



Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (U.S. GAAP)

October 26, 2022

OMRON Corporation (6645)

Exchanges Listed:	Tokyo
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Filing of Quarterly Securities Report (<i>Shihanki hokokusho</i>) (scheduled):	November 11, 2022
Start of Distribution of Dividends (scheduled):	December 2, 2022
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 October 26)

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 Second Quarter of the Fiscal Year Ending March 31, 2023

(April 1, 2022 – September 30, 2022)

(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	%
Six months ended								
September 30, 2022	404,418	9.5	41,613	(9.0)	38,919	(15.8)	27,875	(14.3)
September 30, 2021	369,351	22.6	45,727	85.0	46,217	75.7	32,531	69.5

Note: Comprehensive income: Six months ended September 30, 2022: 67,880 million yen (62.8% change);
Six months ended September 30, 2021: 41,691 million yen (89.7% change)

	Net income per share attributable to shareholders, basic	Net income per share attributable to shareholders, diluted
Six months ended	Yen	Yen
September 30, 2022	139.81	—
September 30, 2021	161.22	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity	Shareholders' equity ratio
	Million yen	Million yen	Million yen	%
September 30, 2022	969,489	721,059	718,639	74.1
March 31, 2022	930,629	667,971	665,227	71.5

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, 2022	—	46.00	—	46.00	92.00
Fiscal year ending March 31, 2023	—	49.00			
Fiscal year ending March 31, 2023 (projected)			—	49.00	98.00

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

The Company has decided to pay an interim dividend of 49.00 yen per share for the fiscal year ending March 31, 2023. The amount had been undetermined previously. In addition, the Company has not changed the annual dividend forecast, including the year-end dividend. For more, see *1. Qualitative Information on Quarterly Financial Results (3) Determination of Dividends (Interim Dividend) and Revision of Year-End Dividend Forecast* on P.8-9 in the attached materials.

3. Projected Results for the Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	880,000	15.3	95,000	6.4	90,000	3.8	64,500	5.0	323.83

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.5-7 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): 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

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

September 30, 2022	206,244,872	Year ended March 31, 2022	206,244,872
September 30, 2022	7,290,957	Year ended March 31, 2022	7,053,647
Six months ended September 30, 2022	199,374,241	Six months ended September 30, 2021	201,780,168

[2] Treasury stock at period-end

[3] Average number of shares during the period (quarterly cumulative)

Note: As of the end of the consolidated first six months of the fiscal year ending March 31, 2023, 600,208 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.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 plans to hold a presentation for investors and information session via online streaming and teleconference on Wednesday, October 26, 2022.

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

*In connection with the start of our long-term vision beginning April 2022, the name of EMC: Electronic and Mechanical Components Business changed to DMB: Devices & Module Solutions Business beginning with the fiscal year ending March 31, 2023. The new segments are used in these financial statements for consistency.

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1. Qualitative Information on Quarterly Financial Results

(1) Description of Results of Operations

General Overview

OMRON Group sales increased year on year for the cumulative consolidated second quarter (April through September). Sales in the first quarter (April through June) were impacted significantly by the Shanghai lockdowns, mainly in the Industrial Automation Business. However, sales increased year on year for the second quarter (July through September) due to a recovery in production and the rapid ramp-up of supply capacity to respond to heavy order backlogs.

While we continued to optimize prices and otherwise improve added value ratios across the company, gross profit margin declined year on year due to the impact of lower capacity utilization rates at our main plant in the Industrial Automation Business and higher material prices in the first quarter. At the same time, we continued to be active in investing for future growth to achieve the goals of our medium-term management plan (SF 1st Stage).

As a result of the preceding, operating income decreased year on year; however, the scale of decrease narrowed from -54% in the first quarter to -9%.

Consolidated results for the cumulative consolidated second quarter of fiscal 2022 were as follows.

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

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Net sales	369.4	404.4	+9.5%
Gross profit [% of net sales]	170.6 [46.2%]	181.4 [44.9%]	+6.4% [-1.3%pt]
Operating income [% of net sales]	45.7 [12.4%]	41.6 [10.3%]	-9.0% [-2.1%pt]
Income before income taxes	46.2	38.9	-15.8%
Net income attributable to OMRON shareholders	32.5	27.9	-14.3%
Average USD exchange rate (Yen)	109.9	131.6	+21.7
Average EUR exchange rate (Yen)	131.1	138.2	+7.1
Average CNY exchange rate (Yen)	17.0	19.7	+2.7

Results by Business Segment

IAB (Industrial Automation Business)

(Billions of yen, %)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Sales to external customers	206.5	230.1	+11.4%
Operating income	40.1	39.1	-2.4%

Note: Due to a revision of business management classifications, certain businesses of the IAB are included in the DMB business segment for disclosure beginning with the fiscal year ending March 31, 2023. Accordingly, the Company reclassified results for the fiscal year ended March 31, 2022, under this new categorization for presentation herein.

Sales

Although we saw signs of a slowdown in capital investment trends related to the manufacturing industry, demand for semiconductor production equipment, electric vehicles (EVs), and rechargeable batteries, which are our focus areas, remained steady.

Under these circumstances, first quarter performance was impacted significantly by a decline in capacity utilization at our main plant due to the Shanghai lockdowns. However, in the second quarter, in addition to a recovery in production, we accelerated efforts to strengthen supply capacity against the backdrop of a heavy order backlog. As a result, sales for the cumulative consolidated second quarter rose significantly year on year.

Operating Income

Although sales remained steady, operating income declined year on year due to the impact of lower factory utilization in the first quarter, as well as soaring material costs, logistics costs, and continued investments in growth.

HCB (Healthcare Business)

(Billions of yen, %)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Sales to external customers	67.7	68.1	+0.6%
Operating income	12.1	8.3	-31.5%

Sales

Health consciousness continues to grow globally, however, demand for blood pressure monitors and other healthcare equipment slowed due to declining consumer confidence mainly in North America and Europe due to the impact of inflation. Activity among Chinese consumers declined in connection with the impact of closed sales outlets and stagnant distribution networks caused by restrictions on activities in various cities under the zero-Covid policy.

As a result, sales remained flat year on year, despite the positive factor of increased foreign exchange impact.

Operating Income

While sales was level year on year, operating income decreased significantly due to the impact of soaring parts costs and other factors.

SSB (Social Systems, Solutions and Service Business)

(Billions of yen, %)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Sales to external customers	35.0	36.6	+4.5%
Operating income (loss)	(1.4)	(1.4)	—

Sales

The Energy Solutions Business continued to experience firm demand for renewable energy-related solutions, mainly products for captive consumption. In connection with a recovery in the number of railway users, the Public Transportation System Business saw major customers resuming certain upgrade investments which they had been delaying.

As a result, sales increased year on year.

Operating Income

In addition to the increase in sales, we continued efforts to optimize prices; however, operating income was flat year on year, due in part to certain foreign currency-denominated purchases

DMB (Devices & Module Solutions Business)

(Billions of yen, %)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change
Sales to external customers	58.5	68.6	+17.3%
Operating income	4.8	8.1	+68.0%

Note: Due to a revision of business management classifications, certain businesses of the IAB are included in the DMB business segment for disclosure beginning with the fiscal year ending March 31, 2023. Accordingly, the Company reclassified results for the fiscal year ended March 31, 2022 under this new categorization for presentation herein.

Sales

Demand for consumer industry components remained firm on a global basis overall. In particular, sales were strong for solar power, storage battery-related products, and semiconductor inspection equipment, focus areas for our company.

We continue to strengthen our supply capacity in response to this rising demand, which resulted in a significant increase in sales year on year.

Operating Income

Despite the impact of soaring raw material prices and other factors, operating income increased significantly year on year, mainly due to a significant increase in sales, as well as efforts to optimize prices and improve productivity.

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

We expect the business environment surrounding the OMRON Group to increase uncertainty in the third quarter and beyond against the backdrop of a global economic slowdown. Given this business environment, the OMRON Group expects both net sales and operating income for the year to increase over our prior forecasts in response to our efforts to improve gross profit margin by strengthening supply capacity to meet heavy order backlog in the Industrial Automation Business and Devices & Module Solutions Business, in addition to company-wide price optimization. Foreign exchange impact will also have a positive effect on performance.

In light of these circumstances, we revised our full-year consolidated performance forecast upward from the forecast announced previously (April 26, 2022). We have set exchange rate assumptions for the third quarter and beyond to USD1 = JPY140.0, EUR1 = JPY140.0, and CNY1 = JPY20.0.

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

- Industrial Automation Business: While overall demand for capital investment is slowing, demand for semiconductors, EVs, rechargeable batteries, etc., will remain strong
- Healthcare Business: Demand for blood pressure monitors and other healthcare equipment will experience stagnation temporarily
- Social Systems, Solutions and Service Business: Energy management-related demand will be steady, as demand for public transportation recovers
- Devices & Module Solutions Business: Demand in the consumer industry will decelerate; demand will be firm in connection with EVs, semiconductor inspection equipment, etc.

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, 2022	(Reference) Year-on-year change
Net sales	850.0	880.0	+30.0 [+3.5%]	762.9	+15.3%
Gross profit %	45.6%	45.1%	-0.5%pt	45.5%	[-0.4%pt]
Operating income	93.0	95.0	+2.0 [+2.2%]	89.3	+6.4%
Income before income taxes	89.0	90.0	+1.0 [+1.1%]	86.7	+3.8%
Net income attributable to OMRON shareholders	63.0	64.5	+1.5 [+2.4%]	61.4	+5.0%
Net income per share attributable to OMRON shareholders (Yen)	316.28	323.83	+7.55	305.65	[+18.17]
Average USD exchange rate (Yen)	121.0	135.8	+14.8	112.1	+23.7
Average EUR exchange rate (Yen)	133.0	139.1	+6.1	130.5	+8.6
Average CNY exchange rate (Yen)	19.0	19.9	+0.9	17.4	+2.4

Note: Full-year average rate based on historical rates for the first half and assumed exchange rates for the third quarter and later.

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, 2022	(Reference) Year-on-year change
IAB	Sales to external customers	483.0	503.0	+20.0 [+4.1%]	418.1	+20.3%
	Operating income (loss)	90.0	93.0	+3.0 [+3.3%]	76.3	+22.0%
HCB	Sales to external customers	154.0	143.0	(11.0) [-7.1%]	132.9	+7.6%
	Operating income (loss)	20.0	15.0	(5.0) [-25.0%]	18.5	-19.1%
SSB	Sales to external customers	92.0	96.0	+4.0 [+4.3%]	87.7	+9.5%
	Operating income (loss)	6.5	5.0	(1.5) [-23.1%]	6.5	-23.1%
DMB	Sales to external customers	128.0	135.0	+7.0 [+5.5%]	121.0	+11.6%
	Operating income (loss)	10.5	12.0	+1.5 [+14.3%]	10.1	+19.0%
Eliminations & Corporate	Sales to external customers	3.0	3.0	—	3.3	-9.1%
	Operating income (loss)	(30.0)	(30.0)	—	(22.1)	—
Risk of fluctuations in group-wide performance	Sales to external customers	(10.0)	—	+10.0	—	—
	Operating income (loss)	(4.0)	—	+4.0	—	—
Consolidated	Sales to external customers	850.0	880.0	+30.0 [+3.5%]	762.9	+15.3%
	Operating income (loss)	93.0	95.0	+2.0 [+2.2%]	89.3	+6.4%

Note: Due to a revision of business management classifications, certain businesses of the IAB are included in the DMB business segment for disclosure beginning with the fiscal year ending March 31, 2023. Accordingly, the Company reclassified results for the fiscal year ended March 31, 2022 under this new categorization for presentation herein.

(3) Determination of Dividends (Interim Dividend) and Revision of Year-End Dividend Forecast

At a meeting held today (October 26, 2022) the OMRON Corporation board of directors resolved to approve a dividend from surplus (interim dividend) with a record date of September 30, 2022. The board also resolved to revise the year-end dividend forecast for the fiscal year ending March 31, 2023.

Determination of Dividends (Interim Dividend)

	Amount	Previous forecast (announced April 26, 2022)	Actual results for the prior fiscal year ended March 31, 2022
Dividend record date	September 30, 2022	September 30, 2022	September 30, 2021
Dividends per share	49.00 yen	—	46.00 yen
Total dividends	9,778 million yen	—	9,312 million yen
Effective date	December 2, 2022	—	December 2, 2021
Source of dividends	Retained earnings	—	Retained earnings

Revision of Year-End Dividend Forecast

	Dividends per share		
	Interim	Year-end	Full-year
Dividend record date			
Previous forecast (announced April 26, 2022)	—	—	98.00 yen
Revised forecast	—	49.00 yen	98.00 yen
Fiscal 2022 actual (ending March 31, 2023)	49.00 yen	—	—
Fiscal 2021 actual (ended March 31, 2022)	46.00 yen	46.00 yen	92.00 yen

Reasons for Revision

In line with our cash allocation policy and shareholder return policy, the annual dividend forecast will remain unchanged from the initial forecast of 98.00 yen. Our forecasts of interim dividends and year-end dividends are 49.00 yen per share, respectively, each representing half of our full-year dividend forecast. These amounts are a 3.00 yen per share increase year on year.

Cash Allocation Policy

- (1) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investment to create new value from a medium- and long-term perspective. During SF 1st Stage, priority will be placed on investments in human resources and R&D to solve social issues and innovate driven by social needs; capital investments in production capacity increases and digital transformation (DX); investment in growth initiatives such as M&A&A (merger, acquisition, and alliance); and investment in sustainability initiatives such as decarbonization, reduction of environmental impacts, and respect for human rights in the value chain. On this basis, OMRON will return profits to shareholders in a stable and sustainable manner.
- (2) Such investment for value creation and shareholder returns will be, in principle, sourced from internal reserves and operating cash flows that are generated continually, with appropriate financing facilities used as necessary. We will maintain a degree of financial soundness that allows us to seek financing regardless of the current financial situation.

Shareholder Return Policy

- (1) With priority being placed on the investment necessary for value creation over the medium and long term, annual dividends will be based on “dividends on equity (DOE) of around 3%.” Taking past dividend payments also into account, we intend to ensure stable and sustainable shareholder returns.

- (2) After making the above investments and distributing profit to shareholders, OMRON will distribute retained earnings accumulated over the long term to its shareholders through strategic share buybacks and other measures.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022		As of September 30, 2022	
		%		%
ASSETS				
Current assets:	482,905	51.9	490,618	50.6
Cash and cash equivalents	155,484		123,917	
Notes and accounts receivable-trade	151,820		146,063	
Allowance for doubtful receivables	(798)		(934)	
Inventories	141,935		183,180	
Assets held for sale	363		4	
Other current assets	34,101		38,388	
Property, plant and equipment, net:	122,098	13.1	124,053	12.8
Investments and other assets:	325,626	35.0	354,818	36.6
Right-of-use assets under operating leases	39,746		39,641	
Goodwill	39,718		46,435	
Investments in and advances to affiliates	124,691		135,129	
Investment securities	43,757		42,450	
Leasehold deposits	7,815		8,019	
Prepaid benefit cost	14,391		14,453	
Deferred income taxes	18,116		23,788	
Other assets	37,392		44,903	
Total assets	930,629	100.0	969,489	100.0

(Millions of yen)

	As of March 31, 2022		As of September 30, 2022	
		%		%
LIABILITIES				
Current liabilities	211,672	22.7	201,722	20.8
Notes and accounts payable-trade	86,827		98,649	
Short-term debt	20,000		—	
Accrued expenses	48,365		48,533	
Income taxes payable	5,657		5,186	
Short-term operating lease liabilities	11,549		11,254	
Other current liabilities	39,274		38,100	
Deferred income taxes	2,177	0.2	2,229	0.2
Termination and retirement benefits	8,194	0.9	3,647	0.4
Long-term operating lease liabilities	28,567	3.1	28,512	2.9
Other long-term liabilities	12,048	1.3	12,320	1.3
Total liabilities	262,658	28.2	248,430	25.6
NET ASSETS				
Shareholders' equity	665,227	71.5	718,639	74.1
Common stock	64,100	6.9	64,100	6.6
Capital surplus	100,652	10.8	97,818	10.1
Legal reserve	24,503	2.6	28,249	2.9
Retained earnings	517,566	55.6	531,946	54.9
Accumulated other comprehensive income (loss)	13,013	1.4	52,618	5.4
Foreign currency translation adjustments	33,908		69,361	
Pension liability adjustments	(19,930)		(16,688)	
Net gains (losses) on derivative instruments	(965)		(55)	
Treasury stock	(54,607)	(5.8)	(56,092)	(5.8)
Noncontrolling interests	2,744	0.3	2,420	0.3
Total net assets	667,971	71.8	721,059	74.4
Total liabilities and net assets	930,629	100.0	969,489	100.0

**(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated
Statements of Comprehensive Income**
(Quarterly Consolidated Statements of Operations)
(Six months ended September 30, 2022)

(Millions of yen)

	Six months ended September 30, 2021		Six months ended September 30, 2022	
		%		%
Net sales	369,351	100.0	404,418	100.0
Cost of sales	198,755	53.8	222,986	55.1
Gross profit	170,596	46.2	181,432	44.9
Selling, general and administrative expenses	102,846	27.8	115,995	28.7
Research and development expenses	22,023	6.0	23,824	5.9
Operating income	45,727	12.4	41,613	10.3
Other expenses (income), net	(490)	(0.1)	2,694	0.7
Income before income taxes	46,217	12.5	38,919	9.6
Income taxes	12,500	3.4	10,346	2.5
Equity in loss of affiliates	862	0.2	417	0.1
Net income	32,855	8.9	28,156	7.0
Net income attributable to noncontrolling interests	324	0.1	281	0.1
Net income attributable to OMRON shareholders	32,531	8.8	27,875	6.9

(Quarterly Consolidated Statements of Comprehensive Income)**(Six months ended September 30, 2022)**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	32,855	28,156
Other comprehensive income, net of tax		
Foreign currency translation adjustments	7,178	35,572
Pension liability adjustments	1,364	3,242
Net gains (losses) on derivative instruments	294	910
Other comprehensive income	8,836	39,724
Comprehensive income	41,691	67,880
(Breakdown)		
Comprehensive income attributable to noncontrolling interests	330	400
Comprehensive income attributable to OMRON shareholders	41,361	67,480

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021		Six months ended September 30, 2022	
I Operating Activities:				
1. Net income		32,855		28,156
2. Adjustments to reconcile net income to net cash provided by operating activities:				
(1) Depreciation and amortization	11,529		13,012	
(2) Decrease in notes and accounts receivable-trade	9,678		13,057	
(3) Increase in inventories	(11,631)		(32,049)	
(4) Increase in notes and accounts payable-trade	1,582		9,513	
(5) Others, net	(4,763)	6,395	(12,635)	(9,102)
Net cash provided by operating activities		39,250		19,054
II Investing Activities:				
1. Purchases of investment securities		(872)		(1,092)
2. Capital expenditures		(11,803)		(17,746)
3. Proceeds from sale of property, plant and equipment		412		1,330
4. Increase in investments in and loans to affiliates, net		(226)		(9,981)
5. Other, net		51		(204)
Net cash used in investing activities		(12,438)		(27,693)
(Reference) Free cash flows		26,812		(8,639)
III Financing Activities:				
1. Net decrease in net borrowings of short-term debt		—		(20,000)
2. Dividends paid by the Company		(8,470)		(9,163)
3. Acquisition of treasury stock		(1,413)		(5,488)
4. Other, net		(479)		14
Net cash used in financing activities		(10,362)		(34,637)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents		8,160		11,709
Cash and cash equivalents included in assets held for sale		(1,371)		—
Net increase (decrease) in cash and cash equivalents		23,239		(31,567)
Cash and cash equivalents at beginning of the period		250,755		155,484
Cash and cash equivalents at end of the period		273,994		123,917

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

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

None applicable

(Segment Information)
Business Segment Information

(Millions of yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
IAB	Sales to external customers	206,513	230,146	111.4%
	Intersegment sales	3,049	3,400	111.5%
	Total net sales	209,562	233,546	111.4%
	Operating expenses	169,469	194,401	114.7%
	Operating income (loss)	40,093	39,145	97.6%
HCB	Sales to external customers	67,682	68,080	100.6%
	Intersegment sales	62	118	190.3%
	Total net sales	67,744	68,198	100.7%
	Operating expenses	55,655	59,916	107.7%
	Operating income (loss)	12,089	8,282	68.5%
SSB	Sales to external customers	34,999	36,585	104.5%
	Intersegment sales	4,664	5,774	123.8%
	Total net sales	39,663	42,359	106.8%
	Operating expenses	41,111	43,763	106.5%
	Operating income (loss)	(1,448)	(1,404)	—
DMB	Sales to external customers	58,512	68,630	117.3%
	Intersegment sales	20,486	25,066	122.4%
	Total net sales	78,998	93,696	118.6%
	Operating expenses	74,200	85,635	115.4%
	Operating income (loss)	4,798	8,061	168.0%
Eliminations & Corporate	Sales to external customers	1,645	977	59.4%
	Intersegment sales	(28,261)	(34,358)	—
	Total net sales	(26,616)	(33,381)	—
	Operating expenses	(16,811)	(20,910)	—
	Operating income (loss)	(9,805)	(12,471)	—
Consolidated	Sales to external customers	369,351	404,418	109.5%
	Intersegment sales	—	—	—
	Total net sales	369,351	404,418	109.5%
	Operating expenses	323,624	362,805	112.1%
	Operating income (loss)	45,727	41,613	91.0%

Note: Due to a revision of business management classifications, certain businesses of the IAB are included in the DMB business segment for disclosure beginning with the fiscal year ending March 31, 2023. Accordingly, the Company reclassified results for the fiscal year ended March 31, 2022 under this new categorization for presentation herein.

Sales by Geographical Region

(Millions of yen)

		Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
IAB	Japan	64,861	67,743	104.4%
	Americas	17,392	25,631	147.4%
	Europe	40,502	41,448	102.3%
	Greater China	60,708	68,936	113.6%
	Southeast Asia and Others	23,035	26,377	114.5%
	Direct Exports	15	11	73.3%
	Total	206,513	230,146	111.4%
HCB	Japan	14,358	12,624	87.9%
	Americas	12,396	13,750	110.9%
	Europe	10,978	10,130	92.3%
	Greater China	22,065	22,291	101.0%
	Southeast Asia and Others	7,644	8,955	117.2%
	Direct Exports	241	330	136.9%
	Total	67,682	68,080	100.6%
SSB	Japan	34,927	36,572	104.7%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	60	2	3.3%
	Southeast Asia and Others	—	—	—
	Direct Exports	12	11	91.7%
	Total	34,999	36,585	104.5%
DMB	Japan	17,288	19,692	113.9%
	Americas	8,058	11,507	142.8%
	Europe	7,723	8,923	115.5%
	Greater China	18,161	19,922	109.7%
	Southeast Asia and Others	7,205	8,529	118.4%
	Direct Exports	77	57	74.0%
	Total	58,512	68,630	117.3%
Eliminations & Corporate	Japan	1,645	977	59.4%
	Americas	—	—	—
	Europe	—	—	—
	Greater China	—	—	—
	Southeast Asia and Others	—	—	—
	Direct Exports	0	0	—
	Total	1,645	977	59.4%
Consolidated	Japan	133,079	137,608	103.4%
	Americas	37,846	50,888	134.5%
	Europe	59,203	60,501	102.2%
	Greater China	100,994	111,151	110.1%
	Southeast Asia and Others	37,884	43,861	115.8%
	Direct Exports	345	409	118.6%
	Total	369,351	404,418	109.5%

Note 1: Due to a revision of business management classifications, certain businesses of the IAB is included in the DMB business segment for disclosure beginning with the fiscal year ending March 31, 2023. Accordingly, the Company reclassified results for the fiscal year ended March 2022 31, under this new categorization for presentation herein.

Note 2: 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