



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (U.S. GAAP)

October 29, 2019

OMRON Corporation (6645)

| | |
|--|---|
| Exchanges Listed: | Tokyo (first section) |
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| Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (scheduled): | November 14, 2019 |
| Start of Distribution of Dividends (scheduled): | December 3, 2019 |
| 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 Second Quarter of the Fiscal Year Ending March 31, 2020 (April 1, 2019 – September 30, 2019)

(1) Sales and Income (cumulative)

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

| | Millions of yen - except per share data and percentages | | | |
|--|---|------------|--|------------|
| | Six months ended September 30, 2019 | | Six months ended September 30, 2018 | |
| | | Change (%) | | Change (%) |
| Net sales | 330,229 | (6.4) | 352,961 | +1.4 |
| Operating income | 25,731 | (19.2) | 31,849 | (18.8) |
| Income before income taxes from continuing operations | 27,449 | (12.9) | 31,521 | (16.1) |
| Net income attributable to OMRON shareholders | 19,082 | (27.8) | 26,415 | (12.8) |
| Net income per share attributable to OMRON shareholders, basic (JPY) | 92.92 | | 125.95 | |
| Net income per share attributable to OMRON shareholders, diluted (JPY) | — | | — | |

Notes: 1. Comprehensive income: Six months ended September 30, 2019:JPY 20,832 million (-30.7% change);
Six months ended September 30, 2018:JPY 30,070 million (-31.3% change)

2. On April 16, 2019, OMRON made the determination to transfer the Automotive Electronic Components Business (AEC) and we have classified this business unit as discontinued operations. Figures presented for net sales, operating income, and income before income taxes from continuing operations for the second quarter of fiscal years 2018 and 2019 reflect continuing operations excluding discontinued operations.

(2) Consolidated Financial Position

| | Millions of yen - except per share data and percentages | |
|--------------------------------|---|----------------------|
| | As of September 30, 2019 | As of March 31, 2019 |
| | | |
| Total assets | 762,907 | 749,878 |
| Net assets | 518,687 | 506,311 |
| Shareholders' equity | 516,589 | 504,212 |
| Shareholders' equity ratio (%) | 67.7 | 67.2 |

2. Dividends

| | | Year ended March 31, 2019 | Year ending March 31, 2020 | Year ending March 31, 2020 (projected) |
|------------------------|------------------------------------|------------------------------|-------------------------------|--|
| Dividends per share | 1st quarter dividend (JPY) | — | — | |
| | Interim dividend (JPY) | 42.00 | 42.00 | |
| | 3rd quarter dividend (JPY) | — | | — |
| | Year-end dividend (JPY) | 42.00 | | 42.00 |
| | Total dividends for the year (JPY) | 84.00 | | 84.00 |

Notes: Revisions since the most recently announced dividend forecast: Yes

The company has determined a JPY42 per share for the end of the second quarter of the fiscal year ending March 2020, an amount which had previously been undecided. The company has left the forecast for total annual dividends unchanged in combination with the year-end dividend.

For more, see *OMRON Announces Fiscal 2019 Interim Dividend, Full-Year Total Dividend Forecast and Year-End Dividend Forecast*, published today (October 29, 2019).

3. Projected Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

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

| | Millions of yen | |
|---|------------------------------------|---------------|
| | Full year ending March 31, 2020 | Change (%) |
| Net sales | 670,000 | (8.5) |
| Operating income | 45,000 | (33.1) |
| Income before income taxes from continuing operations | 40,000 | (39.3) |
| Net income attributable to OMRON shareholders | 66,000 | +21.5 |
| Net income per share attributable to OMRON shareholders (JPY) | 321.39 | |

Note: Revisions since the most recently announced performance forecast: Yes

For more details regarding revised consolidated earnings forecasts, see *Notice Regarding Revised Earnings Forecasts for the Fiscal Year Ending March 2020*, published today (October 29, 2019).

Net income attributable to OMRON shareholders referenced in the company's consolidated earnings forecast includes an estimated gain on the sale related to the transfer of the Automotive Electronic Components Business (AEC).

Notes

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

(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.: Yes

(b) Changes in accounting policy other than (a) above: No

Note: For more, see 2. *Quarterly Consolidated Financial Statements and Notes (4) Notes Regarding Consolidated Financial Statements (Change in Accounting Policy)* on P.11.

(4) Number of shares issued and outstanding (common stock)

(a) Number of shares at end of period (including treasury stock):

September 30, 2019: 213,958,172 shares

March 31, 2019: 213,958,172 shares

(b) Treasury stock at end of period:

September 30, 2019: 8,598,112 shares

March 31, 2019: 8,596,608 shares

(c) Average number of shares during the period (cumulative quarterly period):

Six months ended September 30, 2019: 205,360,840 shares

Six months ended September 30, 2018: 209,719,547 shares

Note: As of the end of the first six months of the fiscal year ending March 2020, 766,683 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 (3) 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 today (October 29, 2019). The Company also plans to post an overview and the (voice) content of its explanations, together with financial materials used at the presentation, promptly on its website.

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

Continuing Operations

IAB: Industrial Automation Business

EMC: Electronic and Mechanical Components Business

SSB: Social Systems, Solutions and Service Business

HCB: Healthcare Business

Other: Environmental Solutions Business, Backlights Business (businesses under direct control of Headquarters)

Discontinued Operations

AEC: Automotive Electronic Components Business

Note: Beginning with the first quarter of the fiscal year ending March 2020, the AEC has been classified as discontinued operations.

For more about discontinued operations, see *Discontinued Operations* on P.13.

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

The OMRON Group recorded lower sales and profits for the cumulative consolidated second quarter of fiscal 2019 (April through September 2019) compared to the same period in the previous fiscal year. U.S.-China trade frictions and other factors had a negative impact on the businesses of global manufacturers, leading companies in the automobile and semiconductor industries to decrease capital investment. As a result, the OMRON Industrial Automation Business (IAB) and Electronic and Mechanical Components Business (EMC) recorded lower sales and operating income year on year.

Consolidated results for the first six months of fiscal 2019 were as follows.

| Billions of yen, except exchange rate data and percentages | | | |
|--|--|--|-----------|
| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
| Net sales | 353.0 | 330.2 | -6.4% |
| Gross profit | 159.0 | 148.8 | -6.4% |
| [% of net sales] | [45.0%] | [45.0%] | [+0.0%pt] |
| Operating income | 31.8 | 25.7 | -19.2% |
| [% of net sales] | [9.0%] | [7.8%] | [-1.2%pt] |
| Income before income taxes from continuing operations | 31.5 | 27.4 | -12.9% |
| Net income attributable to OMRON shareholders | 26.4 | 19.1 | -27.8% |
| Average USD exchange rate (JPY) | 109.5 | 109.2 | -0.3 |
| Average EUR exchange rate (JPY) | 129.5 | 122.0 | -7.5 |
| Average RMB exchange rate (JPY) | 16.7 | 15.9 | -0.8 |

Note: In connection with the classification of the AEC as a discontinued operation, net sales, gross profit, operating income, and income before income taxes from continuing operations presented for the cumulative consolidated second quarter of the fiscal year ended March 31, 2019 have been reclassified to reflect continuing operations excluding amounts from discontinued operations.

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
|-----------------------------|--|--|--------|
| Sales to external customers | 201.5 | 177.9 | -11.7% |
| Segment profit | 33.3 | 27.6 | -17.3% |

Sales

In addition to sluggish investment for smartphones and semiconductors in the digital industry, limited investment in the automobile industry globally in response to lower sales of new vehicles has resulted in weak demand.

In addition to the preceding, a stronger yen resulted in lower sales due to foreign exchange impact, driving IAB sales lower sharply compared to the same period in the prior fiscal year.

Segment Profit

Segment profit was significantly lower year on year due to the impact of lower sales and foreign currency fluctuation.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
|-----------------------------|--|--|--------|
| Sales to external customers | 52.9 | 45.9 | -13.3% |
| Segment Profit | 4.6 | 0.7 | -85.4% |

Note: In connection with the classification of the AEC as a discontinued operation, we have reclassified certain EMC sales for the cumulative consolidated second quarter of the fiscal year ended March 31, 2019 from *intersegment sales* to *sales to external customers*.

Sales

Constrained capital investment in China due to slowing exports and declining consumer purchase sentiment have combined to reduce demand for home appliances, machine tools, and automotive electronic components. Demand in the Americas and Europe fell as a result of weaker economies.

Further, a stronger yen also contributed to lower sales due to foreign exchange impact. These factors combined to drive sales significantly lower year on year.

Segment Profit

Declines in sales to external customers and group companies, as well as the impact of foreign exchange, resulted in a significant decrease in segment profit year on year.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
|-----------------------------|--|--|--------|
| Sales to external customers | 23.7 | 31.3 | +32.4% |
| Segment profit (loss) | (2.2) | 0.4 | — |

Sales

The segment experienced firm demand for upgrades in the Public Transportation Business and Road Management Systems Business. In response, we proposed solutions tailored to the needs of our clients. Further, the segment saw demand for systems upgrades in connection with the consumption tax increase in Japan.

As a result of these factors, segment sales rose significantly year on year.

Segment Profit

The segment reported higher profit year on year due to higher sales and improved profitability.

HCB (Healthcare Business)

(Billions of yen, %)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
|-----------------------------|--|--|--------|
| Sales to external customers | 55.5 | 54.6 | -1.6% |
| Segment profit | 7.2 | 6.9 | -4.2% |

Sales

Demand in Japan among inbound tourists declined during the period, leading to sluggish sales at major appliance retailers. In the Americas and Europe, demand for products was weak in Brazil and Russia. At the same time, consumer demand remained firm for health and medical equipment in China, driving favorable sales of blood pressure monitors and nebulizers.

Further, a stronger yen also contributed to lower sales due to foreign exchange impact. These factors combined to leave sales level with the same period in the prior fiscal year.

Segment Profit

Segment profit was lower year on year due to ongoing investment for future growth and the impact of foreign exchange.

Other Businesses

| (Billions of yen, %) | | | |
|-----------------------------|--|--|--------|
| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Change |
| Sales to external customers | 16.9 | 19.0 | +12.0% |
| Segment profit (loss) | (1.6) | 1.0 | — |

Note: The Other Businesses segment includes new exploratory or incubation businesses as well as businesses being nurtured under the direct control of Headquarters.

Sales

The Environmental Solutions Business reported growing demand for storage battery systems. In July of the prior fiscal year, heavy rains resulted in the temporary suspension of operations at our business partners. This factor resulted in a significant increase in sales for the current period compared to the same period in the prior fiscal year. At the same time, the Backlights Business saw a significant decrease in customer demand.

Despite the impact of the sale of OMRON's Electronic Design and Manufacturing Service Business (EDMS) in the previous fiscal year, resulting Other Businesses segment sales were significantly higher year on year.

Segment Profit

Higher sales of new products in the Environmental Solutions Business resulted in significantly higher segment profit year on year.

(2) Description of Financial Condition

Financial Condition

Under VG2.0, we intend to continue to conduct ROIC management focused on capital efficiency, while investing actively in sustainable corporate value improvements.

Total assets as of the end of the consolidated second quarter increased JPY13.0 billion compared with the end of the previous fiscal year to JPY762.9 billion, mainly due to the recording of operating lease right-of-use assets, which more than offset a decrease in notes and accounts receivable-trade. Total liabilities increased JPY0.7 billion compared with the end of the previous fiscal year to JPY244.2 billion, mainly due to the recording of operating lease liabilities, which more than offset a decrease in termination and retirement benefits stemming from a plan revision. Net assets increased JPY12.4 billion compared to the end of the previous fiscal year to JPY518.7 billion, owing mainly to increases in net income attributable to OMRON shareholders. As a result, OMRON Group shareholders' equity ratio was 67.7%, compared with 67.2% at the end of the previous fiscal year, maintaining a strong financial footing capable of active investment and responding to changes in our operating environment.

Summary of Cash Flows

The following summarizes cash flow activity for the cumulative consolidated second quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was JPY36.5 billion, JPY11.1 billion higher compared to the same period in the previous fiscal year. This result was mainly due to the recording of net income, depreciation and amortization, and a decrease in notes and accounts receivable-trade.

Cash Flows from Investing Activities

Net cash used in investing activities was JPY14.9 billion, JPY2.3 billion lower compared to the same period in the previous fiscal year. This result was mainly due to cash outlays for capital expenditures. Free cash flows (difference between cash flows from operating activities and cash flows from investing activities) for the cumulative consolidated second quarter amounted to JPY21.5 billion.

Cash Flows from Financing Activities

Net cash used in financing activities was JPY9.0 billion, JPY8.5 billion lower compared to the same period in the previous fiscal year. This result was mainly due to dividends paid.

As a result, the balance of cash and cash equivalents at the end of the consolidated second quarter amounted to JPY116.0 billion, an increase of JPY5.7 billion compared to the end of the previous consolidated fiscal year.

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

The impact of U.S.-China trade friction extended to the global manufacturing industry throughout the cumulative consolidated second period. We recognize that this situation will continue through the fiscal third quarter and beyond as well. Therefore, we expect to record lower sales, mainly in our Industrial Automation Business (IAB), Electronic and Mechanical Components Business (EMC). In addition, we expect to record an increase in net income attributable to OMRON shareholders after recording a gain on the transfer of the Automotive Electronic Components Business (AEC). As a result of these factors, we have made revisions to our fiscal 2019 earnings forecasts as outlined below. The OMRON Group has set exchange rate assumptions for the third quarter and beyond to USD1 = JPY105, EUR1 = JPY117, and RMB1 = JPY14.7.

(Billions of yen / % / JPY)

| | Net sales | Operating income | Income before income taxes from continuing operations | Net income attributable to OMRON shareholders | Net income per share attributable to OMRON shareholders (JPY) |
|---|-----------|------------------|---|---|---|
| Previous forecast (A) | 709.0 | 57.5 | 52.5 | 42.5 | 206.95 |
| New forecast (B) | 670.0 | 45.0 | 40.0 | 66.0 | 321.39 |
| Change (B-A) | -39.0 | -12.5 | -12.5 | +23.5 | — |
| Change (%) | -5.5% | -21.7% | -23.8% | +55.3% | — |
| (Reference) Actual results for the previous fiscal year (FYE March 31, 2019) | 732.6 | 67.3 | 65.9 | 54.3 | 260.78 |

Note: Figures presented for net sales, operating income, and income before income taxes from continuing operations for the fiscal year ended March 31, 2019 have been reclassified to reflect continuing operations excluding amounts from discontinued operations.

See *Notice Regarding Revised Earnings Forecasts for the Fiscal Year Ending March 2020*, published today (October 29, 2019) about revisions to consolidated earnings forecasts.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of | | As of | |
|--|----------------|--------------|--------------------|--------------|
| | March 31, 2019 | | September 30, 2019 | |
| | | % | | % |
| ASSETS | | | | |
| Current assets: | 459,973 | 61.3 | 447,917 | 58.7 |
| Cash and cash equivalents | 103,850 | | 109,863 | |
| Notes and accounts receivable — trade | 149,171 | | 123,453 | |
| Allowance for doubtful receivables | (861) | | (819) | |
| Inventories | 120,379 | | 124,445 | |
| Assets held for sale | 73,331 | | 75,117 | |
| Other current assets | 14,103 | | 15,858 | |
| Property, plant and equipment: | 115,083 | 15.3 | 114,189 | 15.0 |
| Land | 21,746 | | 20,733 | |
| Buildings | 118,036 | | 120,166 | |
| Machinery and equipment | 151,355 | | 145,742 | |
| Construction in progress | 11,316 | | 7,198 | |
| Accumulated depreciation | (187,370) | | (179,650) | |
| Investments and other assets: | 174,822 | 23.4 | 200,801 | 26.3 |
| Right-of-use assets under operating leases | — | | 34,467 | |
| Goodwill | 40,532 | | 39,111 | |
| Investments in and advances to affiliates | 26,022 | | 25,682 | |
| Investment securities | 28,997 | | 30,140 | |
| Leasehold deposits | 7,533 | | 7,470 | |
| Deferred income taxes | 42,537 | | 36,371 | |
| Other assets | 29,201 | | 27,560 | |
| Total assets | 749,878 | 100.0 | 762,907 | 100.0 |

(Millions of yen)

| | As of March 31, 2019 | | As of September 30, 2019 | |
|---|-------------------------|-------|-----------------------------|-------|
| LIABILITIES | | % | | % |
| Current liabilities | 175,555 | 23.4 | 179,773 | 23.6 |
| Notes and accounts payable — trade | 71,360 | | 65,833 | |
| Accrued expenses | 38,290 | | 35,796 | |
| Income taxes payable | 3,174 | | 1,887 | |
| Short-term operating lease liabilities | — | | 11,868 | |
| Liabilities held for sale | 27,730 | | 30,117 | |
| Other current liabilities | 35,001 | | 34,272 | |
| Deferred income taxes | 733 | 0.1 | 942 | 0.1 |
| Termination and retirement benefits | 55,036 | 7.3 | 28,081 | 3.7 |
| Long-term operating lease liabilities | — | — | 23,035 | 3.0 |
| Other long-term liabilities | 12,243 | 1.7 | 12,389 | 1.6 |
| Total liabilities | 243,567 | 32.5 | 244,220 | 32.0 |
| NET ASSETS | | | | |
| Shareholders' equity | 504,212 | 67.2 | 516,589 | 67.7 |
| Common stock | 64,100 | 8.5 | 64,100 | 8.4 |
| Capital surplus | 100,233 | 13.4 | 100,572 | 13.2 |
| Legal reserve | 21,826 | 2.9 | 22,861 | 3.0 |
| Retained earnings | 433,639 | 57.8 | 443,061 | 58.1 |
| Accumulated other comprehensive income (loss) | (70,200) | (9.3) | (68,611) | (9.0) |
| Foreign currency translation adjustments | (7,687) | | (25,766) | |
| Pension liability adjustments | (62,648) | | (42,862) | |
| Net gains (losses) on derivative instruments | 135 | | 17 | |
| Treasury stock | (45,386) | (6.1) | (45,394) | (6.0) |
| Noncontrolling interests | 2,099 | 0.3 | 2,098 | 0.3 |
| Total net assets | 506,311 | 67.5 | 518,687 | 68.0 |
| Total liabilities and shareholders' equity | 749,878 | 100.0 | 762,907 | 100.0 |

Notes: We have reclassified the consolidated balance sheets for the previous fiscal year for presentation purposes in connection with the classification of the AEC as discontinued operations.

For more about discontinued operations, see *Discontinued Operations* on P.13.

**(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Operations)
(Six months ended September 30, 2019)**

(Millions of yen)

| | Six months ended September 30, 2018 | | Six months ended September 30, 2019 | |
|---|--|-------|--|-------|
| | | % | | % |
| Net sales | 352,961 | 100.0 | 330,229 | 100.0 |
| Cost of sales | 194,002 | 55.0 | 181,461 | 55.0 |
| Gross profit | 158,959 | 45.0 | 148,768 | 45.0 |
| Selling, general and administrative expenses | 102,499 | 29.0 | 99,751 | 30.2 |
| Research and development expenses | 24,611 | 7.0 | 23,286 | 7.0 |
| Operating income | 31,849 | 9.0 | 25,731 | 7.8 |
| Other expenses (income), net | 328 | 0.1 | (1,718) | (0.5) |
| Income before income taxes from continuing operations | 31,521 | 8.9 | 27,449 | 8.3 |
| Income taxes | 8,136 | 2.3 | 4,562 | 1.3 |
| Equity in loss (earnings) of affiliates | (126) | (0.1) | 230 | 0.1 |
| Income from continuing operations | 23,511 | 6.7 | 22,657 | 6.9 |
| Income (loss) from discontinued operations | 3,351 | 0.9 | (3,364) | (1.1) |
| Net income | 26,862 | 7.6 | 19,293 | 5.8 |
| Net income attributable to noncontrolling interests | 447 | 0.1 | 211 | 0.0 |
| Net income attributable to OMRON shareholders | 26,415 | 7.5 | 19,082 | 5.8 |

Notes: We have reclassified the quarterly consolidated statements of operations for the cumulative consolidated second quarter of the previous fiscal year for presentation purposes in connection with the classification of the AEC as discontinued operations. For more about discontinued operations, see *Discontinued Operations* on P.13. Further, income (loss) from discontinued operations for the current cumulative consolidated second quarter includes the tax effect related to retained earnings in investments in subsidiaries corresponding to the planned transfer of the AEC.

(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended September 30, 2019)

(Millions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|---|--|--|
| Net income | 26,862 | 19,293 |
| Other comprehensive income (loss), net of tax | | |
| Foreign currency translation adjustments | 2,328 | (18,129) |
| Pension liability adjustments | 1,534 | 19,786 |
| Net gains (losses) on derivative instruments | (654) | (118) |
| Other comprehensive income (loss) | 3,208 | 1,539 |
| Comprehensive income | 30,070 | 20,832 |
| (Breakdown) | | |
| Comprehensive income attributable to noncontrolling interests | 468 | 161 |
| Comprehensive income attributable to OMRON shareholders | 29,602 | 20,671 |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 |
|--|--|--|
| I. Operating Activities: | | |
| 1. Net income | 26,862 | 19,293 |
| 2. Adjustments to reconcile net income to net cash provided by operating activities: | | |
| (1) Depreciation and amortization | 14,689 | 14,625 |
| (2) Net loss (gain) on sale and disposals of property, plant and equipment | (93) | 75 |
| (3) Loss on impairment of long-lived assets | 59 | 12 |
| (4) Gain on sale of business | (75) | — |
| (5) Net gain on valuation of investment securities | (1,081) | (1,098) |
| (6) Termination and retirement benefits | 2,630 | 165 |
| (7) Deferred income taxes | 207 | 1,829 |
| (8) Equity in loss (earnings) of affiliates | (126) | 230 |
| (9) Changes in assets and liabilities: | | |
| (i) Decrease in notes and accounts receivable — trade | 18,169 | 23,612 |
| (ii) Increase in inventories | (15,032) | (9,419) |
| (iii) Increase in other assets | (593) | (2,833) |
| (iv) Decrease in notes and accounts payable — trade | (7,029) | (8,176) |
| (v) Decrease in income taxes payable | (6,068) | (1,274) |
| (vi) Decrease in accrued expenses and other current liabilities | (7,666) | (455) |
| (10) Other, net | 521 | (115) |
| Subtotal | (1,488) | 17,178 |
| Net cash provided by operating activities | 25,374 | 36,471 |
| II. Investing Activities: | | |
| 1. Proceeds from sale of investment securities | 426 | 1,371 |
| 2. Purchases of investment securities | (248) | (1,370) |
| 3. Capital expenditures | (18,223) | (15,836) |
| 4. Net decrease (increase) in leasehold deposits | (217) | 82 |
| 5. Proceeds from sale of property, plant and equipment | 1,494 | 496 |
| 6. Proceeds from sale of business, net of cash paid | 35 | — |
| 7. Acquisition of business, net of cash acquired | (863) | — |
| 8. Other, net | 408 | 333 |
| Net cash used in investing activities | (17,188) | (14,924) |
| III. Financing Activities: | | |
| 1. Net borrowings (repayments) of short-term debt | 353 | (205) |
| 2. Dividends paid by the Company | (8,003) | (8,625) |
| 3. Dividends paid to noncontrolling interests | (326) | (162) |
| 4. Acquisition of treasury stock | (9,528) | (8) |
| 5. Other, net | (21) | 23 |
| Net cash used in financing activities | (17,525) | (8,977) |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | (261) | (6,828) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (9,600) | 5,742 |
| Cash and Cash Equivalents at Beginning of the Period | 113,023 | 110,250 |
| Cash and Cash Equivalents at End of the Period | 103,423 | 115,992 |
| Cash and Cash Equivalents from Discontinued Operations at the End of the Period (Deduct) | 8,048 | 6,129 |
| Cash and Cash Equivalents from Continuing Operations at the End of the Period | 95,375 | 109,863 |
| Notes to cash flows from operating activities: | | |
| 1. Interest paid | 59 | 133 |
| 2. Taxes paid | 15,094 | 9,727 |
| Notes to investing and financing activities not involving cash flow: | | |
| 1. Debt related to capital expenditures | 2,567 | 8,489 |

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

None applicable

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

None applicable

(Changes in Accounting Policy)

Beginning with the first quarter of the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2016-02 Leases and FASB Accounting Standards Update 2018-11 Leases. Under Accounting Standards update 2016-02 Leases, lease transactions classified as operating leases (with certain exceptions) are required to be recognized as right-of-use assets and lease liabilities on consolidated balance sheet presentations.

In addition, FASB Accounting Standards Update 2018-11 Leases allows companies to elect not to adjust comparative periods for presentation and disclosure when applying FASB Accounting Standards Update 2016-02 Leases, and OMRON and OMRON subsidiaries have applied this rule.

These accounting standards updates recognize measurement exemptions and short-term lease exceptions for leases that have concluded as of the standards application date or investigations of whether the standard applies to leases for which an agreement exists, lease classifications, and non-remeasurement of capitalized initial direct costs. Accordingly, OMRON and OMRON subsidiaries have applied these exemptions and exceptions.

As of April 1, 2019, right-of-use assets and lease liabilities related to operating leases amounted to JPY34,946 million. OMRON has recorded this amount as assets and liabilities on the company's quarterly consolidated balance sheets. The impact of the adoption of these standards on the OMRON quarterly consolidated statements of operations and quarterly consolidated statements of cash flows is not significant.

Beginning with the first quarter of the current consolidated fiscal year, OMRON has adopted FASB Accounting Standards Update 2017-12 Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities. This accounting standards update changed guidance for recognition and measurement of hedge accounting for the appropriate presentation of hedging transactions and hedge results. This standards update requires all changes in the value of hedging instruments to be presented in the same consolidated income statement line item as the earnings effect of the hedged item. The impact of the adoption of this standard on the OMRON quarterly consolidated financial statements is not significant.

(Segment Information)

Business Segment Information

Six months ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Millions of yen)

| | IAB | EMC | SSB | HCB | Other | Total | Eliminations & Corporate | Consolidated |
|---------------------------------|---------|--------|---------|--------|---------|---------|--------------------------|--------------|
| Net sales | | | | | | | | |
| (1) Sales to external customers | 201,480 | 52,941 | 23,654 | 55,505 | 16,934 | 350,514 | 2,447 | 352,961 |
| (2) Intersegment sales | 3,191 | 26,661 | 2,561 | 164 | 3,517 | 36,094 | (36,094) | — |
| Total | 204,671 | 79,602 | 26,215 | 55,669 | 20,451 | 386,608 | (33,647) | 352,961 |
| Operating expenses | 171,323 | 75,045 | 28,374 | 48,480 | 22,010 | 345,232 | (24,120) | 321,112 |
| Segment profit (loss) | 33,348 | 4,557 | (2,159) | 7,189 | (1,559) | 41,376 | (9,527) | 31,849 |

Notes: 1. In connection with the classification of the AEC as discontinued operations, figures presented for segment information by classification reflect continuing operations excluding amounts from discontinued operations. Further, we have reclassified certain (2) Intersegment sales for the EMC and Eliminations & Corporate to (1) Sales to external customers for presentation herein. For more about discontinued operations, see *Discontinued Operations* on P.13.

2. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. The company reclassified results for the cumulative consolidated second quarter of the previous fiscal year under this new categorization for presentation herein.

Six months ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Millions of yen)

| | IAB | EMC | SSB | HCB | Other | Total | Eliminations & Corporate | Consolidated |
|---------------------------------|---------|--------|--------|--------|--------|---------|--------------------------|--------------|
| Net sales | | | | | | | | |
| (1) Sales to external customers | 177,908 | 45,889 | 31,328 | 54,622 | 18,959 | 328,706 | 1,523 | 330,229 |
| (2) Intersegment sales | 2,703 | 22,568 | 2,818 | 284 | 1,859 | 30,232 | (30,232) | — |
| Total | 180,611 | 68,457 | 34,146 | 54,906 | 20,818 | 358,938 | (28,709) | 330,229 |
| Operating expenses | 153,032 | 67,790 | 33,702 | 48,019 | 19,832 | 322,375 | (17,877) | 304,498 |
| Segment profit (loss) | 27,579 | 667 | 444 | 6,887 | 986 | 36,563 | (10,832) | 25,731 |

Sales by Geographical Region

Six months ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(Millions of yen)

| | IAB | EMC | SSB | HCB | Other | Total | Eliminations & Corporate | Consolidated |
|---|---------|--------|--------|--------|--------|---------|--------------------------|--------------|
| Major Regional Markets (External Customers) | | | | | | | | |
| Japan | 77,881 | 11,548 | 23,500 | 12,328 | 13,347 | 138,604 | 1,973 | 140,577 |
| Americas | 18,053 | 8,981 | — | 11,883 | — | 38,917 | — | 38,917 |
| Europe | 40,061 | 9,075 | — | 10,741 | — | 59,877 | — | 59,877 |
| Greater China | 43,358 | 16,551 | 74 | 15,113 | 3,494 | 78,590 | — | 78,590 |
| Southeast Asia and Others | 21,977 | 6,744 | — | 5,158 | — | 33,879 | — | 33,879 |
| Direct Exports | 150 | 42 | 80 | 282 | 93 | 647 | 474 | 1,121 |
| Total | 201,480 | 52,941 | 23,654 | 55,505 | 16,934 | 350,514 | 2,447 | 352,961 |

Notes: 1. In connection with the classification of the AEC as discontinued operations, we have reclassified sales by geographical region to reflect continuing operations excluding amounts from discontinued operations for presentation herein. Further, we have reclassified figures for the cumulative consolidated second quarter of the previous fiscal year in EMC and Eliminations & Corporate for presentation herein. For more about discontinued operations, see *Discontinued Operations* on P.13.

2. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. The company reclassified results for the cumulative consolidated second quarter of the previous fiscal year under this new categorization for presentation herein.

Six months ended September 30, 2019 (April 1, 2019 – September 30, 2019)

(Millions of yen)

| | IAB | EMC | SSB | HCB | Other | Total | Eliminations & Corporate | Consolidated |
|---|---------|--------|--------|--------|--------|---------|--------------------------|--------------|
| Major Regional Markets (External Customers) | | | | | | | | |
| Japan | 68,368 | 11,357 | 31,181 | 11,740 | 18,242 | 140,888 | 1,512 | 142,400 |
| Americas | 16,189 | 7,269 | — | 10,917 | — | 34,375 | — | 34,375 |
| Europe | 35,279 | 7,733 | — | 9,694 | — | 52,706 | — | 52,706 |
| Greater China | 37,890 | 13,126 | 125 | 16,710 | 717 | 68,568 | — | 68,568 |
| Southeast Asia and Others | 20,057 | 6,351 | — | 5,310 | — | 31,718 | — | 31,718 |
| Direct Exports | 125 | 53 | 22 | 251 | — | 451 | 11 | 462 |
| Total | 177,908 | 45,889 | 31,328 | 54,622 | 18,959 | 328,706 | 1,523 | 330,229 |

Notes: 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

(Discontinued Operations)

(1) Overview of Discontinued Operations

At a meeting held April 16, 2019, the OMRON board of directors resolved to transfer the business of AEC OMRON operating segment, namely all shares of consolidated subsidiary OMRON Automotive Electronics Co., Ltd. ("OAE") (Note 1), all shares, etc., of two consolidated subsidiaries including special subsidiary company OMRON AUTOMOTIVE ELECTRONICS de Mexico, S. de R.L. de C.V. and two consolidated Automotive Electronics Component Business subsidiaries (Note 2) to the Nidec Corporation Group for the amount of approximately JPY100.0 billion (Note 3). A share transfer agreement was executed on the same day as the meeting of the board of directors. Beginning with the current consolidated fiscal year, we have classified results as continuing operations and discontinued operations for presentation.

The scheduled execution date of this transaction is October 31, 2019. Therefore, we intend to record a gain on sale for this transaction during the third quarter of the current consolidated fiscal year. (Note 4)

Notes: 1. Nine subsidiaries of OAE will also be transferred, removed as consolidated subsidiaries of OMRON.

2. It has been decided that the automotive electronic components business of OMRON subsidiary OMRON HONG KONG LTD. will no longer be part of this transaction. For more details, see *(Progress of Disclosed Matter) Notice About the Transfer (Share Transfer, etc.) of Our Consolidated Subsidiary and Recording of Gain on Sale and Transfer of Shares*, published today (October 29, 2019).

3. The total transfer price will be finalized at a future date based on the conditions including financial data stated in the transfer agreement. Accordingly, the figures stated above may change in the future.

4. For more details on the impact of this transaction on fiscal-year performance, see *Notice Regarding Revised Earnings Forecasts for the Fiscal Year Ending March 2020*, published today (October 29, 2019).

(Millions of yen)

| | Six months ended September 30, 2018 | | Six months ended September 30, 2019 | |
|---|--|-------|--|-------|
| | | % | | % |
| Net sales | 63,882 | 100.0 | 56,252 | 100.0 |
| Cost of sales | 49,055 | 76.8 | 44,580 | 79.3 |
| Gross profit | 14,827 | 23.2 | 11,672 | 20.7 |
| Selling, general and administrative expenses | 5,259 | 8.2 | 5,530 | 9.8 |
| Research and development expenses | 4,853 | 7.6 | 4,697 | 8.3 |
| Operating income | 4,715 | 7.4 | 1,445 | 2.6 |
| Other expenses (income), net | 240 | 0.4 | 63 | 0.1 |
| Income before income taxes from discontinued operations | 4,475 | 7.0 | 1,382 | 2.5 |
| Income taxes | 1,124 | 1.8 | 4,746 | 8.5 |
| Net income (loss) from discontinued operations | 3,351 | 5.2 | (3,364) | (6.0) |

Notes: Income taxes for the current cumulative consolidated second quarter include the tax effect related to retained earnings in investments in subsidiaries corresponding to the planned transfer of the AEC.

(Significant Subsequent Event)

At a meeting held on October 29, 2019, the Board of Directors of OMRON Corporation resolved to repurchase the Company's own shares pursuant to Article 156 of the Company Law of Japan applied mutatis mutandis to the provisions of Article 165-3 of the said law, and resolved to cancel treasury stock pursuant to Article 178 of the Company Law of Japan.

Acquisition of Treasury Stock

- | | |
|------------------------------------|---|
| 1. Type of shares to be acquired | Common stock of OMRON Corporation |
| 2. Number of shares to be acquired | Up to 5,000,000 shares (2.43% of total issued and outstanding shares (excluding treasury stock)) |
| 3. Total amount of acquisition | Up to JPY 20,000,000,000 |
| 4. Period of acquisition | From October 30, 2019 to October 29, 2020 |

Cancellation of Treasury Stock

- | | |
|-------------------------------------|---|
| 1. Type of shares to be cancelled | Common stock of OMRON Corporation |
| 2. Number of shares to be cancelled | 7,713,300 shares (3.61% of total shares outstanding before the cancellation) |
| 3. Planned date of cancellation | November 29, 2019 |

3. Supplementary Information

(1) Summary of Consolidated Financial Results (U.S. GAAP)

(Millions of yen, %)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Year-on- year change | Year ended March 31, 2019 | Year ending March 31, 2020 (projected) | Year-on- year change |
|---|---|---|-------------------------|------------------------------|--|-------------------------|
| Net sales | 352,961 | 330,229 | -6.4% | 732,581 | 670,000 | -8.5% |
| Operating income | 31,849 | 25,731 | -19.2% | 67,254 | 45,000 | -33.1% |
| [% of net sales] | [9.0%] | [7.8%] | [-1.2%pt] | [9.2%] | [6.7%] | [-2.5%pt] |
| Income before income taxes from continuing operations | 31,521 | 27,449 | -12.9% | 65,912 | 40,000 | -39.3% |
| [% of net sales] | [8.9%] | [8.3%] | [-0.6%pt] | [9.0%] | [6.0%] | [-3.0%pt] |
| Net income attributable to OMRON shareholders | 26,415 | 19,082 | -27.8% | 54,323 | 66,000 | +21.5% |
| Net income per share attributable to OMRON shareholders (basic) (¥) | 125.95 | 92.92 | -33.03 | 260.78 | 321.39 | +60.61 |
| Total assets | 740,484 | 762,907 | +3.0% | 749,878 | | |
| Shareholders' equity | 517,387 | 516,589 | -0.2% | 504,212 | | |
| [Shareholders' equity ratio (%)] | [69.9%] | [67.7%] | [-2.2%pt] | [67.2%] | | |
| Shareholders' equity per share (¥) | 2,476.91 | 2,515.53 | +38.62 | 2,455.24 | | |
| Net cash provided by operating activities | 25,374 | 36,471 | +11,097 | 71,245 | | |
| Net cash used in investing activities | (17,188) | (14,924) | +2,264 | (34,957) | | |
| Net cash used in financing activities | (17,525) | (8,977) | +8,548 | (40,783) | | |
| Cash and equivalents from continuing operations at the end of the period | 95,375 | 109,863 | +14,488 | 103,850 | | |

Notes: 1. 145 consolidated subsidiaries and 20 equity-method affiliates.

2. In connection with the classification of the AEC as discontinued operations, net sales, operating income, and income before income taxes from continuing operations presented for the second quarter of the fiscal year ended March 2019 and for the fiscal year ended March 2019, and forecasts for the fiscal year ending March 2020, reflect continuing operations excluding amounts from discontinued operations.
3. Net income attributable to OMRON shareholders referenced in the company's consolidated earnings forecast for the fiscal year ending March 2020 includes an estimated gain on sale related to the transfer of the Automotive Electronic Components Business (AEC).

(2) Consolidated Net Sales by Business Segment

(Billions of yen)

| | | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Year-on-year change (%) |
|-----------------------------|---------------------------|--|--|----------------------------|
| IAB | Japan | 77.9 | 68.4 | -12.2% |
| | Americas | 18.1 | 16.2 | -10.3% |
| | Europe | 40.1 | 35.3 | -11.9% |
| | Greater China | 43.4 | 37.9 | -12.6% |
| | Southeast Asia and Others | 22.0 | 20.1 | -8.7% |
| | Direct Exports | 0.2 | 0.1 | -16.7% |
| | Total | 201.5 | 177.9 | -11.7% |
| EMC | Japan | 11.5 | 11.4 | -1.7% |
| | Americas | 9.0 | 7.3 | -19.1% |
| | Europe | 9.1 | 7.7 | -14.8% |
| | Greater China | 16.6 | 13.1 | -20.7% |
| | Southeast Asia and Others | 6.7 | 6.4 | -5.8% |
| | Direct Exports | 0.0 | 0.1 | +26.2% |
| | Total | 52.9 | 45.9 | -13.3% |
| SSB | Japan | 23.5 | 31.2 | +32.7% |
| | Americas | — | — | — |
| | Europe | — | — | — |
| | Greater China | 0.1 | 0.1 | +68.9% |
| | Southeast Asia and Others | — | — | — |
| | Direct Exports | 0.1 | 0.0 | -72.5% |
| | Total | 23.7 | 31.3 | +32.4% |
| HCB | Japan | 12.3 | 11.7 | -4.8% |
| | Americas | 11.9 | 10.9 | -8.1% |
| | Europe | 10.7 | 9.7 | -9.7% |
| | Greater China | 15.1 | 16.7 | +10.6% |
| | Southeast Asia and Others | 5.2 | 5.3 | +2.9% |
| | Direct Exports | 0.3 | 0.3 | -11.0% |
| | Total | 55.5 | 54.6 | -1.6% |
| Other | Japan | 13.3 | 18.2 | +36.7% |
| | Americas | — | — | — |
| | Europe | — | — | — |
| | Greater China | 3.5 | 0.7 | -79.5% |
| | Southeast Asia and Others | — | — | — |
| | Direct Exports | 0.1 | — | — |
| | Total | 16.9 | 19.0 | +12.0% |
| Eliminations & Corporate | Japan | 2.0 | 1.5 | -23.4% |
| | Americas | — | — | — |
| | Europe | — | — | — |
| | Greater China | — | — | — |
| | Southeast Asia and Others | — | — | — |
| | Direct Exports | 0.5 | 0.0 | -97.7% |
| | Total | 2.4 | 1.5 | -37.8% |
| Total | Japan | 140.6 | 142.4 | +1.3% |
| | Americas | 38.9 | 34.4 | -11.7% |
| | Europe | 59.9 | 52.7 | -12.0% |
| | Greater China | 78.6 | 68.6 | -12.8% |
| | Southeast Asia and Others | 33.9 | 31.7 | -6.4% |
| | Direct Exports | 1.1 | 0.5 | -58.8% |
| | Total | 353.0 | 330.2 | -6.4% |

Notes: 1. In connection with the classification of the AEC as discontinued operations, results for net sales by segment for the cumulative consolidated second quarter of the fiscal year ended March 2019 reflect a reclassification of continuing operations excluding amounts from discontinued operations for presentation herein.

Further, we have reclassified results for the EMC and Eliminations & Corporate for the cumulative consolidated second quarter of the fiscal year ended March 2019 for presentation herein.

2. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. Accordingly, we reclassified consolidated results for the cumulative consolidated second quarter of the fiscal year ended March 2019 under this new categorization for presentation herein.

(3) Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Year-on-year change (%) |
|--------------------------|--|--|----------------------------|
| IAB | 33.3 | 27.6 | -17.3% |
| EMC | 4.6 | 0.7 | -85.4% |
| SSB | (2.2) | 0.4 | — |
| HCB | 7.2 | 6.9 | -4.2% |
| Other | (1.6) | 1.0 | — |
| Eliminations & Corporate | (9.5) | (10.8) | — |
| Total | 31.8 | 25.7 | -19.2% |

- Notes: 1. In connection with the classification of the AEC as discontinued operations, results for profit by segment for the cumulative consolidated second quarter of the fiscal year ended March 2019 reflect a reclassification of continuing operations excluding amounts from discontinued operations for presentation herein. Further, we have reclassified results for the EMC and Eliminations & Corporate for the cumulative consolidated second quarter of the fiscal year ended March 2019 for presentation herein.
2. OMRON revised business classifications in October 2018, reclassifying certain operations under the Other Businesses segment to the SSB segment. Accordingly, we reclassified consolidated results for the cumulative consolidated second quarter of the fiscal year ended March 2019 under this new categorization for presentation herein.

(4) Average Currency Exchange Rate

(One unit of currency, in yen)

| | Six months ended September 30, 2018 | Six months ended September 30, 2019 | Year-on-year change |
|-----|--|--|------------------------|
| USD | 109.5 | 109.2 | -0.3 |
| EUR | 129.5 | 122.0 | -7.5 |
| RMB | 16.7 | 15.9 | -0.8 |

(5) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

| | Year ended March 31, 2019 | Year ending March 31, 2020 | Year-on-year change (%) |
|--------------------------|------------------------------|-------------------------------|----------------------------|
| IAB | 391.8 | 343.0 | -12.5% |
| EMC | 103.1 | 90.0 | -12.7% |
| SSB | 75.0 | 84.0 | +12.0% |
| HCB | 115.5 | 117.0 | +1.3% |
| Other | 41.7 | 34.0 | -18.5% |
| Eliminations & Corporate | 5.4 | 2.0 | -62.8% |
| Total | 732.6 | 670.0 | -8.5% |

Notes: 1. In connection with the classification of the AEC as discontinued operations, results for net sales by segment for the cumulative consolidated second quarter of the fiscal year ended March 2019 reflect a reclassification of continuing operations excluding amounts from discontinued operations for presentation herein. Further, we have reclassified EMC and Eliminations & Corporate results for the fiscal year ended March 2019 and forecasts for the fiscal year ending March 2020 for presentation herein.

(6) Projected Consolidated Operating Income (Loss) by Business Segment

(Billions of yen)

| | Year ended March 31, 2019 | Year ending March 31, 2020 | Year-on-year change (%) |
|--------------------------|------------------------------|-------------------------------|----------------------------|
| IAB | 62.9 | 48.0 | -23.7% |
| EMC | 8.2 | 2.0 | -75.5% |
| SSB | 5.8 | 7.5 | +30.1% |
| HCB | 13.0 | 13.5 | +3.6% |
| Other | (0.5) | 0.0 | — |
| Eliminations & Corporate | (22.1) | (26.0) | — |
| Total | 67.3 | 45.0 | -33.1% |

Notes: 1. In connection with the classification of the AEC as discontinued operations, results for profit by segment for the consolidated fiscal year ended March 2019 and forecasts for the fiscal year ending March 2020 reflect a reclassification of continuing operations excluding amounts from discontinued operations for presentation herein. Further, we have reclassified EMC and Eliminations & Corporate results for the fiscal year ended March 2019 and forecasts for the fiscal year ending March 2020 for presentation herein.

(7) Projected Average Currency Exchange Rate

(One unit of currency, in yen)

| | Year ended March 31, 2019 | Year ending March 31, 2020 | Year-on-year change |
|-----|------------------------------|-------------------------------|------------------------|
| USD | 110.7 | 107.1 | -3.6 |
| EUR | 128.8 | 119.5 | -9.3 |
| RMB | 16.5 | 15.3 | -1.2 |