



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024 (U.S. GAAP)

July 27, 2023

OMRON Corporation (6645)

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Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (scheduled):	August 9, 2023
Start of Distribution of Dividends (scheduled):	—
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for investors)

Note: This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on managements' estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

Note: Figures are rounded to the nearest million yen.

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

(April 1, 2023 – June 30, 2023)

(1) Sales and Income (cumulative)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2023	203,351	10.3	14,304	19.9	18,561	58.7	13,396	68.0
June 30, 2022	184,386	(2.0)	11,935	(53.8)	11,698	(56.0)	7,973	(60.5)

Note: Comprehensive income: Three months ended June 30, 2023: JPY38,983 million (-2.3% change);
Three months ended June 30, 2022: JPY39,885 million (55.0% change)

	Net income per share attributable to OMRON shareholders, basic	Net income per share attributable to OMRON shareholders, diluted
Three months ended	Yen	Yen
June 30, 2023	68.05	—
June 30, 2022	39.98	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity	Shareholders' equity ratio
	Million yen	Million yen	Million yen	%
June 30, 2023	1,011,839	770,409	767,534	75.9
March 31, 2023	998,160	731,227	728,473	73.0

2. Dividends

	Dividends per share				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	49.00	—	49.00	98.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (projected)		—	—	—	104.00

Note: Revisions since the most recently announced dividend forecast: No

3. Projected Results for the Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent changes compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders		Net income per share attributable to shareholders, basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	890,000	1.6	102,000	1.3	99,500	1.1	74,500	0.9	378.50

Note: Revisions since the most recently announced performance forecast: No

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

New: - company (company name) Excluded: - company (company name)

(2) Application of simplified accounting methods and/or special accounting methods: No

(3) Changes in accounting policy

(a) Changes in accounting policy accompanying revision of accounting standards, etc.: No

(b) Changes in accounting policy other than (a) above: Yes

Note: For more, see 2. *Quarterly Consolidated Financial Statements and Notes* (4) *Notes Regarding Consolidated Financial Statements (Changes in Accounting Policies)* on P.11 in the attached materials.

(4) Number of shares issued and outstanding

[1] Number of shares outstanding at period-end (including treasury stock)

June 30, 2023	206,244,872	Year ended March 31, 2023	206,244,872
June 30, 2023	9,381,045	Year ended March 31, 2023	9,417,692
Three months ended June 30, 2023	196,838,795	Three months ended June 30, 2022	199,444,646

[2] Treasury stock at period-end

[3] Average number of shares during the period (quarterly cumulative)

Note: As of the end of the consolidated first three months of the fiscal year ending March 31, 2024, 580,782 shares of OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan are included in period-end treasury stock. The average number of shares during the period includes treasury stock deducted in the calculation of net income per share attributable to OMRON shareholders.

*Quarterly summaries of consolidated financial results are not subject to review by certified public accountants or audit corporations.

*Commentary Regarding Appropriate Use of Projections of Results and Other Matters

1. Projections of results and future developments are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks, uncertainties and other factors could cause actual results to differ materially from these projections.

For the assumptions that form the basis of the projected results and appropriate use, see *1. Qualitative Information on Quarterly Financial Results (2) Description of Information on Outlook, Including Consolidated Performance Forecast* on P.5.

2. The Company applies the single step method for presentation of its Consolidated Financial Statements based on U.S. GAAP. However, to facilitate comparison with other companies, *operating income* on the Consolidated Statements of Operations is presented by subtracting *selling, general and administrative expenses* and *research and development expenses* from *gross profit*.

3. The Company plans to hold a presentation for investors and information session on Thursday, July 27, 2023.

The following abbreviations of business segment names are used in the attached materials.

IAB: Industrial Automation Business

HCB: Healthcare Business

SSB: Social Systems, Solutions and Service Business

DMB: Devices & Module Solutions Business

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

For the first quarter of the current fiscal year (April through June 2023), OMRON Group net sales increased year on year due to strong sales in the Healthcare Business, where demand for mainstay blood pressure monitors recovered in Europe and elsewhere. Net sales also benefited from performance in the Social Systems, Solutions and Service Business, which captured growing demand for renewable energy, and the Industrial Automation Business, where we accelerated solutions proposals to growing industries and increased product supply to eliminate order backlogs, despite weak demand for capital investment in the manufacturing industry.

Gross profit margin improved 0.9 points year on year in response to companywide efforts to optimize prices and reduce costs.

As a result, first quarter operating income rose year on year.

Consolidated results for the first quarter were as follows.

(Billions of yen, except exchange rate data and percentages)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Net sales	184.4	203.4	+10.3%
Gross profit [% of net sales]	80.4 [43.6%]	90.5 [44.5%]	+12.6% [+0.9%pt]
Operating income [% of net sales]	11.9 [6.5%]	14.3 [7.0%]	+19.9% [+0.6%pt]
Income before income taxes	11.7	18.6	+58.7%
Net income attributable to OMRON shareholders	8.0	13.4	+68.0%
Average USD exchange rate (Yen)	126.5	135.8	+9.3
Average EUR exchange rate (Yen)	136.8	147.9	+11.2
Average CNY exchange rate (Yen)	19.3	19.5	+0.2

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Sales to external customers	101.0	110.6	+9.5%
Operating income	11.8	12.2	+4.2%

Sales

Capital investment in the manufacturing industry remained weak globally due to the uncertain business environment. Even across the industries in which we focus, demand was sluggish due to investment cutbacks and delays, although there were some differences among industries and customers. Under these circumstances, the OMRON Group accelerated solution proposals, particularly in growth industries. In addition, we increased product supply steadily to eliminate order backlogs.

As a result, sales increased year on year, due in part to the depreciation of the yen.

Operating Income

Operating income increased year on year due to the increase in sales and optimized prices.

HCB (Healthcare Business)

(Billions of yen, %)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Sales to external customers	34.1	37.7	+10.5%
Operating income	4.1	4.8	+16.9%

Sales

While consumer confidence remained weak globally, demand in our mainstay blood pressure monitor market began to recover in Europe and certain other regions. In China, demand for oxygen concentrators, nebulizers, and other quarantine-related products increased significantly due to a reemergence of COVID-19 infections. As a result, sales increased year on year, due in part to the depreciation of the yen.

Operating Income

Operating income increased significantly year on year due to the increase in sales, optimized prices, and cost reductions related to logistics expenses.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Sales to external customers	15.7	23.5	+49.6%
Operating income (loss)	(1.2)	(0.0)	—

Sales

Renewable energy-related demand in the residential and industrial domains in our Energy Solutions Business expanded in response to soaring energy prices, expanded subsidies, and other factors. Our Public Transportation System Business saw firm capital investment among customers as the number of rail passengers recovered.

As a result, sales increased significantly year on year.

Operating Income

Despite an increase in costs due to the foreign exchange impact of foreign currency-denominated purchases, operating loss narrowed significantly year on year due to higher sales.

DMB (Devices & Module Solutions Business)

(Billions of yen, %)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change
Sales to external customers	33.2	31.2	-5.8%
Operating income	3.8	2.5	-33.5%

Sales

Demand for automobile components recovered moderately in Europe and other regions compared with the previous fiscal year, which was affected by the global shortage of semiconductors. At the same time, demand for components in the consumer industry remained sluggish, particularly in the Americas and China, caused by the continuing impact of global inflation. As a result, sales were lower year on year.

Operating Income

Despite progress in efforts to optimize prices, operating income declined significantly due to the decrease in sales.

(2) Description of Information on Outlook, Including Consolidated Performance Forecast

We have not revised our full-year performance forecast, announced on April 26, 2023.

(The assumed exchange rates used in the forecast announced on April 26, 2023, were USD1 = JPY130.0, EUR1 = JPY140.0)

We expect the business environment surrounding the OMRON Group to remain uncertain in the second quarter and beyond due to factors that include rising inflation and geopolitical risks. In the face of the current business environment, the OMRON Group intends to implement the strategies we described in our SF 1st Stage medium-term management plan in a steady manner, aiming to achieve further growth and strengthen our earnings structure.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023		As of June 30, 2023	
		%		%
ASSETS				
Current assets:	486,892	48.8	488,611	48.3
Cash and cash equivalents	105,279		97,711	
Notes and accounts receivable-trade	180,074		159,358	
Allowance for doubtful receivables	(869)		(979)	
Inventories	173,926		191,416	
Other current assets	28,482		41,105	
Property, plant and equipment, net:	129,585	13.0	131,210	13.0
Investments and other assets:	381,683	38.2	392,018	38.7
Right-of-use assets under operating leases	47,501		46,914	
Goodwill	43,125		46,822	
Investments in and advances to affiliates	134,557		135,190	
Investment securities	46,123		51,445	
Leasehold deposits	8,094		8,278	
Prepaid pension cost	29,103		29,612	
Deferred income taxes	23,513		23,448	
Other assets	49,667		50,309	
Total assets	998,160	100.0	1,011,839	100.0

(Millions of yen)

	As of March 31, 2023		As of June 30, 2023	
		%		%
LIABILITIES				
Current liabilities	210,020	21.0	184,707	18.3
Notes and accounts payable-trade	92,855		85,273	
Short-term borrowings	213		1,786	
Accrued expenses	50,246		39,847	
Income taxes payable	10,560		4,700	
Short-term operating lease liabilities	11,871		12,109	
Other current liabilities	44,275		40,992	
Deferred income taxes	2,052	0.2	2,141	0.2
Termination and retirement benefits	9,348	0.9	9,230	0.9
Long-term operating lease liabilities	33,284	3.3	32,183	3.2
Other long-term liabilities	12,229	1.3	13,169	1.3
Total liabilities	266,933	26.7	241,430	23.9
NET ASSETS				
Shareholders' equity	728,473	73.0	767,534	75.9
Common stock	64,100	6.4	64,100	6.3
Capital surplus	98,506	9.9	98,657	9.8
Legal reserve	24,729	2.5	26,962	2.7
Retained earnings	571,807	57.3	582,970	57.6
Accumulated other comprehensive income (loss)	39,947	4.0	65,190	6.5
Foreign currency translation adjustments	51,344		76,733	
Pension liability adjustments	(11,226)		(10,777)	
Net gains (losses) on derivative instruments	(171)		(766)	
Treasury stock	(70,616)	(7.1)	(70,345)	(7.0)
Noncontrolling interests	2,754	0.3	2,875	0.2
Total net assets	731,227	73.3	770,409	76.1
Total liabilities and net assets	998,160	100.0	1,011,839	100.0

**(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated
Statements of Comprehensive Income**
(Quarterly Consolidated Statements of Operations)
(Three months ended June 30, 2023)

(Millions of yen)

	Three months ended June 30, 2022		Three months ended June 30, 2023	
		%		%
Net sales	184,386	100.0	203,351	100.0
Cost of sales	103,939	56.4	112,801	55.5
Gross profit	80,447	43.6	90,550	44.5
Selling, general and administrative expenses	56,802	30.8	63,001	31.0
Research and development expenses	11,710	6.3	13,245	6.5
Operating income	11,935	6.5	14,304	7.0
Other expenses (income), net	237	0.2	(4,257)	(2.1)
Income before income taxes and equity in loss of affiliates	11,698	6.3	18,561	9.1
Income taxes	2,933	1.6	4,423	2.2
Equity in loss of affiliates	675	0.3	562	0.2
Net income	8,090	4.4	13,576	6.7
Net income attributable to noncontrolling interests	117	0.1	180	0.1
Net income attributable to OMRON shareholders	7,973	4.3	13,396	6.6

(Quarterly Consolidated Statements of Comprehensive Income)

(Three months ended June 30, 2023)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	8,090	13,576
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	28,708	25,553
Pension liability adjustments	2,598	449
Net gains (losses) on derivative instruments	489	(595)
Other comprehensive income (loss)	31,795	25,407
Comprehensive income	39,885	38,983
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	235	344
Comprehensive income attributable to OMRON shareholders	39,650	38,639

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022		Three months ended June 30, 2023	
I Operating Activities:				
1. Net income		8,090		13,576
2. Adjustments to reconcile net income to net cash provided by operating activities:				
(1) Depreciation and amortization	6,154		6,897	
(2) Decrease in notes and accounts receivable-trade	19,163		28,365	
(3) Increase in inventories	(14,865)		(10,176)	
(4) Decrease in notes and accounts payable – trade	(2,172)		(7,440)	
(5) Others, net	(17,743)	(9,463)	(23,368)	(5,722)
Net cash provided by (used in) operating activities		(1,373)		7,854
II Investing Activities:				
1. Purchases of investment securities		(799)		(160)
2. Capital expenditures		(6,801)		(9,215)
3. Proceeds from sale of property, plant and equipment		1,185		75
4. Others, net		(130)		(152)
Net cash used in investing activities		(6,545)		(9,452)
(Reference) Free cash flows		(7,918)		(1,598)
III Financing Activities:				
1. Net decrease of short-term debt		(20,000)		(1,637)
2. Proceeds from short-term borrowings		—		1,080
3. Dividends paid by OMRON Corporation		(9,163)		(9,645)
4. Acquisition of treasury stock		(2)		(4)
5. Others, net		298		(379)
Net cash used in financing activities		(28,867)		(10,585)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents		9,714		4,615
Net decrease in cash and cash equivalents		(27,071)		(7,568)
Cash and cash equivalents at beginning of the period		155,484		105,279
Cash and cash equivalents at end of the period		128,413		97,711

Note: *Free cash flow* is cash flow from operating activities plus cash flow from investing activities.

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

None applicable

(Changes in Accounting Policies)

(Change in inventory valuation method)

Effective as of the first quarter of the current consolidated fiscal year, the Company and consolidated subsidiaries in Japan have changed to the lower of cost or net realizable value based on the average method. To date, the entities mentioned used the lower of cost or net realizable value based on first in, first out method for inventory valuation. This change is based on our Long-Term Vision, Shaping The Future 2030, launched in fiscal 2022, and our medium-term management plan, SF 1st Stage. This vision and plan presented an opportunity to review our systems related to sales, production, inventory retention policies, and inventory management systems amid increasing uncertainties in recent years, as well as changes in the social and business environments. Based on this review, we determined that valuing inventory using the average method offered a more appropriate means of calculating period profit or loss. The impact of this change on the consolidated financial statements is immaterial.

(Notes in the Event of Significant Changes in Shareholders' Equity)

None applicable

(Segment Information)**Business Segment Information**

(Millions of yen)

		Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change
IAB	Sales to external customers	100,990	110,566	109.5%
	Intersegment sales	1,530	1,251	81.8%
	Total net sales	102,520	111,817	109.1%
	Operating expenses	90,762	99,570	109.7%
	Operating income (loss)	11,758	12,247	104.2%
HCB	Sales to external customers	34,076	37,658	110.5%
	Intersegment sales	53	47	88.7%
	Total net sales	34,129	37,705	110.5%
	Operating expenses	29,996	32,875	109.6%
	Operating income (loss)	4,133	4,830	116.9%
SSB	Sales to external customers	15,691	23,481	149.6%
	Intersegment sales	2,534	3,094	122.1%
	Total net sales	18,225	26,575	145.8%
	Operating expenses	19,424	26,587	136.9%
	Operating income (loss)	(1,199)	(12)	—
DMB	Sales to external customers	33,170	31,240	94.2%
	Intersegment sales	12,043	10,560	87.7%
	Total net sales	45,213	41,800	92.5%
	Operating expenses	41,386	39,254	94.8%
	Operating income (loss)	3,827	2,546	66.5%
Eliminations & Corporate	Sales to external customers	459	406	88.5%
	Intersegment sales	(16,160)	(14,952)	—
	Total net sales	(15,701)	(14,546)	—
	Operating expenses	(9,117)	(9,239)	—
	Operating income (loss)	(6,584)	(5,307)	—
Consolidated	Sales to external customers	184,386	203,351	110.3%
	Intersegment sales	—	—	—
	Total net sales	184,386	203,351	110.3%
	Operating expenses	172,451	189,047	109.6%
	Operating income (loss)	11,935	14,304	119.8%

Sales by Geographical Region

(Millions of yen)

		Three months ended June 30, 2022	Three months ended June 30, 2023	Year-on-year change
IAB	Japan	30,414	34,691	114.1%
	Americas	11,531	11,437	99.2%
	Europe	20,046	23,785	118.7%
	Greater China	27,511	28,607	104.0%
	Southeast Asia and Others	11,482	12,045	104.9%
	Direct Exports	6	1	16.7%
	Total	100,990	110,566	109.5%
HCB	Japan	5,515	5,763	104.4%
	Americas	7,084	6,630	93.6%
	Europe	4,810	7,077	147.1%
	Greater China	12,020	14,562	121.1%
	Southeast Asia and Others	4,480	3,484	77.8%
	Direct Exports	167	142	85.0%
	Total	34,076	37,658	110.5%
SSB	Japan	15,680	23,055	147.0%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	2	68	—
	Southeast Asia and Others	—	—	—
	Direct Exports	9	358	—
	Total	15,691	23,481	149.6%
DMB	Japan	9,322	11,669	125.2%
	Americas	5,459	4,076	74.7%
	Europe	4,376	4,470	102.1%
	Greater China	9,833	6,973	70.9%
	Southeast Asia and Others	4,143	4,015	96.9%
	Direct Exports	37	37	100.0%
	Total	33,170	31,240	94.2%
Eliminations & Corporate	Japan	459	406	88.5%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	—	—	—
	Total	459	406	88.5%
Consolidated	Japan	61,390	75,584	123.1%
	Americas	24,074	22,143	92.0%
	Europe	29,232	35,332	120.9%
	Greater China	49,366	50,210	101.7%
	Southeast Asia and Others	20,105	19,544	97.2%
	Direct Exports	219	538	245.7%
	Total	184,386	203,351	110.3%

Note: Major countries or regions belonging to segments other than Japan are as follows:

- (1) Americas: United States of America, Canada, Brazil
- (2) Europe: Netherlands, Great Britain, Germany, France, Italy, Spain
- (3) Greater China: China, Hong Kong, Taiwan
- (4) Southeast Asia and Others: Singapore, Republic of Korea, India, Australia
- (5) Direct Exports: Direct export transactions