



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

February 5, 2024

OMRON Corporation (6645)

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Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (scheduled):	February 14, 2024
Start of Distribution of Dividends (scheduled):	—
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for investors)

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

Note: Figures are rounded to the nearest million yen.

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

(April 1, 2023 – December 31, 2023)

(1) Sales and Income (cumulative)

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

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2023	607,985	(4.7)	26,572	(63.5)	31,469	(55.5)	7,849	(84.5)
December 31, 2022	637,977	14.2	72,854	9.0	70,661	10.9	50,517	12.7

Note: Comprehensive income: Nine months ended December 31, 2023: JPY35,083 million (-50.2% change);
Nine months ended December 31, 2022: JPY70,493 million (7.5% change)

	Net income per share attributable to OMRON shareholders, basic	Net income per share attributable to OMRON shareholders, diluted
Nine months ended	Yen	Yen
December 31, 2023	39.87	—
December 31, 2022	253.94	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity	Shareholders' equity ratio
	Million yen	Million yen	Million yen	%
December 31, 2023	1,284,432	916,435	753,116	58.6
March 31, 2023	998,160	731,227	728,473	73.0

2. Dividends

	Dividends per share				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	49.00	—	49.00	98.00
Fiscal year ending March 31, 2024	—	52.00	—		
Fiscal year ending March 31, 2024 (projected)				52.00	104.00

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

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

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

	Net sales		Operating income		Income before income taxes		Net income attributable to shareholders		Net income per share attributable to shareholders, basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	810,000	(7.5)	24,000	(76.2)	26,500	(73.1)	1,500	(98.0)	7.62

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

For more, see 1. *Qualitative Information on Quarterly Financial Results* (2) *Description of Information on Outlook, Including Consolidated Performance Forecast* on P.6-8 of the attached materials.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): Yes

New: 1 company (company name) JMDC Inc. Excluded: - company (company name)

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

(3) Changes in accounting policy

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

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

Note: For more, see 2. *Quarterly Consolidated Financial Statements and Notes* (4) *Notes Regarding Consolidated Financial Statements (Changes in Accounting Policies)* on P.14 in the attached materials.

(4) Number of shares issued and outstanding

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

December 31, 2023	206,244,872	Year ended March 31, 2023	206,244,872
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[2] Treasury stock at period-end

December 31, 2023	9,326,433	Year ended March 31, 2023	9,417,692
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[3] Average number of shares during the period (quarterly cumulative)

Nine months ended December 31, 2023	196,875,698	Nine months ended December 31, 2022	199,933,622
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Note: As of the end of the consolidated first nine months of the fiscal year ending March 31, 2024, 520,413 shares of OMRON stock held for Board Incentive Plan and Employee Stock Ownership Plan are included in period-end treasury stock. The average number of shares during the period includes treasury stock deducted in the calculation of net income per share attributable to OMRON shareholders.

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

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

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

For the assumptions that form the basis of the projected results and appropriate use, see *1. Qualitative Information on Quarterly Financial Results (2) Description of Information on Outlook, Including Consolidated Performance Forecast* on P.6-8.

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

3. The Company plans to hold a presentation for investors and information session via online streaming and teleconference on Monday, February 5, 2024.

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

IAB: Industrial Automation Business

HCB: Healthcare Business

SSB: Social Systems, Solutions and Service Business

DMB: Devices & Module Solutions Business

DSB: Data Solution Business

*Established in December 2023, the Data Solution Business collaborates with existing OMRON companies and JMDC Inc. to lead the evolution from manufacturing to a solutions-oriented business that creates new data-driven value.

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

OMRON Group net sales for the cumulative consolidated third quarter (April to December 2023) decreased year on year. The Healthcare Business experienced recovering demand in Europe and other regions for blood pressure monitors, while the Social Systems, Solutions and Service Business captured growing demand for renewable energy. However, the Industrial Automation Business posted lower sales year on year due to ongoing weakness in demand for capital investment in the manufacturing industry globally, as well as the impact of inventory adjustments among distributors. The Devices & Module Solutions Business posted a significant decrease in sales year on year due to ongoing weak demand for the consumer industry.

Gross profit margin was lower year on year, despite successful efforts to date in optimizing prices and reducing variable costs. This lower performance was due to the impact of factors including fluctuations in business composition and weaker value-added ratios stemming from changes in product mix and write-downs of backlogged inventories in the Industrial Automation Business.

Operating income decreased significantly year on year due to the above-mentioned decrease in net sales, lower gross profit margin, and higher personnel expenses due to the impact of inflation.

In addition, the Company recorded a significant decrease in net income attributable to OMRON shareholders. This decrease was due in part to a decrease in operating income and the recording of losses (JPY12.0 billion) due to the reevaluation of shares of JMDC Inc. (“JMDC”) based on market prices at the time of additional share purchases. Excluding the impact of the aforementioned loss, net income attributable to OMRON shareholders would have been JPY19.9 billion (-60.7% year on year).

In addition, the Company established a new data solution division on December 21, 2023. As a result, we have added the Data Solution Business (DSB) as a group operating segment. The Data Solution Business collaborates with existing OMRON companies and JMDC to lead the evolution from manufacturing to a solutions-oriented business that creates new data-driven value. The JMDC financial results will be included together with the Data Solution Business for disclosure purposes.

Consolidated results for the cumulative consolidated third quarter of fiscal 2023 were as follows.

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

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Net sales	638.0	608.0	-4.7%
Gross profit [% of net sales]	286.8 [45.0%]	258.2 [42.5%]	-10.0% [-2.5%pt]
Operating income [% of net sales]	72.9 [11.4%]	26.6 [4.4%]	-63.5% [-7.0%pt]
Income before income taxes	70.7	31.5	-55.5%
Net income attributable to OMRON shareholders	50.5	7.8	-84.5%
Average USD exchange rate (Yen)	135.7	142.9	+7.2
Average EUR exchange rate (Yen)	140.3	155.0	+14.7
Average CNY exchange rate (Yen)	19.8	20.0	+0.1

Note: Excluding factors including the loss on reevaluation of JMDC shares based on market price, net income attributable to OMRON shareholders amounted to JPY19.9 billion (-60.7% year on year). Net income attributable to OMRON shareholders per share amounted to JPY100.96.

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Sales to external customers	359.1	301.9	-15.9%
Operating income	64.5	18.3	-71.6%

Sales

Demand for capital investment expanded in the manufacturing industry was sluggish globally. Greater China, in particular, experienced the significant negative impact of postponements or reductions in investments related to rechargeable batteries and semiconductors amid deteriorating market conditions. Inventories among distributors remained at high levels, affected by inventory adjustments globally.

As a result, sales were significantly lower year on year.

Operating Income

Operating income was significantly lower year on year due to lower sales, changes in product mix sales, write-downs of backlogged inventories, and other factors affecting gross profit margin negatively.

HCB (Healthcare Business)

(Billions of yen, %)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Sales to external customers	106.7	116.7	+9.3%
Operating income	13.1	16.5	+26.5%

Sales

Demand for mainstay blood pressure monitors remained strong, particularly in Europe. In addition, demand for nebulizers increased significantly in China due to an increase in pneumonia and other respiratory diseases.

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

Operating Income

Operating income increased significantly year on year due to the increase in sales, as well as cost reductions for logistics and component costs.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Sales to external customers	63.9	90.3	+41.4%
Operating income (loss)	(0.2)	5.5	—

Sales

The storage battery systems and other businesses within the Energy Solutions Business performed well as a result of continued high electricity prices, the related increase in needs for captive consumption of renewable energy, and subsidy programs in the housing domain, as well as increased investments in the industrial and commercial domains as part of accelerated efforts toward carbon neutrality. The Public Transportation System Business saw strong demand for capital investment amid strong performance among railway companies in response to a recovery in passengers and fare revisions.

As a result, sales increased significantly year on year.

Operating Income (loss)

Despite an increase in costs due to the foreign exchange impact of foreign currency-denominated purchases, the Company saw a significant increase in operating income year on year, driven by net sales growth.

DMB (Devices & Module Solutions Business)

(Billions of yen, %)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Sales to external customers	105.0	88.5	-15.7%
Operating income	13.5	3.1	-76.7%

Sales

Demand for components in the consumer industry was weak due to factors including global investment restraint and sluggish production activities among our customers in response to inflation. Demand for automotive components was sluggish in general, although the impact of semiconductor and other material shortages began to ease and production volume showed signs of recovery.

As a result, sales were significantly lower year on year.

Operating Income

Operating income declined significantly year on year as a result of the decrease in sales and other factors.

DSB (Data Solution Business)

(Billions of yen, %)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Sales to external customers	—	7.4	—
Operating income	—	0.6	—

Note: Beginning October 16, 2023 (date that JMDC became a consolidated subsidiary), the Data Solution Business includes the financial results of JMDC.

Sales

Sales continued to be firm with ongoing growth in the number of health insurance association contracts at JMDC, increasing transaction volume with pharmaceutical companies and insurance companies for whom we provide data, and growing numbers of medical institutions utilizing remote image interpretation services.

Operating Income

Operating income remained firm, supported by sales growth.

(This segment includes expenses related to the amortization of intangible assets specifically identified in the conversion of JMDC into a consolidated subsidiary, etc.)

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

We expect the business environment in the fourth quarter for the Industrial Automation Business and Devices & Module Solutions Business to remain sluggish compared with our previous forecast (published on October 27, 2023; “previous forecast”).

Demand for semiconductor-related investment continued to be weak throughout the third quarter, having a negative impact on the Industrial Automation Business. We expect these circumstances to continue in the fourth quarter, resulting in segment performance lower than our previous forecast. We expect demand for capital investment for finished EVs, related components, and rechargeable batteries in the environmental mobility industry to be lower than our previous forecast due to investment postponements and other factors.

Demand for general-purpose equipment and other products in the consumer industry will likely remain sluggish in the fourth quarter due to a slowdown in the Chinese economy and other factors, having a negative impact on the Devices & Module Solutions Business. At the same time, we expect the Healthcare Business to continue growing at a moderate pace generally in the fourth quarter, despite some strengths and weaknesses in demand across different regions. We expect the Social Systems, Solutions and Service Business to see ongoing strong demand in the energy and public transportation markets in the fourth quarter.

Based on this recognition of the business environment, we expect OMRON Group net sales for the current fiscal year to be lower than previously forecast. In addition to the decline in net sales, we expect operating income for the current consolidated fiscal year to fall short of our previous forecast due to the impact of the change in business mix, which was a factor in the decline in gross profit margin through the cumulative consolidated third quarter. The decline in the value-added ratio stemming from lower sales in the Industrial Automation Business, which we expect to continue in the fourth quarter, is also a factor contributing to our expectations of lower performance.

In light of these circumstances, we intend to revise our full-year consolidated performance forecast downward from the forecast announced previously (October 27, 2023).

Our consolidated performance forecast incorporates the projected results (second-half projections reflected in the OMRON Group performance forecast) of JMDC, which became a consolidated subsidiary of the Company on October 16, 2023. We have set exchange rate assumptions for the fourth quarter to USD1 = JPY145.0, EUR1 = JPY155.0, and CNY1 = JPY20.0.

The following describes our main expectations for the business environment in connection with each business segment for the fourth quarter.

Industrial Automation Business	Weak business environment to continue across all industries. In particular, semiconductors and rechargeable batteries in China will see continued postponements in investment, especially among major customers.
Healthcare Business	Although differences will exist among product categories, the business environment will remain firm in general.
Social Systems, Solutions and Service Business	The business environment will remain favorable in general. In particular, the energy and public transportation markets should outperform our previous forecast.
Devices & Module Solutions Business	Demand for general-purpose equipment and other products is likely to remain sluggish against the backdrop of the slowdown in the Chinese economy.
Data Solution Business	The market for JMDC Inc. Healthcare-Big Data will remain strong.

Projected Consolidated Performance

(Billions of yen, except percentages)

	Previous forecast	Revised forecast	Change in forecast [%]	(Reference) Actual results for the prior fiscal year ended March 31, 2023	(Reference) Year-on-year change [YoY%]
Net sales	850.0	810.0	(40.0) [-4.7%]	876.1	-7.5%
Gross profit %	43.1%	41.9%	-1.2%pt	45.0%	[-3.1%pt]
Operating income	45.0	24.0	(21.0) [-46.7%]	100.7	-76.2%
Income before income taxes	45.0	26.5	(18.5) [-41.1%]	98.4	-73.1%
Net income attributable to OMRON shareholders	18.0	1.5	(16.5) [-91.7%]	73.9	-98.0%
Net income per share attributable to OMRON shareholders (Yen)	91.42	7.62	(83.80)	372.19	[-364.58]
Average USD exchange rate (Yen)	140.0	143.4	+3.4	135.2	+8.2
Average EUR exchange rate (Yen)	153.9	155.0	+1.1	140.9	+14.0
Average CNY exchange rate (Yen)	19.6	20.0	+0.4	19.7	+0.3

Notes: 1. We calculated the average exchange rate for each currency by added the assumed exchange rate for the fourth quarter to the actual exchange rates for the first three quarters.

2. Excluding the loss on reevaluation of JMDC shares based on market price, we project net income attributable to OMRON shareholders to amount to JPY13.5 billion and net income attributable to OMRON shareholders per share to be JPY68.57.

Forecasts by Business Segment

(Billions of yen, except percentages)

		Previous forecast	Revised forecast	Change in forecast [%]	(Reference) Actual results for the prior fiscal year ended March 31, 2023	(Reference) Year-on-year change
IAB	Sales to external customers	420.0	388.5	(31.5) [-7.5%]	485.7	-20.0%
	Operating income	29.5	14.0	(15.5) [-52.5%]	85.8	-83.7%
HCB	Sales to external customers	152.0	150.5	(1.5) [-1.0%]	142.1	+5.9%
	Operating income	17.5	17.5	—	16.0	+9.3%
SSB	Sales to external customers	137.0	141.0	+4.0 [+2.9%]	107.3	+31.4%
	Operating income	13.5	14.5	+1.0 [+7.4%]	7.5	+93.6%
DMB	Sales to external customers	123.0	113.5	(9.5) [-7.7%]	138.9	-18.3%
	Operating income	5.5	1.5	(4.0) [-72.7%]	15.5	-90.3%
DSB	Sales to external customers	16.5	19.0	+2.5 [+15.2%]	—	—
	Operating income	1.8	2.5	+0.7 [+38.9%]	—	—
Eliminations & Corporate	Sales to external customers	1.5	(2.5)	(4.0) [—]	2.1	-4.6 [—]
	Operating income (loss)	(22.8)	(26.0)	(3.2) [—]	(24.2)	-1.8 [—]
Consolidated	Sales to external customers	850.0	810.0	(40.0) [-4.7%]	876.1	-7.5%
	Operating income	45.0	24.0	(21.0) [-46.7%]	100.7	-76.2%

Note: The JMDC forecast (not based on the JMDC outlook, but an estimate based on our calculations of OMRON Group full-year performance results) is included in DSB. (Our forecast for JMDC, included under Eliminations & Corporate in the previous forecast, is now included under DSB.)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023		As of December 31, 2023	
		%		%
ASSETS				
Current assets:	486,892	48.8	523,696	40.8
Cash and cash equivalents	105,279		129,311	
Notes and accounts receivable-trade	180,074		153,898	
Allowance for doubtful receivables	(869)		(1,012)	
Inventories	173,926		187,964	
Other current assets	28,482		53,535	
Property, plant and equipment, net:	129,585	13.0	134,156	10.4
Investments and other assets:	381,683	38.2	626,580	48.8
Right-of-use assets under operating leases	47,501		53,000	
Goodwill	43,125		346,849	
Other intangible assets	45,247		104,395	
Investments in and advances to affiliates	134,557		13,647	
Investment securities	46,123		35,679	
Leasehold deposits	8,094		8,223	
Prepaid pension cost	29,103		30,640	
Deferred income taxes	23,513		29,237	
Other assets	4,420		4,910	
Total assets	998,160	100.0	1,284,432	100.0

Note: *Goodwill* for the third quarter of the current consolidated fiscal year includes JPY298.5 billion incurred in connection with the acquisition of additional shares of JMDC. We are still calculating the fair value of the assets acquired and liabilities assumed as of the date the Company acquired control, and we have yet to finalize the allocation of the acquisition cost. Therefore, the amount of goodwill mentioned here is subject to change.

(Millions of yen)

	As of March 31, 2023		As of December 31, 2023	
		%		%
LIABILITIES				
Current liabilities	210,020	21.0	278,388	21.7
Notes and accounts payable-trade	92,855		86,773	
Short-term borrowings	213		87,325	
Current portion of long-term borrowings	—		3,151	
Accrued expenses	50,246		41,134	
Income taxes payable	10,560		3,959	
Short-term operating lease liabilities	11,871		13,008	
Other current liabilities	44,275		43,038	
Deferred income taxes	2,052	0.2	17,291	1.3
Termination and retirement benefits	9,348	0.9	8,771	0.7
Long-term borrowings	—	—	10,248	0.8
Long-term operating lease liabilities	33,284	3.3	37,292	2.9
Other long-term liabilities	12,229	1.3	16,007	1.3
Total liabilities	266,933	26.7	367,997	28.7
NET ASSETS				
Shareholders' equity	728,473	73.0	753,116	58.6
Common stock	64,100	6.4	64,100	5.0
Capital surplus	98,506	9.9	98,900	7.7
Legal reserve	24,729	2.5	27,339	2.1
Retained earnings	571,807	57.3	566,808	44.1
Accumulated other comprehensive income (loss)	39,947	4.0	65,934	5.1
Foreign currency translation adjustments	51,344		75,830	
Pension liability adjustments	(11,226)		(9,855)	
Net gains (losses) on derivative instruments	(171)		(41)	
Treasury stock	(70,616)	(7.1)	(69,965)	(5.4)
Noncontrolling interests	2,754	0.3	163,319	12.7
Total net assets	731,227	73.3	916,435	71.3
Total liabilities and net assets	998,160	100.0	1,284,432	100.0

(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Operations)
(Nine months ended December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022		Nine months ended December 31, 2023	
		%		%
Net sales	637,977	100.0	607,985	100.0
Cost of sales	351,200	55.0	349,811	57.5
Gross profit	286,777	45.0	258,174	42.5
Selling, general and administrative expenses	177,568	27.9	193,708	31.9
Research and development expenses	36,355	5.7	37,894	6.2
Operating income	72,854	11.4	26,572	4.4
Other expenses (income), net	2,193	0.3	(4,897)	(0.8)
Income before income taxes and equity in loss of affiliates	70,661	11.1	31,469	5.2
Income taxes	19,074	3.0	9,212	1.5
Equity in loss of affiliates	467	0.1	13,374	2.2
Net income	51,120	8.0	8,883	1.5
Net income attributable to noncontrolling interests	603	0.1	1,034	0.2
Net income attributable to OMRON shareholders	50,517	7.9	7,849	1.3

Note: *Equity in loss of affiliates* includes items such as the loss from the reevaluation of JMDC shares based on market price.

Excluding the aforementioned loss, *net income attributable to OMRON shareholders* amounted to JPY19.9 billion (-60.7% year on year). Net income attributable to OMRON shareholders per share amounted to JPY100.96.

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine months ended December 31, 2023)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	51,120	8,883
Other comprehensive income, net of tax		
Foreign currency translation adjustments	14,544	24,699
Pension liability adjustments	3,886	1,371
Net gains on derivative instruments	943	130
Other comprehensive income	19,373	26,200
Comprehensive income	70,493	35,083
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	655	1,247
Comprehensive income attributable to OMRON shareholders	69,838	33,836

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022		Nine months ended December 31, 2023	
I Operating Activities:				
1. Net income		51,120		8,883
2. Adjustments to reconcile net income to net cash provided by operating activities:				
(1) Depreciation and amortization	19,777		22,289	
(2) Equity in loss of affiliates	467		13,374	
(3) Decrease (increase) in notes and accounts receivable-trade	(3,891)		37,893	
(4) Increase in inventories	(43,703)		(6,236)	
(5) Increase (decrease) in notes and accounts payable-trade	9,103		(11,874)	
(6) Others, net	(12,631)	(30,878)	(32,478)	22,968
Net cash provided by (used in) operating activities		20,242		31,851
II Investing Activities:				
1. Proceeds from sale of investment securities		—		23,812
2. Purchases of investment securities		(1,911)		(3,029)
3. Capital expenditures		(27,983)		(30,778)
4. Acquisitions of businesses and companies (net of cash acquired)		—		(67,265)
5. Proceeds from sale of property, plant and equipment		1,430		330
6. Increase in investments in and loans to affiliates, net		(9,976)		(1,121)
7. Others, net		(186)		(1,037)
Net cash used in investing activities		(38,626)		(79,088)
(Reference) Free cash flows		(18,384)		(47,237)
III Financing Activities:				
1. Net decrease of short-term debt		(20,000)		(1,591)
2. Proceeds from short-term borrowings		—		86,580
3. Proceeds from long-term borrowings		—		2,500
4. Repayment of long-term borrowings		—		(205)
5. Dividends paid by OMRON Corporation		(18,912)		(19,885)
6. Acquisition of treasury stock		(17,900)		(15)
7. Others, net		(4)		(626)
Net cash provided by (used in) financing activities		(56,816)		66,758
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents		7,280		4,511
Net increase (decrease) in cash and cash equivalents		(67,920)		24,032
Cash and cash equivalents at beginning of the period		155,484		105,279
Cash and cash equivalents at end of the period		87,564		129,311

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

(4) Notes Regarding Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

None applicable

(Changes in Accounting Policies)

(Change in inventory valuation method)

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

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

None applicable

(Segment Information)**Business Segment Information**

(Millions of yen)

		Nine months ended December 31, 2022	Nine months ended December 31, 2023	Year-on-year change
IAB	Sales to external customers	359,073	301,858	84.1%
	Intersegment sales	5,217	3,924	75.2%
	Total net sales	364,290	305,782	83.9%
	Operating expenses	299,831	287,463	95.9%
	Operating income (loss)	64,459	18,319	28.4%
HCB	Sales to external customers	106,720	116,670	109.3%
	Intersegment sales	205	156	76.1%
	Total net sales	106,925	116,826	109.3%
	Operating expenses	93,847	100,283	106.9%
	Operating income (loss)	13,078	16,543	126.5%
SSB	Sales to external customers	63,855	90,292	141.4%
	Intersegment sales	9,421	9,620	102.1%
	Total net sales	73,276	99,912	136.4%
	Operating expenses	73,493	94,385	128.4%
	Operating income (loss)	(217)	5,527	—
DMB	Sales to external customers	105,030	88,530	84.3%
	Intersegment sales	37,642	28,625	76.0%
	Total net sales	142,672	117,155	82.1%
	Operating expenses	129,210	114,013	88.2%
	Operating income (loss)	13,462	3,142	23.3%
DSB	Sales to external customers	—	7,368	—
	Intersegment sales	—	17	—
	Total net sales	—	7,385	—
	Operating expenses	—	6,790	—
	Operating income (loss)	—	595	—
Eliminations & Corporate	Sales to external customers	3,299	3,267	99.0%
	Intersegment sales	(52,485)	(42,342)	—
	Total net sales	(49,186)	(39,075)	—
	Operating expenses	(31,258)	(21,521)	—
	Operating income (loss)	(17,928)	(17,554)	—
Consolidated	Sales to external customers	637,977	607,985	95.3%
	Intersegment sales	—	—	—
	Total net sales	637,977	607,985	95.3%
	Operating expenses	565,123	581,413	102.9%
	Operating income (loss)	72,854	26,572	36.5%

Note: As described in 1. Qualitative Information on Quarterly Financial Results (1) Description of Results of Operations on page 2, the Company established the DSB in the third quarter of the current consolidated fiscal year.

Sales by Geographical Region

(Millions of yen)

		Nine months ended December 31, 2022	Nine months ended December 31, 2023	Year-on-year change
IAB	Japan	106,864	97,692	91.4%
	Americas	38,589	31,038	80.4%
	Europe	68,601	63,346	92.3%
	Greater China	102,998	73,497	71.4%
	Southeast Asia and Others	41,984	36,282	86.4%
	Direct Exports	37	3	8.1%
	Total	359,073	301,858	84.1%
HCB	Japan	20,014	18,634	93.1%
	Americas	21,400	21,050	98.4%
	Europe	16,955	22,482	132.6%
	Greater China	34,220	41,616	121.6%
	Southeast Asia and Others	13,647	12,463	91.3%
	Direct Exports	484	425	87.8%
	Total	106,720	116,670	109.3%
SSB	Japan	63,835	89,435	140.1%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	7	181	—
	Southeast Asia and Others	—	—	—
	Direct Exports	13	676	—
Total	63,855	90,292	141.4%	
DMB	Japan	31,075	30,231	97.3%
	Americas	18,522	12,290	66.4%
	Europe	13,649	12,460	91.3%
	Greater China	29,112	21,744	74.7%
	Southeast Asia and Others	12,581	11,665	92.7%
	Direct Exports	91	140	153.8%
	Total	105,030	88,530	84.3%
DSB	Japan	—	7,133	—
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	1	—
	Southeast Asia and Others	—	—	—
	Direct Exports	—	234	—
	Total	—	7,368	—
Eliminations & Corporate	Japan	3,299	3,267	99.0%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	—	—	—
Total	3,299	3,267	99.0%	
Consolidated	Japan	225,087	246,392	109.5%
	Americas	78,511	64,378	82.0%
	Europe	99,205	98,288	99.1%
	Greater China	166,337	137,039	82.4%
	Southeast Asia and Others	68,212	60,410	88.6%
	Direct Exports	625	1,478	236.5%
Total	637,977	607,985	95.3%	

Notes: 1: 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

2: As described in 1. *Qualitative Information on Quarterly Financial Results (1) Description of Results of Operations* on page 2, the Company established the DSB in the third quarter of the current consolidated fiscal year to collaborate with JMDC Inc.