

Financial Results

Consolidated Earnings

During fiscal 2020, we began operating under an emergency response mode due to the COVID-19 pandemic, placing our highest priorities on preventing the spread of infection and on business continuity. The business environment surrounding the OMRON Group continued to present challenges due to the impact of the spread of COVID-19, beginning at the end of the previous fiscal year. However, demand recovered globally through the second half of the fiscal year, driven by China. In this environment, the Group demonstrated its responsiveness to changes, which it had cultivated over the years, while it accurately seized business opportunities in an opportunistic manner. As a result, net sales declined slightly to ¥655.5 billion, down 3.3% from the prior fiscal year. In addition, gross profit margin rose to a record high of 45.5%, up 0.7 points from the prior fiscal year, despite the challenging business environment presented by the COVID-19 crisis, reflecting the results of Solution oriented sales, variable cost reductions and other efforts we have pursued for some time. Further, operating income increased significantly to ¥62.5 billion, up 14.1% from the prior fiscal year, as a result of implementing fixed cost reductions on a scale of ¥20.0 billion a year.

Consolidated Statements of Income

Net Sales

OMRON Group net sales for fiscal 2020 amounted to ¥655.5 billion, down 3.3% from the prior fiscal year. Our Industrial Automation Business (IAB) and Electronic and Mechanical Components Business (EMC) recorded lower sales compared to the prior fiscal year due to the impact of the spread of COVID-19 during the first half of the fiscal year, despite a recovery over the second half of the fiscal year by accurately capturing changes in demand. Sales of the Social Systems, Solutions and Service Business (SSB) fell significantly compared to the prior fiscal year as a result of ongoing restrained investment by customers associated with our Public Transportation (Automated Ticket Gates, Ticket Vending Machines) Systems. In the Healthcare Business (HCB), global demand for blood pressure monitors and thermometers rose in response to rising awareness of health management among consumers. As a result of our quick response to these rising demands, net sales increased significantly compared to the prior fiscal year.





Gross Profit Margin, SG&A Expenses, and R&D Expenses

Gross profit margin rose to a record high of 45.5%, up 0.7 points from the prior fiscal year, despite the challenging business environment presented by the COVID-19 crisis, reflecting the results of Solution oriented sales, variable cost reductions and other efforts we have pursued for some time. Selling, general and administrative expenses were down ¥10.3 billion to ¥192.7 billion, mainly due to company-wide efforts to control and reduce fixed costs. Research and development expenses fell ¥2.8 billion year on year to ¥43.2 billion, mainly due to detailed selection in research and development projects.

Operating Income and Net Income Attributable to OMRON Shareholders

OMRON Group operating income for the year was ¥62.5 billion (14.1% increase), while our operating income margin was 9.5% (1.5 points increase), due to significantly improved gross profit margin and implementing fixed cost reductions on a scale of ¥20.0 billion a year. Net income attributable to OMRON shareholders came in at ¥43.3 billion (42.2% decrease). Net income attributable to OMRON shareholders of ¥74.9 billion for the prior fiscal year included net income from discontinued operations including gain on sale of the Automotive Electronic Components Business. Excluding this effect, the change in net income attributable to OMRON shareholders was an increase of 10.6% year on year.

Fiscal 2020 in Review

Net sales ¥655.5 billion YoY -3.3% 	Gross profit margin 45.5% YoY +0.7%pt 
Operating income ¥62.5 billion YoY +14.1% 	Net income attributable to OMRON shareholders ¥43.3 billion YoY -42.2% 
Average exchange rate during the period	
USD ¥105.8	EUR ¥123.2
RMB ¥15.5	

Results of Each Business Segment

Industrial Automation Business (IAB)

During fiscal 2020, in the automotive industry, the IAB continued to face challenging conditions due to production cutbacks and revised investments due to the impact of the spread of COVID-19. Meanwhile, capital expenditure for semiconductors and rechargeable batteries in the digital industry became active, and particularly in China, demand for capital expenditure continued to be strong. In addition, demand for capital expenditure in connection with masks and other products related to measures against COVID-19 grew globally. We leveraged local sales and systems engineering human resources which we have been strengthening, to accurately capture these rising demands, leading to a recovery in net sales over the second half of the fiscal year. However, net sales for the fiscal year were lower year on year. While net sales decreased year on year, operating income increased due to our actions to increase added value and control fixed costs. As a result, net sales for fiscal 2020 totaled ¥346.4 billion, down 1.8% from the prior fiscal year, and operating income totaled ¥58.8 billion, up 9.7% from the prior fiscal year.

Electronic and Mechanical Components Business (EMC)

During fiscal 2020, demand declined significantly at the beginning of the fiscal year due to the impact of lockdowns under COVID-19 crisis. The decline in demand reached a low point in the second quarter as customers resumed production and sales activities. Since then, demand has been on a recovery track globally, most notably in China. In addition to responding quickly to these changes in demand, we launched new products in focused markets such as power tools and PC peripherals, where demand increased due to the COVID-19 crisis. As a result, while net sales in the second half of the fiscal year recovered to the level on par with the same period in the prior fiscal year, net sales for the fiscal year were lower year on year due to the significant impact of the decline in sales at the beginning of the fiscal year. Operating income rose significantly year on year, owing to our efforts to control fixed costs and implement structural reforms, in addition to the recovery in net sales. As a result, net sales to external customers for fiscal 2020 totaled ¥86.0 billion, down 2.6% from the prior fiscal year, and operating income totaled ¥3.0 billion, up 222.7% from the prior fiscal year.

Social Systems, Solutions and Service Business (SSB)

During fiscal 2020, demand was firm for upgrades in our Traffic and Road Management Systems Business. Meanwhile, the Public Transportation Systems Business experienced the impact of ongoing restrained investment by customers. Our Energy Solutions Business also experienced weak sales of storage battery systems due to the impact of voluntary restraints on social activities. As a result, net sales fell sharply compared to the prior fiscal year. Despite efforts to control fixed costs and improve added value, operating profit declined significantly compared to the prior fiscal year due to a sizable decrease in net sales. As a result, net sales for fiscal 2020 totaled ¥95.7 billion, down 17.5% from the prior fiscal year, and operating income totaled ¥5.7 billion, down 47.5% from the prior fiscal year.

Healthcare Business (HCB)

During fiscal 2020, global demand for blood pressure monitors and thermometers rose in response to rising awareness of health management among consumers in response to the spread of COVID-19. In addition, the impact of lockdowns and curfews further accelerated the shift of consumer purchasing behavior to the online market. In response to these changes in demand, we strengthened our product supply capacity by quickly establishing a system to increase production. We also strengthened sales activities through online channels. These efforts combined led to a significant increase in net sales compared to the prior fiscal year. Operating income rose significantly compared to the prior fiscal year due to a large increase in net sales, as well as our actions to control fixed costs and increase added value. As a result, net sales for fiscal 2020 totaled ¥123.1 billion, up 9.9% from the prior fiscal year, and operating income totaled ¥20.6 billion, up 52.3% from the prior fiscal year.

Review of Financial Condition

OMRON Group continued to invest actively in sustainable corporate value improvements and conduct ROIC management focused on capital efficiency. Total assets at the end of fiscal 2020 amounted to ¥820.4 billion, an increase of ¥62.3 billion compared to the end of the prior fiscal year, mainly due to an increase in cash and cash equivalents. Total liabilities decreased ¥14.5 billion to ¥211.0 billion, mainly due to a decrease in reserve for termination and retirement benefits stemming from improved investment performance results in our corporate pension plan. Total net assets increased ¥76.8 billion compared to the end of the prior fiscal year to ¥609.4 billion, mainly due to the recording of net income attributable to OMRON shareholders. Shareholders' equity increased ¥76.5 billion compared to the end of the prior fiscal year to ¥606.9 billion. As a result, our shareholders' equity ratio was 74.0%, compared to 70.0% at the end of the prior fiscal year, maintaining a strong financial footing. Further, ROE (return on equity) and ROIC (return on invested capital), two important financial indicators, have remained above our expected cost of capital of 6%.

Capital Expenditures

During fiscal 2020, we strictly selected essential capital expenditure, including enhancement of production equipment and base investments with the aim of creating future growth, as well as the renewal of IT infrastructure. As a result, total capital investments of ¥24.0 billion were made, representing a 27.6% decrease compared to the prior fiscal year.

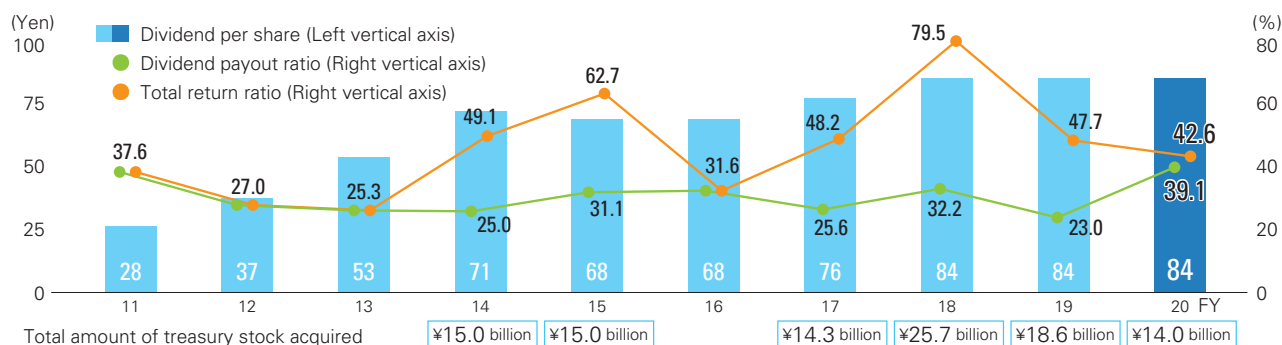
Cash Flows

Net cash provided by operating activities amounted to ¥93.8 billion, an increase in cash provided of ¥4.0 billion compared to the prior fiscal year. This result was mainly due to the recording of net income, as well as decreases in notes and accounts receivable-trade and inventories, as a result of having secured sufficient funds on hand in each area globally to prepare for sudden changes in business environment and conducted business operations with strengthened management of working capital such as notes and accounts receivable-trade and inventories. Net cash used in investing activities was ¥14.8 billion, mainly due to an additional investment in AliveCor, Inc. in the U.S. in the Healthcare Business (HCB) and the transfer of all shares of Hitachi-OMRON Terminal Solutions, Corp., an equity method affiliate. (When excluding net proceeds from sale and acquisition of businesses, etc. of ¥10.3 billion, net cash used in investing activities was ¥25.1 billion, a decrease in cash used of ¥8.5 billion compared to the prior fiscal year.) Free cash flows amounted to ¥79.0 billion, a decrease of ¥39.4 billion compared to the prior fiscal year (when excluding net proceeds from sale and acquisition of businesses, etc., an increase of ¥12.5 billion compared to the prior fiscal year). Net cash used in financing activities was ¥20.4 billion, a decrease in net cash used of ¥9.1 billion compared to the prior fiscal year. This result was mainly due to dividends paid. In addition to the preceding, changes in foreign currency translation were factors having an impact on cash and cash equivalents. As a result, the balance of cash and cash equivalents at March 31, 2021 amounted to ¥250.8 billion, an increase of ¥65.2 billion compared to the end of the prior consolidated fiscal year.

Dividend Policy

Our basic policy for profit distribution is to aim for sustainable corporate value growth, and thus OMRON prioritizes investment necessary for future business expansion. These investments include research and development, capital investments, mergers and acquisitions, and other investments for future growth. Having secured internal reserves, the Company makes decisions regarding ongoing profit distribution to shareholders in consideration of capital efficiency. The Company has established and applied a guideline of approximately 30% in payout ratio and approximately 3% of DOE for the periods covered by the VG2.0 medium-term management plan. Our full-year dividend for fiscal 2020 was ¥84 per share, in view of business performance, DOE standards and past dividend levels, in order to secure stable and continuous dividends. As a result, our dividend payout ratio was 39.1%, and our dividend on equity ratio (DOE) was 3.0%.

Changes in Shareholder Returns



Outlook for Fiscal 2021

Fiscal 2021 is an important year to begin taking actions toward our next long-term vision. It will also be a year in which we see an acceleration in transition to the new social and economic systems of the post-COVID era. The OMRON Group believes this period of change will be the perfect opportunity to hasten the creation of new value and evolve our work style and operations. Therefore, our policies will consist of “maximizing the responsiveness to changes” and “accelerating transformation”. In “maximizing the responsiveness to changes”, we plan to leverage the assets that we have cultivated through our existing businesses and to seize business opportunities more swiftly than ever to achieve sales growth. In fiscal 2021, we will continue to prepare for various risks. At the same time, we will ensure that we seize business opportunities created by the recovery of economic activity and the acceleration of innovation, linking these opportunities to growth.

In “accelerating transformation”, we will undertake the following three actions, looking ahead to our next long-term vision. The first action is “business model transformation and the challenge for new businesses creation”. By transforming our business models through i-BELT, a data utilization service at manufacturing sites, remote medical services, and other means, we plan to deepen relationship with existing customers and develop new customers, thereby growing sales. We will also identify emerging social issues and new business themes addressable by the OMRON Group, creating and implementing new business concepts. The second action is “transformation of our operations”. Here, we intend to shift resources to high-value-added operations, such as solutions and services that support new business models. We will work to advance the business process improvements and other actions aimed at business continuity under the COVID-19 crisis to enhance productivity and efficiency gains. To support these efforts, we will continue to strengthen our group IT infrastructure, which we have already been pursuing for some time. The third action is “transformation of work styles and human resources management”. The OMRON Group intends to build a structure that allows it to use human resources information formerly managed locally by each business and area on a global basis. In addition, we will actively recruit specialized human resources from outside our organization to create a structure for taking on the challenge of solving social issues as a global mixed team across countries and areas.

We assume that the business environment during fiscal 2021 will continue to benefit from a recovery in the global economy. Specifically, we expect to see ongoing investments to increase semiconductor manufacturing capacity worldwide. In addition, we expect demand for capital expenditure related to electric vehicles (EV) and renewable energy to increase due to the growing social demand for CO₂ reduction. We believe demand for health equipment in the healthcare industry, including blood pressure monitors and other products, will remain strong globally, as the population continues to age and people become more health conscious.

We will seize on these business opportunities in a steady manner, and we expect to see an increase in sales across all business segments in fiscal 2021. Although we will factor in the impact of price hikes for certain raw materials, we plan to continue our efforts to increase added value by strengthening our product competitiveness and engage in restructuring, leading to improved gross profit margin. While SG & A expenses and research and development expenses will rise as a result of an increased intensity in activities, we will improve productivity through the continuation of new work styles implemented during the COVID-19 crisis.

	FY2020	FY2021	Change
Net sales	¥655.5 billion	¥700.0 billion	+6.8%
Gross profit (Gross profit margin)	¥298.4 billion (45.5%)	¥325.0 billion (46.4%)	+8.9% [+0.9%pt]
Operating income (Operating income margin)	¥62.5 billion (9.5%)	¥70.0 billion (10.0%)	+12.0% [+0.5%pt]
Income before income taxes from continuing operations	¥65.1 billion	¥67.0 billion	+2.9%
Net income attributable to OMRON shareholders	¥43.3 billion	¥48.0 billion	+10.8%
Average USD exchange rate	¥105.8	¥108.0	+¥2.2
Average EUR exchange rate	¥123.2	¥128.0	+¥4.8
Average RMB exchange rate	¥15.5	¥16.5	+¥1.0

Outlook for Each Business Segment

Industrial Automation Business (IAB)

For fiscal 2021, in the digital industry, we expect capital expenditure in semiconductors and rechargeable batteries to continue to be strong, particularly in China and South Korea. In the automotive industry, we expect to see a gradual recovery, especially for EV/ADAS. We expect to see an increase in capital expenditure related to food and daily goods for environment-related factors, including new plastic-free materials. In response to these changes, we continue to intensify our efforts to offer control applications for solving issues in manufacturing floors. As well, we will steadily capture the increasingly sophisticated needs for automation and labor savings, projecting net sales for fiscal 2021 to increase to ¥375.0 billion, up 8.2% from the prior fiscal year. Although we will continue to invest in strengthening our abilities to provide solutions, we expect operating income to increase to ¥63.0 billion, up 7.2% from the prior fiscal year, due to higher sales and improved productivity.

Electronic and Mechanical Components Business (EMC)

For fiscal 2021, we expect to see a continued moderate recovery on a global scale, mainly driven by consumer demand in China and demand for automobiles. In this context, we aim to steadily capture growing demand through actions that include supply chain management optimization. We expect net sales for fiscal 2021 to increase to ¥94.0 billion, up 9.3% from the prior fiscal year, as we strengthen distinctive applications and products that meet the emerging needs in our focus industries. Although we will factor in the impact of soaring raw material prices, we expect operating income to significantly increase to ¥4.5 billion, up 51.9% from the prior fiscal year, due to increased sales and our actions to improve added value.

Social Systems, Solutions and Service Business (SSB)

For fiscal 2021, we expect to see ongoing constrained investment among customers in our Public Transportation System Business due to the impact of lower travel revenues. In our Energy Solutions Business, on the other hand, we project an increase in demand for storage battery systems and other products due to the growing need to reduce CO₂ emissions and prepare for disasters. Further, we expect our Engineering Business to see growing demand for industrial-use renewable energy equipment. We will provide solutions that combine products and services to meet these demands. As a result of these efforts, we expect net sales for fiscal 2021 to increase to ¥96.0 billion, up 0.4% from the prior fiscal year. We expect operating income to significantly increase to ¥7.0 billion, up 23.0% from the prior fiscal year, due to our actions to increase added value etc., in addition to an increase in sales.

Healthcare Business (HCB)

For fiscal 2021, we forecast continued strong demand on a global basis in connection with a growing awareness of in-home health management. Although we do expect a reactionary decrease in demand for thermometers after the surge caused by the spread of COVID-19, we assume that blood pressure monitor demand will remain strong due to increased demand for blood pressure management related to chronic diseases. In China, one of the largest market for blood pressure monitors, we plan to build a network infrastructure in collaboration with doctors and pharmacies to provide products and services for patients with chronic diseases. As a result of these efforts, we expect net sales for fiscal 2021 to increase to ¥133.0 billion, up 8.1% from the prior fiscal year. Although we will continue investments to expand remote medical services, we expect operating income to increase to ¥22.5 billion, up 9.4% from the prior fiscal year, due to increased sales and improved productivity.

Consolidated Financial Statements

Consolidated Balance Sheets

OMRON Corporation and Subsidiaries
March 31, 2020 and 2021

	(Millions of yen)	
ASSETS	FY2019	FY2020
Current Assets:		
Cash and cash equivalents	¥ 185,533	¥ 250,755
Notes and accounts receivable - trade	134,786	135,161
Allowance for doubtful receivables	(759)	(756)
Inventories	104,301	103,265
Assets held for sale	441	—
Other current assets	22,837	26,007
Total Current Assets	447,139	514,432
Property, Plant and Equipment:		
Land	20,446	19,778
Buildings	129,110	124,404
Machinery and equipment	147,038	153,142
Construction in progress	5,467	3,281
Total	302,061	300,605
Accumulated depreciation	(187,535)	(187,577)
Net Property, Plant and Equipment	114,526	113,028
Investments and Other Assets:		
Right-of-use assets under operating leases	30,327	38,153
Goodwill	38,568	39,160
Investments in and advances to affiliates	29,251	13,159
Investment securities	25,782	33,423
Leasehold deposits	7,486	7,675
Prepaid benefit costs	—	6,736
Deferred income taxes	37,416	24,179
Other assets	27,629	30,434
Total Investments and Other Assets	196,459	192,919
Total	¥ 758,124	¥ 820,379

	(Millions of yen)	
LIABILITIES AND SHAREHOLDERS' EQUITY	FY2019	FY2020
Current Liabilities:		
Notes and accounts payable - trade	¥ 64,496	¥ 69,561
Accrued expenses	37,179	44,441
Income taxes payable	2,516	3,504
Short-term operating lease liabilities	11,070	11,179
Other current liabilities	36,038	32,685
Total Current Liabilities	151,299	161,370
Deferred Income Taxes	1,717	1,671
Termination and Retirement Benefits	40,236	7,598
Long-Term Operating Lease Liabilities	19,820	27,709
Other Long-Term Liabilities	12,463	12,673
Total Liabilities	225,535	211,021
Shareholders' Equity:		
Capital	64,100	64,100
Common stock		
Authorized: 487,000,000 shares in FY2019		
487,000,000 shares in FY2020		
Issued: 206,244,872 shares in FY2019		
206,244,872 shares in FY2020		
Capital surplus	100,521	101,403
Legal reserve	20,981	22,931
Retained earnings	451,768	476,185
Accumulated other comprehensive income (loss)	(83,606)	(32,945)
Treasury stock	(23,349)	(24,816)
4,306,748 shares in FY2019		
4,574,294 shares in FY2020		
Total Shareholders' Equity	530,415	606,858
Noncontrolling Interests	2,174	2,500
Total Net Assets	532,589	609,358
Total	¥ 758,124	¥ 820,379

Consolidated Statements of Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2019, 2020 and 2021

(Millions of yen)

	FY2018	FY2019	FY2020
Net sales	¥ 732,581	¥ 677,980	¥ 655,529
Costs and Expenses:			
Cost of sales	407,097	374,278	357,178
Selling, general and administrative expenses	208,895	202,954	192,687
Research and development expenses	49,335	45,988	43,184
Other expenses, net	1,342	2,924	(2,609)
Total	666,669	626,144	590,440
Income before Income Taxes and Equity in Earnings of Affiliates	65,912	51,836	65,089
Income Taxes	17,016	11,270	15,093
Equity in earnings of affiliates	1,578	963	6,098
Net Income from Continuing Operations	47,318	39,603	43,898
Net Income from Discontinued Operations	7,673	35,732	—
Net Income	54,991	75,335	43,898
Net Income Attributable to Noncontrolling Interests	668	440	591
Net Income Attributable to OMRON Shareholders	¥ 54,323	¥ 74,895	¥ 43,307

(Yen)

	FY2018	FY2019	FY2020
Per Share Data:			
Net Income Attributable to OMRON Shareholders:			
Net Income Attributable to OMRON Shareholders from Continuing Operations	¥ 223.95	¥ 191.00	¥ 214.72
Net Income Attributable to OMRON Shareholders from Discontinued Operations	36.84	174.26	—
Basic	¥ 260.78	¥ 365.26	¥ 214.72
Diluted	—	—	—

* The consolidated statement of income for FY2018 has been reclassified in line with the classification change of the Automotive Electronic Components Business (AEC) to discontinued operations.

Consolidated Statements of Comprehensive Income

OMRON Corporation and Subsidiaries
Years ended March 31, 2019, 2020 and 2021

(Millions of yen)

	FY2018	FY2019	FY2020
Net Income	¥ 54,991	¥ 75,335	¥ 43,898
Other Comprehensive Income (Loss), Net of Tax:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments arising during the year	(4,419)	(23,674)	23,138
Reclassification adjustment for the portion realized in net income	(109)	(119)	310
Net unrealized gain (loss)	(4,528)	(23,793)	23,448
Pension liability adjustments:			
Pension liability adjustments arising during the year	(11,419)	7,033	24,630
Reclassification adjustment for the portion realized in net income	2,556	3,365	3,053
Net unrealized gain (loss)	(8,863)	10,398	27,683
Net gains (losses) on derivative instruments:			
Unrealized holding gains (losses) arising during the year	32	77	(629)
Reclassification adjustment for the portion realized in net income	(73)	(160)	295
Net unrealized gain (loss)	(41)	(83)	(334)
Other Comprehensive Income (Loss)	(13,432)	(13,478)	50,797
Comprehensive Income	41,559	61,857	94,695
Comprehensive Income Attributable to Noncontrolling Interests	651	368	727
Comprehensive Income Attributable to OMRON Shareholders	¥ 40,908	¥ 61,489	¥ 93,968

Consolidated Statements of Shareholders' Equity

OMRON Corporation and Subsidiaries
Years ended March 31, 2019, 2020 and 2021

(Millions of yen)

	Number of common shares issued	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total shareholders' equity	Noncontrolling Interests	Total net assets
Balance, March 31, 2018	213,958,172	¥ 64,100	¥ 99,588	¥ 19,940	¥ 390,950	¥ (49,359)	¥ (19,689)	¥ 505,530	¥ 1,856	¥ 507,386
Cumulative impact of the application of FASB Accounting Standards Update 2016-01 and 2018-03*1					7,650	(7,426)		224		224
Balance, April 1, 2018 (reflecting application of FASB Accounting Standards Update 2016-01 and 2018-03)	213,958,172	64,100	99,588	19,940	398,600	(56,785)	(19,689)	505,754	1,856	507,610
Net Income					54,323			54,323	668	54,991
Cash dividends paid to OMRON Corporation shareholders, ¥84 per share					(17,398)			(17,398)		(17,398)
Cash dividends paid to noncontrolling interests								—	(343)	(343)
Equity transactions with noncontrolling interests and other								—	(65)	(65)
Stock-based payment			645					645		645
Transfer to legal reserve				1,886	(1,886)			—		—
Other comprehensive income (loss)						(13,415)		(13,415)	(17)	(13,432)
Acquisition of treasury stock							(25,697)	(25,697)		(25,697)
Balance, March 31, 2019	213,958,172	64,100	100,233	21,826	433,639	(70,200)	(45,386)	504,212	2,099	506,311
Net Income					74,895			74,895	440	75,335
Cash dividends paid to OMRON Corporation shareholders, ¥84 per share					(17,107)			(17,107)		(17,107)
Cash dividends paid to noncontrolling interests								—	(293)	(293)
Equity transactions with noncontrolling interests and other			2					2		2
Change in shareholders' equity due to decrease in consolidated subsidiaries			(74)	(2,386)	2,460			—		—
Stock-based payment*2			360					360		360
Transfer to legal reserve				1,541	(1,541)			—		—
Other comprehensive income (loss)						(13,406)		(13,406)	(72)	(13,478)
Acquisition of treasury stock							(18,541)	(18,541)		(18,541)
Cancellation of treasury stock					(40,578)		40,578	—		—
Balance, March 31, 2020	206,244,872	¥ 64,100	¥ 100,521	¥ 20,981	¥ 451,768	¥ (83,606)	¥ (23,349)	¥ 530,415	¥ 2,174	¥ 532,589
Net Income					43,307			43,307	591	43,898
Cash dividends paid to OMRON Corporation shareholders, ¥84 per share					(16,940)			(16,940)		(16,940)
Cash dividends paid to noncontrolling interests								—	(401)	(401)
Equity transactions with noncontrolling interests and other			0					0		0
Stock-based payment*3			882					882		882
Transfer to legal reserve				1,950	(1,950)			—		—
Other comprehensive income (loss)						50,661		50,661	136	50,797
Acquisition of treasury stock							(1,467)	(1,467)		(1,467)
Balance, March 31, 2021	206,244,872	¥ 64,100	¥ 101,403	¥ 22,931	¥ 476,185	¥ (32,945)	¥ (24,816)	¥ 606,858	¥ 2,500	¥ 609,358

*1 Represents the impact of applying FASB Accounting Standards Update 2016-01 and 2018-03.

*2 Includes ¥(275) million, the amount of decrease in capital surplus due to changes in the estimates of stock-based payment.

*3 Includes ¥309 million, the amount of increase in capital surplus due to changes in the estimates of stock-based payment.

Consolidated Statements of Cash Flows

OMRON Corporation and Subsidiaries
Years ended March 31, 2019, 2020 and 2021

(Millions of yen)

	FY2018	FY2019	FY2020
Operating Activities:			
Net Income	¥ 54,991	¥ 75,335	¥ 43,898
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	30,459	28,605	22,756
Net loss (gain) on sale and disposals of property, plant, and equipment	(1,098)	(1,487)	(325)
Impairment losses on long-lived assets	196	498	1,976
Net loss on valuation of investment securities	563	1,170	(7,615)
Net loss on sale of investment securities	—	43	—
Termination and Retirement Benefits	3,818	(436)	(617)
Deferred income taxes	(383)	(125)	1,164
Equity in earnings of affiliates	1,578	963	6,098
Gain on sales of business	(407)	(51,450)	—
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable - trade	(534)	12,944	3,893
Decrease (increase) in inventories	(3,491)	10,704	5,425
Increase in other assets	(294)	(6,422)	955
Decrease in notes and accounts payable - trade	(5,401)	(1,319)	6,237
Increase (decrease) in income taxes payable	(2,775)	15,614	833
Increase (decrease) in accrued expenses and other current liabilities	(6,851)	3,570	5,301
Other, net	874	1,600	3,852
Total adjustments	16,254	14,452	49,933
Net Cash Provided by Operating Activities	71,245	89,787	93,831
Investing Activities:			
Proceeds from sale or maturities of investment securities	465	1,423	751
Purchase of investment securities	(602)	(2,344)	(1,057)
Capital expenditures	(39,045)	(37,629)	(26,662)
Decrease (increase) in leasehold deposits, net	(193)	62	(189)
Proceeds from sale of property, plant, and equipment	3,475	4,565	2,069
Increase in investments in affiliates	(498)	(2,231)	7,850
Proceeds from sale of business, net of cash paid	1,817	64,460	2,453
Acquisition of business, net of cash acquired	(830)	—	—
Other, net	454	333	0
Net Cash Provided by (Used in) Investing Activities	(34,957)	28,639	(14,785)
Financing Activities:			
Net borrowings (repayments) of short-term debt	2,109	6,365	(1,587)
Dividends paid by the Company	(16,776)	(17,250)	(16,952)
Dividends paid to noncontrolling interests	(343)	(293)	(352)
Acquisition of treasury stock	(25,716)	(18,571)	(1,471)
Other, net	(57)	319	10
Net Cash Used in Financing Activities	(40,783)	(29,430)	(20,352)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,722	(13,713)	6,528
Net Increase (Decrease) in Cash and Cash Equivalents	(2,773)	75,283	65,222
Cash and Cash Equivalents at Beginning of the Year	113,023	110,250	185,533
Cash and Cash Equivalents at End of the Year	110,250	185,533	250,755
Cash and Cash Equivalents from Discontinued Operations at End of the Year	6,400	—	—
Cash and Cash Equivalents from Continuing Operations at End of the Year	¥ 103,850	¥ 185,533	¥ 250,755

* Consolidated statements of cash flows consist of cash flows from continuing operations and cash flows from discontinued operations. We have not presented cash flows separately for discontinued operations.

11-Year Financial and Non-Financial Highlights

OMRON Corporation and Subsidiaries

Long-Term Management Strategy

Grand Design 2010 (GD2010)

	FY2010	FY2011	FY2012	FY2013
Financial Indicators:				
Operating Results:				
Net sales	¥617,825	¥619,461	¥650,461	¥772,966
Gross profit	231,702	227,887	241,507	297,208
Selling, general and administrative expenses (excl. R&D expenses)	142,365	145,662	152,676	181,225
R&D expenses	41,300	42,089	43,488	47,928
Operating income	48,037	40,136	45,343	68,055
EBITDA ^(Note 1)	71,021	62,753	67,795	93,144
Net income (loss) attributable to OMRON shareholders	26,782	16,389	30,203	46,185
Cash Flows:				
Net cash provided by operating activities	41,956	31,946	53,058	79,044
Net cash provided by (used in) investing activities	(20,210)	(26,486)	(28,471)	(31,125)
Free cash flow ^(Note 2)	21,746	5,460	24,587	47,919
Net cash provided by (used in) financing activities	3,333	(33,492)	(18,550)	(16,298)
Financial Position:				
Total assets	562,790	537,323	573,637	654,704
Cash and cash equivalents	74,735	45,257	55,708	90,251
Total interest-bearing liabilities	45,519	18,774	5,570	488
Total shareholders' equity	312,753	320,840	366,962	430,509
Per Share Data:				
Net income (loss) attributable to OMRON shareholders (EPS) (Yen)	121.7	74.5	137.2	209.8
Shareholders' equity	1,421.0	1,457.5	1,667.0	1,956.1
Cash dividends ^(Note 3) (Yen)	30	28	37	53
Dividend payout ratio	24.7%	37.6%	27.0%	25.3%
Other Financial Data:				
Gross profit margin	37.5%	36.8%	37.1%	38.5%
Operating income margin	7.8%	6.5%	7.0%	8.8%
EBITDA margin	11.5%	10.1%	10.4%	12.1%
Return on invested capital (ROIC)	7.8%	4.8%	8.6%	11.3%
Return on equity (ROE)	8.7%	5.2%	8.8%	11.6%
Ratio of shareholders' equity to total assets	55.6%	59.7%	64.0%	65.8%
Total return ratio ^(Note 4)	25.2%	37.7%	27.0%	25.3%
Capital expenditures	23,192	28,341	28,285	33,653
Depreciation and amortization	22,984	22,617	22,452	25,089
Ratio of overseas sales	51.4%	52.2%	51.1%	55.4%
Non-Financial Indicators:				
Number of employees	35,684	35,992	35,411	36,842
Ratio of overseas employees to total employees	67.8%	67.7%	67.4%	69.1%
Ratio of non-Japanese in key managerial positions overseas ^(Note 5)	—	34%	36%	42%
Ratio of women in managerial roles (OMRON Group in Japan) ^(Note 6)	—	1.4%	1.5%	1.8%
Number of women in managerial roles	—	22	23	27
Ratio of employees with disabilities (OMRON Group in Japan) ^(Note 7)	2.2%	2.2%	2.2%	2.4%
Number of patents held ^(Note 8)	5,452	5,959	6,448	6,635
Environmental contribution (thousand ton-CO ₂)	193	189	313	661
CO ₂ emissions of production sites (thousand ton-CO ₂)	187	193	203	215
Net sales to CO ₂ emissions (million yen / ton-CO ₂)	3.31	3.21	3.21	3.60
Greenhouse gas emissions (thousand ton-CO ₂)	—	—	—	—

- Note: 1. EBITDA = Operating income + Depreciation and amortization
2. Free cash flow = Net cash provided by operating activities + Net cash provided by (used in) investing activities
3. Cash dividends per share represent the amounts applicable to the respective year, including dividends to be paid after the end of the fiscal year.
4. Total return ratio = (Total dividends paid + Amount of shares repurchased) / Net income (loss) attributable to OMRON shareholders (does not include repurchases of less than one trading unit)
5. The ratio of local employees to the number of important positions determined by OMRON depending on the size of the overseas OMRON Group companies, concurrent positions for governance and development positions are excluded.
6. To date, the ratio of women in managerial roles (OMRON Group in Japan) has been expressed as the result for the fiscal year under review as of April 20 of that year (the date on which job titles reflecting the OMRON Group's human resource evaluations for the previous year took effect). This has been changed to express the ratio as the result for the previous fiscal year (in this report, the ratio as of April 20, 2021 is expressed as the result for fiscal 2020). In accordance with this change, the expressions of the ratios of previous fiscal years have also been retroactively changed in this format.
7. Figures represent results as of June 20.
For companies subject to the Act on Employment Promotion etc. of Persons with Disabilities.
Employment rate calculation is based on the Act on Employment Promotion etc. of Persons with Disabilities.
8. Patent information is as of March 31 each year.

Value Generation 2020 (VG2020)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
	(Millions of yen)						
	¥847,252	¥833,604	¥794,201	¥732,306	¥732,581	¥677,980	¥655,529
	332,607	320,812	312,161	327,585	325,484	303,702	298,351
	198,103	205,735	193,093	201,777	208,895	202,954	192,687
	47,913	52,790	50,539	48,622	49,335	45,988	43,184
	86,591	62,287	68,529	77,186	67,254	54,760	62,480
	114,930	93,747	97,495	101,501	92,609	80,466	85,236
	62,170	47,290	45,987	63,159	54,323	74,895	43,307
	77,057	84,207	77,875	73,673	71,245	89,787	93,831
	(39,517)	(67,116)	(15,041)	(55,842)	(34,957)	28,639	(14,785)
	37,540	17,091	62,834	17,831	36,288	118,426	79,046
	(29,303)	(31,550)	(15,012)	(33,082)	(40,783)	(29,430)	(20,352)
	711,011	683,325	697,701	744,952	749,878	758,124	820,379
	102,622	82,910	126,026	106,223	103,850	185,533	250,755
	0	0	156	298	2,086	1,593	0
	489,769	444,718	469,029	505,530	504,212	530,415	606,858
	283.9	219.0	215.1	296.9	260.8	365.3	214.7
	2,254.4	2,080.0	2,193.7	2,400.4	2,455.2	2,626.6	3,009.2
	71	68	68	76	84	84	84
	25.0%	31.1%	31.6%	25.6%	32.2%	23.0%	39.1%
	39.3%	38.5%	39.3%	44.7%	44.4%	44.8%	45.5%
	10.2%	7.5%	8.6%	10.5%	9.2%	8.1%	9.5%
	13.6%	11.2%	12.2%	14.6%	12.6%	11.9%	13.0%
	13.4%	9.7%	10.3%	12.7%	10.6%	14.1%	7.8%
	13.5%	10.1%	10.1%	13.0%	10.8%	14.5%	7.6%
	68.9%	65.1%	67.2%	67.9%	67.2%	70.0%	74.0%
	49.1%	62.7%	31.6%	48.2%	79.5%	47.7%	42.6%
	38,143	36,859	25,692	33,027	35,661	33,110	23,959
	28,339	31,460	28,966	24,315	25,355	25,706	22,756
	60.1%	60.3%	58.4%	57.3%	56.5%	54.1%	57.7%
	37,572	37,709	36,008	36,193	35,090	28,006	28,254
	69.7%	69.3%	68.3%	68.1%	67.6%	62.2%	62.9%
	42%	46%	49%	49%	62%	70%	75% ★
	1.9%	2.3%	3.3%	3.6%	5.2%	5.9%	6.7% ★
	30	36	53	59	85	90	102
	2.4%	2.4%	2.5%	2.6%	2.5%	2.8%	3.0% ★
	7,194	7,686	8,224	8,774	9,782	10,087	11,037
	851	508	593	659	1,055	971	826 ☆
	221	202	202	204	193	135	106
	3.83	4.12	3.94	4.22	4.47	5.02	6.16 ☆
	—	—	250	271	235	166	124 ☆

★ Indicates assurance performed by independent third party.

☆ Indicates independent verification or review performed by a third party.

Operating Income

OMRON applies the single step presentation of income under U.S. GAAP (that is, the various levels of income are not presented) in its consolidated statements of income. For comparison with other companies, operating income is presented as gross profit less selling, general and administrative expenses and research and development expenses.

Changes in Accounting Policies

With the company's adoption of US GAAP in fiscal 2018, we have reclassified consolidated statements of income for fiscal years 2016 and later for presentation herein.

Financial Data Reclassification

The Automotive Electronics Components Business (AEC) was transferred, and the AEC business was classified as a "discontinued business." Accordingly, some financial data for fiscal 2017 and 2018 have been reclassified.