

Q&A Session Summary, FY2024 Q1 Results Briefing

OMRON Corporation

Consolidated

Q. Please tell us about the progress of structural reforms such as optimizing personnel numbers and improving fixed cost productivity, and the extent of their contribution to annual profits.

A. Optimization of personnel numbers has been completed domestically. Overseas, while some work remains to be done in and after Q2, it has been largely completed and is progressing as planned. Other initiatives to improve fixed cost productivity are progressing as planned. The structural reforms are expected to result in annual fixed cost reductions of 24 billion yen, the same as the initial plan.

Q. The GP rate has improved significantly compared to the previous quarter. What are your projections for the second quarter and beyond?

A. The improvement in the gross profit margin is mainly due to inventory reductions through proper procurement controls, which is progressing slightly better than planned. We expect a seasonal decline in the fourth quarter due to business mix, but we are not aware of any other factors that would lead to a decline in the GP rate from the second quarter onwards at this time.

IAB

Q. What is the reason behind the strong performance of operating profit compared to the previous quarter?

A. The main factor is the improvement in GP rate. Specifically, this includes reducing inventory valuation losses, streamlining logistics costs, and improving product mix.

Q. Order levels in the first quarter have returned to the same level as the same period last year, but how do you expect things to progress from Q2 onwards?

A. Our initial plan for the fiscal year was for a gradual recovery from Q3, with a full recovery from Q4, and there have been no major changes at this time. We recognize that the timing of order recovery varies depending on the customer in the semiconductor industry, and we would like to carefully assess the trends for each customer.

Q. Even as the competitive environment in China intensifies, Q1 results appear to be solid and based on normal seasonality. How are you stacking up against your competitors?

A. We believe that IAB's competitive advantage is its solutions supported by advanced control technology. We believe that in China too, the demand for advanced control, particularly in the semiconductor industry, has been firmly grasped. On the other hand, in product areas where price competition is becoming fierce, we will strengthen the development and launch of products with high market share and high affinity with solutions.

DSB

Q. Regarding synergies with JMDC, please tell us if there have been any new developments or results.

A. We are working on multiple themes. For example, in SSB's management and service business, the company is developing solutions that utilize customers' on-site information to improve operational efficiency and increase sales. In addition, there are other themes that we will be accelerating from Q2 onwards, and we would like to provide more details at a separate briefing session we plan to hold this autumn.