

(English Translation)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

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MURATA MACHINERY, LTD.

3, Minami-Ochiai-Cho, Kisshoin, Minami-ku, Kyoto, Japan

Murata Machinery, Ltd.
Consolidated Balance Sheet
March 31, 2019 and 2020

	(Millions of Yen)	
	2019	2020
Assets		
Current assets	297,577	292,857
Cash and deposits	121,181	130,186
Notes and accounts receivable - trade	76,594	65,511
Securities	1,327	9,291
Merchandise and finished goods	5,224	4,986
Work in process	69,568	60,649
Raw materials and supplies	14,172	13,618
Other	9,696	8,787
Allowance for doubtful accounts	(187)	(174)
Non-current assets	133,426	130,974
Property, plant and equipment	34,823	40,606
Buildings and structures	19,727	22,921
Machinery, equipment and vehicles	5,019	5,446
Tools, furniture and fixtures	1,637	2,109
Land	7,040	8,020
Leased assets	154	110
Construction in progress	1,036	1,787
Other	208	211
Intangible assets	4,405	3,550
Software	1,187	1,407
Goodwill	2,384	1,402
Other	834	741
Investments and other assets	94,197	86,817
Investment securities	89,827	83,304
Investments in capital	807	624
Deferred tax assets	5,465	4,850
Other	1,211	1,196
Allowance for doubtful accounts	(192)	(88)
Allowance for investment loss	(2,920)	(3,070)
Total assets	431,003	423,831

Murata Machinery, Ltd.
Consolidated Balance Sheet
March 31, 2019 and 2020

	(Millions of Yen)	
	2019	2020
Liabilities	181,928	146,889
Current liabilities	177,717	143,382
Notes and accounts payable - trade	56,232	40,825
Short-term borrowings	29,818	16,768
Accrued expenses	6,176	6,982
Income taxes payable	13,051	4,808
Advance received	56,383	59,410
Deposits received	1,828	1,385
Provision for bonuses	5,361	5,016
Provision for product warranties	5,708	5,581
Other	3,155	2,602
Non-current liabilities	4,211	3,506
Net defined benefit liability	2,884	2,013
Long-term borrowings	-	28
Deferred tax liabilities	68	136
Other	1,257	1,328
Net assets	249,075	276,942
Stockholder's equity	240,616	270,595
Capital stock	900	900
Capital surplus	442	442
Retained earnings	239,274	269,253
Accumulated other comprehensive income	8,370	6,244
Valuation difference on available-for-sale securities	13,719	13,453
Foreign currency translation adjustment	1,126	188
Remeasurements of defined benefit plans	(6,475)	(7,397)
Non-controlling interests	88	101
Total Liabilities and net assets	431,003	423,831

Murata Machinery, Ltd.
Consolidated statement of income
Years Ended March 31, 2019 and March 31, 2020

	(Millions of Yen)	
	2019	2020
Net sales	300,958	299,439
Cost of sales	198,710	196,779
Gross profit (loss)	102,247	102,660
Selling, general and administrative expenses	58,030	60,011
Operating profit (loss)	44,217	42,648
Non-operating income	6,399	7,508
Interest and dividend income	3,969	4,265
Share of profit of entities accounted for using equity method	1,076	2,170
Foreign exchange gains	775	-
Other	578	1,073
Non-operating expenses	1,829	2,224
Interest expenses	133	151
Loss on investments in silent partnership	937	555
Provision of allowance for investment loss	576	150
Foreign exchange losses	-	1,215
Other	182	151
Ordinary profit (loss)	48,788	47,932
Extraordinary income	1,018	523
Gain on extinguishment of tie-in shares	-	226
Gain on sales of non-current assets	177	65
Gain on redemption of investment securities	42	-
Gain on sales of investment securities	794	224
Other	3	7
Extraordinary loss	401	1,001
Loss on disposal of non-current assets	203	61
Loss on valuation of investment securities	129	234
Loss on valuation of shares of subsidiaries and associates	-	239
Provision for retirement benefits	-	142
Loss on debt waiver	-	100
Loss on disaster	-	160
Impairment loss	47	4
Other	20	59
Profit (loss) before income taxes	49,405	47,454
Income taxes - current	19,906	15,373
Income taxes - deferred	(1,761)	1,135
Profit (loss)	31,260	30,946
Profit (loss) attributable to non-controlling interests	5	19
Profit (loss) attributable to owners of parent	31,254	30,926

Murata Machinery, Ltd.
Balance Sheet
March 31, 2019 and 2020

	(Millions of Yen)	
	2019	2020
Assets		
Current assets	231,420	219,477
Cash and deposits	91,320	102,756
Notes receivable - trade	8,606	4,819
Electronically recorded monetary claims		
- operating	6,748	7,383
Accounts receivable - trade	50,473	42,380
Securities	1,327	4,351
Finished goods	1,565	1,538
Work in process	49,657	37,622
Raw materials and supplies	4,508	4,132
Advances paid	1,371	2,032
short-term Loans receivable	715	621
Accounts receivable, other	13,166	8,623
Income taxes receivable	-	46
Other	1,995	3,202
Allowance for doubtful accounts	(36)	(34)
Non-current assets	133,004	133,474
Property, plant and equipment	28,646	32,085
Buildings	14,539	16,558
Structures	1,224	1,238
Machinery and equipment	3,273	3,478
Vehicles	5	19
Tools, furniture and fixtures	1,062	1,483
Land	7,560	7,682
Leased assets	3	1
Construction in progress	977	1,622
Intangible assets	1,230	1,514
Investments and other assets	103,127	99,874
Investment securities	75,834	72,050
Shares and investments in capital		
of subsidiaries and associates	19,241	19,010
Investments in capital	806	624
Long-term loans receivable	819	514
Long-term prepaid expenses	101	162
Prepaid pension cost	7,652	9,540
Deferred tax assets	1,461	815
Other	310	303
Allowance for doubtful accounts	(179)	(76)
Allowance for investment loss	(2,920)	(3,070)
Total assets	364,425	352,952

Murata Machinery, Ltd.
Balance Sheet
March 31, 2019 and 2020

	(Millions of Yen)	
	2019	2020
Liabilities	155,517	117,774
Current liabilities	153,291	115,514
Notes payable - trade	4,243	-
Electronically recorded obligations - operating	23,178	17,309
Accounts payable - trade	30,059	23,646
Short-term borrowings	28,040	15,000
Accounts payable - other	61	40
Accrued expenses	3,752	3,152
Income taxes payable	11,918	3,957
Accrued business office taxes	33	34
Advance received	34,566	35,825
Provision for bonuses	3,371	3,240
Provision for product warranties	5,192	5,097
Other	8,873	8,209
Non-current liabilities	2,225	2,259
Provision for retirement benefits	1,268	1,266
Other	957	992
Net assets	208,908	235,177
Stockholder's equity	195,313	221,774
Capital stock	900	900
Capital surplus	442	442
Legal capital surplus	442	442
Retained earnings	193,971	220,432
Legal retained earnings	225	225
Other retained earnings	193,746	220,207
Reserve for special depreciation	964	621
Reserve for tax purpose reduction entry	1,502	1,476
General reserve	78,720	78,720
Retained earnings brought forward	112,559	139,388
Valuation and translation adjustments	13,594	13,403
Valuation difference on available-for-sale securities	13,594	13,403
Total Liabilities and net assets	364,425	352,952

Murata Machinery, Ltd.

Statement of income

Years Ended March 31, 2019 and March 31, 2020

	(Millions of Yen)	
	2019	2020
Net sales	228,403	221,715
Cost of sales	157,982	149,210
Gross profit (loss)	70,420	72,504
Selling, general and administrative expenses	35,181	36,977
Operating profit (loss)	35,239	35,527
Non-operating income	6,518	8,063
Interest and dividend income	5,602	7,196
Foreign exchange gains	662	-
Other	253	867
Non-operating expenses	1,766	2,453
Interest expenses	147	137
Foreign exchange losses	-	1,478
Loss on investments in silent partnership	937	555
Provision of allowance for investment loss	576	150
Other	104	131
Ordinary profit (loss)	39,991	41,137
Extraordinary income	1,014	282
Gain on sales of non-current assets	176	53
Gain on sales of investment securities	-	224
Gain on sales of shares of subsidiaries and associates	793	-
Gain on redemption of investment securities	42	4
Other	1	-
Extraordinary losses	222	624
Loss on disposal of non-current assets	174	50
Loss on valuation of investment securities	-	234
Loss on sale of investment securities	-	4
Loss on valuation of shares of subsidiaries and associates	-	231
Impairment loss	47	4
Loss on debt waiver	-	100
Profit (loss) before income taxes	40,783	40,795
Income taxes - current	17,254	13,369
Income taxes - deferred	(2,325)	725
Profit (loss)	25,854	26,699