

(English Translation)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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MURATA MACHINERY, LTD.

Murata Machinery, Ltd.
Consolidated Balance Sheet
March 31, 2020 and 2021

	(Millions of Yen)	
	2020	2021
Assets		
Current assets	292,857	320,251
Cash and deposits	130,186	143,225
Notes and accounts receivable - trade	65,511	66,330
Securities	9,291	11,624
Merchandise and finished goods	4,986	5,828
Work in process	60,649	69,655
Raw materials and supplies	13,618	13,672
Other	8,787	10,043
Allowance for doubtful accounts	(174)	(128)
Non-current assets	130,974	144,886
Property, plant and equipment	40,606	41,858
Buildings and structures	22,921	24,867
Machinery, equipment and vehicles	5,446	4,882
Tools, furniture and fixtures	2,109	1,804
Land	8,020	8,029
Leased assets	110	113
Construction in progress	1,787	1,965
Other	211	195
Intangible assets	3,550	4,169
Software	1,407	1,956
Goodwill	1,402	1,123
Other	741	1,089
Investments and other assets	86,817	98,858
Investment securities	83,304	95,192
Investments in capital	624	885
Retirement benefit asset	-	2,599
Deferred tax assets	4,850	2,131
Other	1,196	1,294
Allowance for doubtful accounts	(88)	(123)
Allowance for investment loss	(3,070)	(3,121)
Total assets	423,831	465,138

Murata Machinery, Ltd.
Consolidated Balance Sheet
March 31, 2020 and 2021

	(Millions of Yen)	
	2020	2021
Liabilities	146,889	151,738
Current liabilities	143,382	148,908
Notes and accounts payable - trade	40,825	48,948
Short-term borrowings	16,768	11,698
Accrued expenses	6,982	5,491
Income taxes payable	4,808	7,218
Advance received	59,410	61,802
Deposits received	1,385	1,081
Provision for bonuses	5,016	5,281
Provision for product warranties	5,581	4,672
Other	2,602	2,712
Non-current liabilities	3,506	2,830
Retirement benefit liability	2,013	-
Long-term borrowings	28	68
Deferred tax liabilities	136	1,369
Other	1,328	1,392
Net assets	276,942	313,399
Stockholder's equity	270,595	297,544
Capital stock	900	900
Capital surplus	442	442
Retained earnings	269,253	296,201
Accumulated other comprehensive income	6,244	15,752
Valuation difference on available-for-sale securities	13,453	19,429
Foreign currency translation adjustment	188	1,147
Remeasurements of defined benefit plans	(7,397)	(4,824)
Non-controlling interests	101	102
Total Liabilities and net assets	423,831	465,138

Murata Machinery, Ltd.
Consolidated statement of income
Years Ended March 31, 2020 and March 31, 2021

	(Millions of Yen)	
	2020	2021
Net sales	299,439	256,780
Cost of sales	196,779	170,355
Gross profit (loss)	<u>102,660</u>	<u>86,424</u>
Selling, general and administrative expenses	60,011	55,257
Operating profit (loss)	<u>42,648</u>	<u>31,166</u>
Non-operating income	<u>7,508</u>	<u>11,498</u>
Interest and dividend income	4,265	3,585
Share of profit of entities accounted for using equity method	2,170	3,235
Foreign exchange gains	-	3,264
Other	1,073	1,413
Non-operating expenses	<u>2,224</u>	<u>387</u>
Interest expenses	151	88
Loss on investments in silent partnerships	555	123
Provision of allowance for investment loss	150	50
Foreign exchange losses	1,215	-
Other	151	124
Ordinary profit (loss)	<u>47,932</u>	<u>42,277</u>
Extraordinary income	<u>523</u>	<u>17</u>
Gain on extinguishment of tie-in shares	226	-
Gain on sale of non-current assets	65	7
Gain on sale of investment securities	224	9
Other	7	0
Extraordinary loss	<u>1,001</u>	<u>159</u>
Loss on disposal of non-current assets	61	141
Loss on valuation of investment securities	234	-
Loss on valuation of shares of subsidiaries and associates	239	13
Provision for retirement benefits	142	-
Loss on debt waiver	100	-
Loss on disaster	160	-
Impairment losses	4	0
Other	59	4
Profit (loss) before income taxes	<u>47,454</u>	<u>42,135</u>
Income taxes - current	15,373	14,513
Income taxes - deferred	1,135	413
Profit (loss)	<u>30,946</u>	<u>27,208</u>
Profit (loss) attributable to non-controlling interests	19	11
Profit (loss) attributable to owners of parent	<u><u>30,926</u></u>	<u><u>27,196</u></u>

Murata Machinery, Ltd.
Balance Sheet
March 31, 2020 and 2021

	(Millions of Yen)	
	2020	2021
Assets		
Current assets	219,477	239,638
Cash and deposits	102,756	115,673
Notes receivable - trade	4,819	2,331
Electronically recorded monetary claims - operating	7,383	8,430
Accounts receivable - trade	42,380	43,223
Securities	4,351	5,607
Finished goods	1,538	2,030
Work in process	37,622	41,884
Raw materials	3,945	3,950
Supplies	186	175
Advances paid	2,032	1,590
Short-term loans receivable	621	579
Accounts receivable, other	8,623	10,382
Income taxes receivable	46	-
Other	3,202	3,809
Allowance for doubtful accounts	(34)	(32)
Non-current assets	133,474	144,509
Property, plant and equipment	32,085	33,911
Buildings	16,558	18,583
Structures	1,238	1,289
Machinery and equipment	3,478	3,154
Vehicles	19	11
Tools, furniture and fixtures	1,483	1,184
Land	7,682	7,786
Leased assets	1	0
Construction in progress	1,622	1,901
Intangible assets	1,514	2,528
Software	824	1,498
Other	690	1,030
Investments and other assets	99,874	108,069
Investment securities	72,050	80,813
Shares and investments in capital of subsidiaries and associates	19,010	18,384
Investments in capital	624	884
Long-term loans receivable	514	415
Long-term prepaid expenses	162	142
Prepaid pension cost	9,540	10,314
Claims against bankrupt and reorganized body	-	45
Deferred tax assets	815	-
Other	303	311
Allowance for doubtful accounts	(76)	(121)
Allowance for investment loss	(3,070)	(3,121)
Total assets	352,952	384,148

Murata Machinery, Ltd.
Balance Sheet
March 31, 2020 and 2021

	(Millions of Yen)	
	2020	2021
Liabilities	117,774	118,945
Current liabilities	115,514	115,203
Electronically recorded obligations - operating	17,309	21,876
Accounts payable - trade	23,646	29,542
Short-term borrowings	15,000	10,000
Accounts payable - other	40	55
Accrued expenses	3,152	2,938
Income taxes payable	3,957	6,219
Accrued business office taxes	34	34
Advance received	35,825	29,525
Provision for bonuses	3,240	3,425
Provision for product warranties	5,097	4,254
Other	8,209	7,331
Non-current liabilities	2,259	3,741
Provision for retirement benefits	1,266	1,290
Deferred tax liabilities	-	1,406
Other	992	1,044
Net assets	235,177	265,203
Stockholder's equity	221,774	245,965
Capital stock	900	900
Capital surplus	442	442
Legal capital surplus	442	442
Retained earnings	220,432	244,623
Legal retained earnings	225	225
Other retained earnings	220,207	244,398
Reserve for special depreciation	621	386
Reserve for tax purpose reduction entry	1,476	1,465
General reserve	78,720	78,720
Retained earnings brought forward	139,388	163,827
Valuation and translation adjustments	13,403	19,237
Valuation difference on available-for-sale securities	13,403	19,237
Total Liabilities and net assets	352,952	384,148

Murata Machinery, Ltd.

Statement of income

Years Ended March 31, 2020 and March 31, 2021

	(Millions of Yen)	
	2020	2021
Net sales	221,715	192,271
Cost of sales	149,210	131,564
Gross profit (loss)	<u>72,504</u>	<u>60,707</u>
Selling, general and administrative expenses	36,977	34,269
Operating profit (loss)	<u>35,527</u>	<u>26,438</u>
Non-operating income	<u>8,063</u>	<u>10,654</u>
Interest and dividend income	7,196	6,278
Foreign exchange gains	-	3,523
Other	867	851
Non-operating expenses	<u>2,453</u>	<u>311</u>
Interest expenses	137	85
Foreign exchange losses	1,478	-
Loss on investments in silent partnerships	555	123
Provision of allowance for investment loss	150	50
Other	131	51
Ordinary profit (loss)	<u>41,137</u>	<u>36,781</u>
Extraordinary income	<u>282</u>	<u>305</u>
Gain on sale of non-current assets	53	2
Gain on sale of investment securities	224	-
Gain on redemption of investment securities	4	-
Gain on extinguishment of tie-in shares	-	303
Extraordinary losses	<u>624</u>	<u>214</u>
Loss on disposal of non-current assets	50	109
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 losses	4	-
Loss on debt waiver	100	-
Loss on extinguishment of tie-in shares	-	105
Other	-	0
Profit (loss) before income taxes	<u>40,795</u>	<u>36,872</u>
Income taxes - current	13,369	12,734
Income taxes - deferred	725	(292)
Profit (loss)	<u><u>26,699</u></u>	<u><u>24,430</u></u>