

Consolidated Financial Flash Report (December 31, 2022)

Date: February 2, 2023

Company Name : Murata Manufacturing Co., Ltd.
Listing Code : 6981
(URL <https://corporate.murata.com>)
Phone : (075) 955-6525
The date of payout of dividends : -

Stock Exchange Listings:
Tokyo Stock Exchange
Stock Exchange of Singapore

1. Consolidated financial results for the nine months ended December 31, 2022

(1) Operating results

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	1,339,202	(2.9)	272,259	(19.0)	279,854	(18.4)	211,823	(15.4)
Nine months ended December 31, 2021	1,379,461	13.0	336,028	40.1	342,867	43.2	250,434	42.0

Comprehensive income attributable to Murata Corporation: 250,485 million yen for the nine months ended December 31, 2022, and 285,699 million yen for the nine months ended December 31, 2021.

	Basic earnings attributable to Murata Corporation per share	Diluted earnings attributable to Murata Corporation per share
	Yen	Yen
Nine months ended December 31, 2022	334.67	-
Nine months ended December 31, 2021	391.41	-

* Percentage represents year-on-year changes.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
At December 31, 2022	2,811,385	2,342,178	83.3	3,719.37
At March 31, 2022	2,809,171	2,263,596	80.6	3,537.80

2. Dividends (Year ended March 31, 2022, and the year ending March 31, 2023)

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2022	-	60.00	-	70.00	130.00
2023	-	75.00	-		
2023 (Projected)				75.00	150.00

* No change in the projected dividends during the three months ended December 31, 2022.

3. Projected financial results for the year ending March 31, 2023 (Consolidated basis)

	Net sales		Operating income		Income before income taxes		Net income attributable to Murata Corporation		Basic earnings attributable to Murata Corporation per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2023	1,680,000	(7.3)	295,000	(30.4)	303,000	(30.0)	226,000	(28.1)	358.89

* Projected financial results have been revised during the three months ended December 31, 2022.

* Percentage represents year-on-year changes.

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022 (changes in specific subsidiaries that caused change in scope of consolidation): None

(2) Adoption of simplified and specifically applied accounting methods
Murata Manufacturing Co., Ltd. and Subsidiaries (the "Companies") adopted accounting methods specifically applied for quarterly consolidated financial reporting.

(3) Changes in accounting policy
Changes due to adoption of new accounting standard: None
Changes due to reasons other than above: None

(4) Number of common shares outstanding
Number of shares outstanding, including treasury stock: 675,814,281 shares at December 31, 2022, and at March 31, 2022
Number of treasury stock: 46,090,549 shares at December 31, 2022, and 35,982,533 shares at March 31, 2022
Average number of shares outstanding: 632,918,283 shares for the nine months ended December 31, 2022, and 639,817,803 shares for the nine months ended December 31, 2021

*Notes to the projected financial results

The above projections were prepared based on estimates using information currently available.
Actual results may differ from the projections. For assumptions and other information regarding the projections, refer to "Business Results and Financial Position."

Business Results and Financial Position
(from April 1, 2022, through December 31, 2022)

1. Business Results

The global economic environment in the period under review showed lingering concerns over an economic downturn due to the lengthening of the process of raising interest rates by the central banks in various countries and surging prices. In the United States, while the Federal Reserve Board (FRB) maintained its stance of continuing to increase interest rates, employment and consumer spending remained firm, but the economic outlook became uncertain in the face of negative factors such as a slowdown in the housing market. In Europe, in addition to interest rate hikes by the European Central Bank (ECB) and others, the prolonged turmoil in Ukraine has put downward pressure on economic activities. In China, it is necessary to closely monitor where the economy will go next due to a re-imposition of restrictions on freedom of movement in response to the resurgence of COVID-19 infections and a subsequent policy change by the Chinese government. In Japan, the foreign currency market remains volatile in the wake of policy adjustments by the Bank of Japan.

In the electronics market where Murata Manufacturing Co., Ltd. and its subsidiaries (hereinafter referred to as the Companies) operate, demand for automotive components grew as the tight supply-demand situation of semiconductors abated. However, demand for components decreased due to the sluggish market conditions of smartphones and PCs and prolonged inventory adjustments.

In these circumstances, regarding net sales for the period under review, whereas sales of lithium-ion secondary batteries increased for power tools in addition to currency fluctuations (the yen depreciated by 25.43 yen year on year), sales of SAW filters declined for smartphones, and MLCCs decreased for computers and smartphones. As a result, net sales in the nine months ended December 31, 2022, decreased by 2.9% year-on-year to 1,339,202 million yen.

Looking at profits, operating income was 272,259 million yen, down 19.0% year on year, income before taxes came to 279,854 million yen, down 18.4% year on year, and net income attributable to Murata Corporation posted 211,823 million yen, down 15.4% year on year. This was due to a decrease in the operation rate and an increase in fixed costs, despite profit-increasing factors such as a weaker yen and cost reduction.

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*		%*		%
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)
Operating income	336,028	24.4	272,259	20.3	(63,769)	(19.0)
Income before income taxes	342,867	24.9	279,854	20.9	(63,013)	(18.4)
Net income attributable to Murata Corporation	250,434	18.2	211,823	15.8	(38,611)	(15.4)
Average exchange rate (Yen/U.S. dollar)	111.10	-	136.53	-	25.43	-

*Component ratio as a percentage of net sales

Sales by Operating Segments

Net sales by Operating Segment for the period under review were as follows.

Please note that operating segments and classifications of sales in the operating segments have been changed since the period under review. Please refer to page 8 for details. To compare with the previous consolidated fiscal year below, the amounts for the period under view are analyzed and compared with those of the same period a year earlier after reclassifying the latter into classifications of sales after change.

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*		%*		%
Capacitors	594,764	43.1	579,296	43.3	(15,468)	(2.6)
Inductors and EMI filters	152,272	11.0	138,559	10.2	(13,713)	(9.0)
Components	747,036	54.1	717,855	53.5	(29,181)	(3.9)
High-Frequency Device and Communications Module	405,802	29.4	370,373	27.7	(35,429)	(8.7)
Battery and Power supply	136,709	9.9	170,193	12.7	33,484	24.5
Functional Device	80,737	5.9	71,841	5.4	(8,896)	(11.0)
Devices and Modules	623,248	45.2	612,407	45.8	(10,841)	(1.7)
Others	9,177	0.7	8,940	0.7	(237)	(2.6)
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)

*Component ratio as a percentage of net sales

<Components>

Sales of Components for the period under review decreased by 3.9% year-on-year to 717,855 million yen.

[Capacitors]

The Capacitors category includes MLCCs.

For the period under review, sales of multilayer ceramic capacitors (MLCCs) increased for mobility, but decreased for computers and smartphones.

As a result, overall net sales decreased by 2.6% year-on-year to 579,296 million yen.

[Inductors and EMI Filters]

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

For the period under review, sales of EMI suppression filters and inductors increased for mobility. However, sales of inductors decreased for computers and smartphones.

As a result, overall net sales decreased by 9.0% year-on-year to 138,559 million yen.

<Devices and Modules>

Sales of Devices and Modules for the period under review decreased by 1.7% year-on-year to 612,407 million yen.

[High-Frequency Device and Communications Module]

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

For the period under review, while sales of multilayer resin substrates increased, sales of SAW filters, high-frequency modules and connectivity modules considerably fell for smartphones.

As a result, overall net sales decreased by 8.7% year-on-year to 370,373 million yen.

[Battery and Power supply]

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

For the period under review, sales of lithium-ion secondary batteries increased significantly for power tools.

As a result, overall net sales increased by 24.5% year-on-year to 170,193 million yen.

[Functional Device]

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

For the period under review, sales of sensors increased for mobility. However, sales of sensors and timing devices decreased for computers.

As a result, overall net sales decreased by 11.0% year-on-year to 71,841 million yen.

Sales by Application Category

Net sales by Application Category for the period under review were as follows.

Please note that classifications of sales by application category have been changed since the period under review. Please refer to page 8 for details. To compare with the previous consolidated fiscal year below, the amounts for the period under view are analyzed and compared with those of the same period a year earlier after reclassifying the latter into classifications of sales after change.

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%		%		%
Communication	603,086	43.7	536,818	40.1	(66,268)	(11.0)
Mobility	245,111	17.8	292,489	21.8	47,378	19.3
Computers	226,788	16.4	184,128	13.7	(42,660)	(18.8)
Home Electronics	139,488	10.1	158,857	11.9	19,369	13.9
Industry and Others	164,988	12.0	166,910	12.5	1,922	1.2
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)

*Based on our estimate

[Communication]

For the period under review, although sales of Multilayer resin substrates increased for smartphones, sales of SAW filters, high-frequency modules and connectivity modules as well as MLCCs decreased.

As a result, overall net sales decreased by 11.0% year-on-year to 536,818 million yen.

[Mobility]

For the period under review, sales of MLCCs and EMI suppression filters increased mainly due to the sales-increasing factor of a weaker yen and a recovery in the quantity of automobiles produced.

As a result, overall net sales increased by 19.3% year-on-year to 292,489 million yen.

[Computers]

For the period under review, sales of inductors and MLCCs decreased significantly for PCs.

As a result, overall net sales decreased by 18.8% year-on-year to 184,128 million yen.

[Home Electronics]

For the period under review, sales of lithium-ion secondary batteries for power tools increased significantly.

As a result, overall net sales increased by 13.9% year-on-year to 158,857 million yen.

[Industry and Others]

For the period under review, sales for healthcare products and Industrial equipment increased.

As a result, overall net sales increased by 1.2% year-on-year to 166,910 million yen.

2. Financial Position

Total assets on December 31, 2022, increased by 2,214 million yen from the end of the previous fiscal year to 2,811,385 million yen due to an increase in inventories, despite a decrease in cash. Liabilities decreased 76,055 million yen to 469,204 million yen from the end of the previous fiscal year due to a decrease in accrued income taxes payable and payroll and bonuses as a result of the execution of payment of taxes and bonuses. Equity increased by 78,269 million yen from the end of the previous fiscal year to 2,342,181 million yen, mainly due to an increase in retained earnings. The ratio of shareholders' equity to total assets increased by 2.7 points from the end of the previous fiscal year to 83.3% on December 31, 2022.

Compared with the previous fiscal year, cash flows for the period under review were as follows.

<Net Cash Provided by Operating Activities>

For the period under review, net cash provided by operating activities was 183,049 million yen.

Negative factors—an increase of 105,825 million yen in inventories—were offset by net income of 211,586 million yen and depreciation and amortization of 120,034 million yen.

Net cash provided by operating activities decreased by 128,700 million yen from the same period of the previous fiscal year.

<Net Cash Used in Investing Activities>

For the period under review, net cash used in investing activities was 102,383 million yen. While cash inflows included maturities and sales of marketable securities, investments and other of 42,948 million yen, there were cash outflows due to 143,033 million yen in capital expenditures aimed at boosting production capacity in particular, and 35,020 million yen in payment for purchases of marketable securities, investments and other.

Net cash used in investing activities increased by 13,983 million yen from the same period of the previous fiscal year.

<Net Cash Used in Financing Activities>

For the period under review, net cash used in financing activities was 173,427 million yen primarily due to the payment of dividends of 92,018 million yen and acquisition of treasury shares of 80,007 million yen.

Net cash used in financing activities decreased by 96,042 million yen from the same period of the previous fiscal year.

3. Projected Results for the Year Ending March 31, 2023

In the projected results for the fiscal year ending March 2023, net sales are expected to be short of the previous projections since demand for components is foreseen to decline for communications and computers as a result of the sluggish markets of smartphones and prolonged inventory adjustments amid ongoing concern over an economic downturn in the global economy. Operating income too is expected to fail to reach the previous projection due to a lower capacity utilization resulting from a decrease in production. Under the circumstances, the Company reviewed the forecast by taking into account performance for the period under review. As a result, the projected results for the fiscal year ending March 31, 2023, which was announced on October 31, 2022, has been adjusted.

		Consolidated Basis	
		Previous Projections	Revised Projections
Net sales	Millions of yen	1,820,000	1,680,000
	<%>*1	<20.9>	<17.6>
Operating income	Millions of yen	380,000	295,000
	<%>*1	<21.9>	<18.0>
Income before income taxes	Millions of yen	399,000	303,000
Net income attributable to Murata Corporation	Millions of yen	297,000	226,000
Return on invested capital (ROIC)*2 (pre-tax basis)	<%>	18.7	14.7
Capital expenditures	Millions of yen	210,000	200,000
	<%>*1	<8.8>	<9.5>
Depreciation and amortization	Millions of yen	160,000	160,000
	<%>*1	<6.6>	<7.1>
Research and development expenses	Millions of yen	121,000	119,000

*1 Ratio to net sales

*2 ROIC (pre-tax basis)=Pre-tax operating income/Average invested capital at the beginning and end of the period(=Net fixed assets[book value]+inventories+accounts receivable-trade—accounts payable-trade)

The above forecast is based on the assumption that the exchange rate will be ¥127 to the U.S. dollar for the fourth quarter of this fiscal year. The Companies have revised the figure for capital expenditure of 210,000 million yen, which was announced on October 31, 2022, to 200,000 million yen. This is because the lead times of some components for equipment have continued lengthening mainly due to shortages of parts and materials.

4. Changes in Operating Segments

In Vision 2030 and Medium-term Direction 2024, announced in November 2021, we organized the thinking of our business portfolio under the name of "3-layer Portfolio." Accordingly, we have changed operating segments in line with the 3-Layer Portfolio from the period under review. Additionally, we have changed classifications of sales in operating segments and sales by application category. The following are details of the changes in operating segments and classifications of sales in the operating segments, sales by application category.

<Changes in Operating Segments and Classifications of Sales in Operating Segments>

~FY2021

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Piezoelectric Components	SAW filters Piezoelectric sensors Ceramic resonators
	Other Components	Inductors EMI filters Lithium ion secondary batteries Connectors Sensors Thermistors
Modules		RF modules Multilayer ceramic devices Connectivity modules Multilayer resin substrates Power supplies modules Solutions
Others		Machinery manufacturing Sales of software

FY2022~

Segment	Sales Category	Main products
Components	Capacitors	Multilayer ceramic capacitors (MLCCs)
	Inductors and EMI filters	Inductors EMI Suppression filters
Devices and Modules		SAW filters RF modules Multilayer ceramic devices Connectors Connectivity modules Multilayer resin substrates
	Battery and Power supply	Lithium-ion secondary batteries Power supplies modules
	Functional Device	Sensors Timing devices (Resonators)
Others		Solutions business Medical Products Machinery manufacturing etc..

<Change in sales by Application Category>

~FY2021

Sales by Application	Main applications
AV	TV, Video Game
	Digital Camera
Communication	Smartphone
	Wearable Appliance
	Base Station
Computers and Peripherals	Electronic Data Processing
	Industrial equipment
Automotive Electronics	Automobile
	Motor cycle
Home Electronics and Others	Home Electrical Appliance
	Others

FY2022~

Sales by Application	Main applications
Communication	Smartphone
	Wearable Appliance
	Base Station
Mobility	Automobile
	Motor cycle
Computers	Electronic Data Processing
Home Electronics	TV, Video Game
	Digital Camera
	Power tool
Industry and Others	Home Electrical Appliance
	Industrial equipment Others

[Cautionary Statement on Forward-looking Statements]

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

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

(1) Consolidated Balance Sheets (Assets)

At March 31, 2022, and December 31, 2022

	Millions of Yen			
	At March 31, 2022		At December 31, 2022	
		%		%
Assets	2,809,171	100.0	2,811,385	100.0
Current assets	1,435,206	51.1	1,399,900	49.8
Cash	370,388		319,186	
Short-term investments	174,074		115,728	
Marketable securities	23,979		12,345	
Trade notes receivable	0		20	
Trade accounts receivable	360,517		316,508	
Allowance for doubtful notes and accounts	(2,207)		(2,485)	
Inventories	464,723		574,958	
Prepaid expenses and other	43,732		63,640	
Property, plant and equipment	1,116,602	39.7	1,147,376	40.8
Land	81,213		82,112	
Buildings	789,142		824,538	
Machinery and equipment, tools, dies, furniture and fixtures, and autos and trucks	1,530,121		1,580,754	
Construction in progress	89,723		118,319	
Accumulated depreciation	(1,405,460)		(1,494,825)	
Operating lease right-of-use assets	31,863		36,478	
Investments and other assets	257,363	9.2	264,109	9.4
Investments	34,618		29,711	
Intangible assets	47,141		44,485	
Goodwill	118,014		125,826	
Deferred income taxes	26,562		30,252	
Other	31,028		33,835	
Total assets	2,809,171	100.0	2,811,385	100.0

Consolidated Balance Sheets (Liabilities and Equity)

At March 31, 2022, and December 31, 2022

	Millions of Yen			
	At March 31, 2022		At December 31, 2022	
		%		%
Liabilities	545,259	19.4	469,204	16.7
Current liabilities	321,258	11.4	241,127	8.6
Trade accounts payable	93,842		77,557	
Accrued payroll and bonuses	63,997		44,636	
Income taxes payable	59,228		8,302	
Accrued expenses and other	97,816		103,389	
Current operating lease liabilities	6,375		7,243	
Long-term liabilities	224,001	8.0	228,077	8.1
Bonds	109,901		109,937	
Long-term debt	1,078		1,359	
Termination and retirement benefits	64,566		64,630	
Deferred income taxes	13,233		14,790	
Noncurrent operating lease liabilities	25,627		28,453	
Other	9,596		8,908	
Equity	2,263,912	80.6	2,342,181	83.3
Murata Corporation's shareholders' equity	2,263,596	80.6	2,342,178	83.3
Common stock	69,444		69,444	
Capital surplus	121,004		121,074	
Retained earnings	2,024,368		2,144,173	
Accumulated other comprehensive income (loss):	102,318		140,980	
Unrealized gains (losses) on securities	(43)		(57)	
Pension liability adjustments	(1,963)		(2,190)	
Foreign currency translation adjustments	104,324		143,227	
Treasury stock, at cost	(53,538)		(133,493)	
Noncontrolling interests	316	0.0	3	0.0
Total liabilities and equity	2,809,171	100.0	2,811,385	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Nine months ended December 31, 2021 and 2022

	Millions of Yen			
	Nine months ended December 31, 2021		Nine months ended December 31, 2022	
		%		%
Net sales	1,379,461	100.0	1,339,202	100.0
Cost of sales	787,167	57.1	780,751	58.3
Selling, general and administrative	173,783	12.5	193,765	14.5
Research and development	82,483	6.0	92,427	6.9
Operating income	336,028	24.4	272,259	20.3
Interest and dividend income	992	0.1	3,142	0.3
Interest expense	(230)	(0.0)	(253)	(0.0)
Foreign currency exchange gain (loss)	(450)	(0.0)	2,758	0.2
Other - net	6,527	0.4	1,948	0.1
Income before income taxes	342,867	24.9	279,854	20.9
Income taxes	92,604	6.8	68,268	5.1
<Current income tax>	<79,831>		<70,347>	
<Deferred income tax>	<12,773>		<(2,079)>	
Net income	250,263	18.1	211,586	15.8
Less: Net income (loss) attributable to noncontrolling interests	(171)	(0.1)	(237)	(0.0)
Net income attributable to Murata Corporation	250,434	18.2	211,823	15.8

Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	250,263	211,586
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	(10)	(14)
Pension liability adjustments	88	(227)
Foreign currency translation adjustments	35,247	38,893
Other comprehensive income (loss)	35,325	38,652
Comprehensive income	285,588	250,238
Less: Comprehensive income (loss) attributable to noncontrolling interests	(111)	(247)
Comprehensive income attributable to Murata Corporation	285,699	250,485

Consolidated Statements of Income

Three months ended December 31, 2021 and 2022

	Millions of Yen			
	Three months ended December 31, 2021		Three months ended December 31, 2022	
		%		%
Net sales	471,387	100.0	418,978	100.0
Cost of sales	269,747	57.2	240,899	57.5
Selling, general and administrative	59,499	12.6	70,531	16.9
Research and development	28,222	6.0	30,263	7.2
Operating income	113,919	24.2	77,285	18.4
Interest and dividend income	385	0.1	1,456	0.3
Interest expense	(71)	(0.0)	(35)	(0.0)
Foreign currency exchange gain (loss)	(828)	(0.2)	(13,393)	(3.1)
Other - net	1,609	0.3	1,379	0.3
Income before income taxes	115,014	24.4	66,692	15.9
Income taxes	32,421	6.9	15,301	3.6
<Current income tax>	<23,348>		<6,960>	
<Deferred income tax>	<9,073>		<8,341>	
Net income	82,593	17.5	51,391	12.3
Less: Net income (loss) attributable to noncontrolling interests	(53)	(0.0)	(76)	(0.0)
Net income attributable to Murata Corporation	82,646	17.5	51,467	12.3

Consolidated Statements of Comprehensive Income

Three months ended December 31, 2021 and 2022

	Millions of Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Net income	82,593	51,391
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities	(5)	(16)
Pension liability adjustments	78	(79)
Foreign currency translation adjustments	27,191	(65,432)
Other comprehensive income (loss)	27,264	(65,527)
Comprehensive income	109,857	(14,136)
Less: Comprehensive income (loss) attributable to noncontrolling interests	(14)	(142)
Comprehensive income attributable to Murata Corporation	109,871	(13,994)

(3) Consolidated Statements of Cash Flows

Nine months ended December 31, 2021 and 2022

	Millions of Yen			
	Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Operating activities:				
Net income		250,263		211,586
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	115,609		120,034	
Losses (gains) on sales and disposals of property, plant and equipment	18		323	
Impairment losses on long-lived assets	2,497		303	
Provision for termination and retirement benefits, less payments	1,097		(365)	
Deferred income taxes	12,773		(2,079)	
Changes in assets and liabilities:				
(Increase) decrease in trade notes and accounts receivable	4,537		57,125	
(Increase) decrease in inventories	(54,914)		(105,825)	
(Increase) decrease in prepaid expenses and other	(4,970)		(20,112)	
Increase (decrease) in trade notes and accounts payable	(4,057)		(17,546)	
Increase (decrease) in accrued payroll and bonuses	(12,215)		(19,850)	
Increase (decrease) in income taxes payable	(5,557)		(51,090)	
Increase (decrease) in accrued expenses and other	6,217		10,894	
Other-net	451	61,486	(349)	(28,537)
Net cash provided by operating activities		311,749		183,049
Investing activities:				
Payment for purchases of property, plant and equipment		(115,182)		(143,033)
Payment for purchases of marketable securities, investments and other		(19,697)		(35,020)
Maturities and sales of marketable securities, investments and other		24,491		42,948
Increase in long-term deposits and loans		(30)		(13)
Decrease in long-term deposits and loans		5,475		0
(Increase) decrease in short-term investments		(70)		30,064
Acquisitions of businesses, net of cash acquired		(13,378)		-
Other-net		2,025		2,671
Net cash used in investing activities		(116,366)		(102,383)
Financing activities:				
Net increase (decrease) in short-term borrowings		(91)		6
Proceeds from long-term debt		273		690
Repayment of long-term debt		(6)		(6)
Dividends paid		(76,779)		(92,018)
Payment for purchases of treasury stock		(11)		(80,007)
Other-net		(771)		(2,092)
Net cash provided by (used in) financing activities		(77,385)		(173,427)
Effect of exchange rate changes on cash and cash equivalents		3,002		11,560
Net increase (decrease) in cash and cash equivalents		121,000		(81,201)
Cash and cash equivalents at beginning of period		407,699		512,072
Cash and cash equivalents at end of period		528,699		430,871
Additional cash and cash equivalents information:				
Cash		424,319		319,186
Short-term investments		119,511		115,728
Short-term investments with original maturities over 3 months		(15,131)		(4,043)
Cash and cash equivalents at end of period		528,699		430,871

(4) Assumptions for Going Concern

None

(5) Segment Information

Operating Segment Information

The Companies mainly develop, manufacture and sell electronic components and related products.

Operating segments of the Companies are classified based on the business strategies of the Companies, and the Companies recognized three segments that are the Components, Devices and Modules, and Others.

The Companies have changed operating segments from the period. Please refer to page 8 for details.

Additionally, we have changed classifications of income on represents from “segment income” to “operating income” from the period under review. Accordingly, income (expenses) of headquarters functions and fundamental research, which were initially represented as “Corporate expenses,” have been recorded in each respective segment.

Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the change above.

Nine months ended December 31, 2021 and 2022

		Millions of yen			
		Nine months ended December 31, 2021		Nine months ended December 31, 2022	
Components	Sales to:		%		%
	Unaffiliated customers	747,036		717,855	
	Intersegment	9,632		7,926	
	Total revenue	756,668	100.0	725,781	100.0
	Operating income (loss)	274,224	36.2	234,695	32.3
Devices and Modules	Sales to:		%		%
	Unaffiliated customers	623,248		612,407	
	Intersegment	7		5	
	Total revenue	623,255	100.0	612,412	100.0
	Operating income (loss)	63,286	10.2	39,081	6.4
Others	Sales to:		%		%
	Unaffiliated customers	9,177		8,940	
	Intersegment	43,574		45,867	
	Total revenue	52,751	100.0	54,807	100.0
	Operating income (loss)	(1,482)	(2.8)	(1,517)	(2.8)
Eliminations and Corporate	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(53,213)		(53,798)	
	Total revenue	(53,213)	-	(53,798)	-
	Operating income (loss)	-	-	-	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	1,379,461		1,339,202	
	Intersegment	-		-	
	Total revenue	1,379,461	100.0	1,339,202	100.0
	Operating income	336,028	24.4	272,259	20.3

Three months ended December 31, 2021 and 2022

		Millions of Yen			
		Three months ended December 31, 2021		Three months ended December 31, 2022	
Components	Sales to:		%		%
	Unaffiliated customers	252,494		226,103	
	Intersegment	3,416		2,503	
	Total revenue	255,910	100.0	228,606	100.0
	Operating income (loss)	93,572	36.6	66,866	29.2
Devices and Modules	Sales to:		%		%
	Unaffiliated customers	215,315		190,421	
	Intersegment	3		1	
	Total revenue	215,318	100.0	190,422	100.0
	Operating income (loss)	20,837	9.7	11,376	6.0
Others	Sales to:		%		%
	Unaffiliated customers	3,578		2,454	
	Intersegment	13,881		15,623	
	Total revenue	17,459	100.0	18,077	100.0
	Operating income (loss)	(490)	(2.8)	(957)	(5.3)
Eliminations and Corporate	Sales to:		%		%
	Unaffiliated customers	-		-	
	Intersegment	(17,300)		(18,127)	
	Total revenue	(17,300)	-	(18,127)	-
	Operating income (loss)	-	-	-	-
Consolidated	Sales to:		%		%
	Unaffiliated customers	471,387		418,978	
	Intersegment	-		-	
	Total revenue	471,387	100.0	418,978	100.0
	Operating income	113,919	24.2	77,285	18.4

Notes: 1. Major products and businesses included in the operating segments

(1) Components: Capacitors, Inductors, and EMI filters

(2) Devices and Modules: RF modules, SAW filters, Lithium-ion secondary batteries, and Sensors

(3) Others: Machinery manufacturing, Medical Products, and Solutions business

2. Intersegment transactions are based on market prices.

(6) Significant changes in shareholders' equity

None

(7) Other

February 2, 2023
Murata Manufacturing Co., Ltd.
Listing Code: 6981
(URL <https://corporate.murata.com>)

Flash Report (Nine months ended December 31, 2022)**Selected Financial Data - Consolidated basis**

Nine months ended December 31, 2021 and 2022/at December 31, 2021 and 2022

		Consolidated Basis		
		2021	2022	Growth ratio
Net sales	Millions of yen	1,379,461	1,339,202	(2.9)
	<%>*2	<24.4>	<20.3>	
Operating income	Millions of yen	336,028	272,259	(19.0)
	<%>*2	<24.9>	<20.9>	
Income before income taxes	Millions of yen	342,867	279,854	(18.4)
Net income attributable to Murata Corporation	Millions of yen	250,434	211,823	(15.4)
	<%>*2	<18.2>	<15.8>	
Total assets	Millions of yen	2,657,231	2,811,385	5.8
Shareholders' equity	Millions of yen	2,130,187	2,342,178	10.0
Shareholders' equity ratio	%	80.2	83.3	-
Basic earnings attributable to Murata Corporation per share	Yen	391.41	334.67	(14.5)
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Shareholders' equity per share	Yen	3,329.29	3,719.37	-
Capital expenditures	Millions of yen	108,023	137,915	27.7
	<%>*2	<8.4>	<9.0>	
Depreciation and amortization	Millions of yen	115,609	120,034	3.8
	<%>*2	<6.0>	<6.9>	
Research and development expenses	Millions of yen	82,483	92,427	12.1
	*4	<45,007>	<42,436>	
Number of employees		77,398	75,795	(2.1)
Average exchange rates Yen/US dollar	Yen	111.10	136.53	-

Three months ended December 31, 2021 and 2022

		Consolidated Basis		
		2021	2022	Growth ratio
Net sales	Millions of yen	471,387	418,978	(11.1)
	<%>*2	<24.2>	<18.4>	
Operating income	Millions of yen	113,919	77,285	(32.2)
	<%>*2	<24.4>	<15.9>	
Income before income taxes	Millions of yen	115,014	66,692	(42.0)
Net income attributable to Murata Corporation	Millions of yen	82,646	51,467	(37.7)
	<%>*2	<17.5>	<12.3>	
Basic earnings attributable to Murata Corporation per share	Yen	129.17	81.73	(36.7)
Diluted earnings attributable to Murata Corporation per share	*3 Yen	-	-	-
Capital expenditures	Millions of yen	33,398	54,221	62.3
	<%>*2	<8.4>	<9.6>	
Depreciation and amortization	Millions of yen	39,599	40,215	1.6
	<%>*2	<6.0>	<7.2>	
Research and development expenses	Millions of yen	28,222	30,263	7.2

*1 The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP).

*2 Ratio to net sales

*3 Diluted earnings attributable to Murata Corporation per share are not stated since there were no potential dilutive securities.

*4 Figures in parentheses indicate the number of employees in foreign countries.

Orders, Backlogs and Sales

We have changed operating segments and classifications of sales in the operating segments, sales by application category from the period under review. Accordingly, the following reporting categories have been changed from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the changes.

(1) Orders and Backlogs by Operating Segment

<Orders>

Nine months ended December 31, 2021 and 2022

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*1		%*1		%
Capacitors	614,515	43.0	506,665	42.6	(107,850)	(17.6)
Inductors and EMI filters	157,408	11.0	121,949	10.2	(35,459)	(22.5)
Components	771,923	54.0	628,614	52.8	(143,309)	(18.6)
High-Frequency Device and Communications Module	407,442	28.5	335,919	28.2	(71,523)	(17.6)
Battery and Power supply	150,245	10.5	151,329	12.7	1,084	0.7
Functional Device	84,639	5.9	67,931	5.7	(16,708)	(19.7)
Devices and Modules	642,326	44.9	555,179	46.6	(87,147)	(13.6)
Others	13,574	1.1	7,139	0.6	(6,435)	(47.4)
Net sales	1,427,823	100.0	1,190,932	100.0	(236,891)	(16.6)

Three months ended December 31, 2021 and 2022

	Millions of yen					
	Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		%*1		%*1		%
Capacitors	190,647	42.3	144,316	44.4	(46,331)	(24.3)
Inductors and EMI filters	45,074	10.0	35,231	10.9	(9,843)	(21.8)
Components	235,721	52.3	179,547	55.3	(56,174)	(23.8)
High-Frequency Device and Communications Module	129,142	28.7	92,282	28.4	(36,860)	(28.5)
Battery and Power supply	54,533	12.1	32,484	10.0	(22,049)	(40.4)
Functional Device	25,877	5.7	18,684	5.8	(7,193)	(27.8)
Devices and Modules	209,552	46.5	143,450	44.2	(66,102)	(31.5)
Others	5,509	1.2	1,770	0.5	(3,739)	(67.9)
Net sales	450,782	100.0	324,767	100.0	(126,015)	(28.0)

*1 Component ratio

*2 Figures are based on sales prices to customers.

<Backlogs>

	Millions of yen					
	At March 31, 2022		At December 31, 2022		Change	
		%*1		%*1		%
Capacitors	228,710	43.8	156,079	41.8	(72,631)	(31.8)
Inductors and EMI filters	47,252	9.1	30,642	8.2	(16,610)	(35.2)
Components	275,962	52.9	186,721	50.0	(89,241)	(32.3)
High-Frequency Device and Communications Module	106,456	20.4	72,002	19.3	(34,454)	(32.4)
Battery and Power supply	104,058	19.9	85,194	22.8	(18,864)	(18.1)
Functional Device	26,624	5.1	22,714	6.1	(3,910)	(14.7)
Devices and Modules	237,138	45.4	179,910	48.2	(57,228)	(24.1)
Others	8,724	1.7	6,923	1.8	(1,801)	(20.6)
Net sales	521,824	100.0	373,554	100.0	(148,270)	(28.4)

*1 Component ratio

*2 Figures are based on sales prices to customers.

(2) Sales by Operating Segment, Application and Area

1. Sales by Operating Segment

Nine months ended December 31, 2021 and 2022

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*1		%*1		%
Capacitors	594,764	43.1	579,296	43.3	(15,468)	(2.6)
Inductors and EMI filters	152,272	11.0	138,559	10.2	(13,713)	(9.0)
Components	747,036	54.1	717,855	53.5	(29,181)	(3.9)
High-Frequency Device and Communications Module	405,802	29.4	370,373	27.7	(35,429)	(8.7)
Battery and Power supply	136,709	9.9	170,193	12.7	33,484	24.5
Functional Device	80,737	5.9	71,841	5.4	(8,896)	(11.0)
Devices and Modules	623,248	45.2	612,407	45.8	(10,841)	(1.7)
Others	9,177	0.7	8,940	0.7	(237)	(2.6)
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)

Three months ended December 31, 2021 and 2022

	Millions of yen					
	Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		%*1		%*1		%
Capacitors	201,387	42.7	182,717	43.6	(18,670)	(9.3)
Inductors and EMI filters	51,107	10.8	43,386	10.3	(7,721)	(15.1)
Components	252,494	53.5	226,103	53.9	(26,391)	(10.5)
High-Frequency Device and Communications Module	140,150	29.7	114,369	27.3	(25,781)	(18.4)
Battery and Power supply	48,822	10.4	53,920	12.9	5,098	10.4
Functional Device	26,343	5.6	22,132	5.3	(4,211)	(16.0)
Devices and Modules	215,315	45.7	190,421	45.5	(24,894)	(11.6)
Others	3,578	0.8	2,454	0.6	(1,124)	(31.4)
Net sales	471,387	100.0	418,978	100.0	(52,409)	(11.1)

*1 Component ratio

2. Sales by Application (based on the Company's estimate)

Nine months ended December 31, 2021 and 2022

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*1		%*1		%
Communication	603,086	43.7	536,818	40.1	(66,268)	(11.0)
Mobility	245,111	17.8	292,489	21.8	47,378	19.3
Computers	226,788	16.4	184,128	13.7	(42,660)	(18.8)
Home Electronics	139,488	10.1	158,857	11.9	19,369	13.9
Industry and Others	164,988	12.0	166,910	12.5	1,922	1.2
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)

Three months ended December 31, 2021 and 2022

	Millions of yen					
	Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		%*1		%*1		%
Communication	210,362	44.6	162,587	38.8	(47,775)	(22.7)
Mobility	80,274	17.0	106,284	25.4	26,010	32.4
Computers	75,113	16.0	50,739	12.1	(24,374)	(32.4)
Home Electronics	47,080	10.0	45,575	10.9	(1,505)	(3.2)
Industry and Others	58,558	12.4	53,793	12.8	(4,765)	(8.1)
Net sales	471,387	100.0	418,978	100.0	(52,409)	(11.1)

*1 Component ratio

3. Sales by Area

Nine months ended December 31, 2021 and 2022

	Millions of yen					
	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Change	
		%*1		%*1		%
The Americas	157,548	11.4	203,921	15.2	46,373	29.4
Europe	121,516	8.8	126,968	9.5	5,452	4.5
Greater China	764,994	55.5	685,459	51.2	(79,535)	(10.4)
Asia and Others	208,352	15.1	205,967	15.4	(2,385)	(1.1)
Overseas total	1,252,410	90.8	1,222,315	91.3	(30,095)	(2.4)
Japan	127,051	9.2	116,887	8.7	(10,164)	(8.0)
Net sales	1,379,461	100.0	1,339,202	100.0	(40,259)	(2.9)

Three months ended December 31, 2021 and 2022

	Millions of yen					
	Three months ended December 31, 2021		Three months ended December 31, 2022		Change	
		%*1		%*1		%
The Americas	53,043	11.3	70,139	16.7	17,096	32.2
Europe	40,751	8.6	40,445	9.7	(306)	(0.8)
Greater China	263,067	55.8	205,449	49.0	(57,618)	(21.9)
Asia and Others	70,594	15.0	63,297	15.1	(7,297)	(10.3)
Overseas total	427,455	90.7	379,330	90.5	(48,125)	(11.3)
Japan	43,932	9.3	39,648	9.5	(4,284)	(9.8)
Net sales	471,387	100.0	418,978	100.0	(52,409)	(11.1)

*1 Component ratio

*2 Sales are attributed to countries or areas based on customer locations.

Quarterly Consolidated Performance

(1) Consolidated Financial Results

	Millions of yen							
	Three months ended June 30, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
Net sales	439,557	% *1 100.0	468,517	% *1 100.0	471,387	% *1 100.0	433,060	% *1 100.0
Operating income	105,069	23.9	117,040	25.0	113,919	24.2	88,032	20.3
Income before income taxes	103,710	23.6	124,143	26.5	115,014	24.4	89,835	20.7
Net income attributable to Murata Corporation	77,218	17.6	90,570	19.3	82,646	17.5	63,690	14.7

	Millions of yen					
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022	
Net sales	436,657	% *1 100.0	483,567	% *1 100.0	418,978	% *1 100.0
Operating income	88,613	20.3	106,361	22.0	77,285	18.4
Income before income taxes	101,204	23.2	111,958	23.2	66,692	15.9
Net income attributable to Murata Corporation	75,201	17.2	85,155	17.6	51,467	12.3

*1 Ratio to net sales

(2) Sales by Operating Segment

	Millions of yen							
	Three months ended June 30, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
Capacitors	190,027	% *1 43.2	203,350	% *1 43.4	201,387	% *1 42.7	193,775	% *1 44.8
Inductors and EMI filters	49,312	11.2	51,853	11.1	51,107	10.8	43,488	10.0
Components	239,339	54.4	255,203	54.5	252,494	53.5	237,263	54.8
High-Frequency Device and Communications Module	128,294	29.2	137,358	29.3	140,150	29.7	122,415	28.3
Battery and Power supply	42,607	9.7	45,280	9.7	48,822	10.4	43,729	10.1
Functional Device	26,688	6.1	27,706	5.9	26,343	5.6	25,648	5.9
Devices and Modules	197,589	45.0	210,344	44.9	215,315	45.7	191,792	44.3
Others	2,629	0.6	2,970	0.6	3,578	0.8	4,005	0.9
Net sales	439,557	100.0	468,517	100.0	471,387	100.0	433,060	100.0

	Millions of yen					
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022	
Capacitors	202,143	% *1 46.3	194,436	% *1 40.2	182,717	% *1 43.6
Inductors and EMI filters	46,882	10.7	48,291	10.0	43,386	10.3
Components	249,025	57.0	242,727	50.2	226,103	53.9
High-Frequency Device and Communications Module	108,396	24.8	147,608	30.5	114,369	27.3
Battery and Power supply	51,276	11.8	64,997	13.4	53,920	12.9
Functional Device	24,813	5.7	24,896	5.2	22,132	5.3
Devices and Modules	184,485	42.3	237,501	49.1	190,421	45.5
Others	3,147	0.7	3,339	0.7	2,454	0.6
Net sales	436,657	100.0	483,567	100.0	418,978	100.0

*1 Component ratio

*2 We have changed operating segments and classifications of sales in the operating segments from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the changes.

(3) Sales by Application (based on the Company's estimate)

	Millions of yen							
	Three months ended June 30, 2021		Three months ended September 30, 2021		Three months ended December 31, 2021		Three months ended March 31, 2022	
		% *1		% *1		% *1		% *1
Communication	185,656	42.2	207,068	44.2	210,362	44.6	176,123	40.7
Mobility	82,734	18.8	82,103	17.5	80,274	17.0	91,210	21.1
Computers	74,636	17.0	77,039	16.5	75,113	16.0	70,685	16.3
Home Electronics	44,156	10.1	48,252	10.3	47,080	10.0	43,749	10.1
Industry and Others	52,375	11.9	54,055	11.5	58,558	12.4	51,293	11.8
Net sales	439,557	100.0	468,517	100.0	471,387	100.0	433,060	100.0

	Millions of yen					
	Three months ended June 30, 2022		Three months ended September 30, 2022		Three months ended December 31, 2022	
		% *1		% *1		% *1
Communication	169,184	38.7	205,047	42.4	162,587	38.8
Mobility	91,908	21.0	94,297	19.5	106,284	25.4
Computers	68,160	15.6	65,229	13.5	50,739	12.1
Home Electronics	51,335	11.8	61,947	12.8	45,575	10.9
Industry and Others	56,070	12.9	57,047	11.8	53,793	12.8
Net sales	436,657	100.0	483,567	100.0	418,978	100.0

*1 Component ratio

*2 We have changed classifications of sales by application category from the period under review. Please note that the amounts of the same period a year earlier have been restated after reclassifying due to the change.