Q&A Session Summary, FY2024 Q4 Results Briefing
OMRON Corporation

Q: Could you explain the relationship between the ¥16.0 billion in tariff-related costs presented in the briefing and the ¥4.0 billion in risk included in the lower end of the FY2025 plan?

A: The ¥16.0 billion represents our estimated cost impact from U.S. tariff policies announced as of April 9. Our basic policy is to offset these costs through price adjustments. However, we recognize that, depending on the timing of such adjustments and the competitive environment, there may be cases where passing on costs is not feasible. The ¥4.0 billion figure reflects the anticipated risk in such scenarios.

Q: Please explain why the FY2025 operating profit fell short of the ¥70.0 billion target that was presented a year ago.

A: There are two main reasons:
First, the market recovery has not progressed as expected. In the FA market, for example, we had anticipated a quicker rebound globally, but the pace has been slower. Furthermore, the recent impact of tariffs has heightened uncertainty around capital investment. Another factor is the Chinese market for HCB, where weak market conditions and intensified competition have led to lower-than-expected top-line performance.
Second, we decided to invest an additional ¥5.0 billion year-over-year in IAB, with a view toward mid-term growth. Had we not made this investment, we could have reached the ¥70.0 billion target. However, we made a deliberate decision to prioritize growth and move decisively in that direction.

Q: Please explain the background of the ¥11.7 billion impairment related to DSB (JMDC) and the progress of synergies with JMDC.

A: Regarding the impairment recorded in the consolidated financials: This was triggered by JMDC’s share price as of the end of the previous fiscal year, and the fair value was determined in accordance with U.S. GAAP. Under this accounting standard, stock price is a primary factor in assessing fair value. However, we did not rely solely on the closing price at year-end; we also took into account the stock price trend over a certain period and the control premium associated with our subsidiary status. Based on these factors, the impairment was recognized.
As for synergies with JMDC, initiatives such as the preventive healthcare solutions and management services for retailers, which we explained in our October briefing, have been steadily progressing over the past six months. Therefore, our vision of achieving ¥100.0 billion in data solution business revenue by FY2027 remains unchanged. Despite the impairment, our view on JMDC's standalone growth potential and data-handling capabilities remains intact. We continue to believe in the company’s intrinsic value and intend to pursue further synergies and support its growth going forward.

Q: You’ve set the structural reform period through September 2025. What are your plans for announcing a new mid-term plan or transitioning to a new mid-term period?

A: Our immediate priority is to fully implement the structural reforms by September. From April next year, we plan to launch the second stage of our long-term vision, SF2030. Ahead of that, we intend to provide an updated explanation—sometime during this fiscal year—on the direction of the new mid-term plan and the specific initiatives we will pursue. We appreciate your continued support and look forward to sharing more with you in due course.