



Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (U.S. GAAP)

July 28, 2020

OMRON Corporation (6645)

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Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (Financial results presentation held via teleconference and online streaming for investors on July 28)

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, 2021 (April 1, 2020 – June 30, 2020)

(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			
	Three months ended June 30, 2020		Three months ended June 30, 2019	
		Change (%)		Change (%)
Net sales	146,465	(8.5)	160,037	(9.9)
Operating income	12,463	+24.2	10,032	(41.2)
Income before income taxes from continuing operations	13,279	+21.2	10,959	(39.0)
Net income attributable to OMRON shareholders	9,690	+13.5	8,540	(41.8)
Net income per share attributable to OMRON shareholders, basic (JPY)	48.03		41.59	
Net income per share attributable to OMRON shareholders, diluted (JPY)	—		—	

Notes: 1. Comprehensive income: Three months ended June 30, 2020: JPY 9,543 million (-43.3% change);
Three months ended June 30, 2019: JPY 16,840 million (23.6% change)

- Quarterly net income attributable to OMRON shareholders for the first quarter for the fiscal year ended March 2020 includes quarterly net income from discontinued operations (Automotive Electronic Components Business (AEC), which was transferred on October 31, 2019). Net income attributable to OMRON shareholders for the first quarter of the fiscal year ended March 2020 excluding income from discontinued operations amounted to JPY7,755 million. Year-on-year growth would be 25.0% for the first quarter of the fiscal year ending March 2021 when calculated based on this same assumption.
- Quarterly net income per share attributable to OMRON shareholders for the first quarter of the fiscal year ended March 2020 includes quarterly net income from discontinued operations. Quarterly net income per share attributable to OMRON shareholders for the first quarter of the fiscal year ended March 2020 excluding income from discontinued operations amounted to JPY37.76.

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of June 30, 2020	As of March 31, 2020
Total assets	742,613	758,124
Net assets	540,586	532,589
Shareholders' equity	538,573	530,415
Shareholders' equity ratio (%)	72.5	70.0

2. Dividends

		Year ended March 31, 2020	Year ending March 31, 2021	Year ending March 31, 2021 (projected)
Dividends per share	1st quarter dividend (JPY)	—	—	
	Interim dividend (JPY)	42.00		—
	3rd quarter dividend (JPY)	—		—
	Year-end dividend (JPY)	42.00		—
	Total dividends for the year (JPY)	84.00		84.00

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

Interim and year-end dividends for the fiscal year ending March 31, 2021 have yet to be determined.

For more, see *1. Notice Regarding Earnings and Dividends Forecasts* on P.2.

3. Projected Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

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

	Millions of yen	
	Full year ending March 31, 2021	Change (%)
Net sales	590,000	(13.0)
Operating income	30,000	(45.2)
Income before income taxes from continuing operations	25,000	(51.8)
Net income attributable to OMRON shareholders	16,500	(78.0)
Net income per share attributable to OMRON shareholders (JPY)	81.81	

Notes: 1. Revisions since the most recently announced performance forecast: Yes

For more, see *1. Notice Regarding Earnings and Dividends Forecasts* on P.2.

2. Net income attributable to OMRON shareholders for the prior fiscal year (FYE March 2020) used in the calculation of year-on-year change for net income attributable to OMRON shareholders includes net income from discontinued operations. Net income attributable to OMRON shareholders excluding income from discontinued operations calculates to a decrease of 57.9% year on year.

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: No
- (4) Number of shares issued and outstanding (common stock)
(a) Number of shares at end of period (including treasury stock):
June 30, 2020: 206,244,872 shares
March 31, 2020: 206,244,872 shares
(b) Treasury stock at end of period:
June 30, 2020: 4,571,447 shares
March 31, 2020: 4,306,748 shares
(c) Average number of shares during the period (cumulative quarterly period):
Three months ended June 30, 2020: 201,739,429 shares
Three months ended June 30, 2019: 205,361,316 shares

Note: As of the end of the first Three months of the fiscal year ending March 2021, 760,568 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 2. *Qualitative Information on Quarterly Financial Results (3) Description of Information on Outlook, Including Consolidated Performance Forecast* on P.6.
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 classified the Automotive Electronic Components Business (AEC), transferred on October 31, 2019, as discontinued operations in consolidated performance and quarterly consolidated statements of operations for the first quarter of the fiscal year end March 2020, as well as in consolidated performance for the fiscal year ended March 2020.
The amount related to discontinued operations is included in quarterly net income, quarterly (fiscal year) net income attributable to OMRON shareholders, and quarterly (fiscal year) net income per share attributable to OMRON shareholders.
4. The Company plans to hold a presentation for investors and information session via teleconference and online streaming on Tuesday, July 28, 2020.

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

IAB: Industrial Automation Business
EMC: Electronic and Mechanical Components Business
SSB: Social Systems, Solutions and Service Business
HCB: Healthcare Business

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1. Notice Regarding Earnings and Dividends Forecasts

As of the *Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (U.S. GAAP)* published on April 23, 2020, the company had not yet established forecasts for consolidated earnings for the fiscal year ending March 2021 (April 1, 2020 - March 31, 2021).

(1) Earnings Forecasts

We expect the impact of the global spread of COVID-19 on OMRON Group earnings to continue at least throughout the end of the current fiscal year (fiscal year ending March 2021). Accordingly, we expect to record significantly lower sales and profits for the fiscal year. The OMRON Group has set exchange rate assumptions for the second quarter and beyond to USD1 = JPY106, EUR1 = JPY120, and RMB1 = JPY15. As a result, we expect average foreign exchange rates for the current fiscal year to be USD1 = JPY106.5, EUR1 = JPY119.6, and RMB1 = JPY15.0. (For more, see (3) *Description of Information on Outlook, Including Consolidated Performance Forecast* on P.6.)

(Billions of yen, except for per-share data)

	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)	—	—	—	—	—
New forecast (B)	590.0	30.0	25.0	16.5	81.81
Change (B-A)	—	—	—	—	—
Change (%)	—	—	—	—	—
(Reference) Actual results for the previous fiscal year (FYE March 31, 2020)	678.0	54.8	51.8	74.9	365.26

Note: Net income attributable to OMRON shareholders and net income per share attributable to OMRON shareholders for the previous fiscal year (FYE March 31, 2020) include income from discontinued operations (including gain on sale of the Automotive Electronic Components Business (AEC)) related to the discontinued operations of the AEC, which was transferred on October 31, 2019. Net income attributable to OMRON shareholders and net income per share attributable to OMRON shareholders for the previous fiscal year (FYE March 31, 2020) excluding income from discontinued operations amounted to JPY39.2 billion and JPY191.00, respectively.

(2) Dividends Forecasts

Under the OMRON shareholder return policy, we aim for sustainable corporate value growth, prioritizing investments necessary for future business expansion. These investments include research and development, capital investments, mergers and acquisitions, and other investments for future growth. After ensuring internal reserves, the company strives for stable and sustained shareholder return while taking capital efficiency into account. Our medium-term management plan, known as VG2.0, calls for a dividend payout ratio of approximately 30% and DOE of approximately 3% over the term of the plan.

Based on the preceding policy, we forecast annual dividends for fiscal 2020 of JPY84, based on the DOE standard for the current year and at the same level as the previous fiscal year. Interim and year-end dividends for fiscal 2020 have yet to be determined.

	Dividends per share		
	Interim dividend	Year-end dividend	Total dividend
Previous forecast	—	—	—
Revised forecast	—	—	84.00 yen
Actual results for the current fiscal year (FYE March 31, 2021)	—	—	—
Actual results for the previous fiscal year (FYE March 31, 2020)	42.00 yen	42.00 yen	84.00 yen

2. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

1) General Overview

The OMRON Group recorded lower consolidated sales and higher profits for the first quarter of fiscal 2020 (April through June 2020) compared to the same period in the previous fiscal year. Demand decreased globally due to the impact of the spread of COVID-19. The manufacturing industry, our main customer domain, experienced weakness in capital investment, particularly in the automobile industry. On the other hand, certain sectors of the digital industry began to see a recovery in capital investment. COVID-19 has driven a sharp rise in demand for production facilities (infection prevention essentials, sanitary products, etc.), blood pressure monitors, and thermometers. The company demonstrated our power to deal with change, responding to these social needs.

While net sales declined year on year, we continued to strengthen our product market effectiveness, engage in restructuring, and continue with other measures, improving gross profit margin. At the beginning of the fiscal year, we launched a program to reduce fixed costs on the order of JPY20 billion. As of the first quarter, our progress has been in line with plan. As a result, operating income increased significantly 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, 2019	Three months ended June 30, 2020	Change
Net sales	160.0	146.5	-8.5%
Gross profit	71.5	66.4	-7.2%
[% of net sales]	[44.7%]	[45.3%]	[+0.6%pt]
Operating income	10.0	12.5	+24.2%
[% of net sales]	[6.3%]	[8.5%]	[+2.2%pt]
Income before income taxes from continuing operations	11.0	13.3	+21.2%
Net income attributable to OMRON shareholders	8.5	9.7	+13.5%
Average USD exchange rate (JPY)	110.7	107.9	-2.8
Average EUR exchange rate (JPY)	123.6	118.3	-5.3
Average RMB exchange rate (JPY)	16.3	15.1	-1.2

Note: Net income attributable to OMRON shareholders for the first quarter includes income from discontinued operations. Net income attributable to OMRON shareholders excluding income from discontinued operations amounted to JPY7.8 billion, which calculates to an increase of 25.0% year on year.

2) Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Sales to external customers	89.1	82.1	-7.9%
Segment profit	13.3	13.8	+4.0%

Sales

Sales to the digital industry were strong, as we captured active demand for semiconductor-related investments. Our rapid response to infection prevention-related investments, including stepped up production of masks, also supported sales performance. Meanwhile, the automobile industry has curbed investment and economic activity on a global level has slowed significantly due to the spread of COVID-19. In addition to the preceding, the impact of foreign exchange due to a stronger yen also contributed to sharply lower IAB sales compared to the same period in the prior fiscal year.

Segment Profit

Despite the impact of lower sales and foreign currency fluctuation, segment profit rose year on year as we were able to hold down fixed costs.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Sales to external customers	23.0	18.0	-21.9%
Segment profit	0.0	0.1	+1520.0%

Sales

The impact of the spread of COVID-19 resulted in stagnant production and sales activities among our customers on a global basis. The automobile industry and the consumer and commercial products market, in particular, are experiencing ongoing severe challenges. As a result, segment sales fell sharply compared to the same period in the prior fiscal year.

Segment Profit

Despite the impact of lower sales and foreign currency fluctuation, segment profit was level year on year as we were able to hold down fixed costs.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Sales to external customers	17.3	18.1	+4.9%
Segment profit (loss)	(1.4)	(0.9)	—

Note: Due to the transfer of the Environmental Solutions Business under the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the Company reclassified consolidated results for the cumulative consolidated first quarter of the fiscal year ended March 2020 under this new categorization for presentation herein.

Sales

Our Public Transportation System business saw strong sales due to the adoption of certain equipment by customers ahead of schedule. Meanwhile, in our Energy System Components business, voluntary restraints on social activities as part of measures to prevent the spread of COVID-19 had a negative impact, resulting in weak sales of storage battery systems. As a result, sales increased year on year.

Segment Profit

The SSB segment reported narrower losses year on year, which was the result of higher sales and improved productivity.

HCB (Healthcare Business)

(Billions of yen, %)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Change
Sales to external customers	27.7	26.6	-4.1%
Segment profit	3.4	4.5	+31.9%

Sales

Needs for in-home health management have risen due to the impact of the spread of COVID-19. The segment saw increased demand for blood pressure monitors and thermometers in Japan, Europe, and Central and South America. At the same time, restrictions on non-essential travel outside the home and other factors in China, Asia, and North America slowed customer purchasing, resulting in weak demand. Although sales traced a recovery trend overall, the impact of the strong yen and other factors resulted in lower performance year on year.

Segment Profit

Despite the impact of a strong yen, segment profit rose year on year as we were able to improve gross profit margins.

(2) Description of Financial Condition

1) Financial Condition

The OMRON Group intends to continue to conduct ROIC management focused on capital efficiency, as we invest actively in sustainable corporate value improvements.

Total assets as of the end of the consolidated first quarter decreased JPY15.5 billion compared with the end of the previous fiscal year, amounting to JPY742.6 billion. This result was mainly due to collections of notes and accounts receivable-trade outstanding at the end of the prior fiscal year. Total liabilities decreased JPY23.5 billion compared with the end of the prior fiscal year, amounting to JPY202.0 billion. This result was mainly due to decreases in notes and accounts payable – trade and accrued expenses. Net assets increased JPY8.0 billion compared to the end of the previous fiscal year to JPY540.6 billion, owing to increased net income attributable to OMRON shareholders and other factors. As a result, the OMRON Group shareholders' equity ratio was 72.5%, compared to 70.0% at the end of the previous fiscal year, indicating a strong financial footing. Cash on hand amounted to JPY195.9 billion. Further, OMRON has signed commitment line agreements with financial institutions in the amount of JPY30.0 billion. In addition, OMRON has received a long-term credit rating of stable from ratings firms, reflecting our strong ability to raise capital. Despite operating in an uncertain business environment due to the spread of COVID-19, we intend to maintain positive relationships with global financial institutions, ensuring liquidity and our ability to procure capital.

2) Summary of Cash Flows

The following summarizes cash flow activity for the consolidated first quarter.

Cash Flows from Operating Activities

Net cash provided by operating activities was JPY27.5 billion, JPY10.3 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 JPY4.6 billion, JPY1.6 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) amounted to JPY22.9 billion.

Cash Flows from Financing Activities

Net cash used in financing activities was JPY11.3 billion, JPY2.6 billion higher compared to the same period in the previous fiscal year. This result was mainly due to dividends paid and stock buybacks.

As a result, the balance of cash and cash equivalents at the end of the consolidated first quarter amounted to JPY195.9 billion, an increase of JPY10.4 billion compared to the end of the previous consolidated fiscal year.

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

1) General Outlook

We expect the impact of the global spread of COVID-19 on OMRON Group earnings to continue at least throughout the end of the current fiscal year (fiscal year ending March 2021). Accordingly, we expect to record significantly lower sales and profits for the fiscal year.

We forecast significantly lower sales year on year in our Industrial Automation Business (IAB), Electronic and Mechanical Components Business (EMC), and Social Systems, Solutions and Service Business (SSB), stemming from stagnant demand owing to slowing customer manufacturing and sales activities, as well as reduced capital investment. We expect firm demand in our Healthcare Business (HCB) due to rising health management needs globally. We forecast gross profit margin to be level with the prior fiscal year, which was a historic high. Here, we will continue our efforts to strengthen product market effectiveness, restructure, and engage in other measures. As planned at the beginning of the year, we intend to reduce fixed costs by an annual JPY20 billion. At the same time, we will continue to make investments necessary for future growth in a post-COVID-19 era. Based on these plans, we forecast operating income to significantly underperform prior year.

The following provides an overview of our consolidated earnings forecast for fiscal 2020.

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

	Year ended March 31, 2020	Year ending March 31, 2021	Change
Net sales	678.0	590.0	-13.0%
Gross profit	303.7	264.5	-12.9%
[% of net sales]	[44.8%]	[44.8%]	[+0.0%pt]
Operating income	54.8	30.0	-45.2%
[% of net sales]	[8.1%]	[5.1%]	[-3.0%pt]
Income before income taxes from continuing operations	51.8	25.0	-51.8%
Net income attributable to OMRON shareholders	74.9	16.5	-78.0%
Average USD exchange rate (JPY)	109.1	106.5	-2.6
Average EUR exchange rate (JPY)	121.2	119.6	-1.6
Average RMB exchange rate (JPY)	15.7	15.0	-0.7

Notes: 1. Net income attributable to OMRON shareholders for the fiscal year ended March 2020 includes income from discontinued operations (gain on sale of the AEC business). Net income attributable to OMRON shareholders excluding income from discontinued operations for the fiscal year ended March 2020 amounted to JPY39.2 billion, which calculates to a decrease of 57.9% year on year.

2. Beginning with the current consolidated fiscal year (fiscal year ending March 2021), the OMRON Group has changed our depreciation method related to property, plant and equipment from the declining balance method to the straight-line method for the Company and our domestic consolidated subsidiaries. We forecast this change to decrease depreciation by approximately JPY2.0 billion for the current fiscal year compared to the prior methodology.

2) Outlook by Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Year ended March 31, 2020	Year ending March 31, 2021	Change
Sales to external customers	352.8	307.0	-13.0%
Segment profit	53.6	35.0	-34.7%

Sales

We will continue to strengthen our proposals for production floor solutions. In addition, we will focus on responding to the increasing needs for automation and labor-savings due to the impact of the spread of COVID-19. Meanwhile, we project demand in the digital industry to settle after rising throughout the first quarter. The automobile industry is likely to take time to show a recovery in demand for capital investment. Given the ongoing challenging conditions as described above, as well as the impact of a strong yen, we forecast a significant decrease in fiscal 2020 segment sales compared to the prior fiscal year.

Segment Profit

We forecast fiscal 2020 segment profit to significantly underperform fiscal 2019 due to lower sales and the impact of a strong yen.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

	Year ended March 31, 2020	Year ending March 31, 2021	Change
Sales to external customers	88.4	76.0	-14.0%
Segment profit	0.9	0.5	-45.5%

Outlook for Sales

Due to the ongoing impact of the spread of COVID-19, we expect the automobile industry to take some time before showing signs of a market recovery. We expect the business environment for the consumer and commercial products market to continue to be challenging. Here, we intend to respond steadily to emerging customer needs. As a result of the preceding, we forecast fiscal 2020 segment sales to be significantly lower than the previous year.

Outlook for Segment Profit

We forecast fiscal 2020 segment profit to significantly underperform fiscal 2019 due to lower sales and the impact of a strong yen.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Year ended March 31, 2020	Year ending March 31, 2021	Change
Sales to external customers	116.0	93.0	-19.8%
Segment profit	10.9	5.0	-53.9%

Note: Due to the transfer of the Environmental Solutions Business under the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the company reclassified results for the fiscal year ended March 2020 under this new categorization for presentation herein.

Outlook for Sales

We expect to see significant changes in investment among customers in our Public Transportation System business due to the impact of lower travel revenues. Although our Energy System Components business is

seeing a growing market for storage battery systems, the impact of the spread of COVID-19 has limited customer business activities, likely resulting in weak sales for the segment. As a result of the preceding, we forecast fiscal 2020 segment sales to be significantly lower than the previous year.

Outlook for Segment Profit

We forecast fiscal 2020 segment profit to significantly underperform fiscal 2019 due to lower sales.

HCB (Healthcare Business)

(Billions of yen, %)

	Year ended March 31, 2020	Year ending March 31, 2021	Change
Sales to external customers	112.0	112.0	+0.0%
Segment profit	13.5	15.0	+11.1%

Outlook for Sales

Needs are rising for health management due to the impact of the spread of COVID-19. We anticipate increasing demand for blood pressure monitors and thermometers. Further, we intend to expand our online channels for sales amid restrictions on non-essential travel outside the home. On the other hand, we anticipate a negative foreign exchange impact stemming from a strong yen. As a result of the preceding, we forecast fiscal 2020 segment sales to be level with the previous year.

Outlook for Segment Profit

We forecast fiscal 2020 segment profit to significantly outperform the prior fiscal year due to improved gross profit margin stemming from increased sales of high-value-added products.

3) Forecast of Financial Condition for the Year Ending March 31, 2021

During the current fiscal year, we intend to continue the appropriate management of working capital in respond to demand fluctuations. We will also implement selective capital investment and financing for future growth in the post-COVID-19 era. The group will allocate capital across group companies appropriately, monitoring the global economy and financial conditions as we engage in financing activities.

Cash and cash equivalents as of the end of the first quarter amounted to JPY195.9 billion, and we believe that we are maintaining sufficient capital to engage in business activities in the second quarter and beyond.

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

(Millions of yen)

	As of		As of	
	March 31, 2020		June 30, 2020	
		%		%
ASSETS				
Current assets:	447,139	59.0	434,586	58.5
Cash and cash equivalents	185,533		195,885	
Notes and accounts receivable-trade	134,786		106,746	
Allowance for doubtful receivables	(759)		(766)	
Inventories	104,301		109,726	
Assets held for sale	441		447	
Other current assets	22,837		22,548	
Property, plant and equipment:	114,526	15.1	111,837	15.1
Land	20,446		20,422	
Buildings	129,110		123,350	
Machinery and equipment	147,038		146,866	
Construction in progress	5,467		4,526	
Accumulated depreciation	(187,535)		(183,327)	
Investments and other assets:	196,459	25.9	196,190	26.4
Right-of-use assets under operating leases	30,327		29,870	
Goodwill	38,568		38,131	
Investments in and advances to affiliates	29,251		28,731	
Investment securities	25,782		28,109	
Leasehold deposits	7,486		7,401	
Deferred income taxes	37,416		36,890	
Other assets	27,629		27,058	
Total assets	758,124	100.0	742,613	100.0

(Millions of yen)

	As of March 31, 2020		As of June 30, 2020	
LIABILITIES		%		%
Current liabilities	151,299	20.0	128,964	17.4
Notes and accounts payable-trade	64,496		59,809	
Accrued expenses	37,179		27,445	
Income taxes payable	2,516		3,019	
Short-term operating lease liabilities	11,070		10,979	
Other current liabilities	36,038		27,712	
Deferred income taxes	1,717	0.2	1,555	0.2
Termination and retirement benefits	40,236	5.3	39,020	5.3
Long-term operating lease liabilities	19,820	2.6	19,916	2.7
Other long-term liabilities	12,463	1.6	12,572	1.6
Total liabilities	225,535	29.7	202,027	27.2
NET ASSETS				
Shareholders' equity	530,415	70.0	538,573	72.5
Common stock	64,100	8.5	64,100	8.6
Capital surplus	100,521	13.3	100,649	13.5
Legal reserve	20,981	2.8	22,307	3.0
Retained earnings	451,768	59.6	460,131	62.0
Accumulated other comprehensive income (loss)	(83,606)	(11.0)	(83,822)	(11.3)
Foreign currency translation adjustments	(31,408)		(32,138)	
Pension liability adjustments	(52,250)		(51,548)	
Net gains (losses) on derivative instruments	52		(136)	
Treasury stock	(23,349)	(3.2)	(24,792)	(3.3)
Noncontrolling interests	2,174	0.3	2,013	0.3
Total net assets	532,589	70.3	540,586	72.8
Total liabilities and net assets	758,124	100.0	742,613	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, 2020)

(Millions of yen)

	Three months ended June 30, 2019		Three months ended June 30, 2020	
		%		%
Net sales	160,037	100.0	146,465	100.0
Cost of sales	88,512	55.3	80,086	54.7
Gross profit	71,525	44.7	66,379	45.3
Selling, general and administrative expenses	49,915	31.2	43,647	29.8
Research and development expenses	11,578	7.2	10,269	7.0
Operating income	10,032	6.3	12,463	8.5
Other expenses (income), net	(927)	(0.5)	(816)	(0.6)
Income before income taxes from continuing operations	10,959	6.8	13,279	9.1
Income taxes	2,659	1.7	3,535	2.4
Equity in loss (earnings) of affiliates	473	0.2	(13)	(0.0)
Income from continuing operations	7,827	4.9	9,757	6.7
Income from discontinued operations	785	0.5	—	—
Net income	8,612	5.4	9,757	6.7
Net income attributable to noncontrolling interests	72	0.1	67	0.1
Net income attributable to OMRON shareholders	8,540	5.3	9,690	6.6

Note: Quarterly net income and quarterly net income attributable to OMRON shareholders for the first quarter of the prior fiscal year include income from discontinued operations.

(Quarterly Consolidated Statements of Comprehensive Income)
(Three months ended June 30, 2020)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net income	8,612	9,757
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(10,788)	(728)
Pension liability adjustments	19,139	702
Net gains (losses) on derivative instruments	(123)	(188)
Other comprehensive income (loss)	8,228	(214)
Comprehensive income	16,840	9,543
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	43	69
Comprehensive income attributable to OMRON shareholders	16,797	9,474

Note: Quarterly net income for the first quarter of the prior fiscal year includes quarterly net income from discontinued operations.

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
I. Operating Activities:		
1. Net income	8,612	9,757
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	7,196	6,016
(2) Net gain on sale and disposals of property, plant and equipment	(20)	(15)
(3) Gain on valuation of investment securities	(68)	(1,942)
(4) Termination and retirement benefits	628	(148)
(5) Deferred income taxes	903	336
(6) Equity in loss (gain) of affiliates	473	(13)
(7) Changes in assets and liabilities:		
(i) Decrease in notes and accounts receivable — trade	26,388	28,039
(ii) Increase in inventories	(7,324)	(5,546)
(iii) Decrease (increase) in other assets	(8,131)	931
(iv) Decrease in notes and accounts payable — trade	(6,788)	(3,688)
(v) Increase (decrease) in income taxes payable	(1,093)	480
(vi) Decrease in accrued expenses and other current liabilities	(3,153)	(7,425)
(8) Other, net	(464)	722
Subtotal	8,547	17,747
Net cash provided by operating activities	17,159	27,504
II. Investing Activities:		
1. Proceeds from sale of investment securities	933	0
2. Purchases of investment securities	(1,019)	(307)
3. Capital expenditures	(7,015)	(4,855)
4. Net decrease in leasehold deposits	15	84
5. Proceeds from sale of property, plant and equipment	478	432
6. Other, net	333	0
Net cash used in investing activities	(6,275)	(4,646)
III. Financing Activities:		
1. Net decrease in net borrowings of short-term debt	(7)	(1,166)
2. Dividends paid by the Company	(8,625)	(8,481)
3. Dividends paid to noncontrolling interests	(162)	(230)
4. Acquisition of treasury stock	(4)	(1,446)
5. Other, net	29	(14)
Net cash used in financing activities	(8,769)	(11,337)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,021)	(1,169)
Net Increase in Cash and Cash Equivalents	94	10,352
Cash and Cash Equivalents at Beginning of the Period	110,250	185,533
Cash and Cash Equivalents at End of the Period	110,344	195,885
Cash and Cash Equivalents from Discontinued Operations at End of the Period (Deduct)	7,544	—
Cash and Cash Equivalents from Continuing Operations at End of the Period	102,800	195,885
Notes to cash flows from operating activities:		
1. Interest paid	76	42
2. Taxes paid	7,280	3,251
Notes to investing and financing activities not involving cash flow:		
1. Debt related to capital expenditures	4,679	2,432

Note: Consolidated statements of cash flows for the prior cumulative consolidated first quarter consist of cash flows from continuing operations and cash flows from discontinued operations. We have not presented cash flows separately for discontinued operations.

(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 Estimates)

Beginning with the current consolidated fiscal year, the Company and our domestic consolidated subsidiaries changed from the declining balance method to the straight-line method.

Based on the growth strategies of our long-term vision Value Generation 2020 (launched in 2011) and VG2.0 medium-term management plan, we have invested in manufacturing and development facilities for our focus business domains: Industrial Automation Business (IAB), Healthcare Business (HCB), and Social Systems, Solutions and Service Business (SSB). In the prior consolidated fiscal year, we expanded our Yasu office and Katsuragawa office and reconstructed the OMRON Healthcare Co., Ltd. Matsusaka factory. In addition, we reorganized our production centers and consolidated production lines to build a global production system for our Electronic and Mechanical Components Business (EMC). We have also conducted a review of our business portfolio, including the divestment of the Automotive Electronic Components Business (AEC). As a result, the Company and our consolidated subsidiaries in Japan expect the stable operations of our facilities and more normalized levels of capital investment and repairs and maintenance expense.

Taking advantage of the circumstances discussed above, we decided that depreciation via the straight-line method more appropriately reflects the actual usage of our property, plant and equipment for which we expect stable operations. This change in depreciation method will be handled as a change in accounting estimate based on FASB Accounting Standards Codification 250, Accounting Changes and Error Corrections, the impact of which will be recognized in the future.

As a result of this change, depreciation for the cumulative consolidated first quarter decreased by JPY379 million compared to the former method, while net income attributable to OMRON shareholders and net income per share increased JPY288 million and JPY1.43, respectively.

(Segment Information)

Business Segment Information

Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to external customers	89,121	22,988	17,253	27,708	157,070	2,967	160,037
(2) Intersegment sales	1,330	11,317	2,029	6	14,682	(14,682)	—
Total	90,451	34,305	19,282	27,714	171,752	(11,715)	160,037
Operating expenses	77,175	34,300	20,637	24,315	156,427	(6,422)	150,005
Segment profit (loss)	13,276	5	(1,355)	3,399	15,325	(5,293)	10,032

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the Company reclassified consolidated results for the prior first quarter under this new categorization for presentation herein.

Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to external customers	82,050	17,961	18,102	26,574	144,687	1,778	146,465
(2) Intersegment sales	1,245	10,818	1,782	124	13,969	(13,969)	—
Total	83,295	28,779	19,884	26,698	158,656	(12,191)	146,465
Operating expenses	69,488	28,698	20,742	22,215	141,143	(7,141)	134,002
Segment profit (loss)	13,807	81	(858)	4,483	17,513	(5,050)	12,463

Note: Beginning with the current consolidated fiscal year, the OMRON Group has changed our depreciation method related to property, plant and equipment from the declining balance method to the straight-line method for the company and our domestic consolidated subsidiaries. This change resulted in a decrease in operating expense compared to the prior fiscal year (total of JPY 379 million, consisting of JPY83 million under the IAB, JPY67 million under the EMC, JPY60 million under the SSB, JPY66 million under the HCB, and JPY103 million under Eliminations & Corporate). Rather than allocate these amounts to each segment, we have posted the entire JPY379 million to Eliminations & Corporate.

Sales by Geographical Region

Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)							
Japan	33,026	5,472	17,182	5,183	60,863	2,604	63,467
Americas	7,799	3,750	—	5,884	17,433	—	17,433
Europe	18,344	3,998	—	4,548	26,890	—	26,890
Greater China	20,165	6,480	60	9,338	36,043	352	36,395
Southeast Asia and Others	9,709	3,255	—	2,624	15,588	—	15,588
Direct Exports	78	33	11	131	253	11	264
Total	89,121	22,988	17,253	27,708	157,070	2,967	160,037

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the Company reclassified consolidated results for the prior first quarter under this new categorization for presentation herein.

Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)							
Japan	29,870	4,804	18,060	5,703	58,437	1,442	59,879
Americas	6,642	2,229	—	5,499	14,370	—	14,370
Europe	13,295	2,243	—	4,752	20,290	—	20,290
Greater China	23,169	6,405	28	8,275	37,877	336	38,213
Southeast Asia and Others	9,061	2,253	—	2,255	13,569	—	13,569
Direct Exports	13	27	14	90	144	0	144
Total	82,050	17,961	18,102	26,574	144,687	1,778	146,465

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

4. Supplementary Information

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

(Millions of yen, %)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Year-on- year change	Year ended March 31, 2020	Year ending March 31, 2021 (projected)	Year-on- year change
Net sales	160,037	146,465	-8.5%	677,980	590,000	-13.0%
Operating income	10,032	12,463	+24.2%	54,760	30,000	-45.2%
[% of net sales]	[6.3%]	[8.5%]	[+2.2%pt]	[8.1%]	[5.1%]	[-3.0%pt]
Income before income taxes from continuing operations	10,959	13,279	+21.2%	51,836	25,000	-51.8%
[% of net sales]	[6.8%]	[9.1%]	[+2.3%pt]	[7.6%]	[4.2%]	[-3.4%pt]
Net income attributable to OMRON shareholders	8,540	9,690	+13.5%	74,895	16,500	-78.0%
Net income per share attributable to OMRON shareholders (basic) (¥)	41.59	48.03	+6.44	365.26	81.81	-283.45
Total assets	752,396	742,613	-1.3%	758,124		
Shareholders' equity	521,176	538,573	+3.3%	530,415		
[Shareholders' equity ratio (%)]	[69.3%]	[72.5%]	[+3.2%pt]	[70.0%]		
Shareholders' equity per share (¥)	2,537.85	2,670.52	+132.67	2,626.62		
Net cash provided by operating activities	17,159	27,504	+10,345	89,787		
Net cash provided (used) in investing activities	(6,275)	(4,646)	+1,629	28,639		
Net cash used in financing activities	(8,769)	(11,337)	(2,568)	(29,430)		
Cash and equivalents from continuing operations at the end of the period	102,800	195,885	+93,085	185,533		

Notes: 1. 130 consolidated subsidiaries and 19 equity-method affiliates.

2. Quarterly (fiscal year) net income attributable to OMRON shareholders for the fiscal year ended March 2020 and quarterly (fiscal year) net income per share attributable to OMRON shareholders for the fiscal year ended March 2020 include quarterly (fiscal year) net income from discontinued operations. Quarterly (fiscal year) net income attributable to OMRON shareholders for the fiscal year ended March 2020 and quarterly (fiscal year) net income per share attributable to OMRON shareholders for the fiscal year ended March 2020 excluding quarterly (fiscal year) net income from discontinued operations are as follows.

Quarterly (fiscal year) net income attributable to OMRON shareholders excluding quarterly (fiscal year) net income from discontinued operations

First quarter, fiscal year ended March 2020 JPY7.8 billion (+25.0% vs. the first quarter of FYE March 2021)

Fiscal year ended March 2020 JPY39.2 billion (-57.9% vs. forecast for FYE March 2021)

Quarterly (fiscal year) net income per share attributable to OMRON shareholders excluding quarterly (fiscal year) net income from discontinued operations

First quarter, fiscal year ended March 2020 JPY37.76 (+JPY10.27 vs. the first quarter of FYE March 2021)

Fiscal year ended March 2020 JPY191.00 (-JPY109.19 vs. forecast for FYE March 2021)

(2) Consolidated Net Sales by Business Segment

(Billions of yen)

		Three months ended June 30, 2019	Three months ended June 30, 2020	Year-on-year change (%)
IAB	Japan	33.0	29.9	-9.6%
	Americas	7.8	6.6	-14.8%
	Europe	18.3	13.3	-27.5%
	Greater China	20.2	23.2	+14.9%
	Southeast Asia and Others	9.7	9.1	-6.7%
	Direct Exports	0.1	0.0	-83.3%
	Total	89.1	82.1	-7.9%
EMC	Japan	5.5	4.8	-12.2%
	Americas	3.8	2.2	-40.6%
	Europe	4.0	2.2	-43.9%
	Greater China	6.5	6.4	-1.2%
	Southeast Asia and Others	3.3	2.3	-30.8%
	Direct Exports	0.0	0.0	-18.2%
	Total	23.0	18.0	-21.9%
SSB	Japan	17.2	18.1	+5.1%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.1	0.0	-53.3%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.0	0.0	+27.3%
	Total	17.3	18.1	+4.9%
HCB	Japan	5.2	5.7	+10.0%
	Americas	5.9	5.5	-6.5%
	Europe	4.5	4.8	+4.5%
	Greater China	9.3	8.3	-11.4%
	Southeast Asia and Others	2.6	2.3	-14.1%
	Direct Exports	0.1	0.1	-31.3%
	Total	27.7	26.6	-4.1%
Eliminations & Corporate	Japan	2.6	1.4	-44.6%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.4	0.3	-4.5%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.0	0.0	-100.0%
	Total	3.0	1.8	-40.1%
Total	Japan	63.5	59.9	-5.7%
	Americas	17.4	14.4	-17.6%
	Europe	26.9	20.3	-24.5%
	Greater China	36.4	38.2	+5.0%
	Southeast Asia and Others	15.6	13.6	-13.0%
	Direct Exports	0.3	0.1	-45.5%
	Total	160.0	146.5	-8.5%

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the Company reclassified results for the first quarter of the fiscal year ended March 2020 under this new categorization for presentation herein.

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

(Billions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Year-on-year change (%)
IAB	13.3	13.8	+4.0%
EMC	0.0	0.1	+1520.0%
SSB	(1.4)	(0.9)	—
HCB	3.4	4.5	+31.9%
Eliminations & Corporate	(5.3)	(5.1)	—
Total	10.0	12.5	+24.2%

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the Company reclassified results for the first quarter of the fiscal year ended March 2020 under this new categorization for presentation herein.

(4) Average Currency Exchange Rate

(One unit of currency, in yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020	Year-on-year change
USD	110.7	107.9	-2.8
EUR	123.6	118.3	-5.3
RMB	16.3	15.1	-1.2

(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	Japan	140.0	118.5	-15.4%
	Americas	32.6	26.0	-20.2%
	Europe	71.8	56.5	-21.3%
	Greater China	68.8	71.0	+3.2%
	Southeast Asia and Others	39.4	34.5	-12.4%
	Direct Exports	0.2	0.5	+150.0%
	Total	352.8	307.0	-13.0%
EMC	Japan	22.8	20.0	-12.3%
	Americas	13.6	11.0	-19.1%
	Europe	15.1	12.0	-20.5%
	Greater China	24.1	23.0	-4.6%
	Southeast Asia and Others	12.5	10.0	-20.0%
	Direct Exports	0.2	—	—
	Total	88.4	76.0	-14.0%
SSB	Japan	115.2	92.0	-20.1%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.3	0.5	+66.7%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.5	0.5	+0.0%
	Total	116.0	93.0	-19.8%
HCB	Japan	26.1	26.5	+1.5%
	Americas	21.6	21.0	-2.8%
	Europe	21.7	21.5	-0.9%
	Greater China	31.4	32.0	+1.9%
	Southeast Asia and Others	10.8	10.5	-2.8%
	Direct Exports	0.4	0.5	+25.0%
	Total	112.0	112.0	+0.0%
Eliminations & Corporate	Japan	7.4	1.5	-79.7%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	1.4	0.5	-64.3%
	Southeast Asia and Others	—	—	—
	Direct Exports	—	—	—
	Total	8.9	2.0	-77.5%
Total	Japan	311.5	258.5	-17.0%
	Americas	67.8	58.0	-14.5%
	Europe	108.5	90.0	-17.1%
	Greater China	126.1	127.0	+0.7%
	Southeast Asia and Others	62.7	55.0	-12.3%
	Direct Exports	1.4	1.5	+7.1%
	Total	678.0	590.0	-13.0%

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the company reclassified results for the fiscal year ended March 2020 under this new categorization 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	53.6	35.0	-34.7%
EMC	0.9	0.5	-45.5%
SSB	10.9	5.0	-53.9%
HCB	13.5	15.0	+11.0%
Eliminations & Corporate	(24.1)	(25.5)	—
Total	54.8	30.0	-45.2%

Note: Due to the transfer of the Environmental Solutions Business to the SSB and the closure of the Backlights Business, the Company revised business classifications at the beginning of the fiscal year ending March 2021, reclassifying operations under Other Businesses to the SSB or to Eliminations & Corporate, and disclosing results for four segments (IAB, EMC, SSB, and HCB). Accordingly, the company reclassified results for the fiscal year ended March 2020 under this new categorization 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	109.1	106.5	-2.6
EUR	121.2	119.6	-1.6
RMB	15.7	15.0	-0.7