



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

January 27, 2021

OMRON Corporation (6645)

Exchanges Listed:	Tokyo (first section)
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Start of Distribution of Dividends (scheduled):	-
Preparation of Supplementary Materials for the Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (Financial results presentation held via online streaming and teleconference for investors on January 27)

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, 2021 (April 1, 2020 – December 31, 2020)

(1) Sales and Income (cumulative)

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

	Millions of yen - except per share data and percentages			
	Nine months ended December 31, 2020		Nine months ended December 31, 2019	
		Change (%)		Change (%)
Net sales	469,570	(5.8)	498,301	(7.6)
Operating income	42,437	+5.8	40,098	(19.1)
Income before income taxes from continuing operations	46,779	+10.6	42,300	(7.3)
Net income attributable to OMRON shareholders	33,912	(52.2)	71,001	+83.2
Net income per share attributable to OMRON shareholders, basic (JPY)	168.13		345.74	
Net income per share attributable to OMRON shareholders, diluted (JPY)	—		—	

Notes: 1. Comprehensive income: Nine months ended December 31, 2020: JPY 41,230 million (-46.8% change);

Nine months ended December 31, 2019: JPY 77,538 million (+116.8% change)

2. Quarterly net income attributable to OMRON shareholders for the third quarter for the fiscal year ended March 2020 includes quarterly net income (including gain on sale of AEC) from discontinued operations (Automotive Electronic Components Business (AEC), which was transferred on October 31, 2019). Net income attributable to OMRON shareholders for the third quarter of the fiscal year ended March 2020 excluding income from discontinued operations amounted to JPY32,584 million. Year-on-year growth would be 4.1% for the third quarter of the fiscal year ending March 2021 when calculated based on this same assumption.

3. Quarterly net income per share attributable to OMRON shareholders for the third 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 third quarter of the fiscal year ended March 2020 excluding income from discontinued operations amounted to JPY158.67.

(2) Consolidated Financial Position

	Millions of yen - except per share data and percentages	
	As of December 31, 2020	As of March 31, 2020
Total assets	767,212	758,124
Net assets	564,050	532,589
Shareholders' equity	561,672	530,415
Shareholders' equity ratio (%)	73.2	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	42.00	
	3rd quarter dividend (JPY)	—	—	
	Year-end dividend (JPY)	42.00		42.00
	Total dividends for the year (JPY)	84.00		84.00

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

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

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

	Millions of yen	
	Year ending March 31, 2021	Change (%)
Net sales	645,000	(4.9)
Operating income	56,000	+2.3
Income before income taxes from continuing operations	57,000	+10.0
Net income attributable to OMRON shareholders	40,000	(46.6)
Net income per share attributable to OMRON shareholders (JPY)	198.32	

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

For more information, see 1. *Qualitative Information on Quarterly Financial Results (3) Description of Information on Outlook, Including Consolidated Performance Forecast* on P.5.

2. Net income attributable to OMRON shareholders for the prior fiscal year ended March 2020 used in the calculation of year-on-year change for net income attributable to OMRON shareholders includes net income from discontinued operations (including gains on the sale of the AEC). Net income attributable to OMRON shareholders excluding income from discontinued operations calculates to an increase of 2.1% 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):

December 31, 2020: 206,244,872 shares

March 31, 2020: 206,244,872 shares

- (b) Treasury stock at end of period:

December 31, 2020: 4,573,436 shares

March 31, 2020: 4,306,748 shares

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

Nine months ended December 31, 2020: 201,699,179 shares

Nine months ended December 31, 2019: 205,360,463 shares

Note: As of the end of the consolidated first nine 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 *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 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 third quarter of the fiscal year ended 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 online streaming and teleconference on Wednesday, January 27, 2021.

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. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

The business environment surrounding the OMRON Group during the cumulative consolidated third quarter (April through December 2020) continued to be challenging due to the spread of COVID-19. Entering the third quarter (October through December 2020), China, which moved quickly to control the spread of infection, experienced a notable market recovery, while the business environment in other regions improved as well. Amid these circumstances, our Industrial Automation Business (IAB) accurately seized on trends related to the resumption of capital investment by the manufacturing industry, especially in China. Our Healthcare Business (HCB) responded to strong demand for blood pressure monitors and thermometers by strengthening online sales channels and increasing production capacity. These factors combined to produce higher sales and profits for the third quarter compared to the same period in the prior fiscal year.

While net sales for the cumulative consolidated third quarter (April through December 2020) declined year on year, we recorded record-high gross profit margin owing to continued efforts in raising value-added ratios and improving productivity. In addition, by the end of the third quarter, we already completed the full-year fixed cost reduction of JPY20 billion yen targeted in our plan at the beginning of the fiscal year. As a result, operating income increased year on year.

Consolidated results for the cumulative consolidated third quarter of fiscal 2020 were as follows.

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

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Change
Net sales	498.3	469.6	-5.8%
Gross profit	225.2	213.9	-5.0%
[% of net sales]	[45.2%]	[45.6%]	[+0.4%pt]
Operating income	40.1	42.4	+5.8%
[% of net sales]	[8.0%]	[9.0%]	[+1.0%pt]
Income before income taxes from continuing operations	42.3	46.8	+10.6%
Net income attributable to OMRON shareholders	71.0	33.9	-52.2%
Average USD exchange rate (JPY)	109.1	106.2	-2.9
Average EUR exchange rate (JPY)	121.3	121.8	+0.5
Average RMB exchange rate (JPY)	15.7	15.3	-0.4

Note: Net income attributable to OMRON shareholders for the nine months ended December 31, 2019, includes income from discontinued operations (including the gain on sale of the AEC). Net income attributable to OMRON shareholders for the nine months ended December 31, 2019, excluding income from discontinued operations amounted to JPY32.6 billion, which calculates to an increase of +4.1% year on year.

2) Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Change
Sales to external customers	265.4	252.9	-4.7%
Operating income	40.7	41.9	+3.0%

Sales

In addition to growing demand in China, we saw a trend toward a global resumption of capital investment. Demand for capital investment in semiconductors, secondary batteries, and smartphones increased. Utilizing

our Automation Centers and systems/sales engineers, which we have been strengthening for some time, we accurately captured this demand, resulting in a year-on-year increase in third quarter sales. Sales for the cumulative third quarter decreased year on year, due in part to the impact of the decline in the first two quarters.

Operating Income

Operating income rose year on year due to increased sales and efforts to control over fixed costs and greater added value delivered through solutions proposal activities.

EMC (Electronic and Mechanical Components Business)

(Billions of yen, %)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Change
Sales to external customers	67.3	61.8	-8.1%
Operating income	0.9	1.5	+69.4%

Sales

In addition to rising demand for electronic components used in home appliances and automobiles in China, we saw a third quarter recovery in demand in the Americas for home appliances and other housing-related products. Third quarter sales rose year on year as we steadily seized on these trends. Sales for the cumulative third quarter decreased year on year due to the significant decline in automotive-related component sales in the first quarter.

Operating Income

Operating income rose year on year, stemming from the recovery in sales and efforts to control fixed costs and implement structural reforms.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Change
Sales to external customers	73.7	58.6	-20.4%
Operating income (loss)	4.3	(0.6)	—

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 cumulative consolidated third quarter of the fiscal year ended March 2020 under this new categorization for presentation herein.

Sales

In the main, demand was firm for upgrades in our traffic and road management systems business. The Public Transportation System business experienced the impact of ongoing restrained investment by customers. Our Energy System Components business also experienced weak sales of storage battery systems due to the impact of voluntary restraints on social activities. As a result, sales fell sharply compared to the same period in the prior fiscal year.

Operating Income

Despite controlled fixed costs and efforts to improve added value, operating income declined significantly year on year due to a sizable decrease in sales.

HCB (Healthcare Business)

(Billions of yen, %)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Change
Sales to external customers	85.3	92.5	+8.4%
Operating income	11.2	16.9	+50.6%

Sales

Amid the global spread of COVID-19 infections, we saw notable growth in the market for blood pressure monitors in response to the increase in attention to personal health management and disease prevention. Demand for thermometers rose sharply in Japan. Sales rose through existing online channels due to changes in purchasing habits stemming from voluntary restrictions on non-essential travel outside the home and other factors. As a result, sales increased compared to the same period in the prior fiscal year.

Operating Income

Operating income rose significantly year on year due to increased sales, control over fixed costs, and greater added value.

(2) Description of Financial Condition

1) Financial Condition

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

Total assets as of the end of the consolidated third quarter increased JPY9.1 billion compared with the end of the prior consolidated fiscal year to JPY767.2 billion. We have strengthened our global management of notes and accounts receivable-trade, collecting these balances in an orderly manner, even in the midst of COVID-19. We are maintaining inventories at an appropriate level in response to changes in demand.

Total liabilities decreased JPY22.4 billion compared with the end of the prior fiscal year, amounting to JPY203.2 billion. Net assets increased JPY31.5 billion compared to the end of the prior fiscal year to JPY564.1 billion, mainly due to the recording of net income attributable to OMRON shareholders. As a result, the OMRON Group shareholders' equity ratio was 73.2%, compared to 70.0% at the end of the prior consolidated fiscal year, indicating a strong financial footing.

2) Summary of Cash Flows

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

Cash Flows from Operating Activities

Net cash provided by operating activities was JPY62.6 billion, JPY1.2 billion higher compared to the same period in the prior fiscal year. This result was mainly due to the recording of net income and efficient management of working capital.

Cash Flows from Investing Activities

In the meantime, we exercised care in selecting capital investments necessary for future growth. We made an additional investment of JPY4.7 billion in AliveCor, Inc. in the U.S. to accelerate progress toward the vision of the cardiovascular disease business of the HCB to achieve zero incidence of cerebral and cardiovascular diseases (Zero Events). As a result of the above, net cash used in investing activities amounted to JPY17.7 billion, which was a decrease of JPY4.9 billion compared to the same period in the prior fiscal year (excluding JPY79.5 billion in proceeds from the transfer of the AEC).

Free cash flows (difference between cash flows from operating activities and cash flows from investing activities) for the current consolidated fiscal period amounted to JPY45.0 billion, JPY6.1 billion higher compared to the same period in the prior fiscal year (excluding proceeds from the transfer of the AEC).

Cash Flows from Financing Activities

Net cash used in financing activities was JPY20.4 billion, JPY9.7 billion higher compared to the same period in the prior fiscal year. This result was mainly due to dividends paid and stock buybacks designed to improve capital efficiency and provide shareholder returns.

As a result, the balance of cash and cash equivalents at the end of the consolidated third quarter amounted to JPY211.4 billion, an increase of JPY25.9 billion compared to the end of the prior consolidated fiscal year. Further, OMRON has signed commitment line agreements with financial institutions in the amount of JPY30.0 billion. Also, OMRON maintains a long-term credit rating of stable from ratings firms, reflecting our strong financial liquidity and an ability to secure capital.

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

The business environment in the fourth quarter is assumed to continue the recovery trend from the third quarter, although the situation remains uncertain under the influence of the spread of COVID-19. The IAB expects the gradual recovery in capital investment demand to continue with the resumption of investments by the global manufacturing industry, in addition to firm demand in China. The EMC expects a global recovery in both consumer and automotive sectors, particularly in the Americas and China. The SSB forecasts ongoing investment restraint in the railroad industry, even as demand for traffic and road management system upgrades remains firm. Our HCB expects continued strong demand for blood pressure monitors and thermometers due to growing health care awareness on a global basis.

Recognizing the business environment described above, the OMRON Group intends to accurately capture the recovery in demand, while also striving to continue to improve gross profit margin. As we continue to work on controlling fixed costs, we plan to implement priority investments looking toward growth in the next fiscal year and beyond.

Our full-year earnings forecast is as follows, reflecting results for the cumulative consolidated third quarter and our expectations for the fourth quarter. We have made an upward revision to our prior forecast, and we expect operating income, income before income taxes from continuing operations, and net income attributable to shareholders (reference the note below) to outperform results for the same period in the prior fiscal year. The OMRON Group has set exchange rate assumptions for the fourth quarter to USD1 = JPY105, EUR1 = JPY124, and RMB1 = JPY15.2.

(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)	620.0	40.0	35.0	24.0	118.99
Revised forecast (B)	645.0	56.0	57.0	40.0	198.32
Change (B-A)	+25.0	+16.0	+22.0	+16.0	—
Change (%)	+4.0%	+40.0%	+62.9%	+66.7%	—
(Reference) Actual results for the prior fiscal year ended 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 prior fiscal year (fiscal year ended March 31, 2020) include income from discontinued operations (including gain on sale of the Automotive Electronic Components Business (AEC)). Net income attributable to OMRON shareholders, excluding income from discontinued operations for the fiscal year ended March 31, 2020, amounted to JPY39.2 billion. Therefore, the revised earnings forecast calculated based on this figure represents a +2.1% year-on-year increase, with net income per share attributable to OMRON shareholders of JPY191.00.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of		As of	
	March 31, 2020		December 31, 2020	
ASSETS		%		%
Current assets:	447,139	59.0	455,506	59.4
Cash and cash equivalents	185,533		211,442	
Notes and accounts receivable-trade	134,786		116,520	
Allowance for doubtful receivables	(759)		(722)	
Inventories	104,301		108,527	
Assets held for sale	441		-	
Other current assets	22,837		19,739	
Property, plant and equipment:	114,526	15.1	110,638	14.4
Land	20,446		20,337	
Buildings	129,110		124,762	
Machinery and equipment	147,038		150,147	
Construction in progress	5,467		5,231	
Accumulated depreciation	(187,535)		(189,839)	
Investments and other assets:	196,459	25.9	201,068	26.2
Right-of-use assets under operating leases	30,327		26,635	
Goodwill	38,568		37,036	
Investments in and advances to affiliates	29,251		34,210	
Investment securities	25,782		33,052	
Leasehold deposits	7,486		7,537	
Deferred income taxes	37,416		35,246	
Other assets	27,629		27,352	
Total assets	758,124	100.0	767,212	100.0

(Millions of yen)

	As of		As of	
	March 31, 2020		December 31, 2020	
LIABILITIES		%		%
Current liabilities	151,299	20.0	134,065	17.5
Notes and accounts payable-trade	64,496		58,050	
Accrued expenses	37,179		32,304	
Income taxes payable	2,516		3,149	
Short-term operating lease liabilities	11,070		9,930	
Other current liabilities	36,038		30,632	
Deferred income taxes	1,717	0.2	1,700	0.2
Termination and retirement benefits	40,236	5.3	37,056	4.8
Long-term operating lease liabilities	19,820	2.6	17,662	2.3
Other long-term liabilities	12,463	1.6	12,679	1.7
Total liabilities	225,535	29.7	203,162	26.5
NET ASSETS				
Shareholders' equity	530,415	70.0	561,672	73.2
Common stock	64,100	8.5	64,100	8.4
Capital surplus	100,521	13.3	101,035	13.2
Legal reserve	20,981	2.8	22,923	3.0
Retained earnings	451,768	59.6	475,266	61.8
Accumulated other comprehensive income (loss)	(83,606)	(11.0)	(76,844)	(10.0)
Foreign currency translation adjustments	(31,408)		(26,535)	
Pension liability adjustments	(52,250)		(50,065)	
Net gains (losses) on derivative instruments	52		(244)	
Treasury stock	(23,349)	(3.2)	(24,808)	(3.2)
Noncontrolling interests	2,174	0.3	2,378	0.3
Total net assets	532,589	70.3	564,050	73.5
Total liabilities and net assets	758,124	100.0	767,212	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, 2020)

(Millions of yen)

	Nine months ended December 31, 2019		Nine months ended December 31, 2020	
		%		%
Net sales	498,301	100.0	469,570	100.0
Cost of sales	273,148	54.8	255,622	54.4
Gross profit	225,153	45.2	213,948	45.6
Selling, general and administrative expenses	150,787	30.3	139,925	29.9
Research and development expenses	34,268	6.9	31,586	6.7
Operating income	40,098	8.0	42,437	9.0
Other expenses (income), net	(2,202)	(0.5)	(4,342)	(1.0)
Income before income taxes from continuing operations	42,300	8.5	46,779	10.0
Income taxes	8,141	1.7	13,101	2.8
Equity in loss (earnings) of affiliates	1,196	0.2	(716)	(0.1)
Income from continuing operations	32,963	6.6	34,394	7.3
Income from discontinued operations	38,417	7.7	—	—
Net income	71,380	14.3	34,394	7.3
Net income attributable to noncontrolling interests	379	0.1	482	0.1
Net income attributable to OMRON shareholders	71,001	14.2	33,912	7.2

Note: Quarterly net income and quarterly net income attributable to OMRON shareholders for the cumulative consolidated third quarter of the prior fiscal year include income from discontinued operations (including gains on the sale of the AEC).

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine months ended December 31, 2020)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net income	71,380	34,394
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(14,038)	4,947
Pension liability adjustments	20,598	2,185
Net gains (losses) on derivative instruments	(402)	(296)
Other comprehensive income (loss)	6,158	6,836
Comprehensive income	77,538	41,230
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	342	556
Comprehensive income attributable to OMRON shareholders	77,196	40,674

Note: Quarterly net income for the cumulative consolidated third quarter of the prior fiscal year includes quarterly net income from discontinued operations (including gains on the sale of the AEC).

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
I. Operating Activities:		
1. Net income	71,380	34,394
2. Adjustments to reconcile net income to net cash provided by operating activities:		
(1) Depreciation and amortization	21,705	17,158
(2) Net loss (gain) on sale and disposals of property, plant and equipment	190	(586)
(3) Impairment losses on long-lived assets	28	—
(4) Gain on sale of business	(52,447)	—
(5) Net gain on valuation of investment securities	(2,479)	(6,393)
(6) Termination and retirement benefits	874	(3)
(7) Deferred income taxes	(1,018)	1,235
(8) Equity in loss (earnings) of affiliates	1,196	(716)
(9) Changes in assets and liabilities:		
(i) Decrease in notes and accounts receivable — trade	23,625	19,341
(ii) Increase in inventories	(8,564)	(3,547)
(iii) Decrease (increase) in other assets	(8,028)	3,417
(iv) Decrease in notes and accounts payable — trade	(214)	(3,770)
(v) Increase in income taxes payable	15,179	602
(vi) Increase (decrease) in accrued expenses and other current liabilities	(1,042)	541
(10) Other, net	1,027	938
Subtotal	(9,968)	28,217
Net cash provided by operating activities	61,412	62,611
II. Investing Activities:		
1. Proceeds from sale of investment securities	1,402	33
2. Purchases of investment securities	(2,200)	(828)
3. Capital expenditures	(25,108)	(16,254)
4. Net decrease (increase) in leasehold deposits	45	(51)
5. Proceeds from sale of property, plant and equipment	512	1,963
6. Increase in investments in and advances to affiliates	—	(4,975)
7. Proceeds from sale of business, net of cash paid		
(1) After transfer price adjustment	64,088	2,453
(2) Amount to be returned due to transfer price adjustment	17,856	—
8. Other, net	333	0
Net cash provided by (used in) investing activities	56,928	(17,659)
III. Financing Activities:		
1. Net increase (decrease) in short-term debt	6,521	(1,582)
2. Dividends paid by the Company	(17,250)	(16,952)
3. Dividends paid to noncontrolling interests	(162)	(352)
4. Acquisition of treasury stock	(13)	(1,463)
5. Other, net	178	(43)
Net cash used in financing activities	(10,726)	(20,392)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(9,727)	1,349
Net Increase in Cash and Cash Equivalents	97,887	25,909
Cash and Cash Equivalents at Beginning of the Period	110,250	185,533
Cash and Cash Equivalents at End of the Period	208,137	211,442
Cash and Cash Equivalents from Discontinued Operations at End of the Period (Deduct)	—	—
Cash and Cash Equivalents from Continuing Operations at End of the Period	208,137	211,442
Notes to cash flows from operating activities:		
1. Interest paid	180	92
2. Taxes paid	13,701	12,905
Notes to investing and financing activities not involving cash flow:		
1. Debt related to capital expenditures	7,419	434

Note: Consolidated statements of cash flows for the prior cumulative consolidated third 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 the depreciation method related to property, plant and equipment 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 third quarter decreased by JPY1,461 million compared to the former method, while net income attributable to OMRON shareholders and net income per share increased JPY1,089 million and JPY5.40, respectively.

(Segment Information)

Business Segment Information

Nine months ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to external customers	265,415	67,292	73,663	85,319	491,689	6,612	498,301
(2) Intersegment sales	4,020	33,617	6,832	349	44,818	(44,818)	—
Total	269,435	100,909	80,495	85,668	536,507	(38,206)	498,301
Operating expenses	228,777	100,000	76,169	74,428	479,374	(21,171)	458,203
Operating income (loss)	40,658	909	4,326	11,240	57,133	(17,035)	40,098

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 third quarter under this new categorization for presentation herein.

Nine months ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to external customers	252,886	61,831	58,634	92,474	465,825	3,745	469,570
(2) Intersegment sales	3,511	31,350	5,879	228	40,968	(40,968)	—
Total	256,397	93,181	64,513	92,702	506,793	(37,223)	469,570
Operating expenses	214,514	91,641	65,149	75,769	447,073	(19,940)	427,133
Operating income (loss)	41,883	1,540	(636)	16,933	59,720	(17,283)	42,437

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 JPY1,461 million, consisting of JPY297 million under the IAB, JPY277 million under the EMC, JPY226 million under the SSB, JPY222 million under the HCB, and JPY439 million under Eliminations & Corporate). Rather than allocate these amounts to each segment, we have posted the entire amount to Eliminations & Corporate.

Sales by Geographical Region

Nine months ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)							
Japan	103,616	16,831	73,114	18,918	212,479	5,471	217,950
Americas	24,347	10,290	—	16,306	50,943	—	50,943
Europe	53,097	11,068	—	15,902	80,067	—	80,067
Greater China	54,458	19,440	188	25,639	99,725	1,130	100,855
Southeast Asia and Others	29,727	9,523	—	8,198	47,448	—	47,448
Direct Exports	170	140	361	356	1,027	11	1,038
Total	265,415	67,292	73,663	85,319	491,689	6,612	498,301

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 third quarter under this new categorization for presentation herein.

Nine months ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(Millions of yen)

	IAB	EMC	SSB	HCB	Total	Eliminations & Corporate	Consolidated
Major Regional Markets (External Customers)							
Japan	91,114	14,928	58,447	21,871	186,360	3,392	189,752
Americas	20,615	8,906	—	17,807	47,328	—	47,328
Europe	46,186	8,988	—	16,488	71,662	—	71,662
Greater China	66,406	21,210	157	26,546	114,319	341	114,660
Southeast Asia and Others	28,505	7,706	—	9,442	45,653	—	45,653
Direct Exports	60	93	30	320	503	12	515
Total	252,886	61,831	58,634	92,474	465,825	3,745	469,570

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

3. Supplementary Information

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

(Millions of yen, %)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on- year change	Year ended March 31, 2020	Year ending March 31, 2021 (projected)	Year-on- year change
Net sales	498,301	469,570	-5.8%	677,980	645,000	-4.9%
Operating income [% of net sales]	40,098 [8.0%]	42,437 [9.0%]	+5.8% [+1.0%pt]	54,760 [8.1%]	56,000 [8.7%]	+2.3% [+0.6%pt]
Income before income taxes from continuing operations [% of net sales]	42,300 [8.5%]	46,779 [10.0%]	+10.6% [+1.5%pt]	51,836 [7.6%]	57,000 [8.8%]	+10.0% [+1.2%pt]
Net income attributable to OMRON shareholders	71,001	33,912	-52.2%	74,895	40,000	-46.6%
Net income per share attributable to OMRON shareholders (basic) (¥)	345.74	168.13	-177.61	365.26	198.32	-166.94
Total assets	800,255	767,212	-4.1%	758,124		
Shareholders' equity [Shareholders' equity ratio (%)]	570,814 [71.3%]	561,672 [73.2%]	-1.6% [+1.9%pt]	530,415 [70.0%]		
Shareholders' equity per share (¥)	2,779.59	2,785.09	+5.50	2,626.62		
Net cash provided by operating activities	61,412	62,611	+1,199	89,787		
Net cash provided (used) in investing activities	56,928	(17,659)	(74,587)	28,639		
Net cash used in financing activities	(10,726)	(20,392)	(9,666)	(29,430)		
Cash and equivalents from continuing operations at the end of the period	208,137	211,442	+3,305	185,533		

Notes: 1. 126 consolidated subsidiaries and 17 equity-method affiliates.

2. Quarterly (fiscal year) net income attributable to OMRON shareholders for the third quarter of 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 (including gains on the sale of the AEC). Quarterly (fiscal year) net income attributable to OMRON shareholders for the third quarter of 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
Third quarter, fiscal year ended March 2020 JPY32.6 billion (+4.1% compared to the third quarter of the fiscal year ending March 2021)

Fiscal year ended March 2020 JPY39.2 billion (+2.1% compared to the forecast for the fiscal year ending March 2021)

Quarterly (fiscal year) net income per share attributable to OMRON shareholders excluding quarterly (fiscal year) net income from discontinued operations
Third quarter, fiscal year ended March 2020 JPY158.67 (+JPY9.46 compared to the third quarter of the fiscal year ending March 2021)

Fiscal year ended March 2020 JPY191.00 (+JPY7.32 compared to the forecast for the fiscal year ending March 2021)

(2) Consolidated Net Sales by Business Segment

(Billions of yen)

		Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-year change (%)
IAB	Japan	103.6	91.1	-12.1%
	Americas	24.3	20.6	-15.3%
	Europe	53.1	46.2	-13.0%
	Greater China	54.5	66.4	+21.9%
	Southeast Asia and Others	29.7	28.5	-4.1%
	Direct Exports	0.2	0.1	-64.7%
	Total	265.4	252.9	-4.7%
EMC	Japan	16.8	14.9	-11.3%
	Americas	10.3	8.9	-13.4%
	Europe	11.1	9.0	-18.8%
	Greater China	19.4	21.2	+9.1%
	Southeast Asia and Others	9.5	7.7	-19.1%
	Direct Exports	0.1	0.1	-33.6%
	Total	67.3	61.8	-8.1%
SSB	Japan	73.1	58.4	-20.1%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	0.2	0.2	-16.5%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.4	0.0	-91.7%
	Total	73.7	58.6	-20.4%
HCB	Japan	18.9	21.9	+15.6%
	Americas	16.3	17.8	+9.2%
	Europe	15.9	16.5	+3.7%
	Greater China	25.6	26.5	+3.5%
	Southeast Asia and Others	8.2	9.4	+15.2%
	Direct Exports	0.4	0.3	-10.1%
	Total	85.3	92.5	+8.4%
Eliminations & Corporate	Japan	5.5	3.4	-38.0%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	1.1	0.3	-69.8%
	Southeast Asia and Others	—	—	—
	Direct Exports	0.0	0.0	+9.1%
	Total	6.6	3.7	-43.4%
Total	Japan	218.0	189.8	-12.9%
	Americas	50.9	47.3	-7.1%
	Europe	80.1	71.7	-10.5%
	Greater China	100.9	114.7	+13.7%
	Southeast Asia and Others	47.4	45.7	-3.8%
	Direct Exports	1.0	0.5	-50.4%
	Total	498.3	469.6	-5.8%

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 third 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)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-year change (%)
IAB	40.7	41.9	+3.0%
EMC	0.9	1.5	+69.4%
SSB	4.3	(0.6)	—
HCB	11.2	16.9	+50.6%
Eliminations & Corporate	(17.0)	(17.3)	—
Total	40.1	42.4	+5.8%

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 third 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)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Year-on-year change
USD	109.1	106.2	-2.9
EUR	121.3	121.8	+0.5
RMB	15.7	15.3	-0.4

(5) Projected Consolidated Net Sales by Business Segment

(Billions of yen)

	Year ended March 31, 2020	Year ending March 31, 2021	Year-on-year change (%)
IAB	352.8	340.0	-3.6%
EMC	88.4	84.0	-4.9%
SSB	116.0	93.0	-19.8%
HCB	112.0	122.0	+8.9%
Eliminations & Corporate	8.9	6.0	-32.2%
Total	678.0	645.0	-4.9%

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, 2020	Year ending March 31, 2021	Year-on-year change (%)
IAB	53.6	55.0	+2.6%
EMC	0.9	2.5	+172.3%
SSB	10.9	5.0	-53.9%
HCB	13.5	20.0	+48.0%
Eliminations & Corporate	(24.1)	(26.5)	—
Total	54.8	56.0	+2.3%

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, 2020	Year ending March 31, 2021	Year-on-year change
USD	109.1	105.9	-3.2
EUR	121.2	122.4	+1.2
RMB	15.7	15.3	-0.4