions across our entire supply chain.
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Our Vision for 2030	
To realize a sustainable global environment through co-creation with stakeholders and to spread it to our own business and to society.	
Medium- to long-term goals	
FY2027 targets	•GHG emissions (Scope1,2): 976 kt-CO ₂ e (39% reduction compared to FY2019)
	•GHG emissions (Scope3): Data refinement
	•Renewable energy implementation rate: 55%
FY2030 targets	•GHG emissions (Scope1,2): 873kt-CO ₂ e (46% reduction compared to FY2019)
	•GHG emissions (Scope3): 3,246kt-CO ₂ (27.5% reduction compared to FY2019)
	•Renewable energy implementation rate: 75%
FY2035 targets	•Renewable energy implementation rate: 100%
FY2040 targets	•GHG emissions (Scope1,2): Carbon neutral
FY2050 targets	•GHG emissions (Scope1,2,3): Carbon neutral

Trends in total GHG emissions and renewable energy sourcing ratio, and medium- to long-term goals



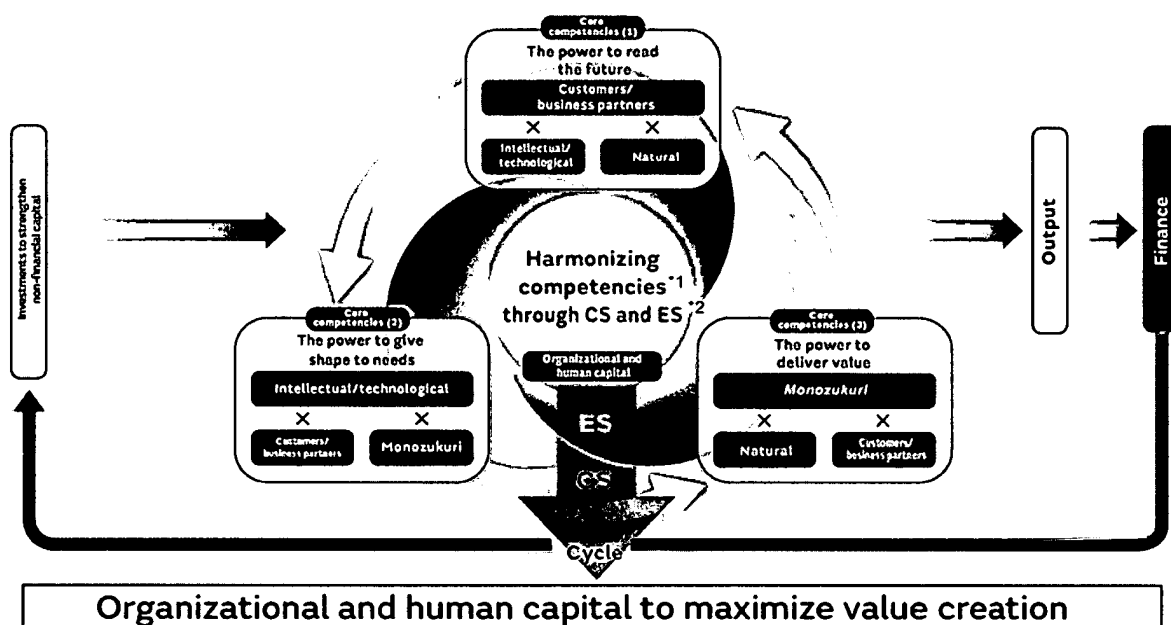
* The data for FY 2024 is provisional data as of June 2025. The Company plans to post the final figures on our website in August 2025.

https://corporate.murata.com/en-global/csr/environment_murata/climate_change

(3) Initiative on human capital

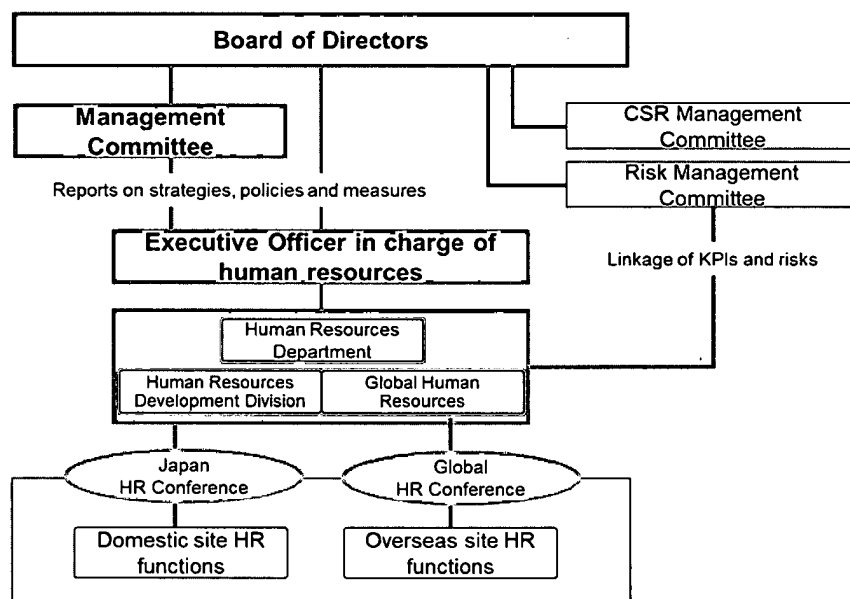
The Companies' management capital has been cultivated through the practice of the Murata Philosophy. We position "organizational and human capital" at the core of all management capital based on the idea that it is the capital that connects other capital and is important for maximizing value (i.e., demonstrating integrated corporate strength).

The Medium-Term Direction 2027, our company-wide management strategy, identifies "strengthening people and organizational capabilities" as one of our material management issues. We have therefore clarified the Companies' human resource strategy by setting forth a new "Global vision for individuals and the organization" and "global core themes" as a direction for strengthening our organizational and human capital. In addition to past efforts, we will specify and implement measures in line with this strategy and accelerate our efforts to realize Vision 2030.



I Governance

The Company's Human Resources Group, under the responsibility of the Executive Officer in charge of human resources, formulates and promotes strategies and policies for organizational and human capital-related initiatives and reports to the Board of Directors and management meetings. Specifically, through the Japan HR Conference and Global HR Conference, we collaborate with domestic and overseas HR functions to discuss strategies, share information on the progress of measures and issues, and so on. Some of the KPIs related to human resource strategies are also linked to material environmental and social issues (materialities). We encourage the enhancement and acceleration of HR initiatives while strengthening the management system.



II Risk Management

The Company's management capital has been cultivated through the practice of the Murata Philosophy. In risk mitigation, it is essential that the ideas contained in the Murata Philosophy permeate all employees globally, no matter how much the Company expands in size and diversifies in human resources. To this end, with the participation of board members, we have made continuous efforts to ensure that the management philosophy permeates the entire global workforce. We also monitor the employee engagement score as an indicator of the results of our efforts to strengthen capital, including the penetration of the management philosophy. We conduct an annual global survey to ensure that actions to improve the organization are taken autonomously at each workplace. Furthermore, the Risk Management Committee recognizes and manages major risks as company-wide risks, and appropriately address them coupled with business risks when necessary. All of these initiatives are regularly reported to and discussed at meetings of the Board of Directors and management meetings.

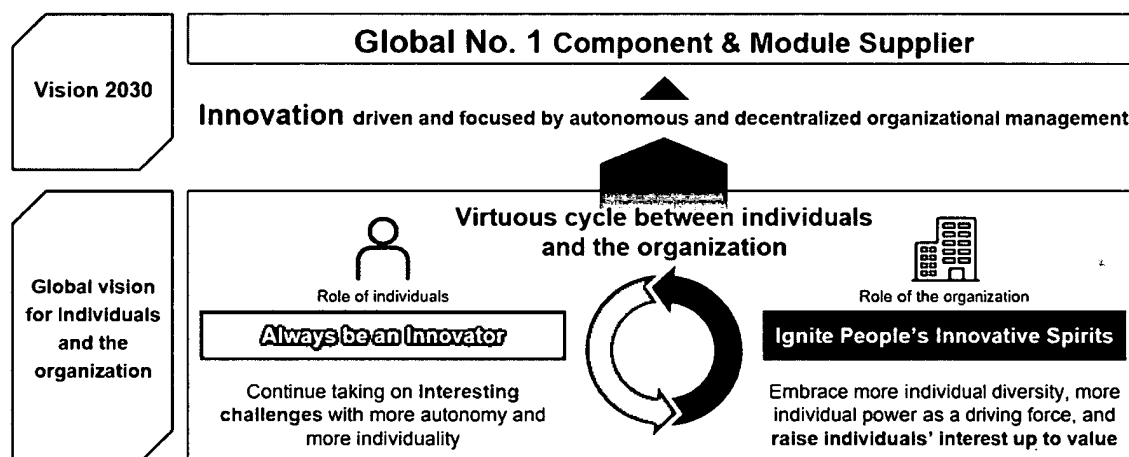
III Strategy

(1) Global vision for individuals and the organization

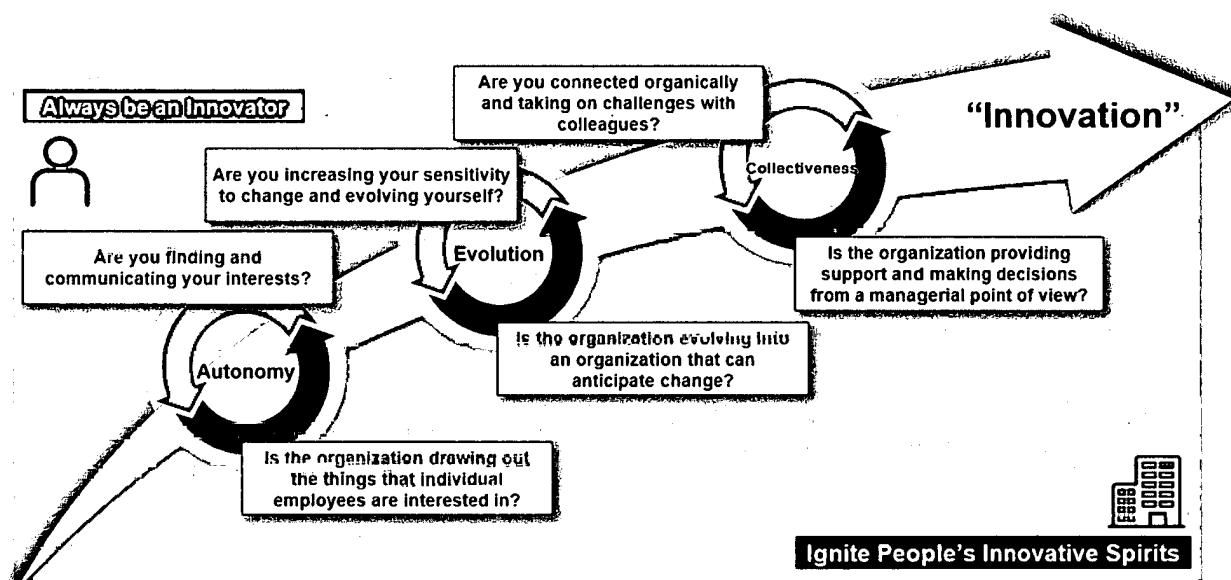
In order for the Company to grow dramatically into the future, it is essential that we create innovations that capture the wave of electronics. While continuing to value the strengths we have cultivated to date in solving problems through a strong sense of unity and inter-organizational cooperation, we believe that we need to transform ourselves into an organization that can utilize the strengths of diverse individuals and engage in lively discussions. Considering that this is the challenge to create the next level of innovation, we have established a global vision that aims for a “virtuous cycle between individuals and the organization” in which individuals take on interesting challenges and the organization links this to the creation of value.

Creating a virtuous cycle between individuals and the organization is one of the management reforms that the Company has set forth in Vision 2030, which is the “practice of autonomous and decentralized organizational management.” Autonomous and decentralized management demands autonomy, progress, and wholeness from each individual and organization, and the “virtuous cycle model between individuals and the organization” clarifies the roles and expectations of each. We believe that as each employee understands the meaning of and embodies this model, organizational and human capital will become even stronger.

- Global vision for individuals and the organization



- Virtuous cycle model between individuals and the organization



(2) Global core themes

We recognize “Dynamic resource allocation,” “Developing leaders who can change the future,” and “Achieving a virtuous cycle between individuals and the organization” as key themes for realizing the global vision for individuals and the organization.

- “Dynamic resource allocation”

We will rebuild our human resources portfolio in conjunction with our management strategy and strengthen the system that enables us to utilize the portfolio. We will acquire and deploy human resources that accommodate the size and speed of our

business. We will also proactively provide employees with opportunities for diverse experiences across businesses, functions, and countries, without being bound by precedents such as conventional ways of doing things or thinking. In addition, we aim to be a company that can anticipate changes in the world and make full use of our people in a “dynamic” manner, such as by enhancing career development support that flexibly responds to employees’ various life stages.

Examples of initiatives

- Human resource system that takes advantage of a variety of expertise and experience
- In-house recruitment system with reskilling programs
- Enhancement of practical internship programs for new graduates
- Promoting global rotation (transfer overseas employees to other sites), etc.

* Please refer to the website below for more information on the initiatives.

<https://corporate.murata.com/en-global/company/hr/resource>

- “Developing leaders who can change the future”

The Company has a strong human resource development foundation that it has built over the years. In addition to this, we will further strengthen our human resource development based on the idea that anyone can become a leader of change toward the future. We will promote more strategic initiatives such as management reforms that play an important role in creating the virtuous cycle, strengthening training for manufacturing personnel, DX personnel, and technical and specialized personnel who are expected to lead the creation of innovation, and enhancing measures to continuously produce next-generation management leaders.

Examples of initiatives

- Development of next-generation management leaders (providing selected educational programs for managers and general mid-level employees)
- Training of manufacturing personnel (programs for worksite improvement facilitators, maintenance engineers, and manufacturing supervisors)
- Providing cross-cultural and practical experience through venture study abroad programs, etc.

* Please refer to the website below for more information on the initiatives.

<https://corporate.murata.com/en-global/company/hr/development>

- “Achieving a virtuous cycle between individuals and the organization”

In order to realize the virtuous cycle model, it is as important as ever to first promote understanding and sympathy for the management philosophy (Murata Philosophy) that underlies the Company’s organizational and human capital. Furthermore, in order to evolve into an organization that can engage in lively discussions by leveraging the strengths of diverse individuals, we will strengthen communication by creating opportunities to share good practices as well as opportunities for dialogue, and establishing frameworks and mechanisms to promote these. In addition to these efforts, we will foster a culture and climate that links the virtuous cycle to innovation, while promoting institutional reforms and environmental improvements.

Examples of initiatives

- Establishing a variety of career paths
- Providing “expert introduction service” to promote internal co-creation
- Promoting D, E&I through M-DIP (Murata Diversity & Inclusion Plaza), etc.

* Please refer to the website below for more information on the initiatives.

<https://corporate.murata.com/en-global/company/hr/vision>

IV Metrics and Targets

We have established the following indicators related to our priority themes to strengthen our organizational and human capital.

Key themes	KPI	FY 2024 (Results)	FY 2027 (Target)	FY 2030 (Target)
Dynamic resource allocation	Number of people with global experience*1	1,113 (Cumulative over 3 years)	1,500 (Cumulative over 3 years)	3,000 (Cumulative over 6 years)
	Ratio of women in managerial positions*2	4.0%	7%	10%
Developing leaders who can change the future	Corporate executive candidate preparation rate*3	327%	300%	-
Achieving a virtuous model between individuals and the organization	Ratio of affirmative responses to the survey question "Ideas and resources are shared across organizational boundaries"	58%	70% or more	-
	Employee engagement affirmative answers	67%	71% or more	76% or more

*1: Cumulative number of employees in Japan and abroad who have gained global experience through relocation, training, or remote assignments outside their home country after 2025.

*2: Reporting company

*3: Ratio of "successor candidate pool" to "number of executive management positions"

3. Business and other risks

(1) Risk management system and its operational status

The Company has established the Risk Management Committee, which is chaired by the President and Representative Director, to discuss the specific form of company-wide risks that affect the business activities of the Companies and countermeasures for those risks. The Committee, with the Risk Management Office serving as its secretariat, holds two regular meetings a year (and holds extraordinary meetings as necessary), and its activities are regularly reported to the Board of Directors and management meetings so that the management can understand the risks surrounding the Company and be ready to take countermeasures against those risks. In addition, we have established the Information Security Subcommittee and the BCM Subcommittee as subordinate organizations to consider and implement countermeasures against individual risks.

(2) Understanding risks and taking countermeasures

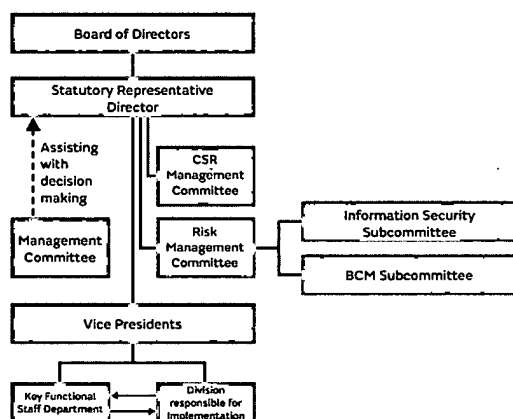
With regard to risks, General Affairs, Human Resources, Accounting, Finance, Corporate Planning, Corporate Communications, Intellectual Property, Environmental Affairs, Information Systems, Legal Affairs, and other departments of the Key Functional Staff Department and the Business Division that are responsible for risks, extract the risks that the Companies are currently facing or risks that are expected to appear in the near future. The Key Functional Staff Department prevents the omission of risk identification by correctly recognizing (i) risks which must be identified as company-wide risks from among the risks extracted by the Business Division responsible for implementation and (ii) risks that are needed to be shared and managed by the Key Functional Staff Department and the Business Division.

The Risk Management Committee then evaluates the importance of the extracted risks based on their frequency of occurrence and degree of impact, and displays those risks on a risk map in order to grasp and manage them from a higher perspective. For the risks extracted in this manner, the committee confirms the implementation status of highly important and urgent countermeasures for them. If the committee detects any residual risks after countermeasures are taken, it will issue instructions for additional countermeasures as needed.

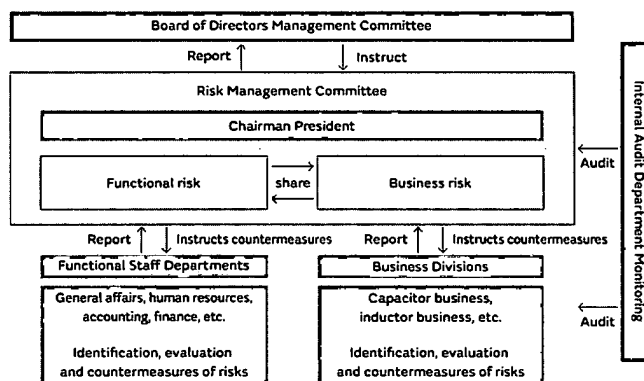
To note, the Internal Audit Department monitors whether the PDCA cycle for risk management is implemented appropriately in the Company through direct and indirect audits of the Risk Management Committee, the Key Functional Staff Department and Division responsible for implementation.

In addition, the Company defines a "crisis" as a serious event that significantly reduces corporate value, and in preparation for the emergence of risk and the occurrence of a "crisis," we have established and are operating reporting rules to ensure that management is able to promptly assess the situation. In the event that a company-wide response to a "crisis" is necessary, a Crisis Response Headquarters headed by the President and Representative Director is established to deal with the situation.

Company structure



Company-wide risk management system



(3) Business and other risks

Among the matters relating to the status of business, accounting, etc. described in the Annual Securities Report, the major risks that we recognize may have a material impact on the investors' decisions are as follows. The degree of impact and the frequency of occurrence of residual risk remaining after implementing each risk countermeasure are classified into three categories: High, Medium, and Low. With regard to the degree of impact, an indicator is selected from five indicators: Organizational impact, Impact on production activities, etc., Regulatory/administrative impact, Impact on business transactions, and Media/reputational impact; and classification is made based on the criteria that has been set in advance for each indicator. However, there is a possibility that any risk not listed below has a significant impact on the Companies' performance and financial condition.

The matters relating to the future in the text are determined by the Companies on the basis of information available as of the filing date of the Annual Securities Report (June 24, 2025).

1) External environmental risks		3) Risks related to management foundation	
(1)	Risks related to global business development	(1)	Risks related to information security
(2)	Risks related to exchange rate fluctuations	(2)	Risks related to public regulations and compliance
(3)	Risks related to financing	(3)	Risks related to intellectual property
(4)	Risks related to environmental regulations	(4)	Risks related to taxation
(5)	Risks related to climate change	(5)	Risks related to the hiring and securing of human resources
(6)	Risks related to resource depletion	(6)	Risks related to human rights
(7)	Risks related to the suspension of business activities due to disasters and infectious diseases, etc.	4) Business execution risks	
2) Strategic risks		(1)	Risks related to the development of new technologies and products
(1)	Risks related to fluctuations in the demand for our products	(2)	Risks related to procurement
(2)	Risks related to product competitiveness (market share)	(3)	Risks related to quality
(3)	Risks related to dependencies on specific partners and products		
(4)	Risks related to M&A, business alliances, and strategic investment		

1) External environmental risks

(1) Risks related to global business development		Frequency of occurrence: Medium	Degree of impact: High
Risk description	The Companies' ratio of overseas revenue exceeds 90%, and our sales, production, procurement, and other business activities are developing globally. Therefore, the performance of the Companies is easily influenced by the political situation, taxation and other legal systems, various regulations pertaining to finance and import/export, the status of social capital development, and other special regional characteristics in the corresponding country and region that we are entering, as well as sudden changes in these factors.		
Counter-measures	In business development, the Companies deploy our sales sites in areas that allow us to cover major world markets and in areas where we decide the locations of our production sites in comprehensive consideration of profitability, potential expansion of neighboring markets, customer trends, and others in order to accurately perceive changes in markets and customers, and to establish a system for providing high-quality products and excellent services. The Companies also select suppliers based on rational standards, such as QCDS. We carefully examine and assess related risks before determining appropriately whether to start operations in a new country or business transactions with new suppliers. Then, we emphasize contribution to the regions in which we started operations and suppliers and strive to improve our value to earn trust. On the other hand, geopolitical risks have been normalized, and can have direct and indirect influence on our business. Since Greater China relates to about 50% of the consolidated revenue and about 20% of the output of the Companies, the Chinese domestic and external situation has a growing impact on our management. Furthermore, due to the tariff measures implemented by the Trump administration, the Companies anticipate not only direct impacts on our transactions involving export to the United States, but also indirect effects such as a depression in final demand and an accompanying deterioration of the competitive environment. In view of this, we strive to build a system for gathering information on multiple fronts, including regional trends, market trends, and consumer trends, for quick responses, and investigate and implement the creation of multiple streams and greater efficiency throughout the entire supply chain. In addition, we promote production enhancement in ASEAN countries and the multi-polarization of the production system through the realization of an alternative production system in Japan and other countries in light of the Business Continuity Plan (BCP).		
Residual risk	Even if the above countermeasures are taken, when unexpected rapid change occurs in political, economic, or social factors, the Companies' performance and financial condition may suffer a significant impact.		
(2) Risks related to exchange rate fluctuations		Frequency of occurrence: High	Degree of impact: High
Risk description	Since the Companies' ratio of overseas revenue exceeds 90%, and we have global operations, our production, sales, and other business activities are largely influenced by exchange rate fluctuations. In addition, exchange rate fluctuations fluctuate the yen equivalents of the Companies' income, expenses, assets, and liabilities arising from foreign currency denominated transactions, and have influence on our performance and financial condition. With regard to the impact of exchange rate fluctuations on our operating profit in the next fiscal year, in the case of a 1-yen appreciation of the yen against the dollar, the annual operating profit is expected to decrease by 4.5 billion yen.		
Counter-measures	The Companies strive to reflect exchange rate fluctuations in overseas sales prices to mitigate exchange rate fluctuation risks and have concluded exchange contracts for a certain percentage of foreign currency denominated transaction amounts while taking into consideration exchange rate hedge costs to offset the influence of exchange rate fluctuations on profit and loss.		
Residual risk	Even if the above countermeasures are taken, it is difficult to entirely eliminate the influence of exchange rate fluctuations. If the appreciation of the yen against the dollar or other foreign currencies rapidly develops or becomes prolonged, the Companies' performance and financial condition may suffer a significant impact.		
(3) Risks related to financing		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	Although the Companies allocate internal funds obtained by our own business activities for capital expenditures and other business funds under the basic policy, the internal funds are sometimes insufficient relative to investment aimed at business growth and capital requirements for working capital.		
Counter-measures	The Companies use appropriate methods to procure external funds in light of the financial market conditions at the time, and conduct fundraising through borrowing from banks and the issuing of domestic straight bonds from time to time.		
Residual risk	Even if the above countermeasures are taken, if banks' wariness of lending due to the destabilization of financial markets, a rise in yen interest rates, or a rating agency's downgrading of the Company's credit rating causes restrictions in our fundraising and an increase in our funding costs, the Companies' performance and financial condition may suffer a significant impact.		

(4) Risks related to environmental regulations		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	The Companies are subject to a variety of regulations, such as those imposed on air pollution, water pollution, ground/groundwater pollution, waste disposal, and chemical substances included in products, under environmental laws in and outside Japan. The Companies conduct business activities in compliance with these laws. It is expected that domestic and overseas environmental regulations will be tighter from the standpoints of global environmental conservation and sustainable business development, and costs for adapting to those regulations will increase.		
Counter-measures	In recent years, the Companies have acutely recognized the importance of harmony between climate change/resource circulation and business, and has proceeded with each initiative, seeing these as business opportunities and risks. With regard to the Companies' recognition of and response to issues related to environmental conservation, such as compliance with regulations on the use of chemical substances and those on air emissions of volatile organic solvents, the Companies have established the Environmental Committee and the Climate Change Committee as subordinate bodies of the CSR Management Committee and have promoted countermeasures in an integrated manner.		
Residual risk	Even if the above countermeasures are taken, when it is extremely difficult to adapt to environmental regulations, the performance of the Companies and their financial condition may be significantly impacted as a result of unexpected costs, a partial withdrawal from business, or the Companies' social credibility being undermined.		
(5) Risks related to climate change		Frequency of occurrence: Medium	Degree of impact: High
Risk description	It is required for companies to take initiatives for resource circulation and decarbonization in order to cope with environmental problems that have become serious around the world in recent years. Although the Companies set realization of a decarbonized society and realization of a recycling-oriented society as materialities (key issues) to take countermeasures, if satisfaction of demands from stakeholders is extremely difficult, insufficient, or delayed, the following risks may come to the surface. (Transition risks) • The loss of customers and decline of corporate value due to falling behind in the response to the increase of needs for decarbonized products throughout the world and the enhancement of environmental awareness, the increase of plant construction and operation costs due to the introduction of carbon pricing and energy saving standards becoming stricter, and other factors are potential risks that should be considered in decisions on management strategies, financial plans or capital expenditures. (Physical risks) • Since typhoons, heavy rainfall, and other abnormal weather affect plants and supply chains, there are risks of a complete shutdown of major plants due to floods or power loss as well as of raw material supply disruptions due to abnormal weather.		
Counter-measures	The Companies have selected "Create a decarbonized society" such as reduction of CO₂ emissions as one of non-financial key issues, set up the Climate Change Committee chaired by the Director in charge, and have been promoting the countermeasures to recognize and respond to the issues regarding the climate change countermeasures. (Transition risk) • As a response to the introduction of carbon pricing (hereinafter, "CP"), the Companies will utilize the sustainability investment promotion system (internal CP system, etc.), and further accelerate energy saving/renewable energy activities. • In order to respond to needs for decarbonized products, the Companies will promote decarbonization for the entire value chain by working to reduce CO₂ emissions through the proactive introduction of renewable energy and cooperation with suppliers, and continue to advance the development of lighter, thinner, shorter, smaller and highly efficient products with increased lifespans. • For the increase of plant construction and operation costs, the Companies will reduce the cost burden by proactively utilizing energy-saving subsidies/beneficial tax treatment, and reduce operation costs by adopting construction with low environmental burden, etc. (Physical risk) • Unusual weather caused by a powerful typhoon, etc. may bring about great damage depending on plant locations. Therefore, the Companies have implemented risk evaluations of individual plants utilizing hazard maps and have been aiming at decentralization of production and pluralizing transportation routes. • Regarding other risks and opportunities related to climate change, content based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations are disclosed. In respect of specific individual measures, we will further strengthen our endeavor in order to achieve targets acknowledged as SBT (Science Based Targets). We will continue the activities to realize RE100 in FY 2035 and carbon neutrality across the entire supply chain in FY 2050.		
Residual risk	Even though the above-mentioned measures are implemented, there is the possibility that it would bring about a significant impact on the Companies' business achievement and financial status to fail to respond to the demand when demand of stakeholders would change in the medium and long term.		

(6) Risks related to resource depletion		Frequency of occurrence: Low	Degree of impact: Medium
Risk description	The Companies manufacture electronic components using a wide variety of mineral resources as raw materials. In light of global population growth and economic expansion, the supply-demand balance for these resources is becoming increasingly tight, and there is a growing long-term risk of depletion. This could potentially hinder the stable procurement of raw materials in the future.		
Counter-measures	The Companies regard "Realization of a recycling-oriented society" as a significant environmental and social issue. We have established an Environmental Committee as a subordinate body of the CSR Management Committee to reduce resource depletion risks company-wide. Specifically, we are pursuing the miniaturization, increased efficiency, and extended lifespan of our products to reduce the input of materials. Additionally, we are actively introducing alternative resources and recycled materials that have a lower risk of depletion. We also promote the reuse and recycling of our own waste materials to support resource circulation. Furthermore, by collaborating with stakeholders such as suppliers, local governments, and research institutions, we are building a resource circulation network to enhance resource efficiency across the entire value chain. Additionally, we have set targets to achieve a rate of use of sustainable resources of 16% by FY 2027, 25% by FY 2030, and 100% by FY 2050. We are also progressively improving the resource recycling rate of wastes.		
Residual risk	Even though the above-mentioned measures are implemented, this could lead to production stoppages or delivery delays due to supply-demand imbalances of key raw materials, and increased manufacturing costs due to a sharp rise in raw material costs. Furthermore, if the transition to alternative resources and recycled materials does not progress as planned, the Companies' social credibility could be damaged, which may bring about a significant impact on the Companies' business achievements and financial status.		

(7) Risks related to the suspension of business activities due to disasters and infectious diseases, etc.		Frequency of occurrence: Low	Degree of impact: High
Risk description	The Companies may be forced to suspend business activities for a prolonged period of time owing to the occurrence of large-scale natural disasters, outbreak of infectious disease, etc. at business locations.		
Counter-measures	In order to minimize the impact from any suspended operation of main products due to massive disasters and infectious diseases, and fulfill the responsibility of a stable supply of products to customers, the Companies have formulated the Business Continuity Plan (BCP). In addition, the Companies implemented measures such as securing earthquake resistance and safety of buildings and production equipment, establishment of backup systems of communication and information systems, maintaining supply with goods in stock, and decentralizing production facilities in Japan and overseas, assuming a certain scale of earthquake. Moreover, the Companies have been making an endeavor to confirm effectiveness of the initial response, continue improvement activities, enhance crisis response capabilities and capture improvement points on BCP by conducting disaster prevention drills and business continuity drills on a regular basis.		
Residual risk	Even though the above-mentioned measures are implemented, functional deterioration of production lines and information systems over a prolonged period of time due to occurrence of large-scale disasters beyond expectations, epidemic of new infectious diseases, an accident of a nuclear power plant, etc. as well as a significant scale-down or suspension of business activities accompanying sluggish economic activities across the world may bring about a significant impact on the Companies' business achievements and financial status.		

2) Strategic risks

(1) Risks related to fluctuations in the demand for our products		Frequency of occurrence: Medium	Degree of impact: High
Risk description	The Companies' main business is supplying electronic components to electronic equipment makers that are manufacturing various electronics products. Demand trends of electronics products are largely dependent on economic conditions of the world. Consequently, a sudden change in economic conditions would bring about a big impact on the Companies' business achievements. In addition, in respect of electronic components that are used in electronics products with especially high growth potential, demand of the components that is alienated from reality sometimes occurs, and in that case the demand fluctuation will bring about an amplified impact on the Companies.		
Counter-measures	Responding to this matter, the Companies have been taking countermeasures to respond to a rapid increase in demand and restrain the occurrence of loss for surplus assets by conducting measures such as 1) aiming at diversifying risks for businesses that will capture an even wider range of business opportunities with the environmental and wellness markets as fields in which to challenge while maintaining edge devices, IT infrastructure and mobility markets as our three core fields, 2) watching the trend of the world economy, quickly arranging production equipment and required human resources and expanding production capacity based on medium- to long-term demand forecasts, 3) focusing on continuous improvement of production efficiency through the promotion of digital transformation (DX), and 4) flexibly adjusting production capacity and the number of working days.		
Residual risk	Even though the above-mentioned measures are implemented, in a case where the demand on the Companies' products falls largely below the forecast owing to rapid change in the world economy or overall electronics industry, arranged production equipment, human resources, materials, products, etc. will become surplus and may bring about a significant impact on the Companies' business achievements and financial status. On the other hand, in the case of the sudden occurrence of demand beyond expectations, we may not be able to meet the demand of customers and lose sales opportunities, and that may lead to losing competitiveness in the future.		

(2) Risks related to product competitiveness (market share)		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	In the electronic component industry to which the Companies belong, while demand opportunity is anticipated to largely grow in the medium to long term, at the same time, the competition with rival companies is intensifying. When the Companies become subordinate to rival companies in product characteristics, supply capacity, cost competitiveness and comprehensive competitiveness, the Companies will face risks of a decrease in market share. In addition to conventional competitors, local component suppliers in China have recently become rapidly stronger, and there is a tendency of further intensifying of competition with rival companies.		
Counter-measures	With an R&D approach based on forecasts of future market, product, and technology trends, the Companies continuously introduce to market high-value-added new products that achieve compactness, thinness, high reliability, and low power consumption. They also actively pursue continuous cost reductions by integrating proprietary materials technology, production technology, and on-site manufacturing capabilities. Additionally, the Companies enhance their ability to supply products in a timely manner to meet customer demands, and build a stable sales network to establish reliable trading relationships with customers. Through these comprehensive efforts, the Companies focus on maintaining and expanding market share, increasing sales, and improving profitability.		
Residual risk	Even though the above-mentioned measures are implemented, owing to such factors as rival companies' technically leading after acquiring innovative technology or rival companies' succeeding in overwhelming cost reductions, and decline in the Company's market share may bring about a significant impact on the Companies' business achievements and financial status.		
(3) Risks related to dependencies on specific partners and products		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	While there is no customer group that exceeds 10% of consolidated revenue in the current fiscal year, there are business partners on whom we are highly dependent. Also, during the current fiscal year, capacitors account for 48% of consolidated revenue, making them a product on which we are highly dependent.		
Counter-measures	The Companies have been making endeavors to reduce our dependence on specific customers through selling the Companies' products to a wide range of customers for a wide range of applications by utilizing the global sales network, which is one of our strengths. In addition, the Companies have been making endeavors to reduce the dependence on specific products. Demand opportunity from progress toward 5G/6G, the advancement of AI technology and innovation in the automobile industry known as CASE is large. Therefore, the Companies will continue to strengthen such business as well as expand business such as communications devices, modules, batteries, etc. so that the Companies will promote the diversification of revenue.		
Residual risk	Even though the above-mentioned measures are implemented, in a case where the orders from specific partners decrease or sales of products to specific partners decline, that may bring about a significant impact on the Companies' business achievements and financial status. Also, the appearance of innovative technology or products that could replace capacitors, or the rise of strong rival companies may bring about a significant impact on the Companies' business achievements and financial status.		
(4) Risks related to M&A, business alliances, and strategic investment		Frequency of occurrence: Medium	Degree of impact: High
Risk description	With a focus on business portfolio management, the Companies have been undertaking M&A, business alliances, and strategic investments as needed to acquire new technologies, enter new business areas, and strengthen the competitiveness of existing businesses. However, there are always potential risks influenced by market conditions and the competitive environment.		
Counter-measures	When engaging in M&As, business alliances, and strategic investments, the Companies clarify the positioning within the business portfolio and make decisions based on risk analysis of the target markets, businesses, and the financial conditions of the partner companies. In addition, after conducting an M&A and the like, the Companies regularly review the business integration and business circumstances, and, if necessary, adjust strategies or reorganize the structure to effectively manage the business portfolio.		
Residual risk	Even though the above-mentioned measures are implemented, there remains a risk that significant changes in market or competitive environments may prevent the Companies from effectively executing M&A, business alliances, or strategic investments. Furthermore, if significant changes in market conditions, conflicts of interest among parties, or loss of personnel occur after M&A and other activities, the Companies may be unable to execute business portfolio management as expected. This could result in uncollected investments, additional costs, and impairment losses on goodwill and long-term assets, which may bring about a significant impact on the Companies' business achievements and financial status.		

3) Risks related to management foundation

(1) Risks related to information security		Frequency of occurrence: High	Degree of impact: High
Risk description	In recent years, as information leakage by retirees and target-type email attacks have been reported by mass media, there are rising risks of information leakage through internal fraud and cyberattacks targeting information held by the company and suspension of business activities. Meanwhile, along with heightened rights awareness of personal information, laws and regulations for protection of personal information, such as GDPR (EU General Data Protection Regulation), have been considered and enacted in individual countries across the world, and matters for which companies are legally required to respond to, such as safety control measures of personal information and reporting to supervisory authorities of an information leakage accident, have been increasing and penal regulations against violations have become stricter.		
Counter-measures	In order for the Companies to continue sustainable growth, it is important that confidential information such as technical information and management information, personal information handled within the company, and information received from clients, customers and business partners be protected. Therefore, the Companies have been implementing information security management based on the international standard (ISO 27001). Specifically, the Companies have established rules such as the Information Security Basic Policy, Information Security Control Rules, Policy on the Protection of Personal Information, and Global Rules on the Protection of Personal Data, and have developed and are operating measures for information security and personal information protection in terms of human, technical, and physical aspects. First, from the human aspect, the distribution of the Information Security Guidebook, which provides explanations of easy-to-understand rules so that information shall be handled properly, annual education to heighten awareness of information security, phishing mail training, and in-house training according to position, etc. have been implemented. In addition, a response system for information security accidents has been established. Next, from the technical aspect, the Companies have implemented malware measures, access controls for systems, assessment of and correspondence to vulnerability, monitoring of information terminals and communications, collection of various kind of logs, establishment of a correspondence system for incidents that may become security accidents, and the strengthening of security at production sites, etc., and are advancing responses and measures against cyberattacks and risks that change from day to day. From the physical aspect, by implementing entrance and exit gate controls, setting up security zones according to the security control level and access controls for individual zones, unauthorized entering within the company and from outside of the company is prevented through multiple checks. In addition to initiatives for information security management based on the above-mentioned international standard (ISO 27001), major domestic and overseas bases, including the Head Office, acquired "TISAX (Trusted Information Security Assessment Exchange)" certification, which is for the evaluation of information security carried out by Verband der Automobilindustrie e.V., due to the increase of importance of information security in the automobile industry.		
Residual risk	Even though the above-mentioned measures are implemented, in a case of unauthorized access or unexpected illegal use through technology beyond the assumed level of defense, risks of information leak, an undetectable falsification of information, and suspension of business activities due to impacts on internal systems will remain and not only affect the social credibility of the Companies, but also the burden of heavy costs required to cope with it may bring about a significant impact on the Companies' business achievements and financial status.		
(2) Risks related to public regulations and compliance		Frequency of occurrence: Low	Degree of impact: High
Risk description	Business carried out by the Companies in Japan and overseas is subject to various public regulations such as legal regulations of commercial transactions, antimonopoly laws, intellectual property rights, product liability, environment, labor affairs, human rights, taxes, etc., approval and authorization of business investment, and export and import regulations. If we violate such public regulations, we will face the risk of disposition by supervisory authorities, lawsuits, further risk leading to suspension of business activities, and risk of damage to enterprise brand value and loss of social credibility.		
Counter-measures	Within the Companies, the section in charge is set up for each area subject to public regulation and the section implements measures to prevent such violations beforehand, including setting internal rules in response to public regulations as well as monitoring in a timely manner. In addition to those efforts, the Company has installed a Compliance Promotion Committee, established the Corporate Ethics Policy and Code of Conduct that covers not only legal compliance but also ethical viewpoints which should be shared by officers and employees, ethics norms to be observed, etc. so that the Companies observe the Code of Conduct and prevent the occurrence of the problem of legal violation across the Companies and have set up reporting contact offices within and outside of the company in order to ensure the effectiveness of compliance.		
Residual risk	Even though the above-mentioned measures are implemented, while developing the business throughout the world, in a case where the Companies come into conflict with a public regulation as a result, as the new establishment or strengthening of a public regulation or its unanticipated application would take place in a country or region, restriction on business activities or increase in expenses to observe the public regulation may bring about a significant impact on the Companies' business achievements and financial status.		

(3) Risks related to intellectual property		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	The Companies operate in the electronic components industry, which is characterized by significant technological innovation and intense competition. As such, the Companies must advance their technological developments while respecting the intellectual property rights of others. The existence and nature of the intellectual property rights of others may potentially hinder our technological developments and business execution based on those developments. This possibility is even more likely in new business areas where there is limited information about the business domains in which the Companies have a presence.		
Counter-measures	The Companies have set up integrated production systems from material through finished goods. While performing material development, process development, product development and production techniques development, we investigate others' intellectual property rights at appropriate timing and take measures such as design evasion, if necessary. Also, inventions created during the research and development process are appropriately managed according to the Handling Rules of Invention and Design. By acquiring and accumulating proper intellectual property based on these inventions, the Companies are strengthening their deterrent capabilities against other companies. In addition, by holding various in-house events such as hierarchy education and education according to functional ability in respect of intellectual property and an enlightenment forum regarding intellectual property, the Companies have been encouraging our employees to raise intellectual property mindfulness.		
Residual risk	Despite the above-mentioned measures being implemented, depending on the acquisition and utilization of intellectual property rights by competitors or other third parties, there is a possibility that the Companies could be accused of infringing on third-party intellectual property rights. This could force the Companies to alter their technological developments or business policies, potentially having a significant impact on their performance and financial condition.		
(4) Risks related to taxation		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	The Companies have been performing business activities such as sales and production in individual countries throughout the world, and the Companies hold tax-related risks, such as risks of imposition of large amounts of additional tax by tax authorities in individual counties, further risks of damage on credibility that occurs accordingly, and dual taxation risks through imposition according to a transfer pricing tax system.		
Counter-measures	The Companies collect risk information on taxation early according to Global Tax Policy and determines tax practice processing in light of legislative intent of laws and regulations. When there remains uncertainty in the tax practice processing, the Companies make efforts to eliminate the uncertainty by conducting a prior inquiry at the tax authority and consultation with outside experts. Also, the Companies have installed a taxation specialist organization as an independent organization, securing and growing human resources with a wealth of expert knowledge and experience, and developed a system to minimize the risks related to taxation.		
Residual risk	Even though the above-mentioned measures are implemented, the possibility of materialization of risks related to taxation has been rising along with business expansion in recent years and the progress of globalization, and the monetary significance is increasing. When risks related to taxation materialize, the occurrence of an additional burden of corporate tax, etc. may bring about a significant impact on the Companies' business achievements and financial status.		

(5) Risks related to the hiring and securing of human resources		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	The Companies carry out integrated production from material through finished goods as well as pursues technical originality such as in-house production of main production equipment. Today, when technical advancement and technological innovation are accelerating, the necessity for human resources with exceptional expertise in various technical fields is ever increasing. On the other hand, while technological innovation is making progress in individual industrial fields, with the electronics field in particular expanding, the Companies' needs for human resources in various technical fields are concurrently increasing as we are increasing in the whole industry. Also, with the decline in the labor force population along with the declining birth rate and aging population in Japan, the acquisition of excellent human resources is facing fierce competition. Moreover, taking into consideration that competition for acquiring highly skilled technical human resources will intensify around the world, it is also important to secure human resources with know-how in technical areas, including senior employees from the viewpoint of competitive strength.		
Counter-measures	In the Companies, in addition to planned new graduate recruitment, year-round recruitment of graduates of past fiscal years is carried out according to needs. The Companies have been making progress in strengthening recruitment of human resources needed for business opportunities in the core areas of edge devices, IT infrastructure, and mobility. Additionally, we are enhancing recruitment for business opportunities in the challenge fields of environment and wellness, as well as for human resources necessary for digital transformation (DX). Furthermore, we are also strengthening the recruitment of manufacturing personnel who support the production sites. In terms of systems, the Companies have been making endeavors to raise the motivation of employees, including seniors, by expanding of the education system to support skill development, setting up an appropriate career route for specialized personnel, arranging a system to support work-life balance, and implementing a retirement system for those who have reached the age of 65, which was introduced in April 2024. In addition, to ensure that employees can fully realize their diverse potential, the Companies have been working to retain human resources and increase motivation by placing personnel with an emphasis on aptitudes and providing appropriate conditions.		
Residual risk	Even though the above-mentioned measures are implemented, in the event that the acquisition of human resources needed by the Companies and securing and growing them do not make progress as planned owing to a change in the employment environment, etc., it may bring about a significant impact on the Companies' business achievements and financial status.		
(6) Risks related to human rights		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	The Companies procure materials from both domestic and international sources and manufacture products that are incorporated into various electronic devices used by customers worldwide. Throughout the entire value chain, from material procurement to product use and recycling, there is a risk that the Companies, either directly or through our transactions, may cause or contribute to human rights violations. If these human rights risks materialize, they could lead to significant impacts, including not only legal risks such as lawsuits and administrative sanctions but also the outflow of human resources, labor disputes, damage to the corporate brand, and a loss of social credibility.		
Counter-measures	The Companies clearly demonstrate a strong commitment to respecting human rights as a corporation and have established and continuously operate a human rights due diligence framework. Additionally, to ensure that human rights are upheld throughout the entire value chain, the Companies encourage our business partners and other stakeholders to adopt our human rights policy or equivalent policies. The Companies collaborate to promote respect for human rights and have established multiple consultation channels both internally and externally, allowing all stakeholders to raise concerns without fear of disadvantage. Furthermore, we have developed a swift and appropriate grievance handling system that utilizes the expertise of external specialists.		
Residual risk	Even though the above-mentioned measures are implemented, in the event that new human rights risks become apparent during the process of strengthening traceability, it may bring about a significant impact on the Companies' business achievements and financial status.		

4) Business execution risks

(1) Risks related to the development of new technologies and products		Frequency of occurrence: Low	Degree of impact: High
Risk description	In the electronic component industry to which the Companies belong, the speed of technological innovation has been accelerating and product life cycle is becoming shorter. Therefore, it is important to continuously implement the development of innovative new products with appropriate timing, in order to maintain and increase the revenue of the Companies in the future.		
Counter-measures	The Companies have been continuously and proactively investing in research and development which are required for the development of new technologies and new products, and the proportion of research and development expenses to revenue is 7-8%, which indicates a relatively high level in the electronic component industry. In respect of themes of research and development, the selection is made based on a forecast of future market, products and technology trends, the evaluation of research and development results is carried out at each stage of research and development activities, and efforts to enhance the effectiveness and efficiency have been made.		
Residual risk	Even though the above-mentioned measures are implemented, in the event that market and product trends change or technological innovation which can replace the Companies' technology occurs beyond the forecast, the occurrence of decreases in expected product demand, lengthening of development periods, and increases in development expense may bring about a significant impact on the Companies' business achievements and financial status.		

(2) Risks related to procurement		Frequency of occurrence: Medium	Degree of impact: Medium
Risk description	As risks related to material procurement, disruptions in material supply and price hikes along with problems in the business operation of suppliers, deterioration of public security, spread of infectious disease, disasters (man-made/natural disasters), depletion of resources, are assumed.		
Counter-measures	The Companies are reducing the risks through taking steps to develop multiple supply chains, securing proper inventory based on inventory policy, inspecting the Business Continuity Plan (BCP) of individual suppliers, and implementing response measures, etc. Also, the Companies have made databases of production sites of material suppliers and established a system which makes it possible to promptly collaborate with suppliers when disasters occur as well as formulated an initial response flow for the time of occurrence of disasters and arranged a framework to make it possible to quickly conduct restoration activities.		
Residual risk	Even though the above-mentioned measures are implemented, in the event of the occurrence of a disaster, etc. whose scale and period are beyond the assumption, material procurement may become difficult, and it may bring about a significant impact on the Companies' business achievements and financial status.		
(3) Risks related to quality		Frequency of occurrence: Medium	Degree of impact: High
Risk description	The Companies' main business is to supply electronic components to electronic equipment makers manufacturing various kinds of electronics products. The business environment is constantly changing, and in particular, regulations concerning environmentally hazardous substances have become more stringent, which means the Companies are required to establish a quality assurance system that is in compliance with these regulations. Also, sales of the Companies' products in the mobility and IT infrastructure markets are increasing. The degree of impact on the Companies' earnings in the event of a material quality issue increases accordingly.		
Counter-measures	The Companies carry out quality assurance activities that are compliant with various quality management standards, such as ISO and IATF. Regarding product manufacturing, the Companies have endeavored to establish a comprehensive quality assurance system at all stages, including development through shipment, of the supply chain. This involves thorough investigation and dissemination of relevant regulations, design reviews, product assessments, internal quality audits, process controls, various evaluation tests, improvement activities with business partners such as suppliers, and integration of mechanisms with M&A or business alliance partners. Moreover, the Companies have been making endeavors to enhance awareness regarding quality and foster a culture of compliance through various types of events regarding quality, and informed all companies of the Quality Policy.		
Residual risk	Even though the above-mentioned measures are implemented, it does not mean that there is no possibility of occurrence of an accident that is beyond the technology and control level at the present time. The occurrence of a serious problem related to quality, payment of a large amount of damage compensation, decline in sales or deterioration in reliability of the Companies' products, etc. may have a significant impact on the Companies' business achievements and financial status.		

4. Analysis of financial position, business results and cash flow status by management

Forward-looking statements in this document are based on the judgment at the end of the current fiscal year.

(1) Business results

1) Overview of business results

During the current fiscal year, the global economic environment remained on a path of gradual recovery, while facing continued uncertainties such as rising tensions in the Middle East and U.S. policy developments. In the U.S., the economy remained firm, buoyed by consumer spending on the back of a steady employment and income environment. In Europe, while the manufacturing sector remained stagnant mainly in Germany, the economy was on a steady trend, partly due to consumer sentiment picking up as a result of lower inflation rates and improvements in the income environment. In China, the economic recovery lacked momentum, weighed down by the ongoing slump in the real estate market and weak exports, but there were signs of a pickup, particularly in domestic demand, partly driven by stimulus measures and the Chinese New Year holiday.

The demand for parts in the electronics market, where the Companies operate, grew for computers against the backdrop of expanding IT infrastructure investment, such as AI servers.

In these circumstances, regarding revenue during the current fiscal year, revenue of SAW filters and connectivity modules decreased for smartphones. However, revenue of capacitors increased for computers and mobility. Additionally, revenue of multilayer resin substrates and inductors increased for smartphones. As a result, revenue increased by 6.3 % year on year to 1,743,352 million yen, boosted by the impact of foreign currency fluctuations (the yen depreciated by 7.95 yen year on year).

Looking at profits, operating profit was 279,702 million yen, up 29.8% year on year, profit before tax was 304,404 million yen, up 27.2% year on year, and profit attributable to owners of parent came to 233,818 million yen, up 29.3% year on year. This was due to profit-increasing factors such as an increase in the operation rate and a cost reduction despite profit-decreasing factors such as a fall in product selling prices and an increase in fixed costs.

Return on invested capital (ROIC) (pre-tax basis) for the current fiscal year was 13.0%, a year-on-year increase of 3.0 percentage points, due to the significant increase in operating profit, in addition to a decrease in invested capital, including inventory.

	Previous fiscal year (April 1, 2023-March 31, 2024)		Current fiscal year (April 1, 2024-March 31, 2025)		Change	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Change rate (%)
Revenue	1,640,158	100.0	1,743,352	100.0	103,194	6.3
Operating profit	215,447	13.1	279,702	16.0	64,255	29.8
Profit before tax	239,404	14.6	304,404	17.5	65,000	27.2
Profit attributable to owners of parent	180,838	11.0	233,818	13.4	52,980	29.3
ROIC (pre-tax basis) (%)	10.0	-	13.0	-	3.0	-
Average exchange rate against US dollar (yen)	144.62	-	152.57	-	7.95	-

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

(Reference) ROIC by Operating Segment (pre-tax basis)

	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2025
Components	19.0%	21.2%
Devices and Modules	(1.5)%	1.2%

In respect of the information by operating segment, revenue of Components increased to 1,043,956 million yen (up 10.8% year on year) with operating profit of 275,150 million yen (up 17.5% ditto). Revenue of Devices and Modules increased to 697,176 million yen (up 0.3% ditto) with operating profit of 9,995 million yen (loss of 12,999 million yen in the previous fiscal year), and revenue of Others decreased to 67,274 million yen (down 0.3% ditto) with operating loss of 5,443 million yen (loss of 5,735 million yen in the previous fiscal year).

2) Revenue by product and business category

Summaries of revenue by product and business category of the current fiscal year compared with previous fiscal year are as follows:

[Capacitors]

The Capacitors category includes MLCCs.

For the current fiscal year, revenue of MLCCs increased for computers and mobility.

As a result, overall revenue increased by 10.4% year-on-year to 831,845 million yen.

[Inductors and EMI Filters]

The Inductors and EMI Filters category includes Inductors, EMI suppression filters.

For the current fiscal year, revenue of inductors increased for smartphones, computers and mobility. Additionally, revenue of EMI suppression filters increased for mobility.

As a result, overall revenue increased by 11.7% year-on-year to 201,273 million yen.

[High-Frequency Device and Communications Module]

The High-Frequency Device and Communications Module category includes High-frequency modules, Multilayer resin substrates, Connectivity modules, SAW filters.

For the current fiscal year, while revenue of SAW filters and connectivity modules decreased for smartphones, revenue of multilayer resin substrates increased for smartphones. Additionally, High-frequency modules increased for PCs.

As a result, overall revenue increased by 0.8% year-on-year to 443,602 million yen.

[Battery and Power supply]

The Battery and Power supply category includes Lithium-ion secondary batteries, Power supplies modules.

For the current fiscal year, revenue of power supplies modules decreased for industrial equipment. Revenue of lithium-ion secondary batteries increased for servers but decreased for video game consoles and power tools.

As a result, overall revenue decreased by 5.3% year-on-year to 155,741 million yen.

[Functional Device]

The Functional Device category includes Sensors, Timing devices (Resonators).

For the current fiscal year, revenue of actuator and sensors increased for computers.

As a result, overall revenue increased by 7.9% year-on-year to 97,822 million yen.

3) Revenue by applications

Summaries of revenue by applications of the current fiscal year compared with previous fiscal year were as follows:

[Communications]

For the current fiscal year, while revenue of multilayer resin substrates increased for smartphones, revenue of SAW filters and connectivity modules decreased for smartphones.

As a result, overall revenue decreased by 0.3% year-on-year to 674,188 million yen.

[Mobility]

For the current fiscal year, revenue of MLCCs, EMI suppression filters and inductors increased for automotive.

As a result, overall revenue increased by 4.7% year-on-year to 453,081 million yen.

[Computers]

For the current fiscal year, revenue of MLCCs and lithium-ion secondary batteries increased for servers. Additionally, revenue of MLCCs and High-frequency modules increased for PCs.

As a result, overall revenue increased by 38.8% year-on-year to 281,942 million yen.

[Home Electronics]

For the current fiscal year, revenue of lithium-ion secondary batteries for video game consoles and power tools decreased. However, revenue of MLCCs for AV equipment increased.

As a result, overall revenue increased by 1.3% year-on-year to 150,392 million yen.

[Industry and Others]

For the current fiscal year, while revenue of power supplies modules decreased for industrial equipment, revenue of MLCCs increased for distributors.

As a result, overall revenue increased by 2.4% year-on-year to 183,749 million yen.

4) Results of production, orders and sales

A) Results of production

Production results by segment of the current fiscal year are as indicated in the following table.

	Results of production (April 1, 2024-March 31, 2025)		
	Amount (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Capacitors	850,019	48.9	22.2
Inductors and EMI Filters	207,499	11.9	24.7
Components	1,057,518	60.8	22.7
High-Frequency Device and Communications Module	434,318	25.0	4.6
Battery and Power supply	140,341	8.1	6.4
Functional Device	93,338	5.4	5.3
Devices and Modules	667,997	38.5	5.1
Others	12,016	0.7	(0.0)
Total	1,737,531	100.0	15.1

(Notes) 1. The amount is indicated based on sales price.

2. Inter-segment transactions are offset and eliminated.

3. In the following tables by segment, results of production, orders and sales of electronic components (our main business) and the related products are indicated.

B) Results of orders

The amount of orders and backlogs by segment of the current fiscal year are as indicated in the following table.

	Amount of orders (April 1, 2024-March 31, 2025)			Amount of backlogs (As of March 31, 2025)		
	Amount (Millions of yen)	Composition ratio (%)	Year-on-year change (%)	Amount (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Capacitors	832,684	48.4	9.7	142,007	49.4	0.6
Inductors and EMI Filters	203,048	11.8	12.2	31,457	10.9	6.0
Components	1,035,732	60.2	10.2	173,464	60.3	1.5
High-Frequency Device and Communications Module	433,295	25.2	2.2	43,696	15.2	(19.1)
Battery and Power supply	143,010	8.3	(4.0)	49,180	17.1	(20.6)
Functional Device	95,763	5.6	10.2	15,939	5.6	(11.4)
Devices and Modules	672,068	39.1	1.9	108,815	37.9	(18.7)
Others	12,900	0.7	17.9	5,216	1.8	(3.1)
Total	1,720,700	100.0	6.8	287,495	100.0	(7.3)

(Notes) 1. The amount is indicated based on sales price.

2. Inter-segment transactions are offset and eliminated.

C) Results of sales

Sales results by segment of the current fiscal year are as indicated in the following table.

	Results of sales (April 1, 2024-March 31, 2025)		
	Amount (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Capacitors	831,845	47.7	10.4
Inductors and EMI Filters	201,273	11.5	11.7
Components	1,033,118	59.2	10.6
High-Frequency Device and Communications Module	443,602	25.4	0.8
Battery and Power supply	155,741	8.9	(5.3)
Functional Device	97,822	5.6	7.9
Devices and Modules	697,165	39.9	0.3
Others	13,069	0.9	17.2
Total	1,743,352	100.0	6.3

(Note) Inter-segment transactions are offset and eliminated.

D) Result of sales by applications

Sales results by applications of the current fiscal year are as indicated in the following table.

	Results of sales (April 1, 2024-March 31, 2025)		
	Amount (Millions of yen)	Composition ratio (%)	Year-on-year change (%)
Communications	674,188	38.7	(0.3)
Mobility	453,081	26.0	4.7
Computers	281,942	16.2	38.8
Home Electronics	150,392	8.6	1.3
Industry and Others	183,749	10.5	2.4
Total	1,743,352	100.0	6.3

(Note) Figures are based on estimated value by the Company.

E) Results of sales by major customer for the last two fiscal years and their shares in total results of sales

Customer	Previous fiscal year (April 1, 2023-March 31, 2024)		Current fiscal year (April 1, 2024-March 31, 2025)	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)
Hon Hai Technology Group	166,541	10.2	162,348	9.3

(2) Financial Position

Total assets at the end of the current fiscal year decreased by 9,701 million yen from the end of the previous fiscal year to 3,028,194 million yen primarily due to decreases in inventories and other non-current assets, despite increases in other financial assets and deferred tax assets.

Total liabilities decreased by 34,067 million yen from the end of the previous fiscal year to 448,219 million yen mainly due to a decrease in bonds and borrowings and other financial liabilities.

Total equity increased by 24,366 million yen from the end of the previous fiscal year to 2,579,975 million yen, primarily due to increases in retained earnings, despite decreases in capital surplus and other components of equity. The ratio of shareholders' equity to total assets increased by 1.1 percentage points from the end of the previous fiscal year to 85.2 %.

(3) Cash flow

1) Cash flow status

<Net cash provided by operating activities>

For the current fiscal year, net cash provided by operating activities was 451,905 million yen (a decrease of 37,732 million yen from the previous fiscal year).

This mainly owed to profit for the period of 232,973 million yen, the source of cash flow, as well as depreciation and amortization of 173,335 million yen.

<Net cash used in investing activities>

For the current fiscal year, net cash used in investing activities was 208,070 million yen (an increase of 6,499 million yen from the previous fiscal year).

This mainly owed to expenditures of 182,936 million yen for the purchase of property, plant and equipment centering on production capacity upgrades and the building of a new production building.

<Net cash used in financing activities>

For the current fiscal year, net cash used in investing activities was 242,733 million yen (an increase of 77,412 million yen from the previous fiscal year).

This mainly owed to the payment of dividends of 101,581 million yen, purchase of treasury shares of 80,006 million yen and expenditures of 50,000 million yen for the redemption of bonds.

2) Financial resources for capital and fund liquidity

A) Financial strategy and decision-making on the allocation of management resources

The Companies aim to maintain a sound financial position on the one hand and a high capital efficiency on the other, and implement the optimal allocation of management resources responding to the market environment and competitive setting.

When it comes to the financial position, the Company strives to strengthen its capital adequacy in order to facilitate a prompt response to environmental changes and achieve sustained growth in profits, as well as to maintain stable management even in an increasingly harsh business environment, and prepare for a possible deterioration of market conditions. The Company obtained a credit rating of AA+ (very high creditworthiness supported by some excellent factors) from Rating and Investment Information, Inc., enabling us to obtain smooth and low-cost funding when funding is needed.

With regard to the allocation of management resources, our investments and returns to shareholders shall be made by emphasizing capital efficiency and growth potential based on the capital allocation policy in the Medium-Term Direction 2027.

To make continued improvements to the capital efficiency, we set the target of ROIC (pre-tax basis) at 12% or higher in FY2027. In addition, our capital cost is reflected in investment decision-making and business evaluation, maintaining the structure where ROIC stably exceeds capital cost. The Companies' Weighted Average Cost of Capital (WACC) in the current fiscal year was 7.4% (based on the Company's estimate).

We aim to achieve an increase in dividend on equity (DOE) to 5% by FY2027 while increasing the corporate value and strengthening its business structure over the long term. As a means of returns to shareholders, we will conduct the acquisition of treasury stock appropriately for the purpose of improving capital efficiency.

B) Funding and liquidity on hand

It is the Companies' basic policy that capital expenditures and other business expenditures should be covered with internal funds obtained from our business activities. However, when capital requirements are necessary for business growth and working capital, we obtain external funds by appropriate means reflecting the situation at that time in the financial market, where we borrow from banks and issue domestic straight bonds, as necessary. We maintain a sound financial position and have a good relationship with partner financial institutions. We recognize there will be no problems when it comes to funding for future working capital.

In principle, financial requirements of the wholly owned subsidiaries shall be covered not by external finance such as from a bank, but by the group finance from the Company or its subsidiaries and associates. This aims to centralize fundraising and enhance capital efficiency.

The Companies have an appropriate level of fund liquidity that is 2.5 to 3.5 times the average amount of monthly revenue in order to flexibly respond to capital requirements for business activities and minimize risks such as deterioration of the financial market. There are some cases where the capital requirements temporarily exceed this level depending on the business conditions. However, we will pursue the optimization of capital requirements by promoting appropriate capital allocations based on the Capital Allocation Policy. The balance of liquid funds such as cash and cash equivalents, short-term investments, and marketable securities as of the end of the current fiscal year was 666,522 million yen, which is equivalent to 4.6 times the average amount of monthly revenue. The Companies have cash on hand, not for speculative purposes, but as a source of investment for business. So, it is held in safe and secure financial assets, including bank deposits, whose credit risk is considered low. The balance of interest-bearing liabilities such as loans payable at the end of the current fiscal year was 2,437 million yen. The balance of cash and cash equivalents at the end of the current fiscal year was 625,148 million yen.

(4) Material accounting policies and estimates

The consolidated financial statements of the Companies have been prepared in accordance with IFRS. Accounting policies and estimates considered to be material by the Companies are stated in "3. Material accounting policies" and "4. Significant accounting estimates and judgments" in the Notes to Consolidated Financial Statements.

5. Material contracts

Not applicable.

6. Research and development activities

The Companies, as an “Innovator in Electronics,” carry out research and development activities to continue to create new value. We have built a vertically integrated production system ranging from raw materials to finished products, developing our own technologies in the areas of materials, production, product design, and analysis/evaluation. By creating platforms comprising these technologies and polishing our core technologies, we develop new differentiation technologies and produce innovation. To continue to create new value, we are promoting active collaboration with external consortiums, universities and other companies, aiming to foster innovation. In communication (edge device and IT infrastructure) and mobility, our core fields, we are developing original competitive products in the growth stage backed by the evolution, spread and expansion of 6G and AI and the electrification of automobiles. In environment and wellness, which are our challenge fields, we aim to create new businesses to help solve social issues. Through research and development activities, the Companies will take on the challenge of creating new value and will create a continuous cycle of social and economic value.

In the Component business, pursuant to meet the key requirements for miniaturization, increased capacity, and higher reliability, we have promoted the development of multilayer ceramic capacitors, inductors, EMI suppression filters and others. In the current fiscal year, we developed multilayer ceramic capacitors that have achieved the world’s smallest size of 016008M (0.16 mm x 0.08 mm). In addition, we started development of the world’s smallest 016008 size (0.16 mm x 0.08 mm) chip inductors and successfully produced a prototype. We will continue to supply innovative products and technologies that lead the industry, contributing to the environment through miniaturization and diversification of electronic devices along with our products.

In the Devices and Modules business, pursuant to meet the key requirements for miniaturization, increased functionality, and lower power consumption, we promoted the development of surface wave filters, High-frequency modules, multilayer resin substrates, connectivity modules, lithium-ion secondary batteries, sensors, etc. In the current fiscal year, we developed the world’s smallest size communication module for the telecommunications market, which is compatible with three different standards: Wi-Fi 6, Bluetooth® Low Energy, and Thread, as well as a world-leading Six Degrees-of-Freedom MEMS sensor with synchronization function for the autonomous driving market. In addition, we acquired Sensoride Corporation, a company that owns radar signal processing technology. We will continue to develop new products to meet the market needs and expand our business.

With a view to the creation of new businesses in five business opportunities (edge device, IT infrastructure, mobility, environment and wellness) in our long-term vision, Vision 2030, we are developing new technologies, new products and basic technologies & business development that support a wide range of the Companies’ businesses. In the current fiscal year, “iPaS™,” a product that integrates and unifies capacitors and inductors to enable space-saving, power-saving, and high-performance semiconductors and power supply lines, won the CEATEC AWARD 2024 in the Innovation Category Award at CEATEC 2024. We also began external sales of efinnos, an integrated renewable energy control solution that optimally controls solar power generation and storage battery systems through artificial intelligence (AI), which has contributed to achieving 100% renewable energy at the Company’s plants. We will continue to create innovations in a wide range of areas and contribute to solving social issues.

The Companies conduct research and development at domestic and overseas sites. In 2026, we will establish two new research and development sites—the Ceramic Capacitor R&D Center, located in front of Echizen-Takefu Station in Fukui Prefecture, and the Moriyama Innovation Center, located in front of Moriyama Station in Shiga Prefecture. In addition, as an open innovation initiative, the co-creation project “KUMIHIMO Tech Camp with Murata” was held for the first time overseas (in Bulgaria). We will provide industry-leading and innovative products and technologies by strengthening corporation between new sites, Head Office, and our planning, research and development sites such as the Minato Mirai Innovation Center, Yasu Division, and Yokohama Technical Center, as well as promoting open innovation through technology exchanges and collaborative development with other companies and universities.

Expenses required for research and development by each operating segment in the past two fiscal years are shown in the following table.

(Millions of yen)

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Amount	Amount
Components	37,591	50,478
Devices and Modules	88,753	92,055
Others	6,158	6,741
Total	132,502	149,274

III Information on Facilities

1. Overview of capital investments

In the current fiscal year, the Companies made a total capital expenditure of 180,471 million yen, including 109,899 million yen by the Component business segment, 67,632 million yen by the Devices and Modules business segment, and 2,940 million yen by the Others segment.

Major expenditures were 101,414 million yen in the reinforcement and rationalization of manufacturing facilities of the Company and its subsidiaries, 23,521 million yen in the acquisition of land and buildings, and 14,611 million yen in the reinforcement of research and development facilities.

There were no disposal or sales that had a material impact on manufacturing capabilities.

2. Major facilities

The Companies' major facilities are as follows:

(1) Reporting company

As of March 31, 2025

Name of the business site (Location)	Main businesses	Description of facility	Book value (Millions of yen)					Employ- ees (Persons)
			Land (Area; Thousands of m ²)	Buildings	Machinery and equipment, tools, furniture and fixtures	Construc- tion in progress	Total	
Head Office (Nagaokakyo-shi, Kyoto)	Group-wide administration, sales, research and development, etc.	Research and development facilities, other facilities	5,649 (27)	5,055	6,414	5,395	22,515	3,044
Nagaoka Plant (Nagaokakyo-shi, Kyoto)	Group-wide administration, research and development, etc.	Research and development facilities, other facilities	29 (26)	4,222	271	0	4,523	447
Yokaichi Plant (Higashiomi-shi, Shiga)	Manufacturing of raw materials, components and devices/modules	Production facilities	575 (116)	23,619	11,304	7,768	43,268	1,623
Yasu Division (Yasu-shi, Shiga)	Manufacturing of raw materials, devices/modules and auto-machinery, research and development, etc.	Production facilities, research and development facilities	7,349 (287)	35,938	22,971	7,943	74,203	4,288
Yokohama Technical Center (Midori-ku, Yokohama-shi)	Research and development, etc.	Research and development facilities	1,797 (10)	4,654	935	40	7,427	276
Minato MIRAI Innovation Center (Nishi- ku, Yokohama-shi)	Research and development, etc.	Research and development facilities, other facilities	9,026 (8)	25,451	1,884	213	36,575	728
Sales Office, other	Sales, etc.	Other facilities	11,766 (349)	1,334	1,509	2	14,613	459

(Note) Major factor of land in "Sales Office and other" is land of 5,274 million yen (200 thousand m²) for plant leased to Okayama Murata Manufacturing Co., Ltd.

(2) Domestic subsidiaries

As of March 31, 2025

Company name	Name of the business site (Location)	Main businesses	Description of facility	Book value (Millions of yen)					Employees (Persons)
				Land (Area: Thousands of m ²)	Buildings	Machinery and equipment, tools, furniture and fixtures	Construction in progress	Total	
Fukui Murata Manufacturing Co., Ltd.	Head Office, Takeo Business Site (Echizen-shi, Fukui), other	Manufacturing of components	Production facilities, etc.	6,285 (414)	50,898	43,025	11,127	111,335	5,480
Izumo Murata Manufacturing Co., Ltd.	Head Office (Izumo-shi, Shimane), other	Manufacturing of components	Production facilities, etc.	3,924 (499)	52,797	31,847	12,345	100,913	5,208
Okayama Murata Manufacturing Co., Ltd.	Head Office (Setouchi-shi, Okayama)	Manufacturing of components and devices/modules	Production facilities, etc.	857 (47)	38,516	24,173	3,441	66,987	2,177
Kanazawa Murata Manufacturing Co., Ltd.	Head Office (Hakusan-shi, Ishikawa), other	Manufacturing of devices/modules	Production facilities, etc.	2,692 (267)	26,105	17,522	7,375	53,694	2,561
Tohoku Murata Manufacturing Co., Ltd.	Head Office, Koriyama Business Site (Koriyama-shi, Fukushima), other	Manufacturing and development of devices/modules	Production facilities, etc.	1,699 (131)	11,037	13,110	14,256	40,102	1,261
Toyama Murata Manufacturing Co., Ltd.	Head Office (Toyama-shi, Toyama), other	Manufacturing of devices/modules	Production facilities, etc.	2,337 (130)	14,996	7,711	4,101	29,145	1,752

(3) Overseas subsidiaries

As of March 31, 2025

Company name	Name of the business site (Location)	Main businesses	Description of facility	Book value (Millions of yen)					Employees (Persons)
				Land (Area; Thousands of m ²)	Buildings	Machinery and equipment, tools, furniture and fixtures	Construction in progress	Total	
Wuxi Murata Electronics Co., Ltd.	Head Office (China)	Manufacturing of components and devices/modules	Production facilities, etc.	—	58,918	84,476	19,363	162,757	9,099
Philippine Manufacturing Co. of Murata, Inc.	Head Office (The Philippines)	Manufacturing of components	Production facilities, etc.	—	28,163	28,231	20,308	76,702	4,160
Murata Electronics (Thailand), Ltd.	Head Office (Thailand)	Manufacturing of components and devices/modules	Production facilities, etc.	8,714 (663)	30,061	17,778	11,233	67,786	6,121
Murata Energy Device Wuxi Co., Ltd.	Head Office (China)	Manufacturing of devices/modules	Production facilities, etc.	—	18,049	11,462	5,701	35,212	2,541
Murata Electronics Singapore (Pte.) Ltd.	Head Office and other (Singapore)	Manufacturing of components and devices/modules, sales of products of the Company and its subsidiaries and associates, general management of sales companies in ASEAN	Production facilities, etc.	5,424 (—)	8,551	17,735	1,898	33,608	1,857
Shenzhen Murata Technology Co., Ltd.	Head Office (China)	Manufacturing of components and devices/modules	Production facilities, etc.	—	12,892	13,750	121	26,763	1,382

(Note) Land is leased to Wuxi Murata Electronics Co., Ltd., Philippine Manufacturing Co. of Murata, Inc., Murata Energy Device Wuxi Co., Ltd., Murata Electronics Singapore (Pte.) Ltd., and Shenzhen Murata Technology Co., Ltd. The land area is 282 thousand m², 179 thousand m², 177 thousand m², 151 thousand m², and 52 thousand m², respectively.

3. Plan for the installation and disposal of facilities

The Companies plan capital investments by comprehensively taking into account demand forecast, sales plan, production plan, investment efficiency, etc.

The expected amount of capital investments for the installation and renovation of material facilities in the next fiscal year is 270,000 million yen.

The plan for the installation and disposal of material facilities is as follows:

(1) Installation, renovation, etc.

Name of company, name of business site	Location	Description of facility	Expected amount of investments (Millions of yen)	Funding method	Expected month of start and completion		Increased production capacity after completion
					Start	Completion	
Izumo Murata Manufacturing Co., Ltd.	Izumo-shi, Shimane, other	Production facility for components	62,000	Cash on hand	March 2025	March 2026	—
Fukui Murata Manufacturing Co., Ltd.	Echizen-shi, Fukui, other	Production facility for components	49,000	Cash on hand	March 2025	March 2026	—
Murata Electronics (Thailand), Ltd.	Thailand	Manufacturing of components and devices/modules	16,000	Cash on hand and intra-group loans payable	March 2025	March 2026	—
Yasu Division, Murata Manufacturing Co., Ltd.	Yasu-shi, Shiga	Manufacturing of raw materials, devices/modules and auto-machinery, research and development, etc.	15,000	Cash on hand	March 2025	March 2026	—
Wuxi Murata Electronics Co., Ltd.	China	Manufacturing of components and devices/modules	14,000	Cash on hand and intra-group loans payable	March 2025	March 2026	—
Philippine Manufacturing Co. of Murata, Inc.	The Philippines	Production facility for components	13,000	Cash on hand and intra-group loans payable	March 2025	March 2026	—

(Note) The above production facilities are mainly investments to strengthen the production capacity, develop new products and streamline the production process. Increased production capacity after the completion is not stated because reasonable estimates are difficult to make due to a wide range of our production items.

(2) Disposal and sales, etc.

There are no plans for disposal or sales of facilities that have a material impact on manufacturing capabilities.

IV Information on Reporting Company

1. Information on the Company's stock

(1) Total number of shares and other related information

1) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	5,229,000,000
Total	5,229,000,000

2) Issued shares

Class	Number of issued shares as of the end of fiscal year (Shares) (March 31, 2025)	Number of issued shares as of filing date (Shares) (June 24, 2025)	Name of the listed financial instrument exchange or authorized financial instruments firms association	Description
Common shares	1,963,001,843	1,963,001,843	Tokyo Stock Exchange, Inc. Prime Market Singapore Exchange Ltd.	Share unit number: 100 shares
Total	1,963,001,843	1,963,001,843	—	—

(Note) Pursuant to a resolution of the meeting of the Board of Directors held on April 26, 2024, a total of 64,441,000 shares of treasury stock were cancelled on May 31, 2024 and November 29, 2024.

(2) Information on stock acquisition rights and others

1) Detail of the stock option plan

Not applicable.

2) Detail of the rights plan

Not applicable.

3) Information on other stock acquisition rights and others

Not applicable.

(3) Status of exercise of moving strike convertible bonds

Not applicable.

(4) Changes in the total number of issued shares, share capital, etc.

Date	Increase/decrease in the total number of issued shares (Thousands of shares)	Total number of issued shares (Thousands of shares)	Increase/decrease in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase/decrease in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 1, 2023 (Note 1)	1,351,628	2,027,442	—	69,444	—	107,733
May 31, 2024 (Note 2)	(36,830)	1,990,612	—	69,444	—	107,733
November 29, 2024 (Note 2)	(27,611)	1,963,001	—	69,444	—	107,733

(Notes) 1. The increase is due to the three-for-one stock split.

2. The decrease is due to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2025

Category	Status of shares (number of shares per unit: 100)								Status of shares of less than one unit (Shares)
	Japanese government and local governments	Financial institutions	Financial instrument business operators	Other corporations	Foreign companies		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (people)	–	166	71	1,475	1,044	387	152,574	155,717	–
Number of shares held (unit)	–	7,351,457	621,421	805,276	7,983,378	4,399	2,856,601	19,622,532	748,643
Ratio of shares held (%)	–	37.5	3.2	4.1	40.6	0.0	14.6	100.0	–

(Note) “Individuals and others” and “Status of shares of less than one unit” include treasury stock by 1,006,407 units and 93 shares, respectively.

(6) Status of major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Thousands of shares)	Ratio of the number of shares held against the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	314,164	16.9
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	131,703	7.1
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	53,842	2.9
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo Nippon Life Insurance Company, Securities Operations Department	49,687	2.7
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Matsubaraagaru, Karasumadori, Shimogyo-ku, Kyoto-shi	47,340	2.5
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	47,168	2.5
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	35,495	1.9
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	27,375	1.5
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Building A, 2-15-1 Konan, Minato-ku, Tokyo)	26,291	1.4
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (1-4-5 Marunouchi Chiyoda-ku, Tokyo)	24,029	1.3
Total	—	757,097	40.7

- (Notes) 1. Of the above number of shares held, the number of shares in trust operations is not stated as the Company cannot identify the details.
2. While the large shareholding report provided by Nomura Asset Management Co., Ltd. and its joint-holders on August 22, 2024 for public inspection states that they hold the following shares as of August 15, 2024, they are not included in the above status of major shareholders since the Company was unable to confirm the number of shares effectively held as at the record date of the exercise of voting rights.
3. While the report on changes to the large shareholding report provided by Mizuho Bank, Ltd. and its joint-holders on February 7, 2025 for public inspection states that they hold the following shares as of January 31, 2025, they are not included in the above status of major shareholders since the Company was unable to confirm the number of shares effectively held as at the record date of the exercise of voting rights.
4. Details of the large shareholding report and the report on changes to the large shareholding report as mentioned in 2. and 3. above are as follows:
On May 31, 2024 and November 29, 2024, the Company cancelled its treasury shares in accordance with the provisions of Article 178 of the Companies Act, and the total number of issued shares decreased by 64,441,000 shares to 1,963,001,843 shares. The ratio of the number of shares held against the total number of issued shares is the ratio before the cancellation.

Name	Number of shares held (Thousands of shares)	Ratio of the number of shares held against the total number of issued shares (%)
Nomura Asset Management Co., Ltd.	94,611	4.8
NOMURA INTERNATIONAL PLC	5,240	0.3
Total	99,852	5.0

Name	Number of shares held (Thousands of shares)	Ratio of the number of shares held against the total number of issued shares (%)
Asset Management One Ltd.	54,603	2.8
Mizuho Bank, Ltd.	8,456	0.4
Mizuho Trust & Banking Co., Ltd.	7,980	0.4
Mizuho Securities Co., Ltd.	2,785	0.1
Total	73,825	3.8

(7) Information on voting rights

1) Issued shares

As of March 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Rights)	Description
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	Common shares 100,640,700	—	Share unit number: 100 shares
Shares with full voting rights (others)	Common shares 1,861,612,500	18,616,125	Same as above
Shares of less than one unit	Common shares 748,643	—	Shares of less than one unit (100 shares)
Total number of issued shares	1,963,001,843	—	—
Voting rights of all shareholders	—	18,616,125	—

(Notes) Shares with full voting rights (treasury stock, etc.) are all treasury stock held by the Company.

2) Treasury stock, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in the name of shareholder (Shares)	Number of shares held in the name of a third party (Shares)	Total number of shares held (Shares)	Ratio of the number of shares held against the total number of outstanding shares (%)
Murata Manufacturing Co., Ltd.	10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto	100,640,700	—	100,640,700	5.1
Total	—	100,640,700	—	100,640,700	5.1

2. Status of the acquisition of treasury stock

Class of stock, etc.

Acquisition of common shares pursuant to the provision of Article 155, Item 3 of the Companies Act, acquisition of common shares by the demand for purchase of shares of less than one unit pursuant to the provision of Article 155, Item 7 of the same Act, and acquisition of common shares free of charge pursuant to the provision of Article 155, Item 13 of the same Act

(1) Status of acquisition of treasury stock by the resolution of the general meeting of shareholders

Not applicable.

(2) Status of acquisition of treasury stock by the resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolutions of the meeting of the Board of Directors (April 26, 2024) (Acquisition period: April 30, 2024 to October 31, 2024)	44,000,000 (upper limit)	80,000,000,000 (upper limit)
Treasury stock acquired before the current fiscal year	–	–
Treasury stock acquired in the current fiscal year	27,611,000	79,999,822,685
Total number and total amount of remaining shares to be acquired by the resolution	16,389,000	177,315
Ratio of unexercised shares as of the end of the current fiscal year (%)	37.2	0.0
Treasury stock acquired during the current period	–	–
Ratio of unexercised shares as of filing date (%)	37.2	0.0

(Note) 1. The method of acquiring treasury stock is market purchases on the Tokyo Stock Exchange.

Category	Number of shares (Shares)	Total amount (Yen)
Status of resolutions of the meeting of the Board of Directors (April 30, 2025) (Acquisition period: May 7, 2025 to October 29, 2025)	77,000,000 (upper limit)	100,000,000,000 (upper limit)
Treasury stock acquired before the current fiscal year	–	–
Treasury stock acquired in the current fiscal year	–	–
Total number and total amount of remaining shares to be acquired by the resolution	–	–
Ratio of unexercised shares as of the end of the current fiscal year (%)	–	–
Treasury stock acquired during the current period	10,632,700	21,886,563,550
Ratio of unexercised shares as of filing date (%)	86.2	78.1

(Notes) 1. The method of acquiring treasury stock is market purchases on the Tokyo Stock Exchange.

2. Treasury stock acquired during the current period does not include shares acquired through market purchases during the period from June 1, 2025 until the filing date of this report.

(3) Treasury stock acquired other than the resolutions of the general meeting of shareholders or a meeting of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury stock acquired in the current fiscal year	6,581	6,376,353
Treasury stock acquired during the current period	1,207	570,677

(Notes) 1. Of the treasury stock acquired in the current fiscal year, 2,231 shares were acquired pursuant to the provision of Article 155, Item 7 of the Companies Act, and 4,350 shares were acquired pursuant to the provision of Article 155, Item 13 of the Companies Act.

2. Of the treasury stock acquired during the current period, 277 shares were acquired pursuant to the provision of Article 155, Item 7 of the Companies Act, and 930 shares were acquired pursuant to the provision of Article 155, Item 13 of the Companies Act.

3. The number of shares of treasury stock acquired during the current period does not include shares acquired that are less than one unit or shares acquired free of charge under the restricted share remuneration plan during the period from June 1, 2025 until the filing date of this report.

(4) Status of disposal of or holding acquired treasury stock

Category	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount of shares disposed of (yen)	Number of shares (Shares)	Total amount of shares disposed of (yen)
Treasury stock under the solicitation of subscribers for shares for subscription	745,165	901,686,217	—	—
Cancelled treasury stock	64,441,000	77,353,885,040	—	—
Treasury stock transferred owing to merger, stock exchange, stock delivery and company split	—	—	—	—
Other (sales by the demand for sale of shares of less than one unit)	105	113,922	50	67,658
Treasury stock held	100,640,793	—	111,274,650	—

- (Note)
1. The number of shares of treasury stock disposed of during the current period does not include shares less than one unit sold during the period from June 1, 2025 until the filing date of this report.
 2. The number of shares of treasury stock held during the current period does not include shares acquired through market purchases, shares acquired and sold that are less than one unit, or shares acquired free of charge under the restricted share remuneration plan during the period from June 1, 2025 until the filing date of this report.

3. Dividend policy

The Company's policy on the return of profits to its shareholders puts priority on distribution of results in the form of a dividend. The Company has adopted a basic policy under which it intends to realize a steady increase in dividends by increasing profit per share, while enhancing the value of the Company and improving its financial strength over the long term at the same time. Based on this policy, after comprehensively examining the Company's consolidated performance and determining the amount of unappropriated retained earnings, it makes a return of profits to its shareholders through payment of dividends. Considering the acquisition of treasury stock as a method of return of profits to its shareholders, the Company implements it appropriately for the purpose of improving the capital efficiency.

Internal reserves shall be used effectively for future business development, including research and development for technological innovation, and investments for production facilities to develop new products and products for which a large demand is expected.

The amount of dividends in the current fiscal year is planned to be 27 yen of interim dividend and 30 yen of year-end dividend.

The Company takes the basic policy of payment of dividend twice a year as an interim dividend and a year-end dividend. The decision-making bodies for profit distribution are the General Shareholders' Meeting for year-end dividends and the Board of Directors for interim dividends (record date of September 30 every year). To execute a flexible capital policy and dividend policy, the Company's Articles of Incorporation stipulate that it enables the distribution of year-end dividends pursuant to a resolution of the meeting of the Board of Directors.

Dividends from surplus in the current fiscal year are as follows:

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
November 1, 2024 Resolution of the Board of Directors	50,572	27
June 27, 2025 Resolution of the Ordinary General Meeting of Shareholders (scheduled)	55,871	30

4. Status of corporate governance

(1) Overview of corporate governance

1) Basic views on corporate governance

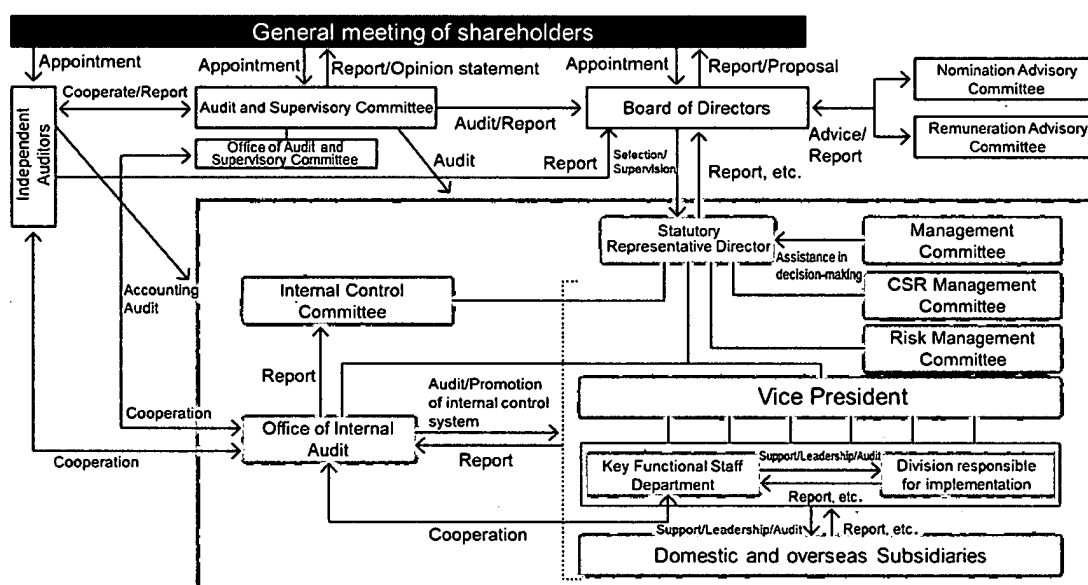
The Company considers corporate governance to be one of the highest priorities in management in order to achieve sustainable growth and increase corporate value over the mid- to long-term, and we work constantly to establish and operate optimal management systems while taking into consideration every stakeholder. The Company's basic principles on corporate governance are set out in the "Corporate Governance Guidelines."

2) Overview of the corporate governance system and reasons for adopting the system

The Company has long made efforts to strengthen its corporate governance. Initiatives include efforts to strengthen executive and supervisory functions and increase the transparency of management by establishing a Vice President system (in 2000), appointing Outside Officers (first Outside Statutory Auditors appointed in 1971 and Outside Directors in 2001), and establishing a Remuneration Advisory Committee (2004) and a Nomination Advisory Committee (2015). For its organizational design, the Company adopted "Company with an Audit and Supervisory Committee" structure in 2016 to reinforce the Board of Directors function and the supervisory function.

In a Company with an Audit and Supervisory Committee, we believe that while decisions on important matters for execution are made by the Board of Directors, delegation of decisions on specific execution matters to Executive Directors allows the Board of Directors to focus more on discussion relating to company-wide management policies and business strategies, and on supervision of business execution, and also enables swifter management judgment and a more flexible business execution. In addition, Members of the Board of Directors who are Audit and Supervisory Committee Members hold voting rights on agendas at the Board of Directors and rights to express their opinions as the Audit and Supervisory Committee concerning appointment and remuneration of Member of the Board of Directors at General Meetings of Shareholders. We believe that this ensures strong supervisory functions by Executive Directors.

Summary of structure of corporate governance system



A) Board of Directors

The Board of Directors decides on the basic management direction and important matters for execution, and also delegates decisions on specific execution matters to Executive Directors, in order to strengthen monitoring functions and realize swifter management judgments and a more flexible business execution.

The Company's basic policy is to form the Board of Directors with a necessary and sufficient number of members for the sake of substantial and active discussions at its meetings and secure a balance and diversity of knowledge, experience, and capabilities of the Board of Directors, as a whole. Further, for the purpose of ensuring management transparency and enhancing the supervisory function of the Board of Directors, the composition (%) of the Board of Directors is set as follows:

- Ratio of Outside Directors: 50% or more
- Ratio goal for female Members of the Board: 30% or more by 2030

• Criteria for selection of candidates for Members of the Board of Directors

The Company appoints as senior management people who have the knowledge, experience, and qualities to contribute to business execution, taking into consideration the business content, scale, and management environment, etc., of the Company. Also, personnel with knowledge, experience, and qualities that can contribute to enabling the Board of Directors to function (determination of basic management principles and important business execution, as well as supervision of execution of duties of Members of the Board of Directors) are selected as candidates for Members of the Board of Directors based on the policy for composition of the Board of Directors prescribed in the preceding paragraph.

[Criteria for selection of Outside Directors]

In addition to the above, the Company makes sure to satisfy the independence standards set by the Tokyo Stock Exchange as well as by the Company. The Company also considers that by its criteria for selection, adequate time can be secured for the execution of duties as a member of the Board, and that attendance at the meetings of the Board of Directors can be expected to be over 75%.

[Criteria for selection of Members of the Board of Directors who are Audit and Supervisory Committee Members]

In addition to the above, the Company selects personnel with a wealth of knowledge and experience regarding management administration and business operations who have qualities that can contribute to improvement in the soundness and transparency of management and audit the business execution of Members of the Board of Directors from a fair and objective standpoint. A majority of the candidates for Members of the Board of Directors who are Audit and Supervisory Committee Members nominated by the Company are Outside Directors.

• Nomination procedures of candidates for Members of the Board of Directors

With the intent of improving the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination of Members of the Board of Directors, including President and Representative Director (CEO), the Company established a Nomination Advisory Committee as an advisory organ of the Board of Directors.

The committee considers the following agenda items, and reports its findings to the Board of Directors.

- Criteria for selection of candidates for Members of the Board of Directors
- Criteria for Independence of Outside Directors
- Nomination of candidates for Members of the Board of Directors
- Nomination of candidates for Representative Directors and executive Members of the Board of Directors

In addition to the above, the Committee considers and supervises succession plans for the President and Representative Director (CEO) as well as supervises the selection of Vice Presidents.

President and Representative Director reports on the succession plan for CEO to the Committee once a year. Independent Outside Directors, who are the Nomination Committee Members, appropriately exercise their supervisory functions by being involved in the process of succession plan through verification and recommendation. This enhances the objectivity of proposal of a candidate for CEO by execution and ensures the independence and objectivity of the selection of CEO by the Board of Directors.

To deliberate on the nomination of candidate Members of the Board of Directors, the skill matrix is employed. The Company regularly reviews the skill items that indicate the particular fields in which Members of the Board of Directors should demonstrate their roles, and the knowledge, experience and viewpoints that become preconditions for the above in light of the Company's strategy and situations.

• Composition and status of attendance of the Board of Directors

The Board of Directors is made up of the following twelve Members shown in (2) Officers, 1) List of officers to be hereinafter described as of filing date, of whom six are Independent Outside Directors. It is chaired by Takashi Nishijima, who is Independent Outside Director.

Name	Position in the Company	Status of attendance in FY2024 (13 meetings in all)
Takashi Nishijima ◎	Outside Director	13/13 (100%)
Norio Nakajima	President and Representative Director	13/13 (100%)
Hiroshi Iwatsubo	Executive Deputy President and Representative Director	13/13 (100%)
Masanori Minamide	Representative Director	13/13 (100%)
Hiroshi Izumitani	Director	10/10 (100%)
Takaki Murata	Director	10/10 (100%)
Yuko Yasuda	Outside Director	13/13 (100%)
Hiroyuki Ina	Outside Director	10/10 (100%)
Yoshiro Ozawa	Director (Audit and Supervisory Committee Member) (Standing)	13/13 (100%)
Takatoshi Yamamoto	Outside Director (Audit and Supervisory Committee Member)	13/13 (100%)
Naoko Munakata	Outside Director (Audit and Supervisory Committee Member)	13/13 (100%)
Seiichi Enomoto	Outside Director (Audit and Supervisory Committee Member)	10/10 (100%)

(Notes) 1. ◎ after the name means the person is the chairperson.

2. Effective June 27, 2024, Hiroshi Izumitani, Takaki Murata, and Hiroyuki Ina were newly appointed as members of the Board of Directors, and Seiichi Enomoto as member of the Board of Directors and of the Audit and Supervisory Committee. Accordingly, the number of Board of Directors meetings that they were required to attend varies.
3. For both Tsuneo Murata, who retired from the positions as member of the Board of Directors effective June 27, 2024, and Hyo Kambayashi, who retired from the positions as member of the Board of Directors, the Audit and Supervisory Committee also effective June 27, 2024, the attendance rate in FY2024 was 100% with attendance at three out of a total of three meetings.
4. Tsuneo Murata chaired all the three Board meetings that he attended.
5. Takashi Nishijima chaired all the ten Board meetings that he attended since June 27, 2024.
6. In FY 2024, in addition to the number of meetings of the Board of Directors in the table above, one resolution is deemed to have been made by the Board of Directors by written resolution based on the provisions of Article 370 of the Companies Act and Article 25 the Articles of Incorporation of the Company.

The Company is scheduled to propose “the Election of eight Directors who are not Audit and Supervisory Committee Members” as an agenda item (matter for resolution) at the Ordinary General Meeting of Shareholders to be held on June 27, 2025. In the case of approval of the agenda, the Board of Directors will consist of the same Directors as of filing date.

• Activities of the Board of Directors in FY2024

Main contents of discussion and period for discussion in FY2024 are as follows:

Main contents of discussion	Period
Deliberation and formulation of Medium-Term Direction	July and September
Business portfolio and status of M&A	June, December, and February
Financial strategy and IR activities (Status of dialogue with shareholders and investors etc.)	April and December
Strategies and initiatives for sustainability	April, May, September and November
Strategies and initiatives for human capital	March
Strategies and initiatives for intellectual property	November
Promoting DX	December and February
Structure and status of group-wide risk extraction and evaluation	June and February
Nominating candidates for Directors (including reports of advisory committees and activity reports)	April and February
Remuneration system for officers (including reports of advisory committees and activity reports)	May and July
Corporate governance and internal control	April, May, June and December
The role and effectiveness of the Board of Directors	February and March

(Note) For some of the subjects, meetings are also set up outside of the Board meetings (off-site meetings) for discussion by all the Directors.

• Policies and procedures in the determining remuneration for Directors

The policies and procedures for determining remuneration for Directors are shown in “(4) Remuneration for officers” to be hereinafter described.

• Analysis and evaluation of the effectiveness of the Board of Directors

The Company endeavors to improve the effectiveness of the Board of Directors by conducting an annual analysis and evaluation of the effectiveness of the Board of Directors as a whole. An overview of the procedure and results are as follows:

1) Challenges recognized in the fiscal 2023 evaluation of effectiveness and fiscal 2024 efforts to address those challenges

In the fiscal 2023 evaluation of effectiveness, the following points were recognized as having some challenges.

- (1) Consolidating opinions and knowledge from inside and outside the Company and deepening deliberations that contribute even more to enhancing corporate value
- (2) Supporting bold risk-taking by executives and further reinforcing structures including the Board of Directors

Regarding issue (1):

- Engage in healthy debate that takes into consideration more diverse perspectives and opinions from inside and outside the Company
- Further enhance the quality of explanations by reinforcing collaboration between the department in charge of explanation and the Secretariat to identify fundamental discussion topics and secure adequate time for deliberation

- Provide additional opportunities for Outside Directors to learn about initiatives relating to execution

Regarding issues (1) and (2):

- Conduct ongoing discussions within the Directors concerning the optimal status of the Board of Directors and individual organizations that embodies the spirit of Murata

Based on the above, we have mainly promoted the following initiatives in fiscal 2024.

- Conducted discussions among the Directors and implemented measures to verbalize them with respect to matters concerning the desired state of the Board of Directors that contributes to the sustained growth of the Company and enhancement of corporate value over the medium- to long-term
 - Carried out thorough pre-meeting coordination for each agenda item among the Chairman of the Board, the Secretariat of the Board of Directors, and the departments in charge of explanation with respect to the discussion points and time management in the deliberation of each agenda item to be discussed at the Board of Directors meetings
 - Solicited opinions of Outside Directors and increased the sophistication of management of pre-meeting explanations* to accurately identify issues to be discussed
 - Promoted facilitation by the Chairman for interactive exchange of opinions between internal Directors and Outside Directors
 - Implemented exchange of opinions at the Board of Outside Directors meetings, a forum of communication among Outside Directors, to improve the effectiveness of the Board of Directors
 - Enhanced provision of Company information to Outside Directors such as sharing of information on important internal events, in addition to tours of business sites which the Company has been organizing for some time
- * Initiatives to brief Outside Directors prior to Board of Directors meetings on key agenda items, especially those with significant information gaps between Inside and Outside Directors, as well as other relevant matters.

2) Process of the analysis and evaluation

The fiscal 2024 evaluation of effectiveness was conducted using the following process.

- A questionnaire for all Members of the Board of Directors*
- Individual interviews of Outside Directors*
- Individual interviews of Inside Directors
- In-company analysis and discussion
- Discussions among the directors

* The questionnaire and individual interviews of Outside Directors were carried out by a third party.

Through conducting the questionnaire and interviews, various confirmations were carried out regarding the desired state and composition of the Board of Directors, discussions and monitoring, leadership by the Chairman, performance of each Director, management of the Board of Directors, and matters related to the committees including the voluntary Advisory Committees and Board of Outside Directors.

3) Results of the analysis and evaluation

Results of the process of the analysis and evaluation as described above, the Board of Directors of the Company has been assessed to be functioning with sufficient overall effectiveness in consideration of its duties and obligations.

- Appropriate monitoring is carried out by the Board of Directors with respect to the management structure, policies, and business execution
- Discussions at the Board of Directors meetings are appropriately conducted from a wider, medium- to long-term perspective
- The composition of the Board of Directors including the number of Directors, their diversity, and the ratio of Inside to Outside Directors are generally appropriate.
- The Chairman leads lively discussions at the Board of Directors meetings and contributes appropriately to ensure Directors' performance of their functions
- Outside Directors effectively provide advice and pose questions, and Inside Directors take the advice statements and questions of Outside Directors with sincerity and fully take them into consideration when making decisions and determinations
- Agenda items and discussion points are appropriately selected in alignment with management strategies, corporate value, and stakeholder interests
- The Secretariat's support for Directors is appropriately provided.
- The Nomination Advisory Committee and Remuneration Advisory Committee both conduct sufficient deliberation on important subjects, and appropriate collaboration with the Board of Directors is in place.
- Steady progress is being made to address the challenges recognized in the previous evaluation of effectiveness.

The following points are identified as issues to be addressed.

- Further deepen deliberation on how discussions should be conducted on the execution side that contribute to the Company's sustained growth and enhancement of corporate value over the medium- to long-term, and on the significance of the Board of Directors monitoring such discussions

4) Future initiatives

Based on the challenges recognized in these evaluations, the Company will mainly take the following actions in fiscal 2025.

- Continue deliberation on how discussions should be conducted on the execution side that contribute to the Company's sustained growth and enhancement of corporate value over the medium- to long-term
- Define issues and discussion points that lead to enhancement of corporate value, to which end further strengthen collaboration among the Chairman of the Board of Directors, the Secretariat, and the departments in charge of explanation, and enhance discussions on the execution side with respect to the defined discussion points
- Engage in healthy debate that takes into consideration more diverse perspectives and opinions from inside and outside the Company
- Provide Outside Directors with more opportunities to learn about the views and initiatives taken by the executive team

The Company will continue working to further improve the effectiveness of the Board of Directors.

B) Voluntary Committees on nomination and remuneration of Members of the Board of Directors

With the intent of improving the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination and remuneration of Members of the Board of Directors, the Company has established a Nomination Advisory Committee and Remuneration Advisory Committee as advisory organs of the Board of Directors.

• Nomination Advisory Committee

The Nomination Advisory Committee considers criteria for selection of candidates for Members of the Board of Directors, independence standards for Independent Outside Directors, nomination of Members of the Board of Directors, nomination of candidates for Representative Directors and executive Members of the Board of Directors, and succession plans for the President and Representative Director, and reports its findings to the Board of Directors. The committee also considers the skill matrix of the Board of Directors and other key issues from the perspective of human resources so that the Board of Directors can continue to perform its functions, and supervises the appointment of Vice Presidents.

The members are selected by the Board of Directors from among its Members and Independent Outside Directors comprise the majority of the committee members in order to ensure the independence of the committee. Furthermore, the chairperson is an Outside Director.

Composition and status of attendance of the Nomination Advisory Committee

The Nomination Advisory Committee is made up of the following four Directors as of filing date, three of whom are Independent Outside Directors. It is chaired by Takashi Nishijima, who is Independent Outside Director.

Name	Position in the Company	Status of attendance in FY2024 (9 meetings in all)
Takashi Nishijima ◎	Outside Director	8/9 (89%)
Masanori Minamide	Representative Director	9/9 (100%)
Yuko Yasuda	Outside Director	9/9 (100%)
Takatoshi Yamamoto	Outside Director (Audit and Supervisory Committee Member)	9/9 (100%)

(Notes) 1. ◎ after the name means the person is the chairperson.

2. For Tsuneo Murata, who retired from the positions as member of the Board of Directors and the Nomination Advisory Committee effective June 27, 2024, the attendance rate in FY2024 was 100% with attendance at two out of a total of two meetings.
3. Tsuneo Murata chaired all the two Nomination and Advisory Committee meetings that he attended.
4. Takashi Nishijima chaired all the seven Nomination and Advisory Committee meetings that he attended since June 27, 2024.
5. The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting four times in FY 2024. Of the number of attendance presented above, attendance at the said joint meeting was one for Tsuneo Murata, and four for Masanori Minamide, Yuko Yasuda, Takatoshi Yamamoto and Takashi Nishijima.

Upon the approval of the agenda (matter for resolution) of "the election of eight Directors who are not Audit and Supervisory Committee Members" at the Ordinary General Meeting of Shareholders to be held on June 27, 2025, and in the case of approval of matter for resolution of "the election of Nomination Advisory Committee Members" at a Board of Directors meeting to be held immediately after the Ordinary General Meeting of Shareholders, the Nomination Advisory Committee will consist of the same members as of filing date.

Activities of the Nomination Advisory Committee in FY2024

Main contents of discussion	Period
Determination of activity plans for the Committee for the 89th term	September
Consideration of skill matrix and skills	September
Board succession	April, September, December, and February
Succession plans for the President and Representative Director	December
Determination of 360-degree evaluation of the President and Representative Director, and evaluation of the President and Representative Director for FY2024 (jointly with the Remuneration Advisory Committee)	June, December, January, and February
Report on the nomination of Members of the Board of Directors, and Representative Directors and executive Members of the Board of Directors	February

- (Notes) 1. The 89th term refers to the period starting from the 88th Ordinary General Meeting of Shareholders held on June 27, 2024 until the 89th Ordinary General Meeting of Shareholders to be held on June 27, 2025.
2. In June, December, January, and February, a joint meeting for the Nomination Advisory Committee and the Remuneration Advisory Committee was held in addition to the meeting of the Nomination Advisory Committee.

• Remuneration Advisory Committee

The Remuneration Advisory Committee deliberates on the remuneration system and levels for Members of the Board of Directors and reports its findings to the Board of Directors, and is entrusted from the Board of Directors to decide on the amounts of individual remuneration.

The members are selected by the Board of Directors from among its Members and Independent Outside Directors comprise the majority of the committee members in order to ensure the independence of the committee. Furthermore, the chairperson is an Outside Director. The policy and procedure for determining remuneration for Directors are shown in “(4) Remuneration for officers” to be hereinafter described.

Composition and status of attendance of the Remuneration Advisory Committee

The Remuneration Advisory Committee is made up of the following four Directors as of filing date, three of whom are Independent Outside Directors. It is chaired by Yuko Yasuda, who is Independent Outside Director.

Name	Position in the Company	Status of attendance in FY2024 (14 meetings in all)
Yuko Yasuda ◎	Outside Director	14/14 (100%)
Masanori Minamide	Representative Director	14/14 (100%)
Takashi Nishijima	Outside Director	14/14 (100%)
Naoko Munakata	Outside Director (Audit and Supervisory Committee Member)	9/9 (100%)

- (Notes) 1. ◎ after the name means the person is the chairperson.
2. Effective June 27, 2024, Naoko Munakata was newly appointed as members of the Remuneration Advisory Committee, the number of Remuneration Advisory Committee meetings that they were required to attend varies.
3. For both Tsuneo Murata, who retired from the positions as member of the Board of Directors and the Remuneration Advisory Committee effective June 27, 2024, and Hyo Kambayashi, who retired from the positions as member of the Board of Directors, the Audit and Supervisory Committee, and the Remuneration Advisory Committee also effective June 27, 2024, the attendance rate in FY2024 was 100% with attendance at five out of a total of five meetings.
4. The Nomination Advisory Committee and the Remuneration Advisory Committee held a joint meeting four times in FY 2024. Of the number of attendance presented above, attendance at the said joint meeting was one for both Tsuneo Murata and Hyo Kambayashi, three for Naoko Munakata, and four for Masanori Minamide, Yuko Yasuda, and Takashi Nishijima.

Upon the approval of the agenda (matter for resolution) of “the election of eight Directors who are not Audit and Supervisory Committee Members” at the Ordinary General Meeting of Shareholders to be held on June 27, 2025, and in the case of approval of matter for resolution of “the election of Remuneration Advisory Committee Members” at a Board of Directors meeting to be held immediately after the Ordinary General Meeting of Shareholders, the Remuneration Advisory Committee will consist of the same members as of filing date.

Activities of the Remuneration Advisory Committee in FY2024

Main contents of discussion	Period
Determination of individual bonus amounts for Directors for the 88th term	May
Reporting of decision policy of officer remuneration for the 89th term	April
Consideration and reporting of the reference amount of officer remuneration for the 89th term	April, May, and June
Consideration and reporting of bonus targets for the 89th term	April and May
Assessment of progress in achieving social value targets, and consideration and reporting of share-based remuneration targets for the 89th term	May and June
Consideration and determination of the individual reference amount for Directors, etc. for the 89th term	June and July
Determination of activity plans for the Committee for the 89th term	July
Verification of the latest trends surrounding officer remuneration	July and October
Determination of 360-degree evaluation of the President and Representative Director, and evaluation of the President and Representative Director for FY2024 (jointly with the Nomination Advisory Committee)	June, December, January, and February
Consideration of revision of officer remuneration taking into account issues and trends	April, July, October, November, January, February, and March

- (Notes)
1. The 88th term refers to the period starting from the 87th Ordinary General Meeting of Shareholders held on June 29, 2023 until the 88th Ordinary General Meeting of Shareholders held on June 27, 2024.
 2. The 89th term refers to the period starting from the 88th Ordinary General Meeting of Shareholders held on June 27, 2024 until the 89th Ordinary General Meeting of Shareholders to be held on June 27, 2025.
 3. In June, December, January, and February, a joint meeting for the Nomination Advisory Committee and the Remuneration Advisory Committee was held in addition to the meeting of the Remuneration Advisory Committee.

C) Audit and Supervisory Committee

The Audit and Supervisory Committee establishes auditing guidelines and plans, and based on these, in addition to attending important meetings, audits the legitimacy and appropriateness of duties implemented by the Members of the Board of Directors by conducting surveys of the status of operations and corporate finances with the cooperation of departments involved in the company's internal control system. The Committee is made up of four Directors who are Audit and Supervisory Committee Members (of whom three are Independent Outside Directors) shown in "(2) Officers, 1) List of officers" to be hereinafter described as of filing date, and chaired by Yoshiro Ozawa. Detailed activities of the Committee have been described in "(3) Audit Status" to be hereinafter described.

D) Executive System

• Management Committee

The Company established a Management Committee as a deliberative body chaired by Norio Nakajima, President and Representative Director and made up of members of the Board of Directors excluding Outside Directors and members of the Board of Directors who are Audit and Supervisory Committee Members, in order to assist the Board of Directors and the Representative Director in making decisions, creating a system for deliberation on management issues specified by the company regulations.

• Vice President

In order to realize more rapid management judgments and more flexible execution in Board of Directors, a Vice Presidents system has been introduced, and our Vice Presidents execute their duties with authority and responsibilities.

• Other Committees

Information on other committees can be found in "(3) Development status of internal control system" to be hereinafter described.

3) Development status of internal control system

The Company shares the Murata Philosophy as its management basic philosophy with its group companies (hereinafter collectively referred to as the "Companies.") The Companies as a whole, including local and overseas subsidiaries, establish the common rules and procedures on decision-making. Based on these, deliberations regarding the business operations of subsidiaries are made, and the Companies share various information on our business operations. In addition, projects that meet the criteria of the agenda will be discussed and deliberated by the Management Committee and the Board of Directors. Moreover, divisions that supervise the various business functions (such as general affairs, personnel affairs, and accounting) of the Company shall define frameworks, processing procedures, and judgment standards for duties to ensure that duties within the Companies are performed appropriately and efficiently, in addition to providing appropriate direction to subsidiaries as required. In addition, the Internal Audit Department (Office of Internal Audit), as an independent organization, evaluates and monitors whether or not duties within the Companies are conducted appropriately and efficiently, adhering to laws and regulations and the internal regulations, etc. of the Company.

Headed by Masanori Minamide, Representative Director and Executive Vice President, the Internal Control Committee evaluates and discusses the development and operational status of the system to secure the appropriateness of company operations (the internal control system), and regularly reports the relevant content to the Board of Directors. As for responses to the internal control reporting system under the Financial Instruments and Exchange Act, the Internal Control Committee constantly develops and evaluates the internal control of the Companies based on which the Companies' internal control system is maintained and continuously improved to ensure the credibility of financial reporting. Furthermore, management structures have been put in place so as to disclose timely and appropriately corporate information by establishing the Information Disclosure Committee, which deliberates the necessity of timely disclosure of corporate information and the disclosed content.

Regarding the systems for compliance, in order for Members of the Board of Directors, Vice Presidents and employees of the Companies to conduct our business activities based on higher ethical standards in accordance with laws, regulations, and articles of incorporation, the "Corporate Ethics Policy and Code of Conduct" as well as regulations regarding compliance have been established and presented from legislative and ethical viewpoints. These corporate ethical standards and concrete action guidelines have been publicized within the Companies. In addition, as a committee in charge of the compliance with these guidelines and the preventative measures against problems such as ethical and legislative violations, the Compliance Promotion Committee has been established. Moreover, reporting reception desks have been set up both internally and externally to appropriately deal with the problems regarding the compliance, and measures have been taken to protect reporters from detrimental treatment. Also, regarding the Compliance Promotion Committee, the status of its activities and other matters are periodically reported to the Board of Directors.

The risk management structure and sustainability related initiatives are described in "II. Business Overview 3. Business and Other Risks" above and "2. Concept and Initiatives Regarding Sustainability" above respectively.

4) Summary of liability limitation agreements

The Company has entered into liability limitation agreements with Members of the Board of Directors (excluding those who are Executive Directors) to restrict liabilities for damages as stipulated by Article 423, Paragraph (1) of the Companies Act based on the provisions of Article 427, Paragraph (1) of the same Act. The liability limit under these agreements is the minimum liability amount stipulated in Article 425, Paragraph (1) of the same Act.

5) Summary of Directors and Vice Presidents, etc. Liability Insurance agreement

The Company has entered into Directors and Vice Presidents, etc. Liability Insurance agreement, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, with an insurance company. The scope of the insured under the insurance agreement includes Members of the Board of Directors and Vice Presidents of the Company and the Company's subsidiaries in Japan, etc., and the insurance premiums are fully paid by the Company.

Under the insurance agreement, the insurance company covers damages that may arise from the insured being liable for the execution of their duties or being subject to a claim related to the pursuit of such liability, and the insurance agreement is renewed each year. The Company plans to renew the agreement with similar terms at the time of next renewal.

6) Fixed number of Members of the Board of Directors

The Company stipulates in its Articles of Incorporation that it shall have not more than ten Directors who are not Audit and Supervisory Committee Members and not more than five Directors who are Audit and Supervisory Committee Members.

7) Decision-making body on dividends from retained earnings, etc.

The Company stipulates in its Articles of Incorporation that, in accordance with the provisions of each item of Article 459, Paragraph (1) of the Companies Act, unless otherwise provided by laws and regulations, the Company may determine dividends paid from retained earnings, etc. by a resolution of the Board of Directors without a resolution of a General Meeting of Shareholders. This aims at achieving a flexible capital and dividend policy.

8) Special resolution requirements for General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that the adoption of a special resolution of the General Meeting of Shareholders prescribed in Article 309, Paragraph (2) of the Companies Act shall require at least two-thirds of the votes of shareholders present at the meeting, where those shareholders have at least one-third of the voting rights of the shareholders entitled to exercise their voting rights.

In addition, the Company stipulates in its Articles of Incorporation that, in accordance with the provisions of Article 341 of the Companies Act, the resolution to elect Directors shall be made by an affirmative vote of a majority of the voting rights held by shareholders present with exercisable voting rights representing one-third or more of the voting rights of all shareholders with exercisable voting rights present, and that no cumulative voting shall be used for the election of Directors.

These aim at further ensuring the quorum.

(2) Officers

1) List of officers

A) Officers of the Company as of June 24, 2025 (the filing date of this Annual Securities Report) are as follows.

Ten (10) males and two (2) females (the rate of females among officers is 16.7%)

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
President and Representative Director	Norio Nakajima	September 21, 1961	Apr. 1985 Entered the Company July 2006 Assigned as Director of Communication Module Division, Module Business Unit of the Company July 2010 Assumed the position of Vice President of the Company June 2012 Assigned as Director of Module Business Unit of the Company June 2013 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2015 Assigned as Director of Communication & Sensor Business Unit of the Company Assigned as Director of Energy Business Division of the Company Apr. 2017 Assigned as Director of Module Business Unit of the Company June 2017 Assumed the position of Representative Director and Senior Executive Vice President of the Company June 2020 Assumed the position of President and Representative Director of the Company (present) July 2022 Assigned as Director of Communication & Sensor Business Unit of the Company	One year from June 2024	792

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Executive Deputy President and Representative Director	Hiroshi Iwatsubo	August 11, 1962	Apr. 1985 Entered the Company Feb. 2005 Assigned as General Manager of Corporate Planning Department of the Company Mar. 2008 Assigned as Director of Sensor Division, Device Business Unit of the Company July 2011 Assumed the position of Vice President of the Company Assigned as Deputy Director of Sales & Marketing Unit of the Company June 2012 Assigned as Director of Sales & Marketing Unit of the Company July 2013 Assumed the position of Senior Vice President of the Company June 2015 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2015 Assigned as Director of Corporate Technology & Business Development Unit of the Company June 2020 Assumed the position of Member of the Board of Directors and Senior Executive Vice President of the Company June 2024 Assumed the position of Representative Director and Executive Deputy President of the Company (present)	One year from June 2024	604

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Representative Director and Senior Executive Vice President Director of Corporate Unit Director of Corporate Management Group, Corporate Unit	Masanori Minamide	December 3, 1964	Apr. 1987 Entered Komatsu Murata Manufacturing Co., Ltd. Oct. 2010 Assigned as General Manager in charge of Corporate Planning Department, Accounting & Planning Group of the Company Mar. 2011 Assumed the position of Managing Director of Murata Electronics Singapore (Pte.) Ltd. Aug. 2016 Assigned as General Manager of Corporate Planning Department, Accounting, Finance & Corporate Planning Group of the Company July 2017 Assigned as Director of Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit (currently Corporate Management Group, Corporate Unit) of the Company (present) July 2018 Assumed the position of Vice President of the Company June 2019 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company June 2021 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2022 Assigned as Director of Corporate Unit of the Company (present) Assumed the position of Chairman of Murata (China) Investment Co., Ltd. (present) June 2024 Assumed the position of Representative Director and Executive Vice President of the Company July 2024 Assumed the position of Representative Director and Senior Executive Vice President of the Company (present)	One year from June 2024	280
Member of the Board of Directors Senior Vice President Director of Communication & Sensor Business Unit Director of RF Device Division, Communication & Sensor Business Unit	Hiroshi Izumitani	December 3, 1973	Apr. 1997 Entered the Company Oct. 2015 Assigned as Director of Connectivity Module Products Department, Communication Module Division, Communication & Sensor Business Unit of the Company Nov. 2017 Assigned as Director of Resin Functional Substrate Products Department, Module Business Unit of the Company Apr. 2018 Assigned as Deputy Director of Communication Module Division, Module Business Unit of the Company Apr. 2021 Assumed the position of Managing Director of Murata Electronics Singapore (Pte.) Ltd. July 2023 Assumed the position of Vice President of the Company June 2024 Assumed the position of Member of the Board of Directors and Vice President of the Company July 2024 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company (present) Assigned as Director of Communication & Sensor Business Unit of the Company (present) Assigned as Director of RF Device Division, Communication & Sensor Business Unit of the Company (present) Assumed the position of President and Representative Director of Komoro Murata Manufacturing Co., Ltd. (present)	One year from June 2024	48

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors Senior Vice President Director of Corporate Technology & Business Development Unit	Takaki Murata	June 23, 1978	June 2004 Entered the Company Sept. 2010 Earned PhD in engineering (Chiba University) Apr. 2015 Assumed the position of Vice President of Peregrine Semiconductor Corp. (current pSemi Corporation) Apr. 2017 Assigned as Director of Network Technology Development Department, IoT Group, Module Business Unit of the Company Apr. 2018 Assigned as Director of Corporate Planning Department, Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit of the Company Apr. 2020 Assigned as Director of RF Device Division, Module Business Unit of the Company Assumed the position of President and Representative Director of Komoro Murata Manufacturing Co., Ltd. Nov. 2021 Assumed the position of CEO of pSemi Corporation Mar. 2022 Assumed the position of CEO of Resonant Inc. July 2023 Assumed the position of Vice President of the Company June 2024 Assumed the position of Member of the Board of Directors and Vice President of the Company July 2024 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company (present) Assigned as Director of Corporate Technology & Business Development Unit of the Company (present)	One year from June 2024	30,381

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Yuko Yasuda	September 16, 1961	Apr. 1985 Entered IBM Japan Ltd Sept. 1991 Entered Booz Allen Hamilton Inc. Sept. 1993 Entered Russell Reynolds Associates Japan Inc. June 1996 Assumed the position of Managing Director of Russell Reynolds Associates Japan Inc. Apr. 2003 Country Manager, Japan of Russell Reynolds Associates Japan Inc. Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. Apr. 2010 Assumed the position of member of The Board of Trustees of KEIZAI DOYUKAI (Japan Association of Corporate Executives) Apr. 2013 Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. June 2015 Assumed the position of Outside Director of SCSK Corporation June 2016 Assumed the position of Outside Director and Audit and Supervisory Committee Member of SCSK Corporation Mar. 2017 Assumed the position of Outside Director of SHOWA SHELL SEKIYU K.K. June 2018 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company Apr. 2019 Assumed the position of Outside Director of Idemitsu Kosan Co., Ltd. June 2020 Assumed the position of Outside Director of Nippon Suisan Kaisha, Ltd. (currently Nissui Corporation) June 2020 Assumed the position of Member of the Board of Directors of the Company (present) July 2020 Assumed the position of Senior Partner of Board Advisors Japan, Inc. May 2023 Assumed the position of Director and Vice President of Board Advisors Japan, Inc. (present) June 2023 Assumed the position of Outside Director of Eisai Co., Ltd. (present)	One year from June 2024	-

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Takashi Nishijima	August 12, 1957	Apr. 1981 Entered Hokushin Electric Works Ltd. (currently Yokogawa Electric Corporation) Oct. 2008 Assigned as Vice President, Head of Control Products Business Center, IA Business Headquarters of Hokushin Electric Works Ltd. Apr. 2010 Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) June 2011 Assumed the position of Director of Yokogawa Electric Corporation Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) Apr. 2012 Assumed the position of Director and Senior Vice President, Head of IA Platform Business Headquarters of Yokogawa Electric Corporation Apr. 2013 Assumed the position of President and Chief Operating Officer of Yokogawa Electric Corporation Apr. 2019 Assumed the position of Chairman and Representative Director of Yokogawa Electric Corporation June 2020 Assumed the position of Outside Director of Hitachi Transport System, Ltd. (currently LOGISTEED, Ltd.) (present) Apr. 2021 Assumed the position of Chairman of Yokogawa Electric Corporation June 2022 Assumed the position of Member of the Board of Directors of the Company (present)	One year from June 2024	—

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Hiroyuki Ina	November 27, 1958	Apr. 1981 Entered Nippon Denso Co., Ltd. (currently Denso Corporation) June 2009 Assumed the position of Executive Director of Denso Corporation June 2015 Assumed the position of Senior Executive Director of Denso Corporation Apr. 2019 Assumed the position of Senior Executive Officer of Denso Corporation June 2019 Assumed the position of Outside Director of Toyota Boshoku Corporation June 2024 Assumed the position of Member of the Board of Directors of the Company (present)	One year from June 2024	-
Member of the Board of Directors (Audit and Supervisory Committee Member) (Standing)	Yoshiro Ozawa	April 16, 1962	Apr. 1985 Entered the Company Mar. 2009 Assigned as General Manager of Accounting Department of the Company July 2013 Assigned as General Manager of Human Resources Department, Administration Group of the Company July 2017 Assigned as Director of Human Resources Group, Corporate Planning & Administration Unit of the Company June 2018 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present)	Two years from June 2024	90
Member of the Board of Directors (Audit and Supervisory Committee Member)	Takatoshi Yamamoto	October 20, 1952	Apr. 1975 Entered Nomura Research Institute, Ltd. Apr. 1989 Entered Morgan Stanley Japan Limited Dec. 1995 Assumed the position of Managing Director of Morgan Stanley Japan Limited June 1999 Assumed the position of Managing Director of Tokyo Office and Deputy Chairman of Morgan Stanley Japan Limited July 2005 Assumed the position of Managing Director and Deputy Chairman of UBS Securities Japan Co., Ltd. June 2009 Assumed the position of Executive Managing Director of CASIO COMPUTER CO., LTD. June 2011 Assumed the position of Advisor of CASIO COMPUTER CO., LTD. June 2012 Assumed the position of Outside Corporate Auditor of Fuji Heavy Industries Ltd. June 2013 Assumed the position of Outside Audit & Supervisory Board Member of Tokyo Electron Ltd. June 2016 Assumed the position of Outside Director of Hitachi, Ltd. (present) June 2019 Assumed the position of Member of the Board of Directors of the Company June 2020 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present) Oct. 2021 Assumed the position of Director of the Value Reporting Foundation	Two years from June 2024	90

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors (Audit and Supervisory Committee Member)	Naoko Munakata	February 12, 1962	Apr. 1984 Entered Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Sept. 2011 Assumed the position of Director-General, Multilateral Trade System Department, Trade Policy Bureau June 2013 Assumed the position of Director-General for Trade Policy Bureau Assumed the position of Councilor of Cabinet Secretariat July 2014 Assumed the position of Director General, Trade and Economic Cooperation Bureau July 2015 Assumed the position of Executive Secretary to the Prime Minister July 2017 Assumed the position of Commissioner of Japan Patent Office Nov. 2019 Assumed the position of Advisor for The Dai-ichi Life Research Institute INC. June 2020 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present) Apr. 2021 Assumed the position of Professor of the University of Tokyo Graduate School of Public Policy (present) Sept. 2021 Assumed the position of Outside Director of ExaWizards Inc. (present) Nov. 2022 Assumed the position of Full-time Advisor and Chair of Intellectual Property Strategy Committee of The Tokyo Chamber of Commerce and Industry (present) Assumed the position of Chair of Intellectual Property Expert Committee of The Japan Chamber of Commerce and Industry (present)	Two years from June 2024	3
Member of the Board of Directors (Audit and Supervisory Committee Member)	Seiichi Enomoto	March 27, 1965	Oct. 1989 Entered Arthur Andersen & Co. (currently KPMG AZSA LLC Japan) Sept. 1993 Entered Price Waterhouse (currently PricewaterhouseCoopers International Limited) Feb. 1996 Entered Asahi & Co. (currently KPMG AZSA LLC Japan) May 2006 Assumed the position of Partner of KPMG AZSA LLC Japan Sept. 2017 Assumed the position of Senior Partner of Enomoto Certified Public Accountant Office (present) Dec. 2017 Assumed the position of Representative Director of iBridge Japan Co., Ltd. (present) June 2024 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present)	Two years from June 2024	-
Total	12				32,290

(Notes) 1. The number of shares held shows figures as of March 31, 2025.

2. Members of the Board of Directors, Yuko Yasuda, Takashi Nishijima, Hiroyuki Ina, Takatoshi Yamamoto, Naoko Munakata, and Seiichi Enomoto are Outside Directors as stipulated by Article 2, Paragraph (15) of the Companies Act.

3. The Company has designated Members of the Board of Directors, Yuko Yasuda, Takashi Nishijima, Hiroyuki Ina, Takatoshi Yamamoto, Naoko Munakata, and Seiichi Enomoto as Independent Directors as specified in the regulations of the Tokyo Stock Exchange and reported the designation to the exchange accordingly.

4. As of June 24, 2025 (the filing date of this Annual Securities Report), the Company has 26 Vice Presidents, and 23 Vice Presidents above that do not hold concurrent positions as the Members of the Board of Directors.

- B) We are proposing “Election of Eight (8) Members of the Board of Directors who are not Audit and Supervisory Committee Members” as an agenda item (proposal) at the Ordinary General Meeting of Shareholders to be held on June 27, 2025. If this proposal is approved, the officers of the Company and their terms of office are expected to be as follows.

Details stated with respect to officer titles, etc., include the content of proposals (titles, etc.) for a meeting of the Board of Directors scheduled to be held immediately after the said Ordinary General Meeting of Shareholders.

Ten (10) males and two (2) females (the rate of females among officers is 16.7%)

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
President and Representative Director	Norio Nakajima	September 21, 1961	Apr. 1985 Entered the Company July 2006 Assigned as Director of Communication Module Division, Module Business Unit of the Company July 2010 Assumed the position of Vice President of the Company June 2012 Assigned as Director of Module Business Unit of the Company June 2013 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2015 Assigned as Director of Communication & Sensor Business Unit of the Company Assigned as Director of Energy Business Division of the Company Apr. 2017 Assigned as Director of Module Business Unit of the Company June 2017 Assumed the position of Representative Director and Senior Executive Vice President of the Company June 2020 Assumed the position of President and Representative Director of the Company (present) July 2022 Assigned as Director of Communication & Sensor Business Unit of the Company	One year from June 2025	792

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Executive Deputy President and Representative Director	Hiroshi Iwatsubo	August 11, 1962	Apr. 1985 Entered the Company Feb. 2005 Assigned as General Manager of Corporate Planning Department of the Company Mar. 2008 Assigned as Director of Sensor Division, Device Business Unit of the Company July 2011 Assumed the position of Vice President of the Company Assigned as Deputy Director of Sales & Marketing Unit of the Company June 2012 Assigned as Director of Sales & Marketing Unit of the Company July 2013 Assumed the position of Senior Vice President of the Company June 2015 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2015 Assigned as Director of Corporate Technology & Business Development Unit of the Company June 2020 Assumed the position of Member of the Board of Directors and Senior Executive Vice President of the Company June 2024 Assumed the position of Representative Director and Executive Deputy President of the Company (present)	One year from June 2025	604

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Executive Deputy President and Representative Director	Masanori Minamide	December 3, 1964	Apr. 1987 Entered Komatsu Murata Manufacturing Co., Ltd. Oct. 2010 Assigned as General Manager in charge of Corporate Planning Department, Accounting & Planning Group of the Company Mar. 2011 Assumed the position of Managing Director of Murata Electronics Singapore (Pte.) Ltd. Aug. 2016 Assigned as General Manager of Corporate Planning Department, Accounting, Finance & Corporate Planning Group of the Company July 2017 Assigned as Director of Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit of the Company July 2018 Assumed the position of Vice President of the Company June 2019 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company June 2021 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company July 2022 Assigned as Director of Corporate Unit of the Company Assumed the position of Chairman of Murata (China) Investment Co., Ltd. (present) June 2024 Assumed the position of Representative Director and Executive Vice President of the Company July 2024 Assumed the position of Representative Director and Senior Executive Vice President of the Company June 2025 Assumed the position of Representative Director and Executive Deputy President of the Company (appointment scheduled)	One year from June 2025	280

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors Senior Vice President Director of Communication & Sensor Business Unit Director of RF Device Division, Communication & Sensor Business Unit	Hiroshi Izumitani	December 3, 1973	Apr. 1997 Entered the Company Oct. 2015 Assigned as Director of Connectivity Module Products Department, Communication Module Division, Communication & Sensor Business Unit of the Company Nov. 2017 Assigned as Director of Resin Functional Substrate Products Department, Module Business Unit of the Company Apr. 2018 Assigned as Deputy Director of Communication Module Division, Module Business Unit of the Company Apr. 2021 Assumed the position of Managing Director of Murata Electronics Singapore (Pte.) Ltd. July 2023 Assumed the position of Vice President of the Company June 2024 Assumed the position of Member of the Board of Directors and Vice President of the Company July 2024 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company (present) Assigned as Director of Communication & Sensor Business Unit of the Company (present) Assigned as Director of RF Device Division, Communication & Sensor Business Unit of the Company (present) Assumed the position of President and Representative Director of Komoro Murata Manufacturing Co., Ltd. (present)	One year from June 2025	48
Member of the Board of Directors Senior Vice President Director of Corporate Technology & Business Development Unit	Takaki Murata	June 23, 1978	June 2004 Entered the Company Sept. 2010 Earned PhD in engineering (Chiba University) Apr. 2015 Assumed the position of Vice President of Peregrine Semiconductor Corp. (current pSemi Corporation) Apr. 2017 Assigned as Director of Network Technology Development Department, IoT Group, Module Business Unit of the Company Apr. 2018 Assigned as Director of Corporate Planning Department, Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit of the Company Apr. 2020 Assigned as Director of RF Device Division, Module Business Unit of the Company Assumed the position of President and Representative Director of Komoro Murata Manufacturing Co., Ltd. Nov. 2021 Assumed the position of CEO of pSemi Corporation Mar. 2022 Assumed the position of CEO of Resonant Inc. July 2023 Assumed the position of Vice President of the Company June 2024 Assumed the position of Member of the Board of Directors and Vice President of the Company July 2024 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company (present) Assigned as Director of Corporate Technology & Business Development Unit of the Company (present)	One year from June 2025	30,381

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Yuko Yasuda	September 16, 1961	Apr. 1985 Entered IBM Japan Ltd Sept. 1991 Entered Booz Allen Hamilton Inc. Sept. 1993 Entered Russell Reynolds Associates Japan Inc. June 1996 Assumed the position of Managing Director of Russell Reynolds Associates Japan Inc. Apr. 2003 Country Manager, Japan of Russell Reynolds Associates Japan Inc. Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. Apr. 2010 Assumed the position of member of The Board of Trustees of KEIZAI DOYUKAI (Japan Association of Corporate Executives) Apr. 2013 Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. June 2015 Assumed the position of Outside Director of SCSK Corporation June 2016 Assumed the position of Outside Director and Audit and Supervisory Committee Member of SCSK Corporation Mar. 2017 Assumed the position of Outside Director of SHOWA SHELL SEKIYU K.K. June 2018 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company Apr. 2019 Assumed the position of Outside Director of Idemitsu Kosan Co., Ltd. June 2020 Assumed the position of Outside Director of Nippon Suisan Kaisha, Ltd. (currently Nissui Corporation) June 2020 Assumed the position of Member of the Board of Directors of the Company (present) July 2020 Assumed the position of Senior Partner of Board Advisors Japan, Inc. May 2023 Assumed the position of Director and Vice President of Board Advisors Japan, Inc. (present) June 2023 Assumed the position of Outside Director of Eisai Co., Ltd. (present)	One year from June 2025	-

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Takashi Nishijima	August 12, 1957	Apr. 1981 Entered Hokushin Electric Works Ltd. (currently Yokogawa Electric Corporation) Oct. 2008 Assigned as Vice President, Head of Control Products Business Center, IA Business Headquarters of Hokushin Electric Works Ltd. Apr. 2010 Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) June 2011 Assumed the position of Director of Yokogawa Electric Corporation Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation) Apr. 2012 Assumed the position of Director and Senior Vice President, Head of IA Platform Business Headquarters of Yokogawa Electric Corporation Apr. 2013 Assumed the position of President and Chief Operating Officer of Yokogawa Electric Corporation Apr. 2019 Assumed the position of Chairman and Representative Director of Yokogawa Electric Corporation June 2020 Assumed the position of Outside Director of Hitachi Transport System, Ltd. (currently LOGISTEED, Ltd.) (present) Apr. 2021 Assumed the position of Chairman of Yokogawa Electric Corporation June 2022 Assumed the position of Member of the Board of Directors of the Company (present)	One year from June 2025	-

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors	Hiroyuki Ina	November 27, 1958	Apr. 1981 Entered Nippon Denso Co., Ltd. (currently Denso Corporation) June 2009 Assumed the position of Executive Director of Denso Corporation June 2015 Assumed the position of Senior Executive Director of Denso Corporation Apr. 2019 Assumed the position of Senior Executive Officer of Denso Corporation June 2019 Assumed the position of Outside Director of Toyota Boshoku Corporation June 2024 Assumed the position of Member of the Board of Directors of the Company (present)	One year from June 2025	—
Member of the Board of Directors (Audit and Supervisory Committee Member) (Standing)	Yoshiro Ozawa	April 16, 1962	Apr. 1985 Entered the Company Mar. 2009 Assigned as General Manager of Accounting Department of the Company July 2013 Assigned as General Manager of Human Resources Department, Administration Group of the Company July 2017 Assigned as Director of Human Resources Group, Corporate Planning & Administration Unit of the Company June 2018 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present)	Two years from June 2024	90
Member of the Board of Directors (Audit and Supervisory Committee Member)	Takatoshi Yamamoto	October 20, 1952	Apr. 1975 Entered Nomura Research Institute, Ltd. Apr. 1989 Entered Morgan Stanley Japan Limited Dec. 1995 Assumed the position of Managing Director of Morgan Stanley Japan Limited June 1999 Assumed the position of Managing Director of Tokyo Office and Deputy Chairman of Morgan Stanley Japan Limited July 2005 Assumed the position of Managing Director and Deputy Chairman of UBS Securities Japan Co., Ltd. June 2009 Assumed the position of Executive Managing Director of CASIO COMPUTER CO., LTD. June 2011 Assumed the position of Advisor of CASIO COMPUTER CO., LTD. June 2012 Assumed the position of Outside Corporate Auditor of Fuji Heavy Industries Ltd. June 2013 Assumed the position of Outside Audit & Supervisory Board Member of Tokyo Electron Ltd. June 2016 Assumed the position of Outside Director of Hitachi, Ltd. (present) June 2019 Assumed the position of Member of the Board of Directors of the Company June 2020 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present) Oct. 2021 Assumed the position of Director of the Value Reporting Foundation	Two years from June 2024	90

Position title	Name	Date of birth	Career summary	Term of office	Number of shares held (in 100 shares)
Member of the Board of Directors (Audit and Supervisory Committee Member)	Naoko Munakata	February 12, 1962	Apr. 1984 Entered Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Sept. 2011 Assumed the position of Director-General, Multilateral Trade System Department, Trade Policy Bureau June 2013 Assumed the position of Director-General for Trade Policy Bureau Assumed the position of Councilor of Cabinet Secretariat July 2014 Assumed the position of Director General, Trade and Economic Cooperation Bureau July 2015 Assumed the position of Executive Secretary to the Prime Minister July 2017 Assumed the position of Commissioner of Japan Patent Office Nov. 2019 Assumed the position of Advisor for The Dai-ichi Life Research Institute INC. June 2020 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present) Apr. 2021 Assumed the position of Professor of the University of Tokyo Graduate School of Public Policy (present) Sept. 2021 Assumed the position of Outside Director of ExaWizards Inc. (present) Nov. 2022 Assumed the position of Full-time Advisor and Chair of Intellectual Property Strategy Committee of The Tokyo Chamber of Commerce and Industry (present) Assumed the position of Chair of Intellectual Property Expert Committee of The Japan Chamber of Commerce and Industry (present)	Two years from June 2024	3
Member of the Board of Directors (Audit and Supervisory Committee Member)	Seiichi Enomoto	March 27, 1965	Oct. 1989 Entered Arthur Andersen & Co. (currently KPMG AZSA LLC Japan) Sept. 1993 Entered Price Waterhouse (currently PricewaterhouseCoopers International Limited) Feb. 1996 Entered Asahi & Co. (currently KPMG AZSA LLC Japan) May 2006 Assumed the position of Partner of KPMG AZSA LLC Japan Sept. 2017 Assumed the position of Senior Partner of Enomoto Certified Public Accountant Office (present) Dec. 2017 Assumed the position of Representative Director of iBridge Japan Co., Ltd. (present) June 2024 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present)	Two years from June 2024	—
Total	12				32,290

(Notes) 1. Matters in this section that do not pertain to the Company are subject to change.

2. The number of shares held shows figures as of March 31, 2025.

3. Members of the Board of Directors, Yuko Yasuda, Takashi Nishijima, Hiroyuki Ina, Takatoshi Yamamoto, Naoko Munakata, and Seiichi Enomoto are Outside Directors as stipulated by Article 2, Paragraph (15) of the Companies Act.

4. The Company has designated Members of the Board of Directors, Yuko Yasuda, Takashi Nishijima, Hiroyuki Ina, Takatoshi Yamamoto, Naoko Munakata, and Seiichi Enomoto as Independent Directors as specified in the regulations of the Tokyo Stock Exchange and reported the designation to the exchange accordingly.

5. As of July 1, 2025, the Company plans to have 23 Vice Presidents, and 21 Vice Presidents above that do not hold concurrent positions as the Members of the Board of Directors.

2) Notions about the functions, roles, independence and appointment status of Outside Directors

In addition to requirements under the Companies Act, the Company has set the following criteria for independence, in order to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors, and increase the independence and neutrality of the auditing system. It has appointed six Outside Directors, each of whom has sufficient capabilities and experience, etc., while also constituting diversification. As mentioned above, the outside auditor system was introduced in 1971 and the outside director system in 2001. Having started to ensure "viewpoints from outside" at an earlier time, the Company has been enhancing management transparency. The Company has no special interest with each of the Outside Directors and notified the Tokyo Stock Exchange so as to register all Outside Directors as Independent Directors.

Outside Directors receive reports concerning the status of material business executions at the Board of Directors while also receiving reports concerning the development and operational status of the internal control system from the Internal Control Committee, reports concerning the status of CSR activities from the CSR Management Committee as well as reports concerning the status of company-wide risk management activities from the Risk Management Committee. They give their views and comments as necessary.

(Reference) Criteria for Independence of Outside Directors

The Company sets the following criteria for independence in order to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors, and increase the independence and neutrality of the auditing system.

[Summary of the Criteria for Independence of Outside Directors]

The person does not fall under any of the following categories.

- (1) In the past 10 years, the person was an executive of the Company or a company that was a subsidiary within the past three years.
- (2) The person is currently a major shareholder or was an executive of the major shareholder in the past three years.
(*) Major shareholder refers to one who holds 10% or more of the total number of the voting rights of the Company.
- (3) In the past three years, the person was an executive of a company, etc. that was a material client or supplier within the past three years with the Companies.
(*) Material client or supplier refers to one with which the Company has transactions of 2% or more of consolidated revenue of the Company or of the client or supplier.
(*) The Companies refers to the Company and its current subsidiaries. The same shall apply hereinafter.
- (4) In the past three years, the person was an executive of an organization (e.g., public interest incorporated foundation, public interest incorporated association, and nonprofit organization) that has received within the past three years a donation or grant of over 10.00 million yen per annum from the Companies.
- (5) In the past three years, the person was an executive of a company or a subsidiary of that company that within the past three years employed a Member of the Board of Directors, Statutory Auditor (regardless of full-time or part-time) or Executive Officer of the Companies.
- (6) The person was a material consultant, etc. of the Companies within the past three years.
(*) Material consultant refers to an expert, such as consultant, lawyer and certified public accountant, who earns over 10.00 million yen per annum other than officer remuneration from the Companies in the case of an individual or earns money or property that exceed 2% of the total revenue of the organization other than director remuneration from the Companies in the case that the person belongs to an organization.
- (7) The person was an executive of the Independent Auditor of the Company in the past three years.
- (8) The person is a relative of the following persons.
[1] The person falls under (1) above and is a director or an employee in the position corresponding to General Manager or higher.
[2] The person falls under (3) above and is a director or an employee in the position corresponding to General Manager or higher.
[3] The person falls under (6) above.
(*) "Relative" refers to the spouse or a relative within the second degree of kinship, etc.
- (9) The person has stayed in office as Outside Director of the Company for over 10 years in total.
- (10) The person carries the risk of creating a constant substantial conflict of interest between the Company's general shareholders as a whole for reasons other than those considered in (1) to (9) above.

3) Cooperation between the supervision and internal auditing by Outside Directors and the auditing by the Audit and Supervisory Committee

Outside Directors receive reports from the Internal Audit Department (Office of Internal Audit) at the Board of Directors while also receiving reports concerning the audit policies, planning and results from the Audit and Supervisory Committee. They give their views and comments as necessary.

(3) Audit status

1) Status of auditing by the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Audit and Supervisory Committee Members listed in “(2) Officers, 1) List of officers” above as of filing date, with Yoshiro Ozawa serving as the chairperson and standing member of the Committee. Yoshiro Ozawa has experience in finance and accounting operations at the Company; Takatoshi Yamamoto has many years of experience as a security analyst; and Seiichi Enomoto is qualified as a certified public accountant. Each of them has an appreciable extent of knowledge on finance and accounting.

The composition of the Audit and Supervisory Committee and the attendance and activities of each member during the current fiscal year are as follows:

Composition and attendance of the Audit and Supervisory Committee meetings

Name	Position	Attendance at the Audit and Supervisory Committee meetings
Yoshiro Ozawa ◎	Board Member, Chairman of the Audit and Supervisory Committee (standing)	10/10 (100%)
Takatoshi Yamamoto	Board Member (Outside Director), Audit and Supervisory Committee Member	10/10 (100%)
Naoko Munakata	Board Member (Outside Director), Audit and Supervisory Committee Member	10/10 (100%)
Seiichi Enomoto	Board Member (Outside Director), Audit and Supervisory Committee Member	7/7 (100%)

(Notes) 1. ◎ after the name means the person is the chairperson.

- Effective June 27, 2024, Seiichi Enomoto was newly appointed as a member of the Board of Directors and of the Audit and Supervisory Committee. Accordingly, the number of Audit and Supervisory Committee meetings that he was required to attend varies.
- For Hyo Kambayashi, who retired from the positions as member of the Board of Directors, the Audit and Supervisory Committee effective June 27, 2024, the attendance rate in FY2024 was 100% with attendance at three out of a total of three meetings.

Based on the audit policies and planning to be formulated every fiscal year, the Audit and Supervisory Committee examines the Companies' operations as well as the status of property, in cooperation with corporate internal control-related departments. In addition, the Committee regularly holds meetings with the Internal Audit Department (Office of Internal Audit) and the Independent Auditor to ensure a close cooperation between them by mutually reporting the audit planning and the status of implementation, etc. With examining the status of execution of duties by Directors and Vice Presidents, etc., and the status of development and operation of the internal control system, the Committee conducts audits concerning the legality and appropriateness of execution of duties by Members of the Board of Directors as well as the reasonableness of Independent Auditors' audit approach and their results; and prepares Audit Reports. The Committee also discusses key audit matters with auditors, and receives reporting on their auditing status, and then requests their explanation as necessary.

The Audit and Supervisory Committee deliberates the election, etc. of the Company's Members of the Board of Directors who are not Members of the Audit and Supervisory Committee and their remuneration, etc., with one Member of the Audit and Supervisory Committee serving concurrently on each of the voluntary Nomination Advisory and Remuneration Advisory committees, while also receiving reports from the secretariats and confirming the contents of discussions. The Audit and Supervisory Committee verifies that the nomination of candidates for Members of the Board of Directors is based on an evaluation of each candidate's status of business execution and business performance for the current fiscal year, the candidate's comments in meetings of the Board of Directors, and the candidate's career history, etc. up until present, based on the “Policy Concerning the Composition of the Board of Directors and the Nomination of Candidates for Directors” established by the Company, and that remuneration for Members of the Board of Directors is based on such matters as the remuneration standards and system, as well as the specific calculation method for the amount of remuneration, based on the Company's “Basic policy of the remuneration system for officers,” before forming its opinions and expressing them at General Meeting of Shareholders.

The Committee also holds meetings with Representative Directors on a regular basis, receives explanations of management policies, growth strategies, etc. and actively exchanges opinions.

Full-time committee members are present at material meetings of the Management Committee, the Internal Control Committee, the CSR Management Committee, and the Risk Management Committee and inspect material approved documents. They also audit the status of execution of operations by methods such as visiting and interviewing Members of the Board of Directors, Vice Presidents, and key employees of the Company and its subsidiaries, and report the results to the Audit and Supervisory Committee. We strive to enhance the Companies' audit activities by these methods.

To ensure the effectiveness of audits by the Audit and Supervisory Committee, the Company has established the Office of Audit and Supervisory Committee to assist the Committee in its duties and has stationed a considerable number of employees. The employees do not receive supervision or orders from the Executive Directors, and the Executive Directors must consult on matters concerning human affairs of the employees with the Committee and obtain its consent.

Moreover, we have a system for reporting to the Committee, and do not give detrimental treatment to reporters as a result of reporting.

2) Status of internal audits

The Companies' internal audits are conducted by the Office of Internal Audit (15 members), which was established as an independent organization.

The Office of Internal Audit, in consultation with the Audit and Supervisory Committee and the Independent Auditor, establishes audit policies and plans on a risk basis, and on the basis of these, the Office evaluates and monitors whether the Companies' operations are appropriately and efficiently conducted under laws and regulations, internal regulations of the Company, and others with the cooperation of departments involved in the Company's internal control. The Office also reports the results to Representative Directors, the Board of Directors meetings and the Audit and Supervisory Committee. In addition, the Office maintains close coordination with the Audit and Supervisory Committee and the Independent Auditor by holding regular meetings and reporting to one another on audit plans and their implementation status, and discussing issues related to internal audits.

3) Status of accounting audits

A) Name and other details of the audit firm

For accounting audits, we have entered into an audit agreement with Deloitte Touche Tohmatsu LLC. The audits are conducted by Certified Public Accountants Seiji Kawazu, Yuya Minobe and Kohei Nishida, who are designated engagement partners, with assistance from 22 certified public accountants, ten associate members of the Japanese Institute of Certified Public Accountants, and 50 others. The Company receives statutory audits pursuant to the Financial Instruments and Exchange Act and the Companies Act, and continually identifies issues related to accounting treatment and audits.

The Independent Auditor maintains close coordination with the Audit and Supervisory Committee and the Internal Audit Department by holding regular meetings and reporting to one another on audit plans and their implementation status.

B) Continuous audit period

In and after 1968

The rotation of designated engagement partners has been appropriately implemented, and they are not involved in audit work for more than seven consecutive fiscal terms in principle.

In addition, lead engagement partner is not involved in audit work for more than five consecutive fiscal terms.

C) Reason for selecting the audit firm

The Audit and Supervisory Committee receives proposals on candidates for Independent Auditor from the Accounting & Controller and Finance departments and the Internal Audit Department, and receives a sufficient report on the following matters for each of the candidates from the relevant department before the resolution of appointment of the Independent Auditor.

- (1) Outline of the audit firm (name, location, representative, quality control manager, history, audit results, etc.)
- (2) Quality management system of the audit firm
- (3) Cause for disqualification under the Companies Act
- (4) Independence of and non-audit services provided by the audit firm
- (5) Details of audit plans and audit team formation
- (6) Level of audit quotation and details and level of non-audit fees, if any

The Committee conducted an adequate factual investigation based on the information in a neutral position, and as a result of its evaluations of the qualifications of the audit firm to be appointed on the basis of prescribed evaluation items, the Committee reappointed Deloitte Touche Tohmatsu LLC as the Independent Auditor.

Policy for decisions on dismissal or nonrenewal of Independent Auditor

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

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

D) Evaluation of the audit firm

The Audit and Supervisory Committee collects information on the audit firm's independence, quality management status, appropriateness of work performance systems, and audit implementation status in the current fiscal year from the Accounting & Controller and Finance departments, the Internal Audit Department, and the audit firm to evaluate whether the corporation can appropriately perform its duties in the following fiscal year.

4) Details of audit fees

A) Fees for certified public accountants involved in audits

(Millions of yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
Reporting company	238	–	249	–
Subsidiary	27	–	29	–
Total	266	–	278	–

B) Details of fees for the same network (Deloitte Touche Tohmatsu Limited Group) as certified public accountants involved in audits (excluding A above)

(Millions of yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
Reporting company	216	39	248	22
Subsidiary	163	248	180	230
Total	380	288	428	253

(Previous fiscal year and current fiscal year)

The content of non-audit services in the Company and the subsidiaries include tax-related operations.

C) Details of fees for other material audit services

Not applicable.

D) Decision policy on audit fees

The total amount of audit fees payable to Deloitte Touche Tohmatsu LLC by the Company is determined by taking into account the maintenance of independence of the audit firm, the characteristics of operations, and the number of days of audits.

E) Reason for agreeing on audit fees

The Audit and Supervisory Committee agrees on the amount of audit fees for the current fiscal year after receiving an explanation on audit quotations from the Independent Auditor, the Accounting & Controller and Finance departments, and the Internal Audit Department and conducting necessary verification of the content of the Independent Auditor's audit plans, the performance status of its accounting audit duties and whether the calculation bases of the audit quotations is appropriate.

(4) Remuneration for officers

1) Content of remuneration, etc. for officers

The remuneration results and the targets and results of performance evaluation indicators for performance-linked remuneration for the current fiscal year, as well as the matters related to the determination of the details of individual remuneration, etc. for Members of the Board of Directors are as follows.

A) Total amount of remuneration, etc. by officer type, total amount by type of remuneration, etc. and number of eligible officers

Officer type	Total amount of remuneration, etc. (Millions of yen)	Total amount by type of remuneration, etc. (Millions of yen)			Number of eligible officers
		Monthly remuneration	Bonus	Restricted stock remuneration	
Members of the Board of Directors (excluding Audit and Supervisory Committee Members) (excluding Outside Directors)	455	218	138	99	6
Members of the Board of Directors who are Audit and Supervisory Committee Members (excluding Outside Directors)	34	34	—	—	1
Outside Director	102	102	—	—	7

- (Notes) 1. The above figures include one Member of the Board of Directors (excluding Audit and Supervisory Committee Member) and one Outside Director (who is an Audit and Supervisory Committee Member) who retired at the conclusion of the 88th Ordinary General Meeting of Shareholders held on June 27, 2024.
2. The amount of remuneration, etc. for Members of the Board of Directors (excluding Audit and Supervisory Committee Members) does not include employee salaries provided to Members of the Board of Directors concurrently serving as employees.
3. By resolution at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016, the amount of remuneration (excluding share-based remuneration) is 700 million yen or less per year for Members of the Board of Directors (excluding Audit and Supervisory Committee Members). However, this does not include employee salaries and bonuses provided to Members of the Board of Directors concurrently serving as Vice Presidents. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding Audit and Supervisory Committee Members) was eight (of which, one was Outside Director).
4. By resolution at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016, the amount of remuneration is 100 million yen or less per year for Members of the Board of Directors who are Audit and Supervisory Committee Members. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors who are Audit and Supervisory Committee Members was four (of which, three were Outside Directors).
5. By resolution at the 81st Ordinary General Meeting of Shareholders held on June 29, 2017, the maximum amount of remuneration for the restricted stock remuneration is 300 million yen or less per year, and the maximum number of shares is 60,000 shares per year. Shares are not granted to Members of the Board of Directors who are Audit and Supervisory Committee Members or Outside Directors. At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding Audit and Supervisory Committee Members and Outside Directors) was seven.
6. At the 85th Ordinary General Meeting of Shareholders held on June 29, 2021, the restricted period under the restricted stock remuneration plan was approved to change from “a period of minimum three years and maximum five years that starts from the payment date of common shares of the Company allotted under the agreement on allotment of shares with transfer restrictions entered into between the Company and each Eligible Director (hereinafter referred to as “Allotted Shares”) determined in advance by the Board of Directors of the Company” to “the period from the payment date of Allotted Shares to the time immediately after any of the Eligible Directors resigns or retires from both positions of Member of the Board of Directors and Vice President of the Company.” At the conclusion of the said General Meeting of Shareholders, the number of Members of the Board of Directors (excluding Audit and Supervisory Committee Members and Outside Directors) was six.

B) Total amount of remuneration, etc. of persons whose total remuneration, etc. is 100 million yen or more

Name (Officer type)	Company category	Total amount by type of remuneration, etc. (Millions of yen)			Total amount of remuneration, etc. (Millions of yen)
		Monthly remuneration	Bonus	Restricted stock remuneration	
Norio Nakajima (Member of the Board of Directors)	Reporting company	70	50	34	155
Hiroshi Iwatsubo (Member of the Board of Directors)	Reporting company	46	32	21	100

- C) Targets and results of performance evaluation indicators for performance-linked remuneration for the evaluation period of the current fiscal year

(1) Bonus

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

Performance evaluation indicators	Targets	Results
Consolidated operating profit	300,000 million yen	279,702 million yen
ROIC (pre-tax basis)	20%	13.0%

(2) Stock-based remuneration (Portion of the creation of social value and ESG evaluation)

For the share-based remuneration for the current fiscal year as the evaluation period, the Remuneration Advisory Committee confirms the progress of the measures taken during the current fiscal year for achieving the social value targets set forth in the Medium-Term Direction 2024, as listed below, and decides on an assessment for the current fiscal year. The results of the initiatives for achieving each target are described above in “II Business Overview, 1. Management policies, business environment, and issues to be addressed, etc., (2) Medium- to long-term company management strategy, II. Medium-Term Direction 2027, Review of Medium-Term Direction 2024, 3) Result of social value targets.”

Social value target subject to evaluation		Medium-term targets (FY 2022–FY 2024)
Environment	Amount of GHG emissions	20% reduction (vs. FY 2019)
	Renewable energy sourcing rate	25%
	Rate of use of sustainable resources	1% higher than from FY 2021 actual result
	Resource recycling rate	5% higher than from FY 2021 actual result
Diversity	Overseas indirect department employees with work experience at different bases	7%
	Female managers	4% (Reporting company)
ES	Employee engagement affirmative answers	70%

- D) Matters related to the determination of the details of individual remuneration, etc. for Members of the Board of Directors for the current fiscal year

Composition, attendance and activities of the Remuneration Advisory Committee held in the current fiscal year are described in “(1) Overview of corporate governance 2) Overview of the corporate governance system and reasons for adopting the system” above.

When determining the details of individual remuneration, etc. for Members of the Board of Directors of the Company for the current fiscal year, the Remuneration Advisory Committee of the Company ensured the sufficiency of deliberation content through the activities described in “(1) Overview of corporate governance 2) Overview of the corporate governance system and reasons for adopting the system” above. Then the Board of Directors of the Company received a report from the Remuneration Advisory Committee stating that the Committee appropriately determined the details of individual remuneration, etc. for Members of the Board of Directors of the Company for the current fiscal year and judged that the details of individual remuneration, etc. for Members of the Board of Directors is in line with the decision policy of individual remuneration, etc.

- 2) The amount of remuneration, etc., of officers and matters related to policy concerned with determination of calculation methods

The Company, upon establishing the following remuneration governance, operates its remuneration program and determines remuneration, etc. of officers based on the resolutions of the General Meeting of Shareholders and the decision policy of individual remuneration, etc. of Members of the Board of Directors of the Company, which includes the basic policy for the remuneration system.

A) Remuneration governance

(1) Method to determine decision policy of remuneration, etc.

The Company makes decisions at the Board of Directors about the decision policy on individual remuneration, etc. regarding the amount of remuneration, etc., of Directors of the Company and determination of its calculation methods, based on reports from the Remuneration Advisory Committee, which was established to enhance objectivity and transparency and to improve corporate governance.

(2) Roles and responsibilities of the Remuneration Advisory Committee

The Remuneration Advisory Committee of the Company reviews the appropriateness of remuneration levels and systems for Members of the Board of Directors and provides necessary recommendations or reports to the Board of Directors. Furthermore, to ensure a high level of independence and objectivity in all decisions related to the remuneration system, the Remuneration Advisory Committee, entrusted by the Board of Directors, determines the details of remuneration for each individual Member of the Board of Directors, including payment amounts, within the remuneration framework for each type of remuneration, as resolved at the General Meeting of Shareholders.

As a measure to ensure that the delegated authority is exercised appropriately, to ensure effective discussions while secure the independence of the Remuneration Advisory Committee, the Company endeavors to provide the Remuneration Advisory Committee with enough objective information it requires by appointing an external compensation consulting firm, Willis Towers Watson (WTW), as an advisor and fully understands the recent environment and public trends surrounding executive remuneration. This includes utilizing remuneration benchmarks from companies of similar size, industry, and business type, as well as other information and advice from the advisor.

(3) Composition of the Remuneration Advisory Committee, attributes of the Chairperson, and methods of resolutions

The Remuneration Advisory Committee of the Company will be composed of Members of the Board of Directors selected by the Board of Directors and will be composed of a majority of Outside Directors. In addition, the Chairperson of the Remuneration Advisory Committee will be resolved by the Board of Directors and will be selected from members who are Independent Outside Directors.

Also, the Remuneration Advisory Committee of the Company will be attended by a majority of members who can participate in resolutions, and resolutions will be passed by means of a majority vote by those in attendance. However, members cannot exercise voting rights on resolutions where there is a special interest, and in this case, the voting rights of said members will not be included in the number of voting rights of members in attendance.

B) Remuneration program

Remuneration program as of filing date is as follows:

(1) Basic policy of remuneration system for officers

Regarding the remuneration for Members of the Board of Directors and Vice Presidents of the Company, the Company makes it a basic policy to provide a system and level of remuneration that is considered suitable for executive-level managers of a globally competitive electronic equipment and component manufacturer to ensure recruitment of human talent considered to be excellent based on a comparison with same-industry competitors, to raise the morale and motivation to improve financial results and to contribute to the maximization of corporate value.

(2) Individual remuneration for Members of the Board of Directors who are NOT Audit and Supervisory Committee Members

[Remuneration for Members of the Board of Directors (excluding Outside Directors)]

Remuneration is composed of (a) monthly remuneration, (b) bonuses, and (c) share-based remuneration (non-monetary). Each standard and composition ratio of monthly remuneration, bonus, and share-based remuneration is based on the "Executive Compensation Database" operated by the external compensation consulting company, WTW (Willis Towers Watson) and will be determined by performing benchmarks on corporations similar to the Company's type of industry and size and verifying the validity. Furthermore, the composition ratio of remuneration elements of remuneration for the President and Representative Director is largely as follows. The composition ratio of remuneration elements for other inside Members of the Board of Directors who are not Audit and Supervisory Committee Members of the Company is set so that the ratio of bonuses and share-based remuneration is higher for upper ranking positions according to the responsibilities etc. for each position. In the diagram of composition ratios below, the ratios displayed are those in the case where the bonus and the share-based remuneration are the standard amount. The actual composition ratios of the remuneration components actually paid may differ from those shown below.

Composition ratio of remuneration for the President and Representative Director

Monetary remuneration		Non-monetary remuneration
(a) Monthly remuneration (approximately 42%)	(b) Bonus (approximately 37%)	(c) Share-based remuneration (approximately 21%)

(a) Monthly remuneration

- The monthly remuneration is a fixed remuneration of an amount individually decided for each Member of the Board of Directors based on a fixed amount for service as a Member of the Board of Directors, and an amount that is decided based on consideration of the level of importance of each Member of the Board of Directors' business execution allocation and responsibility.
- Monthly remuneration is paid on a monthly basis.

(b) Bonus

- Bonus is cash remuneration that is provided as an incentive to create economic value in each fiscal year.
- The amount is calculated by multiplying the standard amount for each position by a factor (variable within a range of 0% and 200%) according to the level of achievement of the targets for performance evaluation indicators.
- The performance evaluation indicators are consolidated operating profit and ROIC (pre-tax basis), which are indicators related to the Group-wide management targets for economic value outlined in the Medium-Term Direction 2024. The Company selected these indicators in order to provide an incentive to increase revenue, which are accompanied by profit margins that the Company emphasizes, and efficiently generate profits from invested capital.
- In principle, bonus is paid in June after the end of the fiscal year.

$$\begin{array}{c} \text{(varies between} \\ \text{0-200\%)} \end{array} \quad \boxed{\text{Annual bonus payment}} = \boxed{\text{Standard amount by position}} \times \left(\begin{array}{c} \text{(0-200\%)} \\ \boxed{\text{Payment coefficient}} \\ \text{according to operating} \\ \text{profit}} \right) \times \left(\begin{array}{c} \text{(0.8-1.2)} \\ \boxed{\text{Payment coefficient}} \\ \text{according to ROIC}} \right)
 \end{array}$$

(c) Share-based remuneration

- Restricted stock is granted as non-monetary remuneration in order to increase the willingness to contribute to the continuous enhancement of value sharing and corporate value spanning the long term between the Company's Members of the Board of Directors and shareholders.
- The value granted is determined based on the standard amount for each position.
- Because a portion of the share-based remuneration (approximately 20% of the total share-based remuneration) is based on an evaluation of initiatives related to the creation of medium- to long-term social value and ESG, every fiscal year the Remuneration Advisory Committee evaluates progress of the initiatives for achieving the Group-wide management targets related to social value in the Medium-Term Direction 2024 and adjusts the amount of such portion within a range of $\pm 20\%$ of the standard amount set for each position.
- Share-based remuneration is, in principle, granted in July.
- Restrictions of the allotted restricted stock will be lifted when eligible members of the Board of Directors' term of both positions as Member of the Board of Directors and Vice President expires, or retires due to the compulsory retirement age or resigns.

[Remuneration for Outside Directors]

Remuneration for Outside Directors (excluding Audit and Supervisory Committee Members) independent of the Company's business execution consists only of monthly remuneration, in light of their role. The level is determined with reference to benchmark results and other information from companies of similar industry or size.

- (3) Individual remuneration for Members of the Board of Directors who are Audit and Supervisory Committee Members
Remuneration for Members of the Board of Directors (including Outside Directors) who are Audit and Supervisory Committee Members consists only of monthly remuneration, in light of their role. Individual remuneration is determined according to discussions between Members of the Board of Directors who are Audit and Supervisory Committee Members, pursuant to the provisions of Article 361, Paragraph (3) of the Companies Act.

(4) Guidelines for the holding of shares

From the perspective of strengthening the sharing of value with shareholders, the Company has recommended shareholdings as follows for Executive Directors. At the end of the current fiscal year, the President and Representative Director holds shares equivalent to 2.6 times his fixed remuneration.

President and Representative Director: His or her target shall be to hold shares equivalent to 2.0 times fixed remuneration, within five years of being appointed to the relevant position

Other Executive Directors: Their target shall be to hold shares equivalent to 1.5 times fixed remuneration, within five years of being appointed to the relevant position

(5) Repayment of remuneration, etc. (malus and clawback provision)

In order to ensure soundness of the remuneration system for Members of the Board of Directors, the Company has established a provision (a so-called malus and clawback provision) whereby based on the decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, the right to receive a bonus before it is paid and share-based remuneration before the transfer restrictions are lifted are fully or partially forfeited under certain circumstances, such as misconduct or retrospective adjustments to financial statements due to fraudulent accounting. The provision applies to bonuses to be paid and share-based remuneration to be allotted after the 86th Ordinary General Meeting of Shareholders held in June 2022 and will remain in effect for all periods thereafter.

With the Remuneration Advisory Committee, the Company has been discussing a director's remuneration system that supports dramatic growth at it works toward Vision 2030, as well as sustainable value creation beyond that, through the practice of the Murata Philosophy, which is the Company's management philosophy.

As a result, at the Board of Directors meeting held on April 30, 2025, the Company resolved to revise the remuneration system for officers (hereinafter referred to as the "Revision"), applicable to the Company's Members of the Board of Directors (excluding Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors"). The revised remuneration program is as follows.

Because the Revision includes the introduction of a performance-linked share-based remuneration system for the Eligible Directors, payment of such remuneration is accordingly subject to the approval of shareholders at the 89th Ordinary General Meeting of Shareholders held on June 27, 2025.

At the said Ordinary General Meeting of Shareholders, the Company plans to seek shareholder approval for the establishment of a remuneration framework for the eligible officers under the performance-linked share-based remuneration system.

Revised remuneration program

(1) Basic policy of remuneration system for officers

In order to create a remuneration system that supports the embodiment of "Innovator in Electronics" through the practice of the Murata Philosophy, which aims for creating shared value with stakeholders to contribute to sustainable corporate value enhancement, the following basic policy for the remuneration system for officers shall be established.

- The remuneration system for officers should share the values of its stakeholders, including shareholders, employees, customers, society, and communities, etc.
- Short-term incentive remuneration should maintain and deepen a corporate culture in which the Company's officers and employees work together autonomously, cooperate and collaborate toward sustainable company development through the creation of innovation
- Medium- to long-term incentive remuneration should increase officer's morale and motivation toward the creation of medium- to long-term economic value and social value
- The remuneration system should have a structure in which a highly independent Remuneration Advisory Committee proactively verifies the appropriateness of remuneration system for officers structure and remuneration amounts, etc. from the perspective of medium- to long-term value creation

(2) Individual remuneration for Members of the Board of Directors who are NOT Audit and Supervisory Committee Members

[Remuneration for Members of the Board of Directors (excluding Outside Directors) (Executive Directors)]

Remuneration consists of basic remuneration (fixed remuneration) and variable remuneration. Variable remuneration consists of bonuses, performance-linked share-based remuneration (Performance share unit; PSU), and restricted stock remuneration (RS).

The remuneration level and composition ratio are based on the "Executive Compensation Database" operated by the external compensation consulting company, WTW (Willis Towers Watson) and will be determined by performing benchmarks on corporations similar to the Company's type of industry and size and verifying the consistency with the basic policy of the remuneration system for officers.

Furthermore, the composition ratio of remuneration elements of remuneration for the President and Representative Director is largely as shown in Figure 3. The composition ratio of remuneration elements for other inside Members of the Board of Directors who are not Audit and Supervisory Committee Members is set so that variable remuneration is higher for upper ranking positions according to the responsibilities etc. for each position.

Table 1: Overview of Executive Directors' Remuneration System and Variable Remuneration Mechanism

Remuneration types		Overview and reasons for selection of performance-linked remuneration indicators
Fixed	Basic remuneration	• Determined according to representative rights and position • Paid monthly
	Short-term	• Cash remuneration intended to serve as an incentive for creating economic value during each fiscal year • The performance evaluation indicator is consolidated operating profit, which is the same calculation indicator as for employee bonuses and contributes to the growth of sales and revenue with the appropriate profit margins that the Company emphasizes. • The payment amount is calculated by multiplying the performance value of the performance evaluation indicator by a predetermined position-specific multiplier as described below. However, the range of variation in the payment amount is 0% to 200% of the standard amount determined for each position. $\text{Bonus payment amount} = \text{Consolidated operating profit} \times \text{Position-specific multiplier}$ • In principle, bonuses are paid in June after the end of the fiscal year.
Variable	Medium-term	• Share-based remuneration intended to serve as an incentive for medium-term corporate value enhancement over three consecutive fiscal years • The performance evaluation indicators are Average ROIC (post-tax basis), Relative TSR and Sustainability Indicators. The reasons for their selection are as shown in Table 2. • In each year of service, Standard Share Units (1 unit = 1 share of the Company's stock) equivalent to a predetermined standard amount by position are granted, and three years after these are granted, the number of Confirmed Share Units to be delivered is determined by multiplying by a payment rate (varying from 0% to 200%) according to the achievement status of performance evaluation indicator targets. 50% of the Confirmed Share Units will be delivered as shares, and the remainder will be paid in cash for the purpose of covering tax expenses. However, for Sustainability Indicators, we have set an individual evaluation period of one year (the first year of the performance evaluation period). The reason is stated in the note on Table 2. $\text{Number of shares delivered} = \text{Standard Share Units} \times \text{Payment rate} \times 50\%$ $\text{Cash payment amount} = (\text{Standard Share Units} \times \text{Payment rate} - \text{Number of shares delivered}) \times \text{Stock price at time of delivery}$ • In principle, Standard Share Units are granted in July.

	Long-term	Restricted stock remuneration (RS) • Share-based remuneration intended to enhance long-term value sharing between Members of the Board of Directors and shareholders and to increase motivation to contribute to the sustainable enhancement of corporate value. • The transfer restriction on the granted RS will be lifted when Member of the Board of Directors and Vice President retire from both positions due to expiration of term or mandatory retirement, etc. • The grant value of RS is determined according to the standard amount for each position. • In principle, RS is granted in July.
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- (Notes) 1. PSU is an abbreviation for Performance Share Unit.
2. RS is an abbreviation for Restricted Stock.

Table 2: Reasons for Selection of PSU Performance Evaluation Indicators, Evaluation Weights, and Payment Rates

Performance evaluation indicators	Reasons for selection	Evaluation weight	Range of payment rate	Each evaluation period
Average ROIC (post-tax basis)	Generation of economic value with an emphasis on capital efficiency.	50%	0%-200%	3 years
Relative TSR	Sustainable enhancement of corporate value	30%	0%-200%	3 years
Sustainability Indicators	Generation of social value	20%	0%-200%	1 year

- (Notes) 1. The specific methods for calculating the portions linked to Average ROIC (post-tax basis) and Relative TSR in order to meet requirements for qualification as performance-linked compensation under the Corporation Income Tax Act are described in section (6) below.
2. For Sustainability Indicators, the Company has set an individual evaluation period of one year (the first year of the performance evaluation period) from the perspective of evaluating measures for each fiscal year the social value targets set forth in the Company's Medium-Term Direction 2027. Therefore, although it will be evaluated on a single fiscal year, the Company's shares will be delivered after end of the three consecutive fiscal years, which is the performance evaluation period.

Table 3: Remuneration Composition Ratio for President and Representative Director

	Fixed remuneration	Variable remuneration		
		←----- Performance-linked -----→		
Remuneration composition ratio	Basic remuneration Approx. 28%	<u>Short-term</u> Bonuses Approx. 25%	<u>Medium-term</u> Performance-linked share-based remuneration (PSU) Approx. 33%	<u>Long-term</u> Restricted stock remuneration (RS) Approx. 14%
Payment format	Cash		Shares + Cash	Shares

- (Notes) 1. This remuneration composition ratio is based on the standard amount for bonuses and share-based remuneration.
2. 50% of the performance-linked share-based remuneration will be paid in cash for the purpose of covering tax expenses.

[Remuneration for Outside Directors]

Remuneration for Outside Directors (excluding Audit and Supervisory Committee Members) independent of the Company's business execution consists only of basic remuneration, in light of their role. The level is determined with reference to benchmark results and other information from companies of similar industry or size. However, each Outside Director will be paid additional allowances, such as a Chairman's allowance or a Committee Member's allowance, depending on their responsibilities, such as being the Chairman or a member of a committee.

- (3) Individual remuneration for Members of the Board of Directors who are Audit and Supervisory Committee Members
Remuneration for Members of the Board of Directors (including Outside Directors) who are Audit and Supervisory Committee Members consists only of basic remuneration, in light of their role. Individual remuneration is determined

according to discussions between Members of the Board of Directors who are Audit and Supervisory Committee Members, pursuant to the provisions of Article 361, Paragraph (3) of the Companies Act.

(4) Guidelines for the holding of shares

From the perspective of strengthening the sharing of value with shareholders, the Company has recommended shareholdings as follows for Executive Directors.

President and Representative Director:	His or her target shall be to hold shares equivalent to 3.0 times fixed remuneration, within five years of being appointed to the relevant position, and must continue to hold, at minimum, shares at or above the required level after reaching the standard.
Other Executive Directors:	His or her target shall be to hold shares equivalent to 1.5 times fixed remuneration, within five years of being appointed to the relevant position, and must continue to hold, at minimum, shares at or above the required level after reaching the standard.

(5) Repayment of remuneration, etc. (malus and clawback provision)

In order to ensure soundness of the remuneration system for Members of the Board of Directors, the Company has established the malus and clawback provision, whereby based on the decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, all or part of variable remuneration will be forfeited or repaid regardless of whether it has been paid or delivered under certain circumstances, such as misconduct or retrospective adjustments to financial statements due to fraudulent accounting. After the 86th Ordinary General Meeting of Shareholders held in June 2022, remuneration types to which this provision applies were a bonus before it was paid and the share-based remuneration before the lifting of transfer restrictions. However, after the 89th Ordinary General Meeting of Shareholders held in June 2025, they will be variable remuneration paid or delivered from FY 2025 onward, and the target period will be the fiscal year in which the relevant event occurred and the three preceding fiscal years.

(6) PSU calculation methods

[Methods for calculating the portions linked to Average ROIC (post-tax basis) and Relative TSR]

Portions of the PSU of the Company (the portion linked to Average ROIC (post-tax basis) and the portion linked to Relative TSR, which account for 50% and 30% of the number of Standard Share Units granted, respectively) are designed to qualify as performance-linked compensation under the Corporation Income Tax Act. The calculation methods thereof are as described in i. to xi., below. The said calculation methods are subject to shareholder approval with respect to the introduction of the performance-linked share-based remuneration system and payment of the associated remuneration at the 89th Ordinary General Meeting of Shareholders to be held on June 27, 2025. Furthermore, the calculation methods for the maximum total number of shares delivered, the maximum total cash payment amount, and the number of shares delivered per individual, as described in iv. and v., below, shall be finalized upon having gained approval of "Election of Eight (8) Members of the Board of Directors who are not Audit and Supervisory Committee Members," which is to be placed on the agenda of the said Ordinary General Meeting of Shareholders, after having subsequently resolved the matter of the structure of the Board of Directors at a meeting of the Board of Directors to be held immediately after the said Ordinary General Meeting of Shareholders. Accordingly, the Company shall disclose without delay calculation methods including those for the total number of shares delivered, the total cash payment amount, and the number of shares delivered per individual, subsequent to the said General Meeting of Shareholders and meeting of the Board of Directors.

i. Eligibility

Members of the Board of Directors who are not Audit and Supervisory Committee Members of the Company (excluding Outside Directors; hereinafter referred to as the "Eligible Directors") after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.

ii. Grant period

One year from the date of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 to the day before the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

iii. Performance evaluation period

Three consecutive fiscal years from FY 2025 to FY 2027.

iv. Maximum total number of shares delivered and maximum total cash payment amount

The maximum total number of the Company's shares to be delivered shall be calculated as the maximum number shares to be delivered per individual determined for each position, multiplied by the number of officers in each position.

The maximum total cash payment amount shall be calculated as the maximum amount to be paid per individual determined for each position, multiplied by the number of officers in each position.

v. Methods for calculating number of shares delivered per individual and cash payment amount per individual

The Company shall grant the number of Standard Share Units determined for each position (one share per unit) at the beginning of the grant period, and shall determine the number of Confirmed Share Units by multiplying the amount by the payment rate determined after the performance evaluation period. Of the number of Confirmed Share Units, 50% shall be calculated as the number of shares delivered per individual and the remaining 50% shall be calculated as the cash payment amount per individual.

$$\begin{aligned} \text{Confirmed Share Units (Note 1)} &= \text{Standard Share Units} \times (50\% \times \text{Payment rate based on Average ROIC (post-tax basis)} + 30\% \times \text{Payment rate based on Relative TSR}) \\ \text{Number of shares delivered per individual} &= \frac{\text{Confirmed Share Units}}{\text{Units}} \times 50\% \\ \text{Cash payment amount per individual} &= (\text{Confirmed Share Units} - \text{Number of shares delivered per individual}) \times \text{Stock price at time of delivery (Note 2)} \end{aligned}$$

(Notes) 1. Fractions of Confirmed Share Units of less than one unit are rounded down.

2. Stock price at time of delivery shall be the closing price of the Company's shares on the Tokyo Stock Exchange (Prime Market) on the business day immediately preceding the date of the resolution of the Board of Directors of the Company concerning issuance of shares or disposal of treasury shares for the allotment of the Company's shares after the end of the performance evaluation period (if no closing price is published that day, the calculation will be made using the most recent day on which a closing price is available).

vi. Calculation formula of payment rate

(a) Payment rate based on Average ROIC (post-tax basis)

Average ROIC (post-tax basis)	Payment rate based on Average ROIC (post-tax basis)
23.0% or higher	200%
7.0% or higher and below 23.0%	$(\text{Average ROIC (post-tax basis)} - 7.0\%) / 8.0\% \times 100$
Below 7.0%	0%

$$\begin{aligned} \text{Average ROIC (post-tax basis) (Note 1)} &= \left(\frac{\text{FY 2025 ROIC (post-tax basis) (Notes 1 and 2)} + \text{FY 2026 ROIC (post-tax basis) (Notes 1 and 2)} + \text{FY 2027 ROIC (post-tax basis) (Notes 1 and 2)}}{3} \right) \end{aligned}$$

(Notes) 1. Calculations of actual and Average ROIC (post-tax basis) are rounded to the nearest second decimal place for presentation on a percentage basis. Furthermore, the payment rate based on Average ROIC (post-tax basis) is rounded to the nearest second decimal place for presentation on a percentage basis.

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

(b) Payment rate based on Relative TSR

Relative TSR	Payment rate based on Relative TSR
200% or higher	200%
50% or higher and below 200%	Relative TSR
Below 50%	0%

$$\text{Relative TSR (\% (Note 3))} = \frac{\text{TSR of the Company (\% (Note 4))}}{\text{TOPIX total return growth rate (\% (Note 5))}}$$

(Notes) 3. Calculations of Relative TSR are rounded to the nearest second decimal place for presentation on a percentage basis.

4. TSR of the Company (%) = (B + C)/A

A: The average closing price of the Company's shares on the Tokyo Stock Exchange (Prime Market) on each trading day in April 2025 (rounded down to the nearest yen)

B: The average closing price of the Company's shares on the Tokyo Stock Exchange (Prime Market) on each trading day in April 2028 (rounded down to the nearest yen)

C: The total amount of dividends per share of the Company's stock distributed between the beginning of FY 2025 and the end of FY 2027

5. TOPIX total return growth rate (%) = E/D

D: The average closing price of the TOPIX total return on the Tokyo Stock Exchange (Prime Market) on each trading day in April 2025 (rounded down to the nearest yen)

E: The average closing price of the TOPIX total return on the Tokyo Stock Exchange (Prime Market) on each trading day in April 2028 (rounded down to the nearest yen)

vii. Treatment in the case of retirement of Eligible Director during the performance evaluation period

1. In the case of retirement due to legitimate reasons, etc.

In the case of expiration of term of office or other such legitimate reasons (excluding cases of transfer to a competitor without the Company's approval), the number of shares delivered per individual and the cash payment amount per individual shall be calculated using the formulas presented below. However, if the term of office of an Eligible Director who has retired is less than one year from the start of the grant period, the formula shall use the number of Standard Share Units granted, prorated by a coefficient derived by dividing the number of months served as of the date of retirement by 12 (hereinafter referred to as the number of "Prorated Standard Share Units"). Any fraction of a month arising upon having calculated the term of office shall constitute one full month of service. The maximum total cash payment amount described in iv., above, shall apply to the maximum total number of shares delivered and the maximum total cash payment amount.

$$\begin{aligned}
 &\text{Confirmed Share Units} = \left(\begin{array}{l} \text{Standard Share Units} \\ \text{or} \\ \text{Prorated Standard Share Units} \end{array} \right) \times \left(50\% \times \begin{array}{l} \text{Payment rate based on} \\ \text{Average ROIC (post-tax} \\ \text{basis) at time of} \\ \text{retirement due to} \\ \text{legitimate reasons, etc.} \\ \text{(Note 1)} \end{array} + 30\% \times \begin{array}{l} \text{Payment rate based on Relative} \\ \text{TSR at time of retirement due} \\ \text{to legitimate reasons, etc.} \\ \text{(Notes 1 and 2)} \end{array} \right) \\
 \\
 &\text{Number of shares delivered per individual} = \text{Confirmed Share Units} \times 50\% \\
 \\
 &\text{Cash payment amount per individual} = \left(\text{Confirmed Share Units} - \text{Number of shares delivered per individual} \right) \times \text{The Company's stock price at the time of retirement (Note 3)}
 \end{aligned}$$

- (Notes) 1. In calculating the payment rate at the time of retirement due to a legitimate reason, the chart of payments rates in the payment rate formula in vi. above is applied. However, the "Average ROIC (post-tax-basis)" in the same chart is equivalent to "Average ROIC (post-tax basis) through the most recent fiscal year prior to the time of retirement due to a legitimate reason," and the "relative TSR" in the same chart is equivalent to "the most recent relative TSR at the time of retirement due to a legitimate reason," and the upper limit of the payment rate is calculated at 100%. Where retirement takes place prior to establishing the ROIC (post-tax basis) for the first fiscal year of the performance evaluation period, the payment rate based on the Average ROIC (post-tax basis) at the time of retirement due to a legitimate reason is set at a uniform 50%, and where retirement takes place prior to establishing the closing price on the final trading day of April 2026, the payment rate based on relative TSR at the time of retirement due to a legitimate reason is also set at a uniform 50%.
2. Regarding the "most recent relative TSR at the time of retirement due to a legitimate reason" in the previous note, in Notes 4 and 5 on calculation formula of payment rate in vi. above, "each day of April 2028" is equivalent to "each day in the April immediately preceding the time of retirement due to a legitimate reason," and "from the start of FY 2025 to the end of FY 2027" is equivalent to "from the start of FY 2025 to the end of the fiscal year immediately prior to the year of retirement."
3. The formula uses the closing price of the Company's stock on the Tokyo Stock Exchange (Prime Market) on the day of retirement of the Eligible Director, and where no closing price is published on that day, the calculation will be made using the closing price on the most recent day prior that it can be acquired.

2. Retirement due to death

In cases of retirement due to death, an amount of cash calculated based on the below formula (rounded up to the nearest ¥10,000) will be paid to the heir of the Eligible Director. However, if the term of office of an Eligible Director who has retired is less than one year from the start of the grant period, the formula shall use the number of Standard Share Units granted, prorated by a coefficient derived by dividing the number of months served as of the date of retirement by 12 (hereinafter referred to as the number of "Prorated Standard Share Units"). Any fraction of a month arising upon having calculated the term of office will constitute one full month of service. The maximum total cash payment amount described in iv., above will apply to the maximum total cash payment amount.

$$\begin{array}{ccccccc} \text{Confirmed Share Units} & = & \begin{array}{c} \text{Standard Share Units} \\ \text{or} \\ \text{Prorated Standard Share Units} \end{array} & \times & \left(50\% \times \begin{array}{c} \text{Payment rate based on Average ROIC (post-tax basis) at time of retirement due to death} \\ \text{(Note 1)} \end{array} + 30\% \times \begin{array}{c} \text{Payment rate based on Relative TSR at the time of retirement due to death (Notes 1 and 2)} \end{array} \right) \end{array}$$

$$\begin{array}{ccc} \text{Cash payment amount per individual at the time of retirement due to death} & = & \begin{array}{c} \text{Confirmed Share Units} \end{array} \times \begin{array}{c} \text{The Company's stock price at the time of retirement (Note 3)} \end{array} \end{array}$$

- (Notes) 1. In calculating the payment rate at the time of retirement due to death, the chart of payments rates in calculation formula of payment rate in vi. above is applied. However, the "Average ROIC (post-tax-basis)" in the same chart is equivalent to "Average ROIC (post-tax basis) through the most recent fiscal year prior to the time of retirement due to death," and the "relative TSR" in the same chart is equivalent to "the most recent relative TSR at the time of retirement due to death," and the upper limit of the payment rate is calculated at 100%. Where retirement takes place prior establishing the ROIC (post-tax basis) for the first fiscal year of the performance evaluation period, the payment rate based on the Average ROIC (post-tax basis) at the time of retirement due to death is set at a uniform 50%, and where retirement takes place prior to establishing the closing price on the final trading day of April 2026, the payment rate based on relative TSR at the time of retirement due to death is also set at a uniform 50%.
2. Regarding the "most recent relative TSR at the time of retirement due to death" in the previous note, in Notes 4 and 5 on calculation formula of payment rate in vi. above, "each day of April 2028" is equivalent to "each day in April immediately preceding the time of retirement due death," and "from the start of FY 2025 to the end of FY 2027" is equivalent to "from the start of FY 2025 to the end of the fiscal year immediately prior to the time of retirement."
3. The formula uses the closing price of the Company's stock on the Tokyo Stock Exchange (Prime Market) on the day of the death of the Eligible Director, and where no closing price is published on that day, the calculation will be made using the closing price on the most recent day prior that it can be acquired.

3. Cases where the Director transfers to a competitor without receiving the consent of the company, cases of disciplinary retirement, and other cases in which the Director retires prior to the completion of their term of office due to personal reasons

All of the Standard Share Units granted will be forfeited.

viii. Treatment in the case of organizational restructuring during the performance evaluation period

If a merger agreement in which the Company becomes an absorbed company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter related to organizational restructuring is approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company in cases where such organizational restructuring does not require approval at a general meeting of shareholders of the Company), the Company may pay an amount of cash calculated based on the below formula prior to the effective date of the organizational restructuring in question. However, if the period between the starting point of the grant period and the effective date of the organizational restructuring in question is less than one year, the formula shall use the number of Standard Share Units granted, prorated by a coefficient derived by dividing the number of months served through the effective date of the organizational restructuring in question by 12 (hereinafter referred to as the number of "Prorated Standard Share Units"). Any fraction of a month arising upon having calculated the period in question will constitute one full month of service. The maximum total cash payment amount described in iv., above will apply to the maximum total cash payment amount.

$$\begin{array}{ccccccc} \text{Confirmed Share Units} & = & \begin{array}{c} \text{Standard Share Units} \\ \text{or} \\ \text{Prorated Standard Share Units} \end{array} & \times & \left(50\% \times \begin{array}{c} \text{Payment rate based on Average ROIC (post-tax basis) at the time of occurrence of the organizational restructuring} \\ \text{(Note 1)} \end{array} + 30\% \times \begin{array}{c} \text{Payment rate based on Relative TSR at the time of occurrence of the organizational restructuring} \\ \text{(Notes 1 and 2)} \end{array} \right) \end{array}$$

$$\begin{array}{ccc} \text{Cash payment amount per individual at the time of occurrence of the organizational restructuring} & = & \begin{array}{c} \text{Confirmed Share Units} \end{array} \times \begin{array}{c} \text{The Company's average stock price in the month prior to the General Meeting of Shareholders (or the Board of Directors meeting) at which the items related to the organizational restructuring in question were approved (Note 3)} \end{array} \end{array}$$

- (Notes) 1. In calculating the payment rate at the time of occurrence of the organizational restructuring, the chart of payments rates in calculation formula of payment rate in vi. above is applied. However, the "Average ROIC (post-tax-basis)" in the same

chart is equivalent to “Average ROIC (post-tax basis) through the most recent fiscal year prior to the time of occurrence of the organizational restructuring,” and the “relative TSR” in the same chart is equivalent to “the most recent relative TSR at the time of occurrence of the organizational restructuring,” and the upper limit of the payment rate is calculated at 100%. Where the organizational restructuring takes place prior to establishing the ROIC (post-tax basis) for the first fiscal year of the performance evaluation period, the payment rate based on the Average ROIC (post-tax basis) at the time of occurrence of the organizational restructuring is set at a uniform 50%, and where the organizational restructuring takes place prior to establishing the closing price on the final trading day of April 2026, the payment rate based on relative TSR at the time of occurrence of the organizational restructuring is also set at a uniform 50%.

2. Regarding the “most recent relative TSR at the time of occurrence of the organizational restructuring” in the previous note, in Notes 4 and 5 on calculation formula of payment rate in vi. above, “each day of April 2028” is equivalent to “each day in the April immediately preceding the occurrence of the organizational restructuring,” and “from the start of FY 2025 to the end of FY 2027” is equivalent to “from the start of FY 2025 to the end of the fiscal year immediately prior to the time of occurrence of the organizational restructuring.”
3. The formula uses the average closing price (rounded up to the nearest whole number) of the Company’s stock on the Tokyo Stock Exchange (Prime Market) in the month immediately prior to the month that includes the day on which the items related to the organizational restructuring in question were approved by the Company’s General Meeting of Shareholders (or by the Board of Directors of the Company in cases where such organizational restructuring does not require approval at a general meeting of shareholders of the Company).

ix. Treatment in the cases where PSU Standard Share Units granted to Eligible Directors are subject to the malus provision

Under certain circumstances, such as misconduct or retrospective adjustment to financial statements due to fraudulent accounting, where PSU Standard Share Units granted to Eligible Directors become subject to the malus provision based on the decision of the Board of Directors following deliberations by the Remuneration Advisory Committee, all of the PSU Standard Share Units granted will be forfeited.

x. Method by which the Company’s shares are delivered

In delivering the Company’s shares, monetary remuneration claims will be paid to Eligible Directors, and Eligible Directors will acquire the number of shares delivered per individual of the Company’s ordinary shares as established by the above calculation method by contributing such monetary remuneration claims in kind at the time that the Company issues shares or disposes of treasury shares. The payment amount for the shares associated with the in-kind contribution will be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange (Prime Market) on the business day prior to the Board of Directors meeting of the Company at which the resolution for PSU-related third-party allotment was passed, and will be in a range that is not particularly advantageous to the Eligible Directors who are subscribing.

xi. Other adjustments

In cases where the total number of issued shares of the Company changes prior to the point at which the shares are delivered or cash is paid due to a stock merger or stock split (including gratis allotments), etc., the number of shares granted, the maximum number of granted shares, the amount of the cash payments, and the maximum amount of cash payments, calculated based on the PSU, will be adjusted by multiplying by the ratio of either the stock merger or stock split.

[Calculation method for areas linked to sustainability indicators]

Separately from the number of Standard Share Units granted in iv. and v. above, the scope of delivery, eligible delivery period, and performance evaluation period for a portion of the Company’s PSU (sustainability indicator-linked portion equivalent to 20% of the number of Standard Share Units granted) is described in i. to iii. above. However, in performance evaluation for Sustainability Indicators, the Remuneration Advisory Committee confirms the progress of the measures taken during FY 2025 for achieving the social value targets set forth in the Medium-Term Direction 2027, as listed below, and decides on the payment rate within the range of 0 to 200%. Thereafter, at the conclusion of the three consecutive fiscal years from FY 2025 to FY 2027 that make up the evaluation period, this amount will be multiplied by this payment rate to determine the number of Confirmed Share Units for the portion linked to sustainability indicators. 50% of the Confirmed Share Units for the portion linked to sustainability indicators will be delivered as common shares of the Company, and the remainder will be paid in cash.

Social value target subject to evaluation		Medium-term targets (FY 2025–FY 2027)
Environment	Amount of GHG emissions	Scope 1, 2: 39% reduction (vs. FY 2019) Scope 3: data refinement
	Renewable energy sourcing rate	55%
	Rate of use of sustainable resources	16%
	Resource recycling rate	41%
Diversity	Number of people with global experience	Cumulative over 3 years: 1,500 people
	Female managers	7% (Reporting company)
ES	Employee engagement affirmative answers	71% or higher

(Note) GHG is an abbreviation for Greenhouse Gas.

(5) Information on shareholdings

1) Bases and views of classification of investment shares

The Company classifies investment shares held for pure investment and those held for purposes other than pure investment as follows:

A) Shares held for pure investment:

Investment shares held for benefits from value changes or dividends

B) Shares held for purposes other than pure investment:

Investment shares held for maintaining and developing business relationships, i.e., for cross-shareholdings

2) Investment shares held for purposes other than pure investment

A) Shareholding policy, method of verifying reasonableness of shareholding, and verification of appropriateness of holding individual issues by the Board of Directors

In the electronics industry with rapid changes in the market environment and technological innovation, it is necessary to have cooperative relationships with various companies in all areas of development, procurement, production, and sales in order to achieve sustainable improvement in corporate value. The Company holds shares of counterparties that contribute to maintaining and enhancing the Company's medium- to long-term corporate value with the aim of maintaining and strengthening business relationships with them.

With regard to all cross-shareholdings, the Board of Directors examines the rationale for holding cross-shareholdings every year from qualitative aspects, such as the purpose of holding and transaction status, and quantitative aspects, such as profitability in relation to the cost of capital. For those shares for which the rationale for holding was not confirmed, we will engage in dialogue with the counterparty and reduce the number of shares to be held as a strategic shareholding. If the counterparty expresses an intention to sell, etc. its shares, the Company will not prevent the sale, etc., nor will the Company take any action to suggest reduction of transactions.

In addition, we will exercise our voting rights in relation to shares held under the policy, after carefully examining each proposal individually to determine whether or not it constitutes a violation of laws and regulations or antisocial behavior, whether or not it would damage shareholder value, and whether or not it would contribute to improving the corporate value of the Company and the relevant company from a medium to long-term perspective through maintaining and strengthening business transactions and cooperative relationships.

B) Number of issues and balance sheet amount

	Number of issues (Issues)	Total balance sheet amount (Millions of yen)
Shares not listed	33	2,441
Shares other than those not listed	19	12,209

(Issues whose number of shares increased in the current fiscal year)

	Number of issues (Issues)	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in number of shares
Shares not listed	3	1,105	Maintenance and strengthening of business relationships
Shares other than those not listed	1	2	Regular purchases by client's holding associations

(Issues whose number of shares decreased in the current fiscal year)

	Number of issues (Issues)	Total sale amount for decreased shares (Millions of yen)
Shares not listed	—	—
Shares other than those not listed	8	6,091

C) Information on the number of shares per issue and balance sheet amount

Specified investment shares

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding (Note 1), and reason for increase in number of shares	Whether the Company holds shares
	Number of shares (Thousands of shares)	Number of shares (Thousands of shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Kyoto Financial Group, Inc.	1,229	1,229	Shares of the company are held to maintain business cooperative relationships centered on financial transactions relating to the Company's overall business.	No (Note 2)
	2,796	3,393		
SHIZUKI ELECTRIC COMPANY INC.	4,471	4,471	Shares of the company are held to maintain and strengthen business alliance relationships mainly in the components business.	Yes
	1,846	2,011		
Sumitomo Metal Mining Co., Ltd.	544	544	Shares of the company are held to maintain and strengthen material/component procurement relationships in the components and devices/modules business.	Yes
	1,766	2,497		
THE SHIGA BANK, LTD.	216	216	Shares of the company are held to maintain business cooperative relationships centered on financial transactions relating to the Company's overall business.	Yes
	1,140	909		
Sumitomo Mitsui Financial Group, Inc.	283	189	Shares of the company are held to maintain business cooperative relationships centered on financial transactions relating to the Company's overall business. The number of shares held increased due to a stock split during the current fiscal year.	Yes
	1,075	1,684		
SCREEN Holdings Co., Ltd.	80	80	Shares of the company are held to maintain and strengthen material/component procurement relationships in the components and devices/modules business.	Yes
	772	1,608		
Mitsubishi Electric Corporation	280	280	Shares of the company are held to maintain and strengthen product sales relationships and material/component procurement relationships in the components and devices/modules business.	Yes
	763	705		
SHIMADZU CORPORATION	130	130	Shares of the company are held to maintain and strengthen product sales relationships and material/component procurement relationships in the components and devices/modules business.	Yes
	484	549		
TODA CORPORATION	548	548	Shares of the company are held to maintain and strengthen relationships with building and other contractors relating to the Company's overall business.	Yes
	483	560		

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding (Note 1), and reason for increase in number of shares	Whether the Company holds shares
	Number of shares (Thousands of shares)	Number of shares (Thousands of shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi UFJ Financial Group, Inc.	119	238	Shares of the company are held to maintain business cooperative relationships centered on financial transactions relating to the Company's overall business.	Yes
	239	371		
Taikisha Ltd.	50	50	Shares of the company are held to maintain and strengthen relationships with utility contractors relating to the Company's overall business.	Yes
	228	232		
Mizuho Financial Group, Inc.	37	75	Shares of the company are held to maintain business cooperative relationships centered on financial transactions relating to the Company's overall business.	Yes
	152	229		
Iwatani Corporation	83	20	Shares of the company are held to maintain and strengthen relationships with industrial gas and comprehensive energy suppliers relating to the Company's overall business. The number of shares held increased due to a stock split during the current fiscal year.	Yes
	124	177		
Hosiden Corporation	61	61	Shares of the company are held to maintain and strengthen product sales relationships in the components and devices/modules business.	Yes
	121	118		
Ubiquitous AI Corporation	202	202	Shares of the company are held to maintain and strengthen business alliance relationships mainly in the devices/modules business.	Yes
	75	121		
SIIX Corporation	51	49	Shares of the company are held to maintain and strengthen product sales relationships and material/component procurement relationships in the components and devices/modules business. The number of held shares increased through the regular purchases by client's holding associations in the current fiscal year.	No
	55	85		
TOREX SEMICONDUCTOR LTD.	40	40	Shares of the company are held to maintain and strengthen material/component procurement relationships in the components and devices/modules business.	No
	47	72		
NIPPON CHEMICAL INDUSTRIAL CO., LTD.	8	9	Shares of the company are held to maintain and strengthen material/component procurement relationships in the components and devices/modules business.	Yes
	18	22		
TAMURA CORPORATION	25	25	Shares of the company are held to maintain and strengthen product sales relationships and material/component procurement relationships in the components and devices/modules business.	Yes
	12	15		

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding (Note 1), and reason for increase in number of shares	Whether the Company holds shares
	Number of shares (Thousands of shares)	Number of shares (Thousands of shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
OMRON Corporation	—	473	—	No
	—	2,563		
KYOCERA Corporation	—	1,070	—	No
	—	2,164		
MS&AD Insurance Group Holdings, Inc.	—	43	—	No
	—	352		
Sompo Holdings, Inc.	—	22	—	No
	—	213		

(Notes) 1. As mentioned in 2) A) above, the Company examines the rationale for whether holding cross-shareholdings from qualitative aspects, such as the purpose of holding and transaction status, and quantitative aspects, such as profitability in relation to the cost of capital. While quantitative effects of shareholding are not mentioned here because they are considered business secrets, we determined there are sufficient effects of shareholding based on the policy.

2. This company's subsidiary holds shares of the Company.

3) Investment shares held for pure investment

Not applicable.

V. Financial Information

1. Method of Preparing Consolidated Financial Statements and Non-consolidated Financial Statements

- (1) The Company's consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") pursuant to the provisions of Article 312 of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).
- (2) The Company's non-consolidated financial statements are prepared pursuant to the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; the "Regulation on Financial Statements").

The Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares the non-consolidated financial statements in accordance with the provisions of Article 127 of the Regulation on Financial Statements.

2. Audit Certification

The Company had its consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) and its non-consolidated financial statements for the fiscal year (from April 1, 2024 to March 31, 2025) audited by Deloitte Touche Tohmatsu LLC pursuant to the provisions of Article 193-2, Paragraph (1) of the Financial Instruments and Exchange Act.

3. Special Efforts to Ensure Appropriateness of Consolidated Financial Statements, etc., and Development of Systems to Appropriately Prepare Consolidated Financial Statements, etc. in accordance with IFRS

The Company is making special efforts to ensure the appropriateness of consolidated financial statements, etc., and developing systems to appropriately prepare consolidated financial statements, etc., in accordance with IFRS. The details are as follows:

- (1) In order to properly understand the content of accounting standards and to organize a system that can appropriately respond to changes in accounting standards, the Company has joined the Financial Accounting Standards Foundation and participates in seminars and other events held by the Foundation and audit firms.
- (2) In applying IFRS, the Company obtains press releases and standards issued by the International Accounting Standards Board, as needed, to understand the latest standards. In addition, to prepare appropriate consolidated financial statements in accordance with IFRS, the Company has formulated its' accounting policies in accordance with the applicable accounting treatment under IFRS.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

(Millions of yen)

	Note	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Assets			
Current assets			
Cash and cash equivalents	7	622,007	625,148
Trade receivables	8, 27	292,736	294,419
Inventories	9	513,024	482,833
Other financial assets	10	19,532	50,685
Other current assets	11	52,463	44,850
Total current assets		1,499,762	1,497,935
Non-current assets			
Property, plant and equipment	12	1,184,608	1,183,727
Right-of-use assets	19	59,402	64,204
Goodwill	13	137,144	135,746
Intangible assets	13	39,049	40,647
Investments accounted for using equity method	15	87	215
Other financial assets	10	47,346	40,274
Deferred tax assets	16	47,454	52,675
Other non-current assets	11	23,043	12,771
Total non-current assets		1,538,133	1,530,259
Total assets		3,037,895	3,028,194

(Millions of yen)

	Note	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Liabilities			
Current liabilities			
Bonds and borrowings	17, 32, 33	50,400	781
Trade payables	18	67,620	69,617
Lease liabilities	32, 33	9,256	10,043
Other financial liabilities	20	56,116	49,066
Income taxes payable	16	26,966	30,952
Deferred income	21	883	883
Provisions	22	1,529	2,170
Other current liabilities	24	104,847	113,005
Total current liabilities		317,617	276,517
Non-current liabilities			
Bonds and borrowings	17, 32, 33	2,436	1,656
Lease liabilities	32, 33	43,848	47,513
Other financial liabilities	20	4,131	4,743
Deferred income	21	20,387	19,131
Retirement benefit liability	23	70,679	74,834
Provisions	22	8,034	7,435
Deferred tax liabilities	16	10,946	12,081
Other non-current liabilities	24	4,208	4,309
Total non-current liabilities		164,669	171,702
Total liabilities		482,286	448,219
Equity			
Share capital	25	69,444	69,444
Capital surplus	25	121,231	99,354
Retained earnings	25	2,332,018	2,400,684
Other components of equity	25	166,895	146,515
Treasury shares	25	(133,441)	(135,192)
Equity attributable to owners of parent		2,556,147	2,580,805
Non-controlling interests		(538)	(830)
Total equity		2,555,609	2,579,975
Total liabilities and equity		3,037,895	3,028,194

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Note	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Revenue	27	1,640,158	1,743,352
Cost of sales		(1,003,361)	(1,025,650)
Gross profit		636,797	717,702
Selling, general and administrative expenses	28	(243,193)	(277,681)
Research and development expenses		(132,502)	(149,274)
Other income	29	7,269	16,494
Other expenses	29	(52,924)	(27,539)
Operating profit		215,447	279,702
Finance income	30	28,392	29,368
Finance costs	30	(4,466)	(4,775)
Share of profit (loss) of investments accounted for using equity method	15	31	109
Profit before tax		239,404	304,404
Income tax expenses	16	(59,068)	(71,431)
Profit for the period		180,336	232,973
Profit attributable to:			
Owners of parent		180,838	233,818
Non-controlling interests		(502)	(845)
Profit for the period		180,336	232,973
Earnings per share			
Basic earnings per share (Yen)	34	95.72	125.08

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Note	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Profit for the period		180,336	232,973
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	31	3,666	(1,465)
Remeasurements of defined benefit plans	31	(723)	(9,024)
Total of items that will not be reclassified to profit or loss		2,943	(10,489)
Items that may be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	31	9	(0)
Exchange differences on translation of foreign operations	31	106,738	(16,931)
Total of items that may be reclassified to profit or loss		106,747	(16,931)
Total other comprehensive income, net of tax		109,690	(27,420)
Comprehensive income for the period		290,026	205,553
Comprehensive income attributable to			
Owners of parent		290,454	206,408
Non-controlling interests		(428)	(855)
Comprehensive income for the period		290,026	205,553

3) Consolidated Statement of Changes in Equity

Previous fiscal year (fiscal year ended March 31, 2024)

								(Millions of yen)	
	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2023		69,444	121,116	2,246,258	56,661	(133,494)	2,359,985	(43)	2,359,942
Profit for the period		—	—	180,838	—	—	180,838	(502)	180,336
Other comprehensive income	31	—	—	—	109,616	—	109,616	74	109,690
Comprehensive income		—	—	180,838	109,616	—	290,454	(428)	290,026
Purchase of treasury shares	25	—	—	—	—	(11)	(11)	—	(11)
Disposal of treasury shares	25	—	0	—	—	0	0	—	0
Cancellation of treasury shares	25	—	—	—	—	—	—	—	—
Dividends	26	—	—	(94,460)	—	—	(94,460)	(67)	(94,527)
Share-based payment transactions	35	—	115	—	—	64	179	—	179
Changes in ownership interest in subsidiaries		—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	25	—	—	(618)	618	—	—	—	—
Total transaction with owners		—	115	(95,078)	618	53	(94,292)	(67)	(94,359)
Balance as of March 31, 2024		69,444	121,231	2,332,018	166,895	(133,441)	2,556,147	(538)	2,555,609

Current fiscal year (fiscal year ended March 31, 2025)

								(Millions of yen)	
	Note	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Other components of equity	Treasury shares	Total		
Balance as of April 1, 2024		69,444	121,231	2,332,018	166,895	(133,441)	2,556,147	(538)	2,555,609
Profit for the period		—	—	233,818	—	—	233,818	(845)	232,973
Other comprehensive income	31	—	—	—	(27,410)	—	(27,410)	(10)	(27,420)
Comprehensive income		—	—	233,818	(27,410)	—	206,408	(855)	205,553
Purchase of treasury shares	25	—	—	—	—	(80,006)	(80,006)	—	(80,006)
Disposal of treasury shares	25	—	0	—	—	0	0	—	0
Cancellation of treasury shares	25	—	(20,812)	(56,541)	—	77,353	—	—	—
Dividends	26	—	—	(101,581)	—	—	(101,581)	(114)	(101,695)
Share-based payment transactions	35	—	(290)	—	—	902	612	—	612
Changes in ownership interest in subsidiaries		—	(775)	—	—	—	(775)	677	(98)
Transfer from other components of equity to retained earnings	25	—	—	(7,030)	7,030	—	—	—	—
Total transaction with owners		—	(21,877)	(165,152)	7,030	(1,751)	(181,750)	563	(181,187)
Balance as of March 31, 2025		69,444	99,354	2,400,684	146,515	(135,192)	2,580,805	(830)	2,579,975

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Note	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Cash flows from operating activities			
Profit for the period		180,336	232,973
Depreciation and amortization		175,873	173,335
Impairment losses		49,546	22,083
Finance income and finance costs		(23,926)	(24,593)
Income tax expenses		59,068	71,431
Share of loss (profit) of investments accounted for using equity method		(31)	(109)
Loss (gain) on sale and retirement of fixed assets		2,548	2,123
Decrease (increase) in trade receivables		4,119	(6,779)
Decrease (increase) in inventories		83,451	28,944
Decrease (increase) in other assets		(5,080)	4,383
Increase (decrease) in trade payables		119	2,247
Increase (decrease) in other liabilities		18,052	2,527
Other		(10,647)	103
Subtotal		533,428	508,668
Income taxes paid		(43,791)	(56,763)
Net cash provided by (used in) operating activities		489,637	451,905
Cash flows from investing activities			
Net decrease (increase) in time deposits		8,796	(37,379)
Purchase of property, plant and equipment		(228,626)	(182,936)
Proceeds from sale of property, plant and equipment		739	3,504
Purchase of intangible assets		(7,602)	(9,906)
Purchase of investments		(5,033)	(4,506)
Proceeds from sale and redemption of investments		16,700	7,924
Interest and dividends received		12,767	15,889
Other		688	(660)
Net cash provided by (used in) investing activities		(201,571)	(208,070)
Cash flows from financing activities			
Proceeds from long-term borrowings	33	802	480
Repayments of long-term borrowings	33	(7)	(889)
Redemption of bonds	33	(60,000)	(50,000)
Purchase of treasury shares	25	(11)	(80,006)
Repayments of lease liabilities	33	(10,082)	(9,851)
Interest paid		(759)	(674)
Dividends paid	26	(94,460)	(101,581)
Other		(804)	(212)
Net cash provided by (used in) financing activities		(165,321)	(242,733)
Effect of exchange rate changes on cash and cash equivalents		29,856	2,039
Net increase (decrease) in cash and cash equivalents		152,601	3,141
Cash and cash equivalents at beginning of period	7	469,406	622,007
Cash and cash equivalents at end of period	7	622,007	625,148

Notes to Consolidated Financial Statements

1. Reporting entity

Murata Manufacturing Co., Ltd. (hereinafter, the “Company”) is a stock company located in Japan. The Companies’ consolidated financial statements for the fiscal year ended March 31, 2025, are composed of financial statements of the Company and its subsidiaries and the Companies’ interest in associates.

The Companies mainly develop, manufacture and sell electronic components and related products. The Companies’ business is divided into three operating segments: Components (Capacitors, Inductors, EMI suppression filters, etc.), Devices and Modules (High-frequency modules, SAW Filters, Lithium-ion secondary batteries, Sensors, etc.), and Others (Medical products, Solution business, etc.).

2. Basis of preparation

(1) Statement of compliance with IFRS

The Companies’ consolidated financial statements have been prepared in accordance with IFRS pursuant to the provisions of Article 312 of the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976), as the Companies meet the requirements of a “specified company complying with designated international accounting standards” as stipulated in Article 1-2 of the said regulation.

(2) Basis of measurement

As described in Note “3. Material accounting policies,” the consolidated financial statements of the Companies have been prepared based on the historical cost, except for certain financial instruments, etc., measured at fair value.

(3) Functional currency and presentation currency

The consolidated financial statements of the Companies are presented in Japanese yen, which is the functional currency of the Company, and figures less than one million yen are rounded to the nearest million yen.

3. Material accounting policies

(1) Basis of consolidation

1) Subsidiaries

A subsidiary is an entity that is controlled by the Companies. The Companies control an entity when they are exposed or have rights to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity.

The financial statements of subsidiaries are included in the scope of consolidation from the date on which the Companies obtain control until the date on which the Companies lose the control.

If any accounting policies applied by a subsidiary differ from those applied by the Companies, adjustments are made to the subsidiary's financial statements where necessary. All intragroup receivables and payables balances and intragroup transactions, as well as unrealized gains or losses arising from transactions among the Companies, are eliminated in preparation of the consolidated financial statements.

Comprehensive income of subsidiaries is attributed to the owners of the parent company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests in subsidiaries that do not result in the loss of control are accounted for as equity transactions, and gains and losses resulting from the loss of control are recognized in profit or loss when control is lost.

2) Associates and joint ventures

Associates are those entities in which the Companies have significant influence and have no control or joint control over the financial and operating policies. If the Companies hold 20% or more and up to 50% of the voting rights of another entity, the Companies are presumed to have significant influence over the entity.

A joint venture is a company in which multiple parties including the Companies share contractually agreed control over economic activities and where consent is required from all parties for strategic financial and business decisions associated with said economic activities.

Investments in associates and joint ventures are accounted for by the equity method from the date the investee is deemed to fall under the definition of an associate or joint venture until the date the investee is deemed to no longer fall under that definition.

If any accounting policies applied by an associate or a joint venture differ from those applied by the Companies, adjustments are made to the associate's financial statements where needed.

(2) Business combinations

Business combinations are accounted for using the acquisition method. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are, in principle, measured at fair value at the acquisition date.

If the sum of the consideration transferred in the business combination, the amount of any non-controlling interests in the acquiree, and the fair value of any equity interests in the acquiree previously held by the Companies exceeds the net amount of identifiable assets acquired and liabilities assumed, the excess is recognized as goodwill, and if the sum goes below the said net amount, the amount is recognized as profit or loss. The consideration transferred is calculated as the sum of the fair value of the assets transferred, the liabilities assumed, and the equity interests issued, and it includes the fair value of any assets or liabilities arising from the arrangement of contingent consideration.

The non-controlling interests are measured for each business combination transaction at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

(3) Foreign currency translation

Based on IAS 21 "The Effects of Changes in Foreign Exchange Rates," the Companies translate foreign currency items in the following manner:

1) Translation of foreign currency transactions

Foreign currency transactions are translated and recorded in the respective functional currency of each company of the Companies at the exchange rates prevailing on the transaction dates.

Foreign currency monetary items at the consolidated balance sheet date are translated into functional currency using the closing rate at the end of each period, and foreign currency non-monetary items measured at fair value are translated into functional currency using the exchange rate at the date when the fair value is measured.

Translation differences arising from the settlement and translation of monetary items are recognized as profit or loss.

2) Translation of foreign operations

Assets and liabilities of foreign operations are translated into the presentation currency at the exchange rate prevailing at the end of each period, and income and expenses are translated into the presentation currency at the average exchange rate during the period, except in the case of significant fluctuations in exchange rates. Translation differences arising from such translation are recognized in other comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences related to the foreign operation are transferred to profit or loss at the time of disposal.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

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

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

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

(a) Financial assets measured at amortized cost

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

- Assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value

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

A) Debt financial assets measured at fair value through other comprehensive income

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

- The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B) Equity financial assets measured at fair value through other comprehensive income

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

C) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value other than A) and B) are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at fair value

A) Debt financial assets measured at fair value through other comprehensive income

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

B) Equity financial assets measured at fair value through other comprehensive income

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

C) Financial assets measured at fair value through profit or loss

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

(iii) Derecognition of financial assets

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

(iv) Impairment of financial assets

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

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

The Companies determine whether credit risk has increased significantly based on changes in the risk of a default occurring, and in making this determination, the Companies consider downgrades of internal credit ratings, deterioration in the business performance of counterparties, and information on the elapse of due dates, etc. Expected credit losses are recognized at the present value of the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive.

The Companies estimate expected credit losses on financial assets in a manner that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

In case of being affected by significant economic fluctuations, etc., necessary adjustments are made to the expected credit losses measured above.

The carrying amount of a financial asset is directly reduced if the Companies do not have a reasonable expectation of recovering the entirety or a portion of a financial asset.

2) Financial liabilities

(i) Initial recognition and measurement

The Companies classify financial liabilities as either financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. This classification is determined at initial recognition.

The Companies initially recognize the debt securities issued on the date of their issuance. All other financial liabilities are initially recognized on the date of the transaction in which the Companies become a party to the contractual provisions of the financial instruments.

All financial liabilities are initially measured at fair value, except for financial liabilities measured at amortized cost, which are measured at the amount net of directly attributable transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows:

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at initial recognition to be measured at fair value through profit or loss.

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

(b) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the amortized cost based on the effective interest method after initial recognition.

Amortization using the effective interest method and gains and losses associated with derecognition are recognized in profit or loss for the fiscal year as part of finance costs.

(iii) Derecognition of financial liabilities

The Companies derecognize a financial liability when it is extinguished, which is when the obligation specified in the contract is discharged, canceled, or expired.

3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented net in the consolidated statement of financial position only when the Companies have the legal right to offset the balances and have the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4) Fair value of financial instruments

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

5) Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are remeasured at fair value at the end of each fiscal year after initial recognition.

The Companies use forward exchange contracts to fix cash flows related to recognized financial assets and liabilities and future transactions.

There are no derivatives to which hedge accounting is applied for the above derivatives.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible into cash and are only exposed to an insignificant risk of changes in value.

(6) Inventories

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

(7) Property, plant and equipment

The acquisition cost includes costs directly attributable to the acquisition of the asset, costs of dismantling and removing, and restoration of assets. The cost model is used for measurement after initial recognition, and the assets are carried at acquisition cost, less accumulated depreciation and accumulated impairment losses. Depreciation of each asset other than land and construction in progress is recognized on the straight-line method over their respective estimated useful lives.

The estimated useful lives of major asset items are as follows:

Buildings and structures: 10 to 50 years

Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks: 4 to 17 years

Estimated useful lives, residual values, and depreciation methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(8) Goodwill and intangible assets

1) Goodwill

The Companies initially measure goodwill at the fair value of the consideration for transfer, including the recognized amount of any non-controlling interests in the acquiree measured as of the acquisition date, less the net amount of identifiable assets acquired and liabilities assumed as of the acquisition date.

Goodwill is not amortized, but tested for impairment at the same time every year or whenever an indication of impairment exists. Goodwill impairment losses are recognized in the consolidated statement of profit or loss and are not subsequently reversed.

Goodwill is stated at acquisition cost, less accumulated impairment losses, in the consolidated statement of financial position.

2) Intangible assets

Intangible assets acquired individually are measured at acquisition cost on initial recognition. Intangible assets acquired in a business combination are measured at fair value as of the acquisition date. The cost model is used for measurement after initial recognition, and the intangible assets are carried at acquisition cost, less accumulated amortization and accumulated impairment losses.

Research and development expenses incurred within the Companies are expensed as incurred, except for expenditures for development activities that meet all of the following capitalization requirements:

- Technical feasibility of completing the intangible asset so that it is available for use or sale
- Intent to complete and use or sell the intangible asset
- Ability to use or sell the intangible asset
- Probable future economic benefits generated from the intangible asset
- Availability of adequate technical, financial, and other resources required to complete the development and use or sell the intangible asset
- Ability to reliably measure expenditures attributable to intangible assets during the development period

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of intangible assets are as follows:

Software: 3 to 10 years

Technology: 8 to 13 years

Estimated useful lives, residual values, and amortization methods are reviewed at each fiscal year end, and any changes are applied prospectively as changes in accounting estimates.

(9) Leases

If the Companies are lessees under lease contracts, right-of-use assets and lease liabilities are recognized at the commencement date of the lease. Lease liabilities are initially measured at the present value of the total amount of lease payments that are not paid at the commencement date, while right-of-use assets are measured at cost calculated by adjusting the amount of initial measurement of the lease liabilities, any lease payments made at or before the commencement date, initial direct costs incurred by the lessees, and other costs.

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

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

(10) Impairment of non-financial assets

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

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

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

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

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

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

(11) Employee benefits

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

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

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

The Companies have both defined benefit plan and defined contribution plan as retirement benefit plans for employees.

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

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

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

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

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

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

(12) Share-based remuneration

The Company has introduced a restricted share remuneration plan for Directors (excluding Directors serving as Audit and Supervisory Committee members and Outside Directors) and Executive Officers, or employees as equity-settled share-based remuneration.

The consideration for services received is measured at the fair value of the Company's shares at the date of grant and recognized as an expense from the date of grant over the vesting period, with the corresponding amount recognized as an increase in equity.

(13) Provisions

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

(14) Revenue recognition

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

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

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

(15) Finance income and finance costs

Finance income consists primarily of interest income, dividend income, foreign exchange gain, and changes in the fair value of financial assets measured at fair value through profit or loss.

Interest income is recognized as earned using the effective interest method. Dividend income is recognized when the right to receive dividends is established.

Finance costs consist primarily of interest expense, foreign exchange loss, and changes in the fair value of financial assets measured at fair value through profit or loss.

Interest expense is recognized as incurred using the effective interest method.

(16) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Companies will comply with the conditions attaching to them, and that the grants will be received.

Government grants relating to assets are recognized as deferred income and are recognized in profit or loss on a systematic basis over the estimated useful life of the assets to which the grants relate.

Government grants relating to costs are recognized in profit or loss over the period in which the Companies recognize as expenses the related costs for which the grants are intended to compensate.

(17) Income taxes

Income tax expenses consist of current and deferred income taxes. They are recognized in profit or loss, except when they arise from items recognized directly in other comprehensive income or equity, or from business combinations.

Current income taxes are measured at the amount expected to be paid to, or refunded from, the tax authorities. Tax rates and tax laws used in the calculation of tax amounts are those that have been enacted, or substantially enacted, by the end of the period.

Deferred taxes are recognized on temporary differences between the tax basis amount of assets and liabilities and their carrying amounts on accounting basis at the end of the period, loss carryforwards, and tax credit carryforwards.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets or liabilities in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)
- With respect to deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint arrangements, if it is probable that the temporary differences will not reverse in the foreseeable future or it is less probable that the taxable profit is available against which the temporary difference can be utilized
- With respect to the taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, if the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax liabilities are, in principle, recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each period and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed each period and recognized to the extent that it becomes probable that the deferred tax assets will be recovered through future taxable profit.

Deferred tax assets and liabilities are measured at the tax rates and by the tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted, or substantially enacted, by the end of the period.

Deferred tax assets and liabilities are offset when the Companies have a legally enforceable right to set off current tax assets and current tax liabilities, and they are levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

For uncertain tax positions for income taxes, a reasonably estimated amount is recognized as an asset or liability if it is probable that the tax position will be incurred based on the interpretation of the tax law.

The Companies apply temporary exception under “International tax reform – Pillar 2 Model Rules (amendments of IAS 12 ‘Income Taxes’),” issued in May 2023.

(18) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to common shares of the parent entity by the weighted average number of common shares outstanding during the period adjusted for treasury shares. Diluted earnings per share is calculated by adjusting the effects of all dilutive potential shares.

(19) Equity

1) Common shares

Proceeds from the Company’s issuance of common shares are included in share capital and capital surplus, and its direct issuance costs, net of tax, are deducted from capital surplus.

2) Treasury shares

Treasury shares are measured at cost and deducted from equity. No gain or loss is recognized associated with the purchase, sale, or cancellation of treasury shares of the Company. Any difference between the carrying amount and the consideration received from the sale is recognized as equity.

4. Significant accounting estimates and judgments

In preparing the consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and their underlying assumptions are continuously reviewed. The effects of a change in any accounting estimate are recognized in the period of the change and future periods.

The judgments and estimates made by management that have a significant effect on the amounts reported in the consolidated financial statements are as follows:

- Fair value of financial instruments (Notes “3. Material accounting policies (4) Financial instruments” and “32. Financial instruments”)
- Evaluation of inventories (Notes “3. Material accounting policies (6) Inventories” and “9. Inventories”)
- Impairment of non-financial assets (Notes “3. Material accounting policies (10) Impairment of non-financial assets” and “14. Impairment of non-financial assets”)
- Measurement of defined benefit plan obligations (Notes “3. Material accounting policies (11) Employee benefits” and “23. Employee benefits”)
- Measurement of provisions (Notes “3. Material accounting policies (13) Provisions” and “22. Provisions”)
- Recoverability of deferred tax assets (Notes “3. Material accounting policies (17) Income taxes” and “16. Income taxes”)

5. New accounting standards and interpretations not yet applied

Of the new or revised standards and interpretations that were announced prior to the date of approval of the consolidated financial statements, the main one not yet applied by the Companies is as follows. Please note that the impact on the Companies from the application of this standard is still being examined.

Standards and interpretations		Mandatory adoption period (from the fiscal year beginning on or after)	Adoption period for the Companies	Overview of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	• Improvement of comparability in income statements • Improved transparency of management-defined performance measures (MPMs) • More useful grouping of information in financial statements

6. Segment information

(1) Overview of reportable segments

The Companies mainly develop, manufacture and sell electronic components and related products. Operating segments of the Companies are classified into three segments: Components, Devices and Modules, and Others. These operating segments are classified based on the Companies’ business strategies because they are the Company’s component for which separate financial information is available and such information is regularly reviewed by the Board of Directors in order to determine the allocation of management resources and assess business performance.

Components provide Capacitors, Inductors, EMI suppression filters, etc.; Devices and Modules provide High-frequency modules, SAW Filters, Lithium-ion secondary batteries, Sensors, etc.; and Others provide Medical products, Solution business, etc.

(2) Operating segment information

Previous fiscal year (fiscal year ended March 31, 2024)

(Millions of yen)

	Components	Devices and Modules	Others	Eliminations and corporate	Consolidated
Revenue from:					
Unaffiliated customers	933,771	695,236	11,151	—	1,640,158
Intersegment	8,741	15	56,355	(65,111)	—
Total revenue	942,512	695,251	67,506	(65,111)	1,640,158
Operating profit (loss)	234,181	(12,999)	(5,735)	—	215,447
Operating profit (loss) ratio	24.8%	(1.9)%	(8.5)%	—	13.1%
Segment assets	1,779,194	1,205,362	53,339	—	3,037,895
Depreciation and amortization	98,461	73,686	3,726	—	175,873
Impairment losses	—	49,546	—	—	49,546
Capital expenditures	143,562	75,803	8,840	—	228,205

Current fiscal year (fiscal year ended March 31, 2025)

(Millions of yen)

	Components	Devices and Modules	Others	Eliminations and corporate	Consolidated
Revenue from:					
Unaffiliated customers	1,033,118	697,165	13,069	—	1,743,352
Intersegment	10,838	11	54,205	(65,054)	—
Total revenue	1,043,956	697,176	67,274	(65,054)	1,743,352
Operating profit (loss)	275,150	9,995	(5,443)	—	279,702
Operating profit (loss) ratio	26.4%	1.4%	(8.1)%	—	16.0%
Segment assets	1,845,556	1,125,810	56,828	—	3,028,194
Depreciation and amortization	107,767	61,614	3,954	—	173,335
Impairment losses	1,423	20,660	—	—	22,083
Capital expenditures	116,990	71,680	3,164	—	191,834

- (Notes) 1. The sum of operating profit (loss) for each operating segment corresponds to operating profit in the consolidated statement of profit or loss, and reconciliation between operating profit and profit for the period is provided in the consolidated statement of profit or loss.
2. Intersegment transactions are based on market price.
3. Capital expenditures represent expenditures for property, plant and equipment, and intangible assets. Incidentally, it does not include expenditures related to acquisitions.

(3) Geographic information

Revenue from unaffiliated customers

Revenue by country or region for the Company and its subsidiaries, categorized by customer location, are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Japan	126,505	129,255
The Americas	253,034	287,144
Europe	173,067	160,957
Greater China	815,321	831,756
Asia and others	272,231	334,240
Total	1,640,158	1,743,352
USA alone (part of the Americas)	214,899	242,940

Non-current assets

The balance of non-current assets (not including financial instruments, deferred tax assets, and retirement benefit assets) categorized based on the location of the Company and its subsidiaries, are as follows:

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Japan	845,008	830,761
The Americas	124,840	124,952
Europe	54,730	51,245
Greater China	230,270	230,759
Asia and others	177,417	197,769
Total	1,432,265	1,435,486
USA alone (part of the Americas)	124,335	124,512

(Note) Major countries and areas included in the individual categories are as follows:

- (1) The Americas: USA and Mexico
- (2) Europe: Germany, Hungary, and United Kingdom
- (3) Greater China: China and Taiwan
- (4) Asia and others: South Korea, Vietnam, and Thailand

(4) Information about major customers

The following unaffiliated customers account for 10% or more of revenue in the consolidated statement of profit or loss.

Previous fiscal year (fiscal year ended March 31, 2024)

Name or title of customer	Revenue (Millions of yen)	Related operating segment
Hon Hai Technology Group	166,541	Components, Devices and Modules, and Others

Current fiscal year (fiscal year ended March 31, 2025)

Not applicable.

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows. The balance of cash and cash equivalents on the consolidated statement of financial position is equal to cash and cash equivalents at end of period on the consolidated statement of cash flows.
(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Cash and deposits	407,573	409,064
Short-term investments	214,434	216,084
Total	622,007	625,148

8. Trade receivables

The breakdown of trade receivables is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Trade accounts receivable	294,299	297,028
Allowance for doubtful accounts	(1,563)	(2,609)
Total	292,736	294,419

- (Notes)
1. Trade receivables are presented net of allowance for doubtful accounts in the consolidated statement of financial position.
 2. Trade receivables are classified as financial assets measured at amortized cost.
 3. Credit risk management is described in "32. Financial instruments" in the Notes to Consolidated Financial Statements.

9. Inventories

The breakdown of inventories is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Merchandise and finished goods	204,869	187,577
Work in process	175,178	175,509
Raw materials and supplies	132,977	119,747
Total	513,024	482,833

The amount of inventories recognized as expense was 541,984 million yen and 480,887 million yen in the previous fiscal year and the current fiscal year, respectively.

In addition, the amount of write-downs of inventories recognized as expense was 38,083 million yen and 27,789 million yen in the previous fiscal year and the current fiscal year, respectively.

10. Other financial assets

(1) Breakdown of other financial assets

The breakdown of other financial assets is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Securities	35,622	27,594
Time deposits	4,764	41,668
Other receivables	18,579	13,268
Derivative assets	111	153
Other	7,802	8,276
Total	66,878	90,959
Current assets	19,532	50,685
Non-current assets	47,346	40,274
Total	66,878	90,959

(Note) Securities are mainly classified as financial assets measured at fair value through other comprehensive income, time deposits and other receivables are classified as financial assets measured at amortized cost, and derivative assets are mainly classified as financial assets measured at fair value through profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

The major issue names and fair values of financial assets measured at fair value through other comprehensive income are as follows:

As of end of previous fiscal year (March 31, 2024)

(Millions of yen)

Issue	Amount
Kyoto Financial Group, Inc.	3,393
OMRON Corporation	2,563
Sumitomo Metal Mining Co., Ltd.	2,497
KYOCERA Corporation	2,164

As of end of current fiscal year (March 31, 2025)

(Millions of yen)

Issue	Amount
Kyoto Financial Group, Inc.	2,796
Makita Corporation	2,080
SHIZUKI ELECTRIC COMPANY INC.	1,846
Sumitomo Metal Mining Co., Ltd.	1,766

Since shares are mainly held for strategic investment purposes, they have been designated as financial assets measured at fair value through other comprehensive income.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The Companies derecognized some financial assets measured at fair value through other comprehensive income by selling them to improve asset efficiency and review business relationships.

The fair value and accumulated gains or losses recognized in other comprehensive income at the time of sale in each fiscal year are as follows:

(Millions of yen)

Previous fiscal year (fiscal year ended March 31, 2024)		Current fiscal year (fiscal year ended March 31, 2025)	
Fair value	Accumulated gains or losses	Fair value	Accumulated gains or losses
975	121	6,092	2,918

11. Other assets

The breakdown of other assets is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Consumption taxes receivable	23,189	27,549
Prepaid expenses	14,541	12,047
Retirement benefit asset	10,895	1,480
Advance payments to suppliers	3,156	3,482
Income taxes receivable	12,881	4,027
Other	10,844	9,036
Total	75,506	57,621
Current assets	52,463	44,850
Non-current assets	23,043	12,771
Total	75,506	57,621

12. Property, plant and equipment

Changes in carrying amount, acquisition cost as well as accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

Carrying amount

(Millions of yen)

	Land	Buildings and structures	Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	Construction in progress	Total
April 1, 2023	86,367	466,805	459,409	133,641	1,146,222
Acquisition	24	2,027	3,171	214,309	219,531
Depreciation	—	(38,293)	(118,244)	—	(156,537)
Impairment losses	—	—	(25,144)	(24,393)	(49,537)
Sale or disposal	(5)	(360)	(1,811)	(607)	(2,783)
Transfer of accounts	4,073	72,275	97,118	(174,192)	(726)
Exchange differences on translation of foreign operations	782	9,810	13,923	4,117	28,632
Other	(88)	105	(207)	(4)	(194)
March 31, 2024	91,153	512,369	428,215	152,871	1,184,608
Acquisition	—	1,232	2,986	176,253	180,471
Depreciation	—	(42,504)	(110,140)	—	(152,644)
Impairment losses	(47)	(64)	(12,307)	(9,533)	(21,951)
Sale or disposal	(644)	(1,312)	(3,012)	(659)	(5,627)
Transfer of accounts	936	62,540	123,084	(186,560)	—
Exchange differences on translation of foreign operations	435	(536)	(982)	1,337	254
Other	(3)	25	(369)	(1,037)	(1,384)
March 31, 2025	91,830	531,751	427,474	132,672	1,183,727

(Note) Depreciation on property, plant and equipment is included in cost of sales, selling, general and administrative expenses, and research and development expenses in the consolidated statement of profit or loss.

Acquisition cost

(Millions of yen)

	Land	Buildings and structures	Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	Construction in progress	Total
April 1, 2023	86,367	850,124	1,619,981	135,038	2,691,510
March 31, 2024	91,153	934,833	1,716,657	178,697	2,921,340
March 31, 2025	91,877	990,850	1,786,056	158,230	3,027,013

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Land	Buildings and structures	Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	Construction in progress	Total
April 1, 2023	—	383,319	1,160,572	1,397	1,545,288
March 31, 2024	—	422,464	1,288,442	25,826	1,736,732
March 31, 2025	47	459,099	1,358,582	25,558	1,843,286

13. Goodwill and intangible assets

Changes in carrying amount, acquisition cost as well as accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

Carrying amount

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Technology	Customer relationships	Patents	Other	Total
April 1, 2023	123,247	17,848	15,937	890	3,143	1,557	39,375
Acquisition	—	4,824	—	—	602	204	5,630
Increase due to internal development	—	3,044	—	—	—	—	3,044
Amortization	—	(5,713)	(1,730)	(719)	(692)	(350)	(9,204)
Impairment losses	—	(9)	—	—	—	—	(9)
Sale or disposal	—	(123)	—	—	(1)	(1)	(125)
Exchange differences on translation of foreign operations	13,897	80	—	74	1	781	936
Other	—	(437)	—	—	(118)	(43)	(598)
March 31, 2024	137,144	19,514	14,207	245	2,935	2,148	39,049
Acquisition	—	4,341	1,494	—	374	338	6,547
Increase due to internal development	—	4,816	—	—	—	—	4,816
Amortization	—	(6,084)	(1,761)	(94)	(782)	(348)	(9,069)
Impairment losses	—	(31)	—	—	—	(101)	(132)
Sale or disposal	—	(133)	—	—	(15)	(7)	(155)
Exchange differences on translation of foreign operations	(1,398)	(9)	—	(5)	—	(76)	(90)
Other	—	(292)	—	—	(17)	(10)	(319)
March 31, 2025	135,746	22,122	13,940	146	2,495	1,944	40,647

- (Notes) 1. Amortization of intangible assets is included in cost of sales, selling, general and administrative expenses, and research and development expenses in the consolidated statement of profit or loss.
2. Among intangible assets, technology acquired through the acquisition of Eta Wireless, Inc. is a significant one, with a carrying amount of 9,983 million yen and 8,637 million yen at the end of previous fiscal year and at the end of current fiscal year, respectively. The remaining amortization period at the end of the previous fiscal year and the end of the current fiscal year was 7.4 years and 6.4 years, respectively.

Acquisition cost

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Technology	Customer relationships	Patents	Other	Total
April 1, 2023	146,836	34,125	18,452	8,934	5,765	7,588	74,864
March 31, 2024	160,733	34,461	18,452	978	5,910	7,104	66,905
March 31, 2025	159,335	42,647	19,946	971	6,137	7,162	76,863

Accumulated amortization and accumulated impairment losses

(Millions of yen)

	Goodwill	Intangible assets					
		Software	Technology	Customer relationships	Patents	Other	Total
April 1, 2023	23,589	16,277	2,515	8,044	2,622	6,031	35,489
March 31, 2024	23,589	14,947	4,245	733	2,975	4,956	27,856
March 31, 2025	23,589	20,525	6,006	825	3,642	5,218	36,216

14. Impairment of non-financial assets

(1) Impairment losses

1) Recognition of impairment losses

The Companies assess their non-financial assets at the end of each reporting period for any indication that the assets may be impaired, and if any indication of impairment exists, the recoverable amount of such assets is estimated.

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

Assets that are not tested individually belong to the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets from continuing use of the asset.

2) Breakdown of impairment losses

The breakdown of impairment losses is as follows:

Impairment losses are recorded under "other expenses" in the consolidated statement of profit or loss.

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Land	—	47
Buildings and structures	—	64
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	25,144	12,307
Construction in progress	24,393	9,533
Software	9	31
Other intangible assets	—	101
Total	49,546	22,083

Previous fiscal year (fiscal year ended March 31, 2024)

Of the impairment losses, 49,482 million yen was recorded mainly for manufacturing machinery, etc. for cylindrical type lithium-ion secondary batteries included in the Devices and Modules segment.

With regard to the cylindrical type lithium-ion secondary battery business, the Companies made investments to increase

future production, expecting the expansion of demand primarily for power tools. However, its profitability has significantly dropped, due to prolonged inventory adjustment caused by the backlash against the rapid growth in demand during the COVID-19 pandemic, coupled with recent sluggish sales.

As a result, the recoverable amount of the cash-generating unit at the end of the current fiscal year was deemed to be less than the carrying amounts, and impairment losses were recorded in the amounts of 25,080 million yen for "Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks," 24,393 million yen for "Construction in progress" and 9 million yen for "Software."

As the estimated future cash flows used for calculating the value in use, which is the recoverable amount, was negative, the recoverable amount was determined to be zero.

Current fiscal year (fiscal year ended March 31, 2025)

Of the impairment losses, 10,352 million yen was recorded for manufacturing machineries, etc. for the MEMS inertial sensor business included in the Devices and Modules segment.

With regard to the MEMS inertial sensor business, the Companies made investments to increase future production primarily for the mobility market. However, with the fact that the advancement of autonomous driving has been slower than initially expected, the Companies calculated the recoverable amount of the relevant cash-generating unit at the end of the current fiscal year based on the latest business plan. As a result, the recoverable amount of cash-generating unit at the end of the current fiscal year was deemed to be less than the carrying amounts, and impairment losses were recorded in the amounts of 8,661 million yen for "Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks," 1,559 million yen for "Construction in progress," 31 million yen for "Software" and 101 million yen for "Other intangible assets."

As the estimated future cash flows used for calculating the value in use, which is the recoverable amount, was negative, the recoverable amount was determined to be zero.

(2) Impairment of goodwill

Goodwill arising from business combinations is allocated to the cash-generating unit or group of cash-generating units that benefit from the business combination on the acquisition date.

The breakdown of carrying amounts of goodwill by segment is as follows:

	(Millions of yen)	
	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Components	14,430	14,385
Devices and Modules	122,714	121,361
Total	137,144	135,746

Of the above, the carrying amounts of significant goodwill at the end of current fiscal year are 56,637 million yen for the business related to High-frequency module products, etc. (57,288 million yen at the end of the previous fiscal year), and 42,486 million yen for the business related to SAW filter products (43,017 million yen at the end of the previous fiscal year), both included in the Devices and Modules segment.

The Companies test goodwill for impairment at the same time every year or whenever an indication of impairment exists.

The recoverable amount in impairment tests of goodwill is calculated based on the value in use. The value in use is measured based on past experience and reflecting external information, by discounting the estimated amount of cash flows based on the growth rates and the business plan within five years approved by management to the present value using the discount rate based on the pretax weighted average cost of capital for the cash-generating unit or group of cash-generating units. The growth rates are determined with reference to the long-term average growth rate, expected inflation rate and other factors in the industry or country to which the cash-generating unit or group of cash-generating units belongs.

The pretax discount rates and growth rates used to calculate the value in use of the cash-generating unit or group of cash-generating units to which significant goodwill was allocated for the current fiscal year were 11.0% to 11.1% (10.0% to 10.8% for the previous fiscal year) and 1.5% (1.5% for the previous fiscal year), respectively. Although the recoverable amount of the business related to high-frequency module products exceeded the carrying amount of goodwill by 13,932 million yen in the current fiscal year, if the pretax discount rate were to increase by 0.5%, there is a possibility that an impairment loss would occur. The value in use of cash-generating units or groups of cash-generating units to which significant goodwill has been allocated, other than those mentioned above, significantly exceeds their carrying amounts.

We have determined that even if the key assumptions used in the impairment test were to change within a reasonably foreseeable range, it is unlikely that the value in use would fall below the carrying amounts.

15. Investments accounted for using equity method

Investment in associates

The carrying amount of investment in individually immaterial associates is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Total carrying amount	87	215

The amount of equity share in comprehensive income of individually immaterial associates is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Equity share in profit	31	109
Equity share in other comprehensive income	—	—
Equity share in comprehensive income	31	109

16. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities by major factor and the changes in these assets and liabilities are as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Deferred tax assets		
Unrealized gains	8,464	10,458
Property, plant and equipment/intangible assets	50,826	57,229
Lease liabilities	13,357	14,354
Inventories	12,538	10,217
Retirement benefit liability	19,217	26,249
Accrued expenses and other liabilities	21,428	25,404
Carryforward of unused tax losses	2,822	302
Other	28,196	18,914
Total	156,848	163,127
Deferred tax liabilities		
Property, plant and equipment/intangible assets	35,060	36,254
Right-of-use assets	14,844	14,391
Undistributed earnings of overseas subsidiaries	55,993	56,299
Other	14,443	15,589
Total	120,340	122,533

The details of changes in the net amount of deferred tax assets and liabilities are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Balance at beginning of period	33,921	36,508
Amount recognized in profit or loss	937	(1,558)
Amount recognized in other comprehensive income	(128)	4,840
Other	1,778	804
Balance at end of period	36,508	40,594

(Note) Exchange differences on translation of foreign operations are included in "Other."

Carryforward of unused tax losses for which no deferred tax assets are recognized are as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Carryforward of unused tax losses	37,790	47,644
Total	37,790	47,644

Carryforward of unused tax losses for which deferred tax assets are not recognized will expire as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Within 5 years	13,206	13,243
After 5 years through 10 years	13,156	23,336
After 10 years	11,428	11,065
Total	37,790	47,644

(2) Income tax expenses

The breakdown of income tax expenses is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Current tax expense	60,005	69,873
Deferred tax expense	(937)	1,558
Total	59,068	71,431

Differences in the statutory effective tax rate and average effective tax rate are attributable to the following:

(%)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Statutory effective tax rate	30.5	30.5
Tax credit	(5.4)	(6.6)
Permanent differences	0.4	2.4
Differences in tax rates of overseas subsidiaries	(4.9)	(3.7)
Changes in unrecognized deferred tax assets	1.1	0.7
Tax effect on undistributed earnings of overseas subsidiaries	3.3	0.1
Other	(0.3)	0.1
Average effective tax rate	24.7	23.5

The Company is subject to the Japanese corporate tax, inhabitant tax, and business tax. The Companies' statutory effective tax rates calculated based on these taxes for the previous year and for the current fiscal year are both 30.5%. However, subsidiaries located in foreign countries are subject to local taxes.

The Act to Partially Amend the Income Tax Act, etc. (Act No. 13 of 2025) was promulgated on March 31, 2025, and the special corporate surtax for defense will be levied from fiscal years beginning on or after April 1, 2026. As a result, the main statutory effective tax rate used by the Companies' domestic subsidiaries and associates to calculate deferred tax assets and deferred tax liabilities will change from the previous 30.5% to 31.4% from fiscal years beginning on or after April 1, 2026. The impact of this tax rate change on the consolidated financial statements is minor.

(3) Global minimum tax system

In Japan, the FY2023 tax reform introduced the Income Inclusion Rule (IIR), one of the BEPS global minimum tax rules. From the current fiscal year, the Company is subject to top-up tax for our subsidiaries until the total amount of tax of our subsidiaries reached the 15% minimum tax rate. The impact of this tax on the consolidated financial statements is not material.

In addition, while certain countries and regions in which the Companies conduct our business activities have enacted or

substantially enacted the Under-Taxed Payments Rule (UTPR), we do not believe this will have an impact on the Company as the IIR is applied.

17. Bonds and borrowings

The breakdown of bonds and borrowings is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Current portion of long-term borrowings	409	781
Current portion of bonds payable	49,991	—
Long-term borrowings	2,436	1,656
Total	52,836	2,437

- (Notes)
1. The weighted average interest rate on long-term borrowings outstanding at the end of the current fiscal year is 0.6%.
 2. The maturities of long-term borrowings range from 2025 to 2028.
 3. Bonds and borrowings are classified as financial liabilities measured at amortized cost.

A summary of the terms of bond issuance is as follows:

(Millions of yen)

Company name	Issue	Date of issuance	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)	Interest rate (%)	Pledge	Maturity
Murata Corporation	3 rd unsecured bonds	September 10, 2019	49,991	—	0.1	None	September 10, 2024
Total			49,991	—	—	—	—

18. Trade payables

The breakdown of trade payables is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Trade accounts payable	67,620	69,617
Total	67,620	69,617

(Note) Trade payables are classified as financial liabilities measured at amortized cost.

19. Leases

The Companies determine if a contract includes a lease arrangement at the inception of each contract. The Companies lease plants, warehouses, sales offices, employee housing, vehicles, land, etc. Certain lease contracts include options to extend or terminate the lease. The Companies take such options into account to determine the lease term when it is reasonably certain that we will exercise the option to extend a lease or when it is reasonably certain that we will not exercise the option to terminate a lease.

There are no material residual value guarantees, material restrictions, or covenants imposed by the Companies' lease contracts. Some of the contracts contain lease and non-lease components. Lease contracts for buildings and land contain lease and non-lease components, which are generally accounted for separately. The consideration in such leases is allocated based on the relative stand-alone selling price of each component. The Companies apply the practical expedient to not separate lease components from non-lease components for leases for which underlying assets are machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks.

Profit or loss and cash outflows related to leases are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Depreciation of right-of-use assets		
Buildings	8,555	9,220
Land	657	641
Other	872	1,019
Total	10,084	10,880
Interest expense on lease liabilities	390	487
Short-term lease and expense relating to leases of low-value assets	1,074	1,375
Total cash outflow for leases	11,546	11,713

The breakdown of the carrying amounts of right-of-use assets is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Right-of-use assets		
Buildings	42,543	46,508
Land	12,926	13,234
Other	3,933	4,462
Total	59,402	64,204

The increase in right-of-use assets in the previous fiscal year and the current fiscal year was 18,480 million yen and 15,659 million yen, respectively.

A maturity analysis of lease liabilities is provided in Note “32. Financial instruments (4) Liquidity risk management.”

20. Other financial liabilities

The breakdown of other financial liabilities is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Accounts payable - other	48,125	42,560
Derivative liabilities	1,458	1,733
Deposits received	10,664	9,516
Total	60,247	53,809
Current liabilities	56,116	49,066
Non-current liabilities	4,131	4,743
Total	60,247	53,809

(Note) Accounts payable – other and deposits received are classified as financial liabilities measured at amortized cost, and derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

21. Government grants

Government grants related to assets recognized as deferred income are included in deferred income in the consolidated statement of financial position.

Government grants related to assets are granted for the acquisition of property, plant and equipment (land, buildings, machinery, and equipment) primarily for the purpose of research and development or increasing production. They are recorded as deferred income and recognized in profit or loss on a systematic basis over the estimated useful lives of the related assets.

In addition, grants include those that have conditions requiring business continuity for a certain period of time after the investment is made.

22. Provisions

The breakdown and changes of provisions are as follows:

(Millions of yen)

	Provision for environmental measures	Other provisions	Total
As of April 1, 2023	8,874	3,087	11,961
Increase during period	458	601	1,059
Decrease during period (utilization)	(311)	(156)	(467)
Decrease during period (reversal)	(1,787)	(1,514)	(3,301)
Exchange differences on translation of foreign operations	35	276	311
March 31, 2024	7,269	2,294	9,563
Increase during period	2,296	4,023	6,319
Decrease during period (utilization)	(487)	(3,552)	(4,039)
Decrease during period (reversal)	(2,057)	(251)	(2,308)
Exchange differences on translation of foreign operations	24	46	70
March 31, 2025	7,045	2,560	9,605

The breakdown of provisions in the consolidated statement of financial position is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Current liabilities	1,529	2,170
Non-current liabilities	8,034	7,435
Total	9,563	9,605

Provision for environmental measures

Provision for environmental measures is recorded for the estimated cost of soil remediation at the Companies' plants and former plant sites. The timing and amount of payment of such costs are subject to change depending on future plans.

Other provisions

Other provisions include asset retirement obligations, provision for product warranties, provision for counterparty losses, and provision for business restructuring expenses.

23. Employee benefits

The Company and some of its subsidiaries have adopted both funded and unfunded defined benefit plans and defined contribution plans as retirement benefits for its employees, which cover substantially all of the employees. These pension plans are exposed to risks, including general investment risk, interest rate risk, and inflation risk, which are not considered material. The funded defined benefit plans are run by pension funds legally isolated from the Companies. Directors of this pension fund and the pension plan management institution are required by laws and regulations to act in the best interest of participants in the pension plans, and are responsible for managing the plan assets in accordance with established policies.

The Company and some of its consolidated subsidiaries revised the defined benefit plan effective April 1, 2024 in line with the introduction of a retirement system for 65-year-old and other schemes. In connection with this plan revision, past service costs of (7,392) million yen were recognized as profit or loss in the previous fiscal year.

(1) Defined benefit plans

1) Reconciliation of defined benefit plan obligation and plan assets

The relationship between defined benefit plan obligations and plan assets, and the amounts recognized in the consolidated statement of financial position are as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Present value of defined benefit plan obligation	191,136	184,859
Fair value of plan assets	(178,281)	(181,397)
Subtotal	12,855	3,462
Effect of asset ceiling	46,929	69,892
Net defined benefit liability and asset	59,784	73,354
Amount in the consolidated statement of financial position		
Retirement benefit liability	70,679	74,834
Retirement benefit asset	(10,895)	(1,480)
Net defined benefit liability and asset recognized in the consolidated statement of financial position	59,784	73,354

2) Reconciliation of present value of defined benefit plan obligation

The changes of present value of defined benefit plan obligation are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Balance of present value of defined benefit plan obligation at beginning of period	203,190	191,136
Current service costs	10,016	10,264
Interest cost	2,732	3,214
Remeasurement		
Actuarial gains and losses arising from changes in demographic assumptions	(180)	4,244
Actuarial gains and losses arising from changes in financial assumptions	(8,104)	(19,470)
Actuarial gains and losses arising from experience adjustments	2,630	4,148
Past service costs	(7,392)	—
Benefits paid	(12,077)	(8,838)
Exchange differences on translation of foreign operations	321	161
Balance of present value of defined benefit plan obligation at end of period	191,136	184,859

The weighted average duration of the defined benefit plan obligations was 15.9 years and 15.1 years for the previous fiscal year and the current fiscal year, respectively.

3) Reconciliation of fair value of plan assets

The changes in fair value of plan assets are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Balance of fair value of plan assets at beginning of period	162,460	178,281
Interest income	2,412	3,110
Remeasurement		
Return on plan assets	11,635	(2,263)
Contribution by employer	5,863	5,985
Benefits paid	(4,089)	(3,716)
Balance of fair value of plan assets at end of period	178,281	181,397

The Companies plan to make contributions of 4,149 million yen in the next fiscal year (ending March 31, 2026).

4) Breakdown of plan assets by category

The breakdown of plan assets by major category is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)		As of end of current fiscal year (March 31, 2025)	
	Plan assets with market prices in active markets	Plan assets without market prices in active markets	Plan assets with market prices in active markets	Plan assets without market prices in active markets
Cash and cash equivalents	364	6,853	303	1,175
Japanese equity securities	—	13,166	—	11,318
Foreign equity securities	—	33,440	—	31,617
Japanese debt securities	—	19,447	—	20,257
Foreign debt securities	—	42,438	—	49,855
Life insurance company general accounts	—	38,584	—	39,602
Other	—	23,989	—	27,270
Total	364	177,917	303	181,094

In accordance with internal regulations, the Companies' policy for managing plan assets is to secure stable return over the medium to long term in order to ensure the future payment of defined benefit plan obligations. Specifically, assets are managed by setting the target rate of return and the asset mix of investment assets, within a range of acceptable risk defined annually, and maintaining this mix.

Also, based on the Defined Benefit Corporate Pension Act, the Companies regularly review the amount of contributions. Specifically, the Companies recalculate the amount of contributions every five years to maintain a well-balanced financial position for the future.

Other includes alternative investments and other assets. In addition, plan assets invested in pooled funds of trust banks, etc. are classified as plan assets without market prices in active markets.

5) Reconciliation of effect of asset ceiling

The changes in effect of asset ceiling are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Balance of effect of asset ceiling at beginning of period	28,138	46,929
Limit on interest income	416	834
Remeasurement		
Change in effect of asset ceiling	18,375	22,129
Balance of effect of asset ceiling at end of period	46,929	69,892

6) Significant actuarial assumptions

Significant assumptions used for the actuarial calculation are as follows:

(%)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Discount rate	1.7	2.4

7) Sensitivity analysis

The impact of 0.5% changes in the discount rates used for actuarial calculations on the present value of the defined benefit plan obligation is as follows. Although the analysis assumes that all the other variables remain constant, changes in other assumptions may actually affect the results of the sensitivity analysis.

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
0.5% increase in discount rate	(13,811)	(12,394)
0.5% decrease in discount rate	15,015	13,437

(2) Defined contribution plan

The amount recognized as an expense related to the defined contribution plan was 2,324 million yen and 2,612 million yen in the previous fiscal year and the current fiscal year, respectively.

(3) Employee benefit expenses

The total amount of employee benefit expenses included in cost of sales, selling, general and administrative expenses, research and development expenses, and other expenses in the consolidated statement of profit or loss for the previous fiscal year and the current fiscal year were 424,458 million yen and 468,691 million yen, respectively.

24. Other liabilities

The breakdown of other liabilities is as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Accrued payroll and bonuses	61,312	63,624
Accrued expenses	15,275	17,668
Accrued consumption taxes	13,020	13,347
Accrued fixed asset taxes	6,257	5,963
Advances received	4,145	4,912
Accrued enterprise taxes	2,045	83
Other	7,001	11,717
Total	109,055	117,314
Current liabilities	104,847	113,005
Non-current liabilities	4,208	4,309
Total	109,055	117,314

25. Equity and other equity items

(1) Number of authorized shares and total number of issued shares

The changes in the number of authorized shares and the total number of issued shares are as follows:

(Shares)

	Authorized shares (common shares)	Issued shares (common shares)
As of beginning of previous fiscal year (April 1, 2023)	1,743,000,000	675,814,281
Changes during period (Note 2)	3,486,000,000	1,351,628,562
As of end of previous fiscal year (March 31, 2024)	5,229,000,000	2,027,442,843
Changes during period (Note 3)	—	(64,441,000)
As of end of current fiscal year (March 31, 2025)	5,229,000,000	1,963,001,843

- (Notes) 1. All the shares issued by the Company are common shares with no par value that have no restriction on any rights. The issued shares are fully paid up.
2. The Company implemented a three-for-one common stock split, effective October 1, 2023, resulting in an increase of 3,486,000,000 authorized shares and 1,351,628,562 issued shares, respectively.
3. The total number of issued shares decreased by 64,441,000 shares as a result of the cancellation of treasury shares.

(2) Treasury shares

The changes in treasury shares are as follows:

(Shares)

	Number of shares
As of beginning of previous fiscal year (April 1, 2023)	46,090,727
Changes during period (Notes 1 and 2)	92,118,755
As of end of previous fiscal year (March 31, 2024)	138,209,482
Changes during period (Note 3)	(37,568,689)
As of end of current fiscal year (March 31, 2025)	100,640,793

- (Notes) 1. The Company implemented a three-for-one common stock split, effective October 1, 2023, resulting in an increase of 92,138,304 treasury shares.
2. The number of treasury shares increased by 92,141,016 shares during the period, mainly due to a stock split and the purchase of shares of less than one unit.
The number of treasury shares decreased by 22,261 shares during the period, mainly due to the disposal of treasury shares as restricted share remuneration and requests for the sale of shares of less than one unit.
3. The number of treasury shares increased by 27,617,581 shares during the period, mainly due to the acquisition in accordance with the provisions of the Articles of Incorporation, which are based on Article 165, paragraph 2 of the Companies Act, and the purchase of shares of less than one unit.
The number of treasury shares decreased by 65,186,270 shares during the period, mainly due to the cancellation of treasury shares, the disposal of treasury shares as restricted share remuneration, and requests for the sale of shares of less than one unit.

(3) Capital surplus

Under the Companies Act of Japan (hereinafter the “Companies Act”), at least 50% of the contribution for share issue shall be credited to share capital, and the remainder shall be recorded as legal capital surplus included in capital surplus. In addition, under the Companies Act, legal capital surplus can be transferred to share capital by resolution at the general meeting of shareholders.

(4) Retained earnings

The Companies Act provides that an amount equal to 10% of the dividends paid from surplus should be transferred to legal capital surplus and legal retained earnings until the aggregate amount of legal capital surplus and legal retained earnings equals 25% of share capital. The amount accumulated in legal retained earnings may be used to offset deficit. Legal retained earnings may be reduced by resolution at the general meeting of shareholders.

(5) Other components of equity

The breakdown of changes in other components of equity by item is as follows:

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income (Note 1)	Remeasurements of defined benefit plans (Note 2)	Exchange differences on translation of foreign operations (Note 3)	Total
As of beginning of previous fiscal year (April 1, 2023)	3,353	—	53,308	56,661
Other comprehensive income	3,675	(723)	106,664	109,616
Transfer to retained earnings	(105)	723	—	618
As of end of previous fiscal year (March 31, 2024)	6,923	—	159,972	166,895
Other comprehensive income	(1,465)	(9,024)	(16,921)	(27,410)
Transfer to retained earnings	(1,994)	9,024	—	7,030
As of end of current fiscal year (March 31, 2025)	3,464	—	143,051	146,515

- (Notes) 1. Financial assets measured at fair value through other comprehensive income represent the change in fair value of financial assets measured at fair value through other comprehensive income.
2. Remeasurements of defined benefit plans represent the change in actuarial gains and losses related to defined benefit plan obligations, return on plan assets (excluding amounts included in interest income), and the effect of asset ceiling (excluding amounts included in interest income).
3. Exchange differences on translation of foreign operations represent the translation difference incurred when consolidating financial statements of foreign operations prepared using foreign currencies.

26. Dividends

Dividends paid for the previous fiscal year and the current fiscal year are as follows:

Previous fiscal year (fiscal year ended March 31, 2024)

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 29, 2023	Common shares	47,229	75	March 31, 2023	June 30, 2023
The meeting of the Board of Director on October 31, 2023	Common shares	47,231	75	September 30, 2023	November 27, 2023

(Note) The Company implemented a three-for-one common stock split on October 1, 2023. Dividends per share show the amount before the stock split.

Current fiscal year (fiscal year ended March 31, 2025)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2024	Common shares	51,009	27	March 31, 2024	June 28, 2024
The meeting of the Board of Directors on November 1, 2024	Common shares	50,572	27	September 30, 2024	November 25, 2024

Dividends for which the record date falls in the previous fiscal year and the current fiscal year, with an effective date after the end of respective fiscal years, are as follows.

Previous fiscal year (fiscal year ended March 31, 2024)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2024	Common shares	51,009	27	March 31, 2024	June 28, 2024

Current fiscal year (fiscal year ended March 31, 2025)

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2025	Common shares	55,871	30	March 31, 2025	June 30, 2025

(Note) Dividends for which the record date falls in the current fiscal year will be submitted as an agenda item to the Ordinary General Meeting of Shareholders to be held on June 27, 2025.

27. Revenue

(1) Disaggregation of revenue

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

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

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Capacitors	753,520	831,845
Inductors and EMI filters	180,251	201,273
Components	933,771	1,033,118
High-Frequency Device and Communications Module	440,142	443,602
Battery and Power supply	164,393	155,741
Functional Device	90,701	97,822
Devices and Modules	695,236	697,165
Others	11,151	13,069
Total	1,640,158	1,743,352

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

(2) Contract balance

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

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Receivables from contracts with customers	292,736	294,419
Contract liabilities	4,185	5,031

Receivables from contracts with customers are included in trade receivables in the consolidated statement of financial position. Contract liabilities are primarily the balance of consideration received from customers before transferring control to customers, and are included in other current liabilities in the consolidated statement of financial position. The amounts of revenue recognized in the previous fiscal year and in the current fiscal year that were included in the balance of contract liabilities at the beginning of the period are 2,604 million yen and 4,185 million yen, respectively. Furthermore, the amounts of revenues recognized in the previous fiscal year and in the current fiscal year from the performance obligations satisfied (or partially satisfied) in prior periods were immaterial. There were no significant changes in the balance of contract liabilities during the previous fiscal year and the current fiscal year. The balance of contract assets is immaterial.

(3) Transaction price allocated to the remaining performance obligations

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

28. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Employee benefit expenses	128,419	146,784
Commission expenses	46,874	53,887
Depreciation and amortization	32,939	34,504
Taxes and dues	8,832	9,778
Packing and transportation costs	8,306	8,476
Repair expenses	6,954	6,729
Travel and transportation expenses	6,366	7,226
Advertising expenses	4,368	4,918
Other	135	5,379
Total	243,193	277,681

29. Other income and expenses

The breakdown of other income is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Government grants	4,005	4,422
Insurance claim income	1,241	7,509
Compensation income	—	1,504
Other	2,023	3,059
Total	7,269	16,494

The breakdown of other expenses is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Donations	787	381
Impairment losses	49,546	22,083
Taxes and dues	944	873
Non-deductible consumption taxes	731	943
Business restructuring expenses	—	2,398
Other	916	861
Total	52,924	27,539

30. Finance income and finance costs

The breakdown of finance income is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Interest income	13,212	16,410
Foreign exchange gain	13,220	11,833
Gain on valuation of securities	661	65
Other	1,299	1,060
Total	28,392	29,368

The breakdown of finance costs is as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Loss on valuation of securities	107	1,180
Interest expenses	831	686
Net interest expenses on defined benefit plans	735	937
Loss on valuation of derivatives	1,113	616
Other	1,680	1,356
Total	4,466	4,775

Interest income mainly relates to financial assets measured at amortized cost.

Gain or loss on valuation of securities mainly relates to financial assets measured at fair value through profit or loss.

Gain or loss on valuation of forward exchange contracts not designated as hedges are included in foreign exchange gains.

Interest expenses mainly relate to financial liabilities measured at amortized cost and lease liabilities.

31. Other comprehensive income

Amount raised during the period, reclassification adjustments to profit or loss, and tax effects for each component of other comprehensive income are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Amount arising during the period	4,152	(2,015)
Tax effect	(486)	550
Financial assets measured at fair value through other comprehensive income	3,666	(1,465)
Remeasurements of defined benefit plans		
Amount arising during the period	(1,086)	(13,314)
Tax effect	363	4,290
Remeasurements of defined benefit plans	(723)	(9,024)
Total	2,943	(10,489)
Items that may be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income		
Amount arising during the period	14	(0)
Tax effect	(5)	0
Financial assets measured at fair value through other comprehensive income	9	(0)
Exchange differences on translation of foreign operations		
Amount arising during the period	106,738	(15,798)
Reclassification adjustments	—	(1,133)
Exchange differences on translation of foreign operations	106,738	(16,931)
Total	106,747	(16,931)
Total other comprehensive income	109,690	(27,420)

32. Financial instruments

(1) Capital management

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

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

The Companies' return on equity attributable to owners of the parent and ROIC (pre-tax basis) are as follows:

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Return on equity attributable to owners of the parent (%)	7.4	9.1
ROIC (pre-tax basis)* (%)	10.0	13.0

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

The Companies are not subject to any material capital regulation.

(2) Financial risk management

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

(3) Credit risk management

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

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

The Companies conduct forward exchange contract transactions with trustworthy financial institutions, therefore the impact of such transactions on credit risk is limited.

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

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

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

The changes in allowance for doubtful accounts are as follows:

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Balance at beginning of period	2,426	1,608
Increase or decrease during period (provision/reversal)	(1,055)	1,608
Decrease during period (utilization)	(17)	(18)
Exchange differences on translation of foreign operations	254	(23)
Balance at end of period	1,608	2,635

The credit risk exposure with respect to trade receivables is as follows:

(Millions of yen)

	Items always recognized in an amount equal to the lifetime expected credit losses	Credit-impaired financial assets	Total
As of end of previous fiscal year (March 31, 2024)	292,687	1,612	294,299
As of end of current fiscal year (March 31, 2025)	294,701	2,327	297,028

(4) Liquidity risk management

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

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

The balances of financial liabilities (including derivative financial instruments) by due date are as follows:

As of end of previous fiscal year (March 31, 2024)

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	After 1 year through 5 years	After 5 years
Bonds and borrowings	52,836	52,895	50,440	2,455	–
Lease liabilities	53,104	59,095	10,137	26,486	22,472
Derivative liabilities	1,458	1,458	345	–	1,113

As of end of current fiscal year (March 31, 2025)

(Millions of yen)

	Carrying amount	Contractual cash flows	Within 1 year	After 1 year through 5 years	After 5 years
Bonds and borrowings	2,437	2,461	794	1,667	–
Lease liabilities	57,556	64,317	10,043	28,962	25,312
Derivative liabilities	1,733	1,733	5	–	1,728

(Note) Net receivables and payables arising from derivatives are presented on a net basis.

Financial liabilities classified as current liabilities are due within one year, and their carrying amounts agree with the contractual cash flows.

(5) Foreign currency risk management

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

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

Foreign currency sensitivity analysis

In companies that use the Japanese yen as their functional currency, the effect of recording finance costs in case of a 1% appreciation of the Japanese yen against the U.S. dollar on profit before tax in the consolidated statement of profit or loss for each reporting period is as follows.

However, this analysis assumes that other variable factors (such as balances and interest rates) remain constant.

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
U.S. dollar	(813)	(1,337)

(6) Interest rate risk management

The Companies pay interest on financing necessary for working capital and capital expenditures in conducting our business activities. However, interest rate sensitivity analysis is not performed because the impact of interest payments on the Companies is minimal and the current interest rate risk is not considered material to the Companies.

(7) Market price fluctuation risk management

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

For equity instruments (listed equity securities) held by the Companies, the effect of a 10% decrease in market prices on other comprehensive income (before deduction of tax effects) in the consolidated statement of comprehensive income for each reporting period is as follows.

However, this analysis assumes that other variable factors remain constant.

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Other comprehensive income (before deduction of tax effects)	(2,270)	(1,449)

(8) Fair value of financial instruments

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

Level 1: Market prices in active markets for identical assets or liabilities

Level 2: Fair value calculated directly or indirectly using observable prices other than Level 1

Level 3: Fair value calculated using valuation techniques that include unobservable inputs

1) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost at each consolidated balance sheet date are as follows.

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

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)		As of end of current fiscal year (March 31, 2025)	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities measured at amortized cost				
Bonds and long-term borrowings (including current portion)	52,836	52,800	2,437	2,437
Total	52,836	52,800	2,437	2,437

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

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

2) Financial instruments measured at fair value

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

As of end of previous fiscal year (March 31, 2024)

(Millions of yen)

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

As of end of current fiscal year (March 31, 2025)

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at fair value through profit or loss				
Derivatives	–	153	–	153
Equity securities and investments in capital, etc.	–	–	12,132	12,132
Financial assets measured at fair value through other comprehensive income				
Debt securities	–	–	–	–
Equity securities	14,486	–	976	15,462
Total	14,486	153	13,108	27,747
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivatives	–	5	1,728	1,733
Total	–	5	1,728	1,733

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

- I Information about fair value measurements of financial instruments classified as Levels 2 and 3
- Debt securities and derivatives classified as Level 2 are valued based on the prices quoted by counterparty financial institutions.
- Equity securities and investments in capital, etc. classified as Level 3 are valued using appropriate techniques that comprehensively take into account the most recently available information about the investee, including its projected future profitability and net asset value.
- Derivatives classified as Level 3 are those recognized concerning the settlement of cash flows arising from the difference between the fixed price under the virtual power purchase agreements (Virtual PPAs) and the wholesale market price of electricity, and valued using appropriate methods that take into account factors such as future wholesale market prices and the expected volume of electricity generated at renewable energy power plants.
- No significant changes in fair value are expected from changing unobservable inputs for financial instruments classified as Level 3 to reasonably possible alternative assumptions.

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

(Millions of yen)

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
	Equity securities and investments in capital, etc.	Equity securities and investments in capital, etc.
Balance at beginning of period	9,509	11,226
Purchase	2,032	4,551
Gains or losses		
Profit or loss	(58)	(1,717)
Other comprehensive income	302	(5)
Sale or settlement	(559)	(947)
Balance at end of period	11,226	13,108

In addition to the above, financial instruments classified as Level 3 include derivatives, the fluctuations of which are recognized in net profit or loss.

Gains or losses recognized in profit or loss are included in finance income or finance costs in the consolidated statement of profit or loss. Gains or losses recognized in other comprehensive income, net of tax, are included in financial assets measured at fair value through other comprehensive income and exchange differences on translation of foreign operations in the consolidated statement of comprehensive income.

33. Cash flow information

(1) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

Previous fiscal year (fiscal year ended March 31, 2024)

(Millions of yen)

	As of April 1, 2023	Changes with cash flows	Changes without cash flows				As of March 31, 2024
			Change in scope of consolidation	Foreign exchange rate fluctuation	New lease	Other	
Long-term borrowings	2,049	795	—	0	—	—	2,845
Bonds payable	109,949	(60,000)	—	—	—	42	49,991
Lease liabilities	43,229	(10,082)	—	2,678	18,432	(1,153)	53,104
Total	155,228	(69,287)	—	2,678	18,432	(1,111)	105,940

Current fiscal year (fiscal year ended March 31, 2025)

(Millions of yen)

	April 1, 2024	Changes with cash flows	Changes without cash flows				March 31, 2025
			Change in scope of consolidation	Foreign exchange rate fluctuation	New lease	Other	
Long-term borrowings	2,845	(409)	—	1	—	—	2,437
Bonds payable	49,991	(50,000)	—	—	—	9	—
Lease liabilities	53,104	(9,851)	—	(649)	15,627	(675)	57,556
Total	105,940	(60,260)	—	(648)	15,627	(666)	59,993

(2) Non-cash transactions

Increase in right-of-use assets is shown in Note "19. Leases."

34. Earnings per share

The Company has introduced a restricted share remuneration plan for Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and Executive Officers, or employees. Among the shares under the plan, those of which rights have not been confirmed are distinguished as participating equity instruments from common shares. A holder of participating equity instruments has the same rights as a holder of common shares to profit attributable to owners of the parent.

The basis for the calculation of basic earnings per share is as follows.

Diluted earnings per share is not shown because there are no potential shares.

Item	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Profit attributable to owners of parent (Millions of yen)	180,838	233,818
Profit attributable to participating equity instruments (Millions of yen)	3	54
Profit attributable to common shareholders (Millions of yen)	180,835	233,764
Weighted average number of outstanding shares (Shares)	1,889,224,054	1,869,388,954
Weighted average number of participating equity instruments (Shares)	35,907	429,488
Weighted average number of common shares (Shares)	1,889,188,147	1,868,959,466
Basic earnings per share (Yen)	95.72	125.08

(Note) The Company implemented a three-for-one common stock split on October 1, 2023. Basic earnings per share were calculated on the assumption that the stock split had been implemented at the beginning of the fiscal year ended March 31, 2024.

35. Share-based remuneration

The Company has introduced a restricted share remuneration plan to motivate Directors (excluding Directors serving as Audit and Supervisory Committee Members and Outside Directors) and Executive Officers (collectively, the "Eligible Directors, etc.") to share value with shareholders over the long term and to contribute toward the sustainable enhancement of corporate value.

Under the plan, monetary remuneration claims will be granted to the Eligible Directors, etc. for the allotment of restricted shares, and the Eligible Directors, etc. will receive shares of the Company's common stock issued or disposed of by the Company by contributing such monetary remuneration claims in kind.

We have also introduced a restricted stock compensation plan for employees to acquire transfer-restricted shares in the Company via the Employee Shareholding Association. Under the plan, monetary claims will be granted to eligible employees for the allotment of restricted shares, and the eligible employees will contribute such monetary claims to the Employee Shareholding Association which then contributes such monetary claims in kind to receive shares of the Company's common stock issued or disposed of by the Company.

The restricted share allotment agreement stipulates that the Eligible Directors, etc. and eligible employees shall not transfer, create a security interest on, or otherwise dispose of the allotted shares for a certain period of time, and that the Company shall acquire the shares without compensation if certain events occur.

These plans are accounted for as the equity-settled share-based remuneration, and the expenses recorded for the previous fiscal year and the current fiscal year were 179 million yen and 612 million yen, respectively.

The details of restricted shares granted in the previous fiscal year and the current fiscal year are as follows:

Shares transferred by Directors and Executive Officers

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Grant date	July 28, 2023	July 26, 2024
Number of shares granted	66,330	69,085
Fair value at grant date (Yen)	2,723	3,300
Period of restriction	The period from the payment date of the shares to the time immediately after any of the Eligible Directors, etc. resigns or retires from both the position of Director and Executive Officer of the Company	
Method of fair value measurement	Fair value is calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors.	

Shares transferred by employees

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Grant date	–	September 25, 2024
Number of shares granted	–	676,080
Fair value at grant date (Yen)	–	3,300
Period of restriction	–	From September 25, 2024 to September 30, 2027
Method of fair value measurement	Fair value is calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors.	

(Note) The Company implemented a three-for-one common stock split on October 1, 2023. For the restricted shares granted before the stock split, the number of shares granted and fair value at the grant date are stated after being recalculated after the stock split.

36. Significant subsidiaries

The status of significant subsidiaries as of the end of the current fiscal year is described in "I. Overview of the Company 4. Information on subsidiaries and associates."

37. Structured entity

The Company owns an investment fund as an unconsolidated structured entity. The investment fund has been composed primarily of a venture fund of partnership form, an investment limited partnership, and an investment trust, and has been designed so that voting rights or similar rights do not constitute a determinant of control. Accordingly, the operation has been controlled by a third party. The investment fund raises capital through investments from each partner.

The carrying amounts of the assets recognized by the Companies in the consolidated statement of financial position for the unconsolidated structured entity are as follows:

	(Millions of yen)	
	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Carrying amount of the assets recognized by the Companies (Note)	6,896	7,293

(Note) This is included in other financial assets (non-current assets) in the consolidated statement of financial position.

The Companies have neither provided nor intend to provide any financial or other material assistance to any unconsolidated structured entities. Therefore, the Companies' maximum exposure to loss as a result of our involvement with the unconsolidated structured entity is limited to the carrying amount of the assets. The Companies' maximum exposure to loss represents the maximum amount of loss that the Companies could incur and does not indicate the likelihood of such loss.

38. Related parties

(1) Related-party transactions

1) Associates, etc. of the Company submitting the consolidated financial statements

The information is omitted because there were no significant transactions in the previous fiscal year and in the current fiscal year.

2) Officers and major individual shareholders of the Company submitting the consolidated financial statements

Previous fiscal year (fiscal year ended March 31, 2024)

Type	Name	Location	Share capital (Millions of yen)	Details of the business or occupation	Percentage of voting rights holding (or held)	Relationship with related party	Summary of transactions	Transaction amount (Millions of yen)	Account	Unsettled balance (Millions of yen)
Officer and close relative	Tsuneo Murata	–	–	Chairman of the Board of the Company Chairman of the Murata Science and Education Foundation	Held Directly, 0.7	Contribution of money	Contribution of money to the Murata Science and Education Foundation, for which he serves as Chairman	100	–	–

Current fiscal year (fiscal year ended March 31, 2025)

Not applicable.

(2) Compensation for key management personnel

Compensation for key management personnel of the Companies is as follows:

	Previous fiscal year (fiscal year ended March 31, 2024)	Current fiscal year (fiscal year ended March 31, 2025)
Monthly compensation (Millions of yen)	318	354
Bonuses (Millions of yen)	101	138
Stock-based compensation (Millions of yen)	82	99
Total (Millions of yen)	501	591

39. Commitment

Commitments related to expenditures after the reporting date are as follows:

(Millions of yen)

	As of end of previous fiscal year (March 31, 2024)	As of end of current fiscal year (March 31, 2025)
Acquisition of property, plant and equipment	219,580	199,811
Acquisition of intangible assets	375	216
Total	219,955	200,027

40. Subsequent events

(1) Purchase of treasury shares

The Company resolved, at a meeting of the Board of Directors held on April 30, 2025, to repurchase its stock in accordance with Article 459, paragraph 1 of the Companies Act, as per following details:

1) Purpose of stock repurchase of treasury shares:

To improve capital efficiency and enable a flexible financial strategy.

2) Details of repurchase:

- i Class of share: Common shares of the Company
- ii Total number of common shares to be repurchased: Up to 77,000,000 shares
(Up to 4.13% of the total number of outstanding common shares, excluding treasury shares)
- iii Total amount: Up to 100,000,000,000 yen
- iv Period: From May 7, 2025 to October 29, 2025

(2) Transfer of the micro primary battery business

At a meeting of the Board of Directors held on June 16, 2025, the Company resolved to transfer the micro primary battery* business (hereinafter, the "Business") operated by the Company and its wholly owned subsidiary Tohoku Murata Manufacturing Co., Ltd. (hereinafter, "Tohoku Murata") to Maxell, Ltd. (hereinafter, "Maxell") and entered into a share transfer agreement with Maxell.

The closing of this transaction is scheduled to take place within FY2025.

* Micro primary batteries: coin manganese dioxide lithium batteries, silver oxide batteries and alkaline manganese batteries

1) Reason of this transfer

The Company acquired the battery business, including the Business, from Sony Corporation in 2017 and has since operated it. However, after careful consideration, the Company has determined that the best course for the future growth and development of the Business is to transfer it to Maxell, the most suitable owner, and has decided to proceed with the transfer. By allocating and focusing management resources on the Cylindrical Type Lithium Ion Secondary Battery business, the Company and Tohoku Murata will aim to increase our competitive advantage and further expand our business, mainly in the power tool market and the energy storage system (ESS) market.

2) Transfer scheme

The Business will be transferred to a newly established wholly owned subsidiary of the Company through a company split (absorption-type split) in which the Company and Tohoku Murata will be the splitting companies. The Business will then be transferred through the acquisition by Maxell of 100% of the shares of the new subsidiary from the Company.

3) Details of the business transfer

Content of the transferred business	Design and manufacturing in the micro primary battery business
Revenue and ordinary profit of the transferred business in the most recent fiscal year	Revenue and ordinary profit (fiscal year ended March 31, 2025) Not calculated separately, as the Business is part of the Devices and Modules business segment.
Items and amounts of assets and liabilities of the transferred business	Assets and liabilities (as of March 31, 2025) Not calculated separately, as the Business is part of the Devices and Modules business segment.
Transfer price	8.0 billion yen * Price adjustment will occur based on the book value of the transferred inventory, etc. as of the transfer date.
Transfer procedure	This transfer qualifies as a simplified business transfer as defined in Article 467, Paragraph (1), Item 2 of the Companies Act, and therefore, it will be conducted without a resolution of a general meeting of shareholders.

4) Outline of transferee

Name	Maxell, Ltd.
Location	1 Koizumi, Oyamazaki, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525
Business activities	Manufacturing and sales of batteries, functional materials, optical components, devices, and electrical appliances
Share capital	12.2 billion yen
Establishment	September 1960
Number of employees	Consolidated: 3,797 / Non-consolidated: 1,296 (as of March 31, 2025)

5) Future outlook

Date of the resolution of the Board of Directors regarding the transfer agreement	June 16, 2025
Date of execution of the absorption-type split agreement	Within 2025
Effective date (Execution date of this business transfer)	Within 2025

41. Approval of consolidated financial
statements

These consolidated financial statements were, approved by Norio Nakajima, President and Representative Director, and Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit, as of June 24, 2025.

(2) Others

Interim information for the current fiscal year

(Cumulative period)	Six months ended September 30, 2024	Current fiscal year
Revenue (Millions of yen)	883,481	1,743,352
Profit before tax (Millions of yen)	164,029	304,404
Profit attributable to owners of parent (Millions of yen)	130,320	233,818
Basic earnings per share (Yen)	69.45	125.08

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	196,292	203,129
Accounts receivable - trade *1	309,667	326,248
Securities	1,700	-
Merchandise and finished goods	12,393	10,750
Raw materials and supplies	42,201	38,445
Work in process	23,248	21,990
Accounts receivable - other *1, *2	43,919	45,074
Income taxes refund receivable	9,748	1,074
Current portion of long-term loans receivable *1	68,018	70,824
Other *1	7,136	5,988
Allowance for doubtful accounts	(75)	(107)
Total current assets	714,251	723,418
Non-current assets		
Property, plant and equipment		
Buildings *3	92,386	92,731
Structures *3	7,601	7,545
Machinery and equipment *3	32,499	33,234
Vehicles *3	135	124
Tools, furniture and fixtures *3	12,376	11,933
Land *3	35,842	36,195
Construction in progress	16,385	21,363
Total property, plant and equipment	197,227	203,128
Intangible assets	64,249	60,221
Investments and other assets		
Investment securities	28,434	21,443
Shares of subsidiaries and associates	290,426	317,459
Investments in capital of subsidiaries and associates	17,335	17,414
Long-term loans receivable *1	68,630	72,121
Deferred tax assets	16,078	12,453
Other *1	20,054	29,053
Allowance for doubtful accounts	(1,964)	(4,229)
Total investments and other assets	438,995	465,716
Total non-current assets	700,472	729,066
Total assets	1,414,724	1,452,484

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	114,027	119,669
Current portion of bonds payable	50,000	-
Short-term borrowings	435,426	454,904
Current portion of long-term borrowings	1,500	29,700
Accounts payable - other	27,960	22,121
Accrued expenses	24,069	25,578
Income taxes payable	43	1,718
Other	4,796	1,436
Total current liabilities	657,825	655,129
Non-current liabilities		
Provision for retirement benefits	28,806	29,801
Other	3,650	5,236
Total non-current liabilities	32,457	35,038
Total liabilities	690,282	690,167
Net assets		
Shareholders' equity		
Share capital	69,444	69,444
Capital surplus		
Legal capital surplus	101,133	107,733
Other capital surplus	19,255	-
Total capital surplus	126,989	107,733
Retained earnings		
Legal retained earnings	7,899	7,899
Other retained earnings		
Reserve for tax purpose reduction entry of land	13	13
Reserve for tax purpose reduction entry of replacement assets	767	766
General reserve	162,707	162,707
Retained earnings brought forward	479,962	543,387
Total retained earnings	651,351	714,775
Treasury shares	(133,441)	(135,191)
Total shareholders' equity	714,344	756,762
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,096	5,554
Total valuation and translation adjustments	10,096	5,554
Total net assets	724,441	762,316
Total liabilities and net assets	1,414,724	1,452,484

2) Non-consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*2 1,069,763	*2 1,106,301
Cost of sales	*2 780,170	*2 801,672
Gross profit	289,593	304,629
Selling, general and administrative expenses	*1 286,351	*1 292,280
Operating profit	3,241	12,348
Non-operating income		
Interest and dividend income	*2 108,653	*2 208,512
Insurance claim income	1,012	7,182
Foreign exchange gains	1,217	3,894
Other	*2 4,050	*2 3,814
Total non-operating income	114,934	223,404
Non-operating expenses		
Interest expenses	*2 5,424	*2 4,993
Product replacement and repair costs	*2 4,432	*2 3,010
Other	*1 4,558	*2 4,467
Total non-operating expenses	14,415	12,471
Ordinary profit	103,760	223,281
Extraordinary income		
Gain on sale of investment securities	-	4,094
Total extraordinary income	-	4,094
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	139	3,240
Provision of allowance for doubtful accounts	1,937	2,267
Total extraordinary losses	2,076	5,508
Profit before income taxes	101,683	221,868
Income taxes - current	(7,216)	(5,395)
Income taxes - deferred	1,092	5,717
Total income taxes	(6,123)	322
Profit	107,807	221,545

3) Non-consolidated Statement of Shareholders' Equity

Previous fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			
						Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of replacement assets	Reserve for purchase of specified shares	General reserve
Balance at beginning of period	69,444	107,733	19,138	126,872	7,899	13	767	130	162,707
Changes during period									
Restricted share remuneration			116	116					
Dividends of surplus									
Profit									
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Cancellation of treasury shares									
Reversal of reserve for purchase of specified shares								(130)	
Reversal of reserve for tax purpose reduction entry of replacement assets									
Net changes in items other than shareholders' equity									
Total changes during period	-	-	117	117	-	-	-	(130)	-
Balance at end of period	69,444	107,733	19,255	126,989	7,899	13	767	-	162,707

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	466,485	638,004	(133,494)	700,826	6,938	6,938	707,765
Changes during period							
Restricted share remuneration			64	180		–	180
Dividends of surplus	(94,460)	(94,460)		(94,460)		–	(94,460)
Profit	107,807	107,807		107,807		–	107,807
Purchase of treasury shares			(10)	(10)		–	(10)
Disposal of treasury shares			0	0		–	0
Cancellation of treasury shares				–			–
Reversal of reserve for purchase of specified shares	130	–		–			–
Reversal of reserve for tax purpose reduction entry of replacement assets				–			–
Net changes in items other than shareholders' equity					3,158	3,158	3,158
Total changes during period	13,477	13,347	53	13,517	3,158	3,158	16,676
Balance at end of period	479,962	651,351	(133,441)	714,344	10,096	10,096	724,441

Current fiscal year (from April 1, 2024 to March 31, 2025)

(Millions of yen)

(millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			
						Reserve for tax purpose reduction entry of land	Reserve for tax purpose reduction entry of replacement assets	Reserve for purchase of specified shares	General reserve
Balance at beginning of period	69,444	107,733	19,255	126,989	7,899	13	767	—	162,707
Changes during period									
Restricted share remuneration			1,557	1,557					
Dividends of surplus									
Profit									
Purchase of treasury shares									
Disposal of treasury shares			0	0					
Cancellation of treasury shares			(20,813)	(20,813)					
Reversal of reserve for purchase of specified shares									
Reversal of reserve for tax purpose reduction entry of replacement assets							(1)		
Net changes in items other than shareholders' equity									
Total changes during period	—	—	(19,255)	(19,255)	—	—	(1)	—	—
Balance at end of period	69,444	107,733	—	107,733	7,899	13	766	—	162,707

	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings	Total retained earnings					
	Retained earnings brought forward						
Balance at beginning of period	479,962	651,351	(133,441)	714,344	10,096	10,096	724,441
Changes during period							
Restricted share remuneration			901	2,459		–	2,459
Dividends of surplus	(101,581)	(101,581)		(101,581)		–	(101,581)
Profit	221,545	221,545		221,545		–	221,545
Purchase of treasury shares			(80,006)	(80,006)		–	(80,006)
Disposal of treasury shares			0	0		–	0
Cancellation of treasury shares	(56,540)	(56,540)	77,353	–		–	–
Reversal of reserve for purchase of specified shares				–			–
Reversal of reserve for tax purpose reduction entry of replacement assets	1	–		–		–	–
Net changes in items other than shareholders' equity					(4,542)	(4,542)	(4,542)
Total changes during period	63,425	63,424	(1,750)	42,417	(4,542)	(4,542)	37,875
Balance at end of period	543,387	714,775	(135,191)	756,762	5,554	5,554	762,316

Notes to Non-consolidated Financial Statements

(Significant Accounting Policies)

1. Valuation standards and valuation methods of securities
 - Shares of subsidiaries and associates At cost based on the moving-average method
 - Other securities
 - Securities other than stock, etc., without market prices Fair value method based on market prices
(Valuation differences are reported as a component of net assets, and the cost of securities sold is calculated using the moving-average method)
 - Stock, etc., without market prices At cost based on the moving-average method
2. Valuations standards and valuation methods of derivatives
 - Derivatives Fair value method
3. Valuation standards and valuation methods of inventories
 - Merchandise At cost based on the moving-average method
(Non-consolidated balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability.)
 - Finished goods, raw materials, work in process, supplies At cost based on the periodic-average method
(Non-consolidated balance sheet amounts are calculated by writing down the book value of assets that have decreased in profitability.)
4. Depreciation method for non-current assets
 - Property, plant and equipment Straight-line method
Primary useful lives are as follows:
 - Buildings 10-50 years
 - Machinery and equipment 4-17 years
 - Intangible assets Straight-line method
Software for internal use is amortized by the straight-line method based on an estimated useful life (3-5 years).
5. Standards for recording of allowances
 - (1) Allowance for doubtful accounts
To provide for possible losses resulting from uncollectible receivables, such as trade accounts and loans, the estimated uncollectible amount is recorded based on the historical default rate with regard to general accounts, and by individually assessing possible collectability for certain receivables, such as loans with default possibility.
 - (2) Provision for retirement benefits
To provide for retirement benefits to employees, the amount is recorded based on the estimated amount of termination and retirement liabilities and pension assets at the end of the period.
Past service cost is recorded as expenses using the straight-line method based on the average remaining years of service of employees as of the time of occurrence. Actuarial differences are amortized using the straight-line method over a period of five years within the average remaining years of service of employees of the time of occurrence and are recorded as expenses from the following fiscal year after incurrence.
6. Revenue and expense recognition standards
The Company conducts sales of electronic items, including Components (MLCCs, Inductors, EMI Suppression Filters, etc.) and Devices and Modules (Multilayer Resin Substrates, Surface-Wave Filters, Lithium-Ion Secondary Batteries, Sensors, etc.), and related merchandise and finished goods. With regard to the sales of merchandise and finished goods, the Company recognizes revenue at the time of delivery of merchandise or finished goods since it considers that the customer obtains control over the merchandise or finished goods and performance obligations are satisfied at the time of delivery of the merchandise or finished goods. Furthermore, for domestic sales, revenue is recognized after shipment to the domestic delivery area designated by the customer, because shipment through delivery is within the usual timeframe. In addition, revenue is recognized at the amount of consideration promised in the contract with the customer less discounts, rebates, returned goods, etc. The Companies mostly receive transaction consideration within one year after satisfying performance obligations, and there are no material financial components included.
7. Other material matters concerning the preparation of non-consolidated financial statements
Amounts of less than one million yen are rounded down.

(Significant Accounting Estimates)**Valuation of investments in and loans receivable from subsidiaries and associates****(1) Amounts stated in the non-consolidated financial statements for the previous and current fiscal years**

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
Shares of subsidiaries and associates	290,426	317,459
Investments in capital of subsidiaries and associates	17,335	17,414
Long-term loans receivable	68,602	72,109
Allowance for doubtful accounts	1,937	4,205

(2) Information on significant accounting estimates related to identified items

In valuating shares of subsidiaries and associates and investments in capital of subsidiaries and associates, the Company recognizes impairment loss to bring down to the substantial value when the substantial value, which is calculated based on the amount of the net assets per share of the issuing company, has declined by approximately 50% or more compared with the acquisition cost due to financial deterioration of a subsidiary or associate, except in cases that the recoverability is supported by sufficient evidence. In addition, the Company records allowance for doubtful accounts for loans receivable from subsidiaries and associates whose financial position has been deteriorated, at the amount expected to be uncollectable in evaluating the collectability of loans receivable from subsidiaries and associates, based on "5. Standards for recording of allowances" in "(Significant Accounting Policies)."

If financial results and conditions are deteriorated due to changes in unpredictable economic conditions, etc., at the time of estimation, it may affect the valuation and the amounts of relevant allowances in the non-consolidated financial statements for the following fiscal year.

(Changes in Presentation)***Non-consolidated Statement of Income***

"Insurance claim income," which was included in "Other" under "Non-operating income" in the previous fiscal year, has been presented separately from the current fiscal year, since the significance of the monetary amount has increased. Financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation.

As a result, in the non-consolidated statement of income for the previous fiscal year, the amount of 5,063 million yen presented in "Other" under "Non-operating income" has been reclassified as "Insurance claim income" of 1,012 million yen and "Other" of 4,050 million yen.

(Non-consolidated Balance Sheet)***1. Monetary claims and monetary liabilities with subsidiaries and associates**

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
Short-term monetary claims	365,603	389,241
Long-term monetary claims	70,332	73,839
Short-term monetary liabilities	548,719	598,083

***2.** With respect to consumption tax, etc., the amount of claim for a tax refund based on the final tax return at the end of the current fiscal year is included in accounts receivable - other.

***3. Reduction entry**

Accumulated reduction entry, which is directly deducted from non-current assets acquired with government subsidies, etc., is as follows:

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
Buildings	4,752	4,751
Structures	28	22
Machinery and equipment	263	87
Vehicles	0	0
Tools, furniture and fixtures	21	20
Land	1,786	1,786

Guarantee obligations

Guarantee obligations for trade notes and accounts payable of following subsidiaries and associates are undertaken.

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
Shenzhen Murata Technology Co., Ltd.	104	Shenzhen Murata Technology Co., Ltd. 370
pSemi Corporation	443	pSemi Corporation 2
Total	547	Total 372

(Non-consolidated Statement of Income)

- *1. The approximate percentage of selling expenses is 13% and 12% for the previous fiscal year and the current fiscal year, respectively, and the approximate percentage of general and administrative expenses is 87% and 88% for the previous fiscal year and the current fiscal year, respectively.

Main items and their amount of selling, general and administrative expenses were as follows:

	(Millions of yen)	
	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
Employees' salaries and other allowances	30,184	32,738
Bonus allowances	12,029	13,587
Depreciation and amortization	17,504	17,773
Commissions	90,047	100,356
Business commission income	(27,609)	(31,096)
Research and development expenses	113,875	123,959

***2. Matters with subsidiaries and associates**

	(Millions of yen)	
	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
Business transactions	1,658,062	1,723,410
Net sales	928,923	966,355
Purchase turnover	729,139	757,054
Non-business transactions	118,698	217,199
Interest income	320	428
Dividend income	103,964	203,844
Commission income	185	210
Asset transfer	2,729	2,437
Interest expense	5,320	4,980
Product replacement and repair costs	4,203	1,902
Asset purchase	1,143	2,541
Other	831	855

(Securities)

Shares of subsidiaries and associates

Previous fiscal year (as of March 31, 2024)

Shares of subsidiaries (carrying amount in the non-consolidated balance sheet: 290,371 million yen) and shares of associates (carrying amount in the non-consolidated balance sheet: 55 million yen) are not described because of no market prices.

Current fiscal year (as of March 31, 2025)

Shares of subsidiaries (carrying amount in the non-consolidated balance sheet: 317,384 million yen) and shares of associates (carrying amount in the non-consolidated balance sheet: 75 million yen) are not described because of no market prices.

(Tax Effect Accounting)

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

	(Millions of yen)	
	End of previous fiscal year (March 31, 2024)	End of current fiscal year (March 31, 2025)
Deferred tax assets		
Accrued bonuses	3,300	3,517
Inventories	4,880	4,226
Accrued expenses	1,139	1,178
Accounts payable - other	24	4
Accrued enterprise taxes	-	486
Provision for retirement benefits	7,072	4,669
Shares of subsidiaries and associates	5,243	6,414
Tangible and intangible non-current assets	1,959	2,047
Deferred tax credits	872	870
Investment securities	914	1,228
Other temporary differences	4,446	2,729
Total	29,853	27,374
Valuation allowances	(9,291)	(12,579)
Total	20,562	14,795
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(4,032)	(1,939)
Enterprise tax refund receivable	(59)	-
Other temporary differences	(391)	(401)
Total	(4,483)	(2,341)
Net deferred tax assets	16,078	12,453

2. Breakdown of major items which caused the difference when there is material difference between the statutory effective tax rate and the effective income tax rate after application of tax effect accounting

	Previous fiscal year (March 31, 2024)	Current fiscal year (March 31, 2025)
Statutory effective tax rates	30.5%	30.5%
(Adjustments)		
Exemption for dividend income	(30.5)	(27.0)
Tax exemption for R&D promotion tax system	(8.7)	(6.0)
Valuation allowances for deferred tax assets	2.7	1.4
Foreign withholding income tax	1.0	1.4
Other	(0.9)	(0.1)
Effective income tax rates	(6.0)	0.2

3. Accounting for income taxes and local income taxes or tax effect accounting related to these taxes

The Company has adopted the group tax sharing system, and accounts for and discloses income taxes and local income taxes, or tax effect accounting related to these taxes based on the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Revision to the amounts of deferred tax assets and deferred tax liabilities due to change in the rate of corporate income taxes

The Act to Partially Amend the Income Tax Act, etc. (Act No. 13 of 2025) was promulgated in Japan on March 31, 2025, and the special defense corporate tax will be levied from fiscal years beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will change from the previous 30.5% to 31.4% from fiscal years beginning on or after April 1, 2026.

The impact of this tax rate change on the non-consolidated financial statements is minor.

(Revenue Recognition)

The information that is basic to an understanding of revenue resulting from contracts with customers is omitted because the same matters are described in “27. Revenue” in the Notes to Consolidated Financial Statements.

(Material Subsequent Events)

The note is omitted because the same matters are described in “40. Subsequent events” in the Notes to Consolidated Financial Statements.

4) Supplementary schedules

Schedule of property, plant and equipment

(Millions of yen)

Category	Type of assets	Balance at beginning of the current fiscal year	Amount increased in the current fiscal year	Amount decreased in the current fiscal year	Amount depreciated in the current fiscal year	Balance at end of the current fiscal year	Accumulated depreciation
Property, plant and equipment	Buildings	92,386	7,418	344	6,729	92,731	84,593
	Structures	7,601	645	11	689	7,545	9,812
	Machinery and equipment	32,499	13,605	1,969	10,900	33,234	116,299
	Vehicles	135	48	4	54	124	270
	Tools, furniture and fixtures	12,376	4,482	269	4,655	11,933	44,514
	Land	35,842	400	47 (47)	–	36,195	–
	Construction in progress	16,385	31,774	26,797	–	21,363	–
	Total	197,227	58,374	29,444 (47)	23,029	203,128	255,491
Intangible assets		64,249	10,253	311	13,969	60,221	–

- (Notes) 1. Figures in parentheses in the column of “Amount decreased in the current fiscal year” are the recorded amounts of impairment losses included in “Amount decreased in the current fiscal year.”
2. “Amount increased in the current fiscal year” of “Construction in progress” is due to strengthening of research and development facilities, acquisition of buildings, strengthening and rationalization of production facilities, etc.

Schedule of allowances

(Millions of yen)

Account	Balance at beginning of the current fiscal year	Amount increased in the current fiscal year	Amount decreased in the current fiscal year	Balance at end of the current fiscal year
Allowance for doubtful accounts	2,039	2,308	10	4,337

(2) Components of major assets and liabilities

The description is omitted since the consolidated financial statements have been prepared.

(3) Others

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date of dividends of surplus	September 30 March 31
Number of shares per unit	100 shares
Purchase or sale of shares less than one unit	
Handling office	(Handling of shares less than one unit recorded in a special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department of the Head Office, Mizuho Trust & Banking Co., Ltd. (Handling of shares less than one unit recorded in a transfer account other than special account) Account management institution (securities company, etc.) for which the transfer account was opened
Shareholder registry administrator	(Shareholder registry administrator and special account management institution) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Purchase and sale commissions	Free of charge
Method of public notice	The method of public notice by the Company shall be an electronic public notice on its website. (https://corporate.murata.com/ja-jp) However, when an electronic public notice is not available owing to an accident or any other unavoidable reason, such a notice shall be given in the Nihon Keizai Shimbun.
Special benefits for shareholders	Not applicable.

(Note) Pursuant to the Articles of Incorporation of the Company, shareholders of shares of less than one unit of the Company do not have any rights other than the rights specified in each item of Article 189, Paragraph (2) of the Companies Act, rights to make claims as provided for in Article 166, Paragraph (1) of the said Act, rights of shareholders to subscribe for shares or share warrants allotted by the Company in accordance with the number of shares held by them, and the right to demand the sale of shares of less than one unit.

VII. Reference Information of Reporting Company

1. Information about parent of reporting company

The Company does not have a parent company, etc. specified in Article 24-7, Paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

The Company has filed the following documents from the commencing date of the current fiscal year to the filing date of this Annual Securities Report.

(1) Annual Securities Report, accompanying documents, and confirmation letter

Fiscal year (88th term) (from April 1, 2023 to March 31, 2024):

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

(2) Internal control report and accompanying documents

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

(3) Semi-annual Securities Reports and confirmation letters

(First half of the 89th term) (from April 1, 2024 to September 30, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2024.

(4) Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

This is an Extraordinary Report based on Article 19, Paragraph (2), item (ii)-2 (disposal of treasury shares as restricted shares incentive for Employee Shareholding Association) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Filed with the Director-General of the Kanto Local Finance Bureau on July 1, 2024.

This is an Extraordinary Report based on Article 19, Paragraph (2), item (ix)-2 (results of exercise of voting rights at the shareholders meeting) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Filed with the Director-General of the Kanto Local Finance Bureau on January 15, 2025.

This is an Extraordinary Report based on Article 19, Paragraph (2), item (i) (offering of securities in regions outside Japan) of the Cabinet Office Order on Disclosure of Corporate Affairs.

(5) Amendment Report of Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on January 16, 2025.

This is an amended report for the Extraordinary Report (offering of securities in regions outside Japan) filed on January 15, 2025.

(6) Securities Registration Statement (allotment to others) and accompanying documents

Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

(7) Amended statement for the Securities Registration Statement (allotment to others)

Filed with the Director-General of the Kanto Local Finance Bureau on July 1, 2024.

This is an amended statement for the Securities Registration Statement (allotment to others) filed on June 27, 2024.

(8) Share Buyback Report

Reporting period (from June 1, 2024 to June 30, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on July 4, 2024.

Reporting period (from July 1, 2024 to July 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on August 7, 2024.

Reporting period (from August 1, 2024 to August 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on September 6, 2024.

Reporting period (from September 1, 2024 to September 30, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on October 7, 2024.

Reporting period (from October 1, 2024 to October 31, 2024)

Filed with the Director-General of the Kanto Local Finance Bureau on November 8, 2024.

Reporting period (from April 1, 2025 to April 30, 2025)

Filed with the Director-General of the Kanto Local Finance Bureau on May 15, 2025.

Reporting period (from May 1, 2025 to May 31, 2025)

Filed with the Director-General of the Kanto Local Finance Bureau on June 6, 2025.

(9) Amendment Report of Share Buyback Report

Filed with the Director-General of the Kanto Local Finance Bureau on October 22, 2024.

This is an amended report for the Share Buyback Report filed on September 6, 2024.

Filed with the Director-General of the Kanto Local Finance Bureau on May 16, 2025.

This is an amended report for the Share Buyback Report filed on May 15, 2025.

Part II Information about Reporting Company's Guarantor, etc.

Not applicable.

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information. Readers should be particularly aware of the differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (the United States of America) ("ICFR under PCAOB");

- In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under PCAOB, the auditors express an opinion on the Company's ICFR directly.
- In an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICFR under PCAOB, there is no such detailed guidance. Accordingly, regarding the scope of assessment of internal control over business processes, the Company selected locations and business units to be tested, and the companies whose combined sales and other balances reaches two thirds of total sales and other balances for the prior year on a consolidation basis were selected as "significant locations and/or business units."

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 24, 2025

To the Board of Directors of Murata Manufacturing Co., Ltd.

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Seiji Kawazu

Designated Engagement Partner,
Certified Public Accountant:

Yuya Minobe

Designated Engagement Partner,
Certified Public Accountant:

Kohei Nishida

Audit of Consolidated Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Murata Manufacturing Co., Ltd. and its consolidated subsidiaries (the "Company") included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2024 to March 31, 2025, and a summary of material accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Valuation of property, plant and equipment As of March 31, 2025, the amount of property, plant and equipment recorded on the Company's consolidated financial statements was 1,183,727 million yen, which constitutes 39% of its total assets. Being in the electronics industry where operating environments change rapidly, the Company has made substantial investments in equipment and facilities in anticipation of mid-and-long-term increases in the market demands, driven by advancements in edge devices such as smartphones and PCs, the construction of IT infrastructure, and the growing demand primarily for AI servers in data centers, as well as the advancement of electrification for mobility market. As stated in "3. Material accounting policies" under "Notes to Consolidated Financial Statements", the Company assesses at the end of each reporting period whether there is any indication that property, plant and equipment may be impaired by a cash-generating unit or group of cash-generating units. If any indication of impairment exists, the recoverable amount of a cash-generating unit or group of cash-generating units is the higher of its value in use or its fair value, less costs to dispose of, and an impairment loss is recognized when the estimated recoverable amount is less than its carrying amount. For the current fiscal year, in the MEMS inertial sensor business, given that the advancement of autonomous driving has been slower than initially expected, the Company calculated the recoverable amount based on the latest business plan. As a result, it was deemed to be less than the carrying amounts, and impairment losses were recorded in the amount of 10,352 million yen. The assessment of whether there is any indication of impairment and the calculation of the value in use are based on a variety of assumptions. In particular, revenue included in business plans is affected by management's subjective judgment and has uncertainties. Due to the reasons above, we have identified the valuation of property, plant and equipment as a key audit matter.	Our audit procedures related to the valuation of property, plant and equipment included the following, among others: (1) We evaluated the design and operating effectiveness of controls over the assessment of indications of impairment of property, plant and equipment, recognition and measurement of the impairment loss. (2) We performed the following procedures for cash-generating units or group of cash-generating units that have a trend of deteriorating performance in the assessment of indications of impairment: • We inspected various meeting minutes such as meeting minutes of the board of directors, and business plans approved by management in order to evaluate whether there were any events or changes in circumstances that would indicate that the carrying amount of the cash-generating units or groups of cash-generating units might not be recoverable. • Regarding business plans approved by management, we inspected the supporting documents and the external data such as market conditions, and we inquired with the business departments and Finance Accounting Operation Service & Development Department to evaluate whether estimated revenue reflected market condition outlook, and the latest available facts. In addition, we assessed the reasonableness of the business plans by comparing the business plans prepared in the past with the actual results. (3) We performed the following procedures for the value in use by measurement based on an estimate of the future cash flows for the MEMS inertial sensor business: • We evaluated the consistency of the business plans used in assessing whether there was any indication of impairment with the underlying business plans approved by management for the estimate of the future cash flows.

	We evaluated the methods used in the calculation of the value in use were appropriate in light of the applicable financial reporting framework by inspecting the calculation worksheets.
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Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Valuation of goodwill As of March 31, 2025, the amount of goodwill recorded on the Company's consolidated financial statements was 135,746 million yen. The Company has performed a number of stock acquisitions or asset acquisitions in the telecommunication market and mobility market in order to acquire differentiating technology and create new business models as stated in the mid-term plan. The carrying amounts of significant goodwill are 56,637 million yen for the business related to products such as High-frequency module, and 42,486 million yen for the business related to SAW filter products. As stated in "3. Material accounting policies" under "Notes to Consolidated Financial Statements", the Company assesses at the end of each reporting period whether there is any indication that goodwill may be impaired, and if any indications of impairment exist, the recoverable amount is estimated and the Company performs impairment test. Irrespective of whether there is any indication of impairment, the Company estimates the recoverable amount and performs an impairment test at the same time every year. As part of these impairment tests, the recoverable amount of a cash-generating unit or group of cash-generating units including goodwill is the higher of its value in use or its fair value, less costs to dispose of, and an impairment loss is recognized when the estimated recoverable amount is less than its carrying amount. In addition, the value in use is calculated by discounting the estimated future cash flows based on growth rates and business plans for the period of five years or less approved by management to the present value using a pre-tax discount rate. The estimate of the discounted future cash flows is based on a variety of assumptions such as business plans, growth rates, and discount rates. In particular, revenue included in the business plans is affected by management's subjective judgment and has uncertainties. Furthermore, the discount rates require a high degree of expertise and judgment when selecting the calculation method and input data, and there is a significant quantitative impact if the discount rates fluctuate. Due to the reasons above, we have identified the valuation of goodwill as a key audit matter.	Our audit procedures related to the valuation of goodwill included the following, among others: (1) We evaluated the design and operating effectiveness of controls over the assessment of whether there were any indications that goodwill might be impaired, and determining whether impairment losses shall be recognized for goodwill. (2) We evaluated the capabilities and objectivity of the external valuation experts the Company used by inspecting their background information and inquiring of them in order to evaluate their knowledge and experience. (3) We performed the following procedures for value in use based on the discounted present value of the estimated future cash flows: - Regarding the business plans approved by management, we inspected supporting documents and external data such as market conditions, and inquired with the business departments and Strategic Finance Department to evaluate whether estimated revenue reflected market condition outlooks and the latest available facts. In addition, we assessed the reasonableness of the business plans by comparing the business plans prepared in the past with the actual results. - Regarding the discount rates, we involved our valuation specialists to assist us in order to evaluate the reasonableness of the calculation method, indexes, and assumptions used for the calculation of the discount rates based on market conditions or observable data. - Regarding a methodology to calculate the value in use, we evaluated with the assistance of our specialists if the methodology was consistent with the valuation methodology that is acceptable in common practice and if the calculation of the value in use was reasonable. - We performed a sensitivity analysis for revenue and discount rates which reflected uncertainties to evaluate their impacts on the value in use.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Murata Manufacturing Co., Ltd. as of March 31, 2025.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Murata Manufacturing Co., Ltd. as of March 31, 2025, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. The Audit and Supervisory Committee is responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and review of the audit work performed for purposes of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-Related Information

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Murata Manufacturing Co., Ltd. and its subsidiaries are disclosed in (3) Status of Audit of Corporate Governance which are included in the Information on Murata Manufacturing Co., Ltd. of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 24, 2025

To the Board of Directors of Murata Manufacturing Co., Ltd.

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Seiji Kawazu

Designated Engagement Partner,
Certified Public Accountant:

Yuya Minobe

Designated Engagement Partner,
Certified Public Accountant:

Kohei Nishida

Audit of Non-consolidated Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Murata Manufacturing Co., Ltd. (the "Company") included in the Financial Section, namely, the non-consolidated balance sheet as of March 31, 2025, and the non-consolidated statement of income, and non-consolidated statement of changes in equity for the 89th fiscal year from April 1, 2024 to March 31, 2025, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the non-consolidated financial statements of the current period. The matter was addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Valuation of investments in and loans receivable from subsidiaries and associates	
As of March 31, 2025, the amounts of shares of subsidiaries and associates and investments in capital of subsidiaries and associates (“investments in subsidiaries and associates”) recorded on the Company’s non-consolidated financial statements were 334,873 million yen in the aggregate and long-term loans receivable from subsidiaries and associates was 72,109 million yen. The total amounts of investments in subsidiaries and associates and long-term loans receivable from subsidiaries and associates (collectively referred to as the “investments in and loans receivable from subsidiaries and associates”) constitute 28% of its total assets. As stated in “Significant Accounting Estimates” under “Notes to Non-consolidated Financial Statements”, in the valuation of investments in subsidiaries and associates, the Company recognizes an impairment loss to bring down to the substantial value when the substantial value, which is calculated based on the amount of the net assets per share of the issuing company, has declined by approximately 50% or more compared with the acquisition cost, except in cases where the recoverability is supported by sufficient evidence. In addition, the Company records an allowance for doubtful accounts for loans receivable from subsidiaries and associates whose financial conditions have been deteriorated, at the amount expected to be uncollectable in evaluating the collectability of loans receivable from subsidiaries and associates. For the current fiscal year, the Company recorded an impairment loss of 3,240 million yen for investments in subsidiaries and associates which were considered that the recoverability was not supported by sufficient evidence. In addition, the Company recorded an allowance for doubtful accounts for loans receivable from subsidiaries and associates of 4,205 million yen. We have determined that investments in and loans receivable from subsidiaries and associates require careful consideration because they both are quantitatively material on the non-consolidated balance sheet. Due to the reasons above, we have identified the valuation of investments in and loans receivable from subsidiaries and associates as a key audit matter.	Our audit procedures related to the valuation of investments in and loans receivable from subsidiaries and associates included the following, among others: (1) We evaluated the design and operating effectiveness of controls over determining whether an impairment loss shall be recognized on investments in subsidiaries and associates, recording an impairment loss, and evaluating loans receivable from subsidiaries and associates. (2) Regarding whether the substantial value for investments in subsidiaries and associates declined, we conducted the following procedures: • We inspected the supporting documents, inquired with Strategic Finance Department, and performed a recalculation to evaluate the appropriateness in determining whether the substantial value declined. • Regarding the calculation for the substantial value, we performed recalculation based on the financial information of each issuing company to evaluate the accuracy of it. • Regarding the reliability of the financial information of each issuing company, we considered the audit procedures performed and the conclusion reached by the auditors of each subsidiary for major subsidiaries and associates, and performed a trend analysis for past financial information for other subsidiaries and associates. (3) Regarding the business plans approved by management which were the basis for determining the recoverability of investments in subsidiaries and associates, we inspected the supporting documents and related meeting minutes, and inquired with Strategic Finance Department to evaluate whether estimated revenue reflected market condition outlooks and the latest available facts. In addition, we assessed the reasonableness of the business plans by comparing the business plans prepared in the past with the actual results. (4) Regarding loans receivable from subsidiaries and associates whose financial conditions have been deteriorated, we evaluated the appropriateness of the recorded the allowance for doubtful accounts for loans receivable by based on the latest financial position and operating results.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the non-consolidated financial statements and our auditor's report thereon.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-Related Information

Fee-related information are disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2025

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

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Document filed	Confirmation Letter
Applicable law	Article 24-4-2, Paragraph (1) of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing date	June 24, 2025
Company name	Kabushiki Kaisha Murata Seisakusho
Company name in English	Murata Manufacturing Co., Ltd.
Title and name of representative	Norio Nakajima, President and Representative Director
Title and name of chief financial officer	Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit
Address of head office	10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto, Japan
Place where available for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters relating to adequacy of statements contained in the Annual Securities Report

Norio Nakajima, President and Representative Director, and Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit, confirmed that the statements contained in the Annual Securities Report for the 89th fiscal year (from April 1, 2024 to March 31, 2025) were adequate under the Financial Instruments and Exchange Act.

2. Particular matters

Not applicable.

NOTE TO READERS:

Following is an English translation of internal control report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an assessment of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (the United States of America) ("ICFR under PCAOB").

In an assessment of ICFR under FIEA, there is detailed guidance on the scope of an assessment of ICFR, such as quantitative guidance on business location selection and/or account selection. In an assessment of ICFR under PCAOB, there is no such detailed guidance. Accordingly, regarding the scope of assessment of internal control over business processes, we selected "significant business locations" by considering the qualitative materiality of major manufacturing, sales, and management companies as well as results of prior assessments. These significant business locations include those sites where revenue and trade receivables for the prior fiscal year reach approximately the top two-thirds of the total, in addition to sites where inventories and property, plant and equipment reach approximately the top half of the total.

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Document filed	Internal Control Report
Applicable law	Article 24-4-4, Paragraph (1) of the Financial Instruments and Exchange Act
Filed to	Director-General of the Kanto Local Finance Bureau
Filing date	June 24, 2025
Company name	Kabushiki Kaisha Murata Seisakusho
Company name in English	Murata Manufacturing Co., Ltd.
Title and name of representative	Norio Nakajima, President and Representative Director
Title and name of chief financial officer	Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit
Address of head office	10-1, Higashikotari 1-chome, Nagaokakyo-shi, Kyoto, Japan
Place where available for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan)

1. Matters relating to the basic framework for internal control over financial reporting

Norio Nakajima, President and Representative Director, and Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit, are responsible for design and operation of internal control over financial reporting of Murata Manufacturing Co., Ltd. (the “Company”) and its subsidiaries and associates (collectively, the “Companies”) and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

Norio Nakajima, President and Representative Director, and Masanori Minamide, Representative Director, Senior Executive Vice President, Director of Corporate Unit, performed the assessment of internal control over financial reporting as of March 31, 2025, which is the end of current fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidated basis (“entity-level controls”) and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Companies’ financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Companies.

We determined the required scope of assessment of internal control over financial reporting for the Companies from the perspective of the materiality that may affect the reliability of their financial reporting. The procedures and methods to determine the scope are established by taking into account the quantitative and qualitative impacts, as well as the likelihood of occurrence, on financial reporting. In light of the results of the assessment of entity-level controls conducted for all locations and business units except for insignificant ones, we reasonably determined the scope of assessment of internal controls over business processes.

Regarding the scope of assessment of internal control over business processes, while considering the qualitative materiality of major manufacturing, sales, and management companies as well as results of prior assessments, we selected “significant business locations,” which include those sites where the revenue and trade receivables for the prior fiscal year reach approximately the top two-thirds of the total, in addition to sites where inventories and property, plant and equipment reach approximately the top half of the total. The above indicators were determined considering the Companies’ principal business objective: the manufacturing and sales of electronic components. Additionally, a certain percentage of it was determined based on the results of assessment of the entity-level controls. We included in the scope of assessment, at the selected material locations and/or business units, business processes leading to the aforementioned four significant accounts for the same grounds we determined the indicators. Further, in addition to selected material locations and/or business units, we also selected individually for testing, as business processes having greater materiality, business processes relating to (i) greater likelihood of material misstatements and/or (ii) material accounts involving estimates and management’s judgment and/or (iii) a business dealing with high-risk transactions (those relating to valuation of goodwill, etc.), taking into account their impact on the financial reporting.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of current fiscal year, we concluded that the Companies’ internal control over financial reporting of the consolidated financial statements was effectively maintained.

4. Additional matters

Not applicable.

5. Particular matters

Not applicable.