

FY2021 Q1 Earnings

**Financial Results for the First Quarter
Ended June 30, 2021**



**July 29, 2021
OMRON Corporation**

Good afternoon, everyone.
I am CFO Nitto.

Thank you for taking time out of your busy schedules to participate in OMRON's Q1 FY2021 results briefing. Once again, in the interests of preventing the spread of COVID-19, we have chosen a remote format.

As always, we will start with my presentation, to be followed by a Q&A session. We hope to entertain questions from as many of you as possible during the allotted time.

Let us get started. Please turn to the presentation deck. I will start with the summary of today's key takeaways.

Summary

■ Q1 FY2021 Results

- Sales and profits up substantially. Strong global sales growth driven by expanding demand, primarily in IAB
- Operating income doubled YoY on synergistic combination of sales growth and strong profit-generating capacity nurtured to date
- New record highs for Q1 GP margin, operating income, OPM and net income.
New record highs for sales and gross profit as well if AEC excluded

■ FY2021 Forecasts

- Expect favorable operating environment to continue in Q2 and beyond
- If necessary, full-year guidance to be updated at the time of Q2 earnings
- Continue to monitor and respond appropriately to negative factors such as component shortages and rising logistics costs

■ Initiatives to Enhance Corporate Value

- Growth cycle, which has been a key focus since I became CFO, starting to gain traction
- Cash generated through improved profitability to be invested in FA, Healthcare
- Continue to focus on improving corporate value by maintaining medium- to long-term management perspective

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There are 3 key elements to today's briefing.

The first is the Q1 FY2021 results. OMRON reported a significant increase in both sales and profits in Q1. We were able to successfully capture rising demand, mainly in IAB, which drove strong sales growth on a global basis. On the back of our capacity for growth and compounded by the strong profitability we have nurtured to date, OMRON was able to double operating income on a Y/Y basis.

Our GP margin, operating income, operating profit margin and net income hit new record highs for Q1.

If we exclude the impact of the divested AEC business, then OMRON achieved new record highs in both sales and gross profits as well.

Next is the FY2021 forecasts.

We expect the operating environment to remain strong in Q2 and beyond. If necessary, we will update our full-year forecasts when we announce Q2 results.

We continue to monitor and respond appropriately to negative factors like shortages in materials and components and rising logistics costs.

Finally, I will discuss our initiatives to enhance corporate value.

I believe the strong Q1 results reflect the success we are starting to have with the growth cycle, a key initiative since I became CFO. Going forward, we will continue to use the cash generated by our improved profitability to invest strategically in FA and HCB.

We are committed to further improving corporate value by managing our business from a medium- to long-term perspective.

Let us now turn to the Q1 FY2021 results.

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Q1 FY2021 Results

Q1 FY2021 Results

**Sales, OP up significantly. OP approximately doubled Y/Y to ¥25.8bn.
New record highs for GP margin, operating income, OPM and net income**

(¥bn)

	Q1 FY2020 Actual	Q1 FY2021 Actual	Y/Y	Vs. Q1 FY2019
Net Sales	146.5	188.2	+28.5%	+17.6%
Gross Profit (%)	66.4 (45.3%)	87.4 (46.4%)	+31.6% (+1.1%pt)	+22.1% (+1.7%pt)
Operating Income (%)	12.5 (8.5%)	25.8 (13.7%)	+107.3% (+5.2%pt)	+157.5% (+7.5%pt)
Net Income	9.7	20.2	+108.2%	+136.3%
1USD (JPY)	107.9	109.8	+1.9	-0.9
1EUR (JPY)	118.3	131.7	+13.4	+8.1
1RMB (JPY)	15.1	17.0	+1.8	+0.7

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Despite the ongoing pandemic, OMRON was able to generate strong sales and profit growth in Q1 FY2021.

Although we were impacted by shortages in materials and components and other supply chain challenges, OMRON was able to tap into the recovery in business opportunities on a global basis, achieving hefty Y/Y sales growth of 28.5%. Sales were also up versus FY2019 as well.

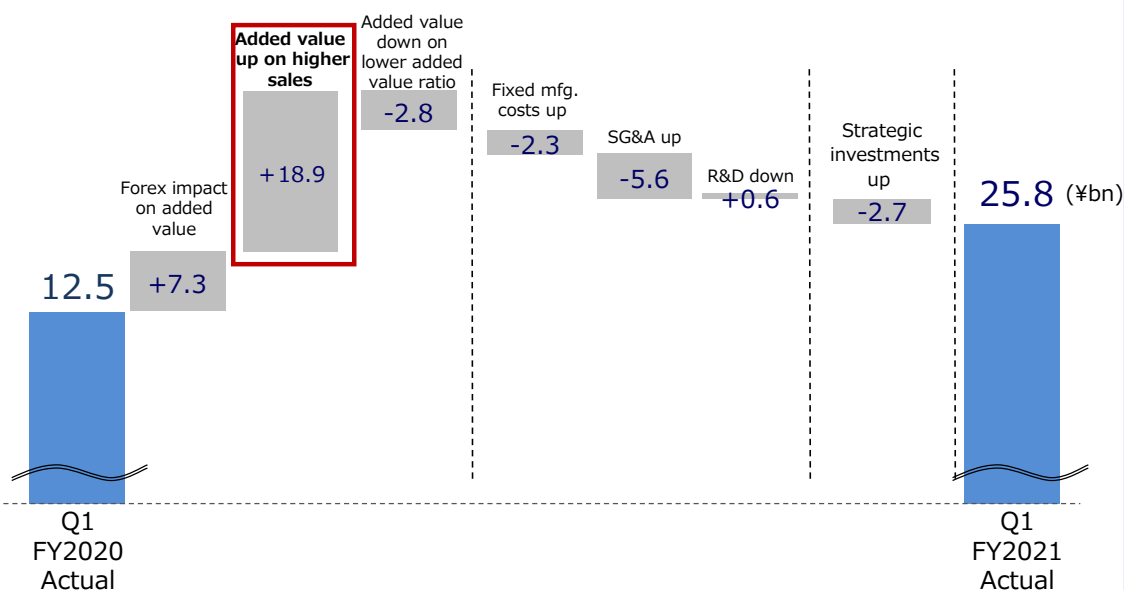
The GP margin hit a new record high at 46.4%.

Supported by the strong sales growth and the improved GP margin, operating income was ¥25.8 bn, doubling Y/Y. Compared to FY2019, OP increased 2.5x, for a new record high.

OPM was 13.7% and net income was ¥20.2 bn, also both new record highs.

Operating Income Analysis (Y/Y)

Added value increased significantly on combination of improved profitability and sales growth



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This is the waterfall chart for the Y/Y change in operating profits. Please look at the box outlined in red on the chart. This represents the increase in added value as a result of the rise in sales.

Through our continued efforts to date, we have been able to improve profitability; this, combined with topline growth drove a robust ¥18.9 bn Y/Y increase in added value. We were able to capture expanding demand on a global basis, primarily at IAB. I will discuss this in detail later.

Next, please look at the bar to the immediate right. There was a negative impact of ¥2.8 bn as a result of a decline in the added value rate. This mainly reflects the impact of shortages in materials and components and rising raw materials prices and logistics costs.

Although fixed costs increased Y/Y, this was in line with plan. We continue to exercise firm discipline on expenses, while making necessary investments.

Sales by Business Segment

**IAB, EMC successfully capture global recovery in demand.
HCB supported by continued global strength in BPMs**

	Q1 FY2020	Q1 FY2021	Y/Y	Vs. Q1 FY2019
	Actual	Actual		
IAB Industrial Automation	82.1	110.9	+35.2%	+24.5%
EMC Electronic & Mechanical Components	18.0	25.7	+43.3%	+12.0%
SSB Social Systems, Solutions & Service	18.1	15.9	-12.1%	-7.8%
HCB Healthcare	26.6	34.8	+30.9%	+25.5%
Eliminations & Corporate	1.8	0.8	-53.9%	-72.4%
Total	146.5	188.2	+28.5%	+17.6%

(¥bn)

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This is the breakout of sales by segment.

IAB sales achieved a new record high, rising 35.2% Y/Y, as a result of capturing expanding growth opportunities on a global basis, in areas such as EVs, semiconductors and food and beverage.

I will discuss IAB results in more detail later.

EMC sales reported a strong 43.3% Y/Y increase, on continued firm demand in China and the Americas, but also supported by the overall global recovery trend.

SSB sales declined on the significant constraints on investments at railway operators, key customers for the segment, owing to the pandemic impact.

HCB sales rose a substantial 30.9% Y/Y, on strong demand for BPMs on a global basis, particularly in the online channel. We had been concerned about a pull-back from last year's COVID-19-driven demand in thermometers but it has been smaller than we had expected. The overall HCB business remains strong.

Operating Income by Business Segment

IAB, EMC and HCB report strong profit growth. EMC profitability recovering as benefits of structural reforms materialize

(¥bn, %: OPM)

	Q1 FY2020	Q1 FY2021	Y/Y	Vs. Q1 FY2019
	Actual	Actual		
IAB Industrial Automation	13.8 (16.8%)	23.1 (20.8%)	+9.3 (+4.0%pt)	+9.8 (+5.9%pt)
EMC Electronic & Mechanical Components	0.1 (0.5%)	2.1 (8.0%)	+2.0 (+7.6%pt)	+2.1 (+8.0%pt)
SSB Social Systems, Solutions & Service	-0.9 (-)	-1.7 (-)	-0.9 (-)	-0.4 (-)
HCB Healthcare	4.5 (16.9%)	6.4 (18.3%)	+1.9 (+1.4%pt)	+3.0 (+6.0%pt)
Eliminations & Corporate	-5.1	-4.0	+1.1	+1.3
Total	12.5 (8.5%)	25.8 (13.7%)	+13.4 (+5.2%pt)	+15.8 (+7.5%pt)

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This is the breakout of operating profits by segment. Similar to sales, IAB, EMC and HCB reported significant Y/Y profit gains.

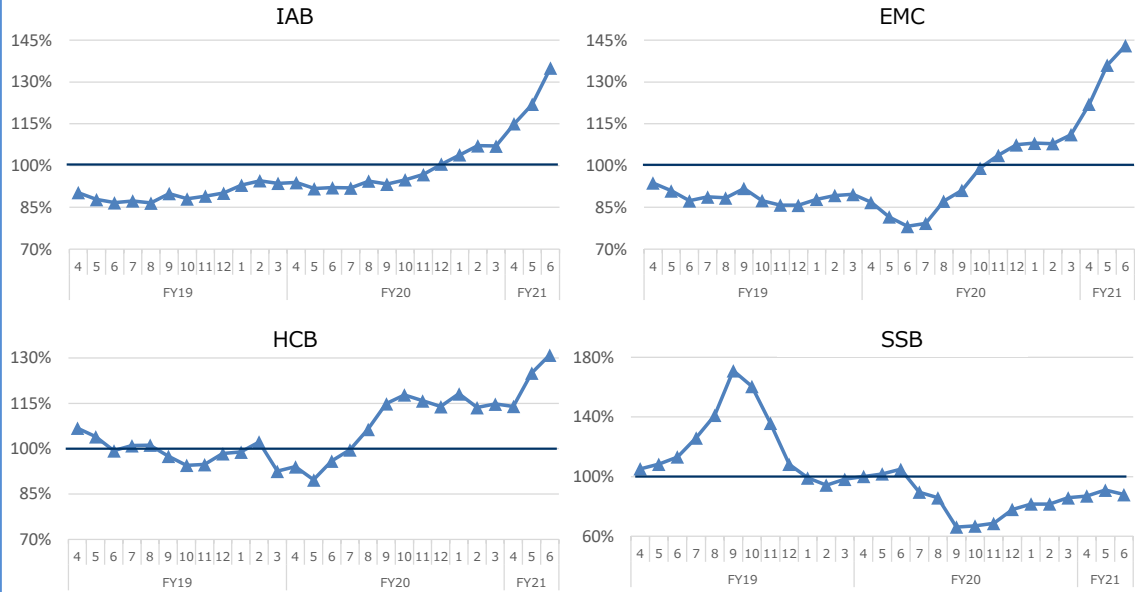
IAB posted a significant increase in operating profits. IAB's OPM was 20.8%; both the margin and absolute operating profits hit a new quarterly high.

EMC is starting to reap the benefits of restructuring efforts implemented to date. Combined with the recovery in sales, profitability is recovering.

HCB hit a new quarterly high for operating profits and operating profit margin.

SSB reported operating losses in Q1 but this is a reflection of the nature of SSB's business and the heavy skewing of sales to 2H. Q1 results are ahead of plan.

Sales Growth by Segment Y/Y (3MMA)

IAB, EMC and HCB sales rising sharply. SSB sales recovering

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This slide looks at the 3-month moving average of Y/Y sales growth for each segment.

IAB, EMC and HCB have seen the pace of recovery accelerate since the second half of last year, with sales rising sharply from the start of FY2021. Each of these segments recently reported Y/Y growth of more than 30%.

While conditions for SSB remain challenging with sales down Y/Y, the modest recovery trend is continuing.

IAB: Q1 Sales Growth by Region

In addition to Greater China, sales growing in other regions as well

Q1 FY2021 (April-June) IAB Sales Growth by Region

(Y/Y, local currency basis)

	Japan	Americas	Europe	Greater China	SE Asia/Other	
					Ex.-S. Korea	S. Korea
	+20%	+28%	+49%	+28%	+37%	+11%
Vs. Q1 FY19	(+8%)	(+11%)	(+6%)	(+45%)	(+8%)	(+46%)

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This table compares Q1 Y/Y sales growth by region for IAB on a local currency basis.

Under the table, we show the comparison to Q1 FY2019 as well.

In Q1, China remained strong, primarily driven by digital. In addition, other regions were up not only on a Y/Y basis, but also compared to pre-COVID-19 FY2019 levels as well, reflecting the global acceleration in growth.

Europe, in particular, is recovering rapidly, reporting a Y/Y increase of 49%.

IAB: Regional Drivers of Strength

Successfully capture expanding demand in all regions for robust sales growth

Japan

Digital: Growing demand in SPE and 5G-related components
Automotive: Parts makers' investments recovering, mainly in EV-related

Americas

Solid progress on vaccinations driving broad-based recovery across industries
Digital: SPE demand expanding

Europe

Solid progress on vaccinations driving broad-based recovery across industries
Food & Beverage: Demand for food packaging equipment growing for both Europe and China

Greater China

Digital: Investments picking up for rechargeable batteries and smartphone peripherals
Automotive: Capex rising for new car production, mainly for EVs

SE Asia, Other

Digital: Broad pick-up in semiconductor demand
Food & Beverage: COVID-19 driving increased investment in labor-saving systems

This slide looks at the drivers of IAB strength by region. In addition to the expanding recovery across regions as noted earlier, each region is also reporting increases in capex investments in a broad variety of industries.

In Japan, demand for SPE and 5G-related components is expanding. In automotive, there has been a recovery in investments by parts makers, mainly related to EVs.

In the Americas, particularly North America, progress on vaccinations is driving a recovery in economic activity, with demand recovering across a wide variety of industries, starting with SPE.

In Europe, particularly in Western Europe where progress on vaccinations has been good, demand has been recovering in a broad range of industries. Demand for food packaging equipment is rising. Conditions in China remain firm. We are monitoring conditions closely given concerns of a potential peak-out in digital-related demand but have seen no such signs at this time.

In SE Asia as well, digital-related demand including semiconductors, is picking up. Food and beverage industries are also stepping up investments in labor-saving systems in response to the pandemic.

As shown here, IAB was able to generate strong sales growth on a global basis by successfully tapping into the demand recovery as well as new business opportunities.

Supply Chain Update

Responding appropriately to component shortages and rising materials and logistics costs. Continue to execute on measures to minimize risk

	Change from Start of FY	Measures
Semiconductor, Resin Shortages	Delayed deliveries for some products, mainly in IAB and EMC	<ul style="list-style-type: none"> • Negotiating to lock in additional supplies • Promoting use of alternative materials
Higher Materials (silver, copper) Prices	Rising prices widening negative impact	<ul style="list-style-type: none"> • Enhance selling prices by linking to materials prices • Accelerating R&D efforts to reduce usage
Rising Logistics Costs	Expenses rising on higher container prices and increased use of air freight	<ul style="list-style-type: none"> • Improving efficiency through review of shipping routes • Aiming for economies of scale with joint procurement across segments

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The final subject I will discuss in the section on Q1 results is supply chain conditions and the impact on our business. As I have noted, the operating environment to this point continues to be favorable. However, in IAB and EMC we are experiencing delays in deliveries of some products as a result of shortages in semiconductors and resins.

In response, we have implemented measures to secure additional supplies as well as shifting to alternate materials and components.

In addition, in response to rising raw materials and logistics costs beyond our initial assumptions, we have raised selling prices and revised logistics routes.

We were able to respond appropriately to component shortages and other supply chain issues to minimize the impact on Q1 results. In Q2 and beyond, we will continue to monitor the situation and act accordingly.

This completes the section on Q1 results. Next, the full-year forecasts.



FY2021 Forecasts



Business Outlook by Segment

Global economic recovery continues

IAB Industrial Automation	Automotive: Gradual recovery trend continues, mainly focused on EV/ADAS investments Digital: Continued strong global trend in semiconductor investments, demand for rechargeable batteries Food & bev.: Firm base recovery trend on progress on vaccinations and environmental investments Social infrastructure: Temporary adjustment phase on rising materials costs in solar power and others
EMC Electronic & Mechanical Components	Consumer: Global recovery trend continuing, with China strength at the core Automotive: Continued recovery trend, focused mainly on the Americas, China
SSB Social Systems, Solutions & Service	Station sys.: Weak trend to persist on capex constraints Transport: Expect firm replacement demand to continue Env. Soln: Continued gradual recovery from COVID-19 impact
HCB Healthcare	BPMs: Continued strong global trend, including online Thermometers: Expect a pause after strong Q1 trend Others: Recovery trends continue for nebulizers in China and low frequency treatment devices in Japan

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We show here the outlook for the operating environment by segment. We expect the recovery trend to continue on a global basis in Q2 and beyond.

At IAB, in addition to strong digital investments, mainly backed by semiconductor investment and rising demand for rechargeable batteries on a global basis, we expect the recovery trend to continue in automotive and food and beverage. For social infrastructure, we expect a temporary adjustment period, reflecting the impact of higher materials costs for solar power generation, etc.

At EMC, we expect the recovery trend to continue, supported by the global economic recovery.

At SSB, while we expect the railway-related business to remain weak due to the impact of COVID-19, we expect a continued recovery from the COVID-19 impact in the energy business.

At HCB, we expect the strong global conditions for BPMs, including the online channel, to continue.

In thermometers, we expect to see a moderation relative to flat Y/Y demand in Q1. We expect to see continued recovery trends in nebulizers in the China market and low-frequency treatment devices in Japan.

Next, I will discuss the full-year forecasts.

FY2021 Forecasts

**Operating environment expected to remain favorable in Q2 and beyond.
If necessary, will review full year forecasts at end of Q2**

	FY2020 Actual	FY2021 Forecast	(¥bn) Y/Y
Net Sales	655.5	700.0	+6.8%
Gross Profit (%)	298.4 (45.5%)	325.0 (46.4%)	+8.9% (+0.9%pt)
Operating Income (%)	62.5 (9.5%)	70.0 (10.0%)	+12.0% (+0.5%pt)
Net Income	43.3	48.0	+10.8%
1USD (JPY)	105.8	108.0	+2.2
1EUR (JPY)	123.2	128.0	+4.8
1RMB (JPY)	15.5	16.5	+1.0

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These are our full-year forecasts.

At this time, we have not made changes to the forecasts announced in April at the full-year results briefing.

We expect the operating environment to remain favorable.

If necessary, we will review our full-year forecasts when we announce Q2 results.

We recognize there are risks in Q2 and beyond such as the resurgence in new COVID-19 infections and tightness in the supply chain. We will continue to monitor conditions closely and will respond appropriately to the evolving situation.

This completes the section on our full-year forecasts.

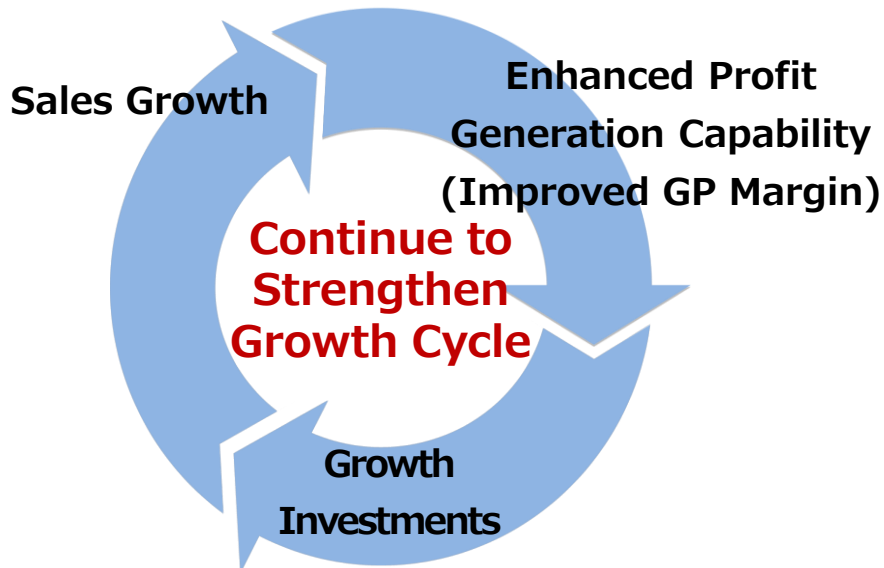
Finally, I will discuss our initiatives to enhance corporate value going forward.



Enhancing Corporate Value

Continued Focus on Strengthening Growth Cycle

Initiatives to date starting to drive growth cycle. Aim to achieve sustainable growth through continued efforts to strengthen growth cycle



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Since I became CFO in 2017, one key focus has been on creating a growth cycle to support sustainable improvements in corporate value over time.

Specifically, we have aimed to improve profitability, in order to allocate such profits to growth investments, which then drive further sales growth.

As already noted today, OMRON's strong profit growth in Q1 FY2021 reflects the impact of measures to improve profitability to date, compounded by topline growth. We are increasingly confident that the growth cycle we have put into place is gaining traction.

Even during periods of change in the operating or earnings environment, we will maintain our focus on enhancing the growth cycle.

Today, I would like to revisit our initiatives to date as well as discussing measures to further accelerate the growth cycle.

Improving Ability to Generate Profits

Significantly improve ability to generate profits through initiatives in business portfolio management and enhanced ability to provide solutions. Evolving into a lean and highly profitable organization

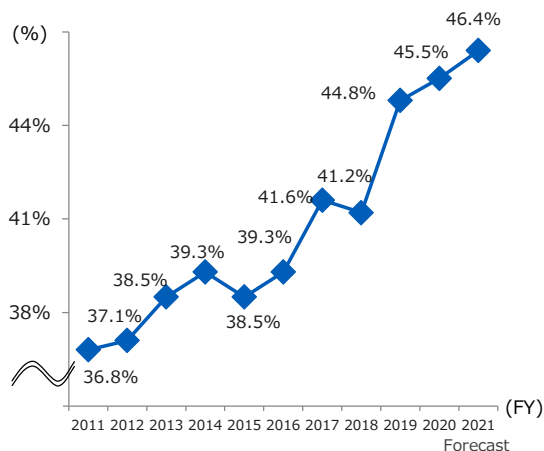
Initiatives to Improve GP Margin

Business Portfolio Management

Down-Top ROIC Tree
(Coordinating production, sales, R&D and planning for each business unit)

High Added-Value New Products and Services
(Provide total solutions by packaging strong products and software)

GP Margin Trend



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This slide looks at our efforts to improve our ability to generate profits to date.

Please look at the left side of the slide.

In order to improve the GP margin, OMRON has concentrated on the high margin businesses of IAB and HCB, through a disciplined approach to business portfolio management.

Furthermore, to ensure ROIC management practices were widely embraced throughout the organization, we implemented the Down-Top ROIC Tree. By setting KPIs aimed at improving ROIC for each individual business unit, we have developed a framework that allows for an integrated approach to enhancing ROIC across the production, sales, R&D and planning functions.

We also reviewed our product lineup and concentrated on the creation of new, high added-value products and services.

As a result, as we show on the right side of the slide, we have been able to consistently raise the GP margin from 36.8% in FY2011 to a target of 46.4% for FY2021.

As an example of recent business portfolio management actions, I will talk about the transfer of the MEMS device R&D and production capabilities as announced the other day.

Transfer of MEMS Device R&D, Production Business

Agreed to transfer MEMS device R&D/production business to Minebea Mitsumi. Open to working with partners for devices which can be procured externally; OMRON to focus on creating solutions

Overview

Transfer of facilities/equipment and human resources related to MEMS device R&D/production of pressure, flow and other sensors for internal use
(Part of OMRON Yasu site, Yasu, Shiga Prefecture)

Schedule

Signing Date: June 30, 2021
Transfer of Shares: October 1, 2021 (Plan)

Objective

Optimization of business portfolio
- Heightening focus on creating solutions

*MEMS: Micro Electro Mechanical Systems

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To date, OMRON had internally developed and produced MEMS devices, such as pressure sensors used in BPMs, for internal consumption.

However, from 2017 onward, OMRON has concentrated on creating solutions, shifting its resources from devices to solutions. This policy will be maintained going forward; as such, we felt it was best to procure MEMS devices from external partners that position such devices as core businesses.

We have signed an agreement with MinebeaMitsumi to transfer facilities and equipment as well as the employees associated with the development and production of MEMS devices.

MinebeaMitsumi is focused on accelerating growth in MEMS devices and power semiconductors. Given this, we believe they are best positioned to own this business and will maximize the potential of the facilities, equipment and employees to be transferred.

We believe this transaction represents an inflection point in terms of major initiatives to optimize the business portfolio through either the sale or winding down of businesses.

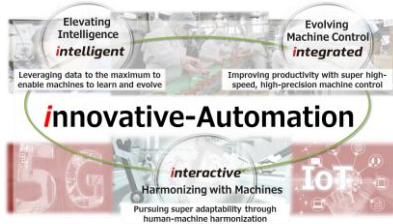
Going forward, we aim to build a business portfolio that consists of growth businesses in which we can accelerate our growth through ongoing growth investments.

Enhancing Solutions Capability Through Growth Investments

Proactively investing to improve solutions capabilities

Factory Automation

Sparking Innovation with the 3 "i"s



Strengthen lineup through M&A Adding Automation Centers, hiring SEs Innovative applications

Healthcare

Going for Zero (Eliminate cerebral and cardiac events such as strokes or heart attacks)

ZERO EVENTS



Developing innovative new products

Remote Medical Service

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OMRON has allocated the profits generated through the improved ability to generate profits to growth investments.

Specifically, we have achieved sales growth by investing in the solutions business for factory automation and healthcare, in addition to sales growth from the sale of hardware.

IAB has proactively used M&A to acquire what it considered to be missing pieces in its product lineup to accelerate innovative-Automation. In addition, to provide value to our customers, we have expanded our Automation Centers to 37 sites and added more than 1,000 SEs to support the collaborative development of innovative applications with our customers.

In HCB, we have developed revolutionary new products such as the world's first wearable BPM or BPMs enabled for ECG in order to make Going for Zero a reality. We have also accelerated our initiatives in remote medical services.

In the next few slides, I will highlight some of our initiatives in IAB and HCB.

Strengthening IAB's Solutions Capability

Contributing to efforts by food and beverage manufacturers to eliminate the use of plastics in packaging

Eliminating Plastic: Evolution in Packaging Materials

- Achieve stable seal quality
- Establish mass production technology



OMRON's Solution

Contribute to new manufacturing method with temperature adjustment solution using latest PLC



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This is an example of how we are strengthening our solutions capability in IAB.

Through M&A and our investments in Automation Centers, we have been able to create new, innovative applications that have given us access to new growth opportunities.

The rising awareness of environmental issues has led to an acceleration of efforts by food, beverage and household product industries to eliminate the use of plastics in packaging on a global basis. In conjunction with this, there has been a rapid need to develop stable sealing properties for new non-plastic packaging materials. Such new materials require a higher level of technological expertise in adjusting temperatures during the sealing process when compared to conventional plastic. OMRON has been able to create a new production method leveraging the latest PLC which incorporates a temperature adjustment solution, allowing us to capture this demand.

Already, global major food, beverage and household product manufacturers have started to adopt this solution. We will continue to make investments to not only drive the growth of our business but to contribute solutions to key environmental issues for society.

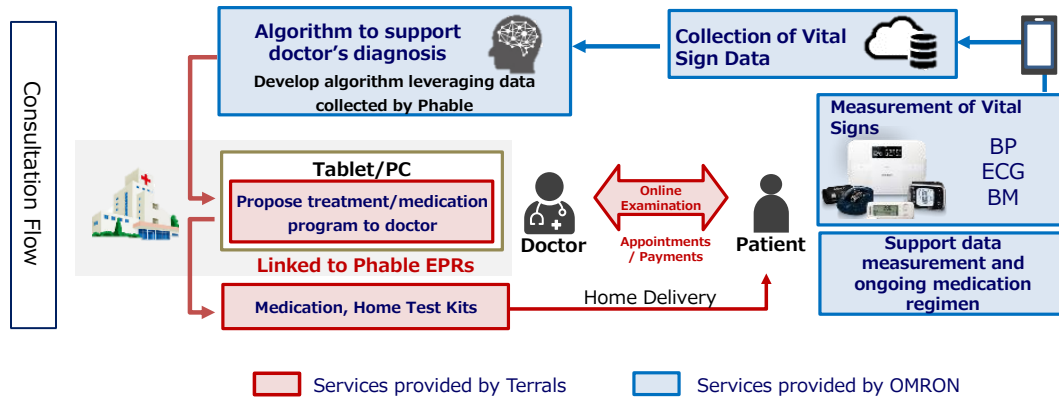
Strengthening HCB's Solutions Capability

Invest in Terrals Technologies*, operator of a telemedicine platform in India. Good progress in globally expanding OMRON's unique remote medical services

*Investment through OMRON Ventures Co., Ltd.

Terrals Technologies: Operator of online telemedicine platform Phable

Service Features: Provides platform for free to medical institutions. Generates revenues through commissions on tests, prescriptions and insurance



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Next, I will talk about the progress we are making with our remote medical service, as a part of our efforts to strengthen our solutions capability in HCB. OMRON's unique remote medical service is already growing solidly in the US and UK. Today I will focus on our efforts to strengthen this service in India.

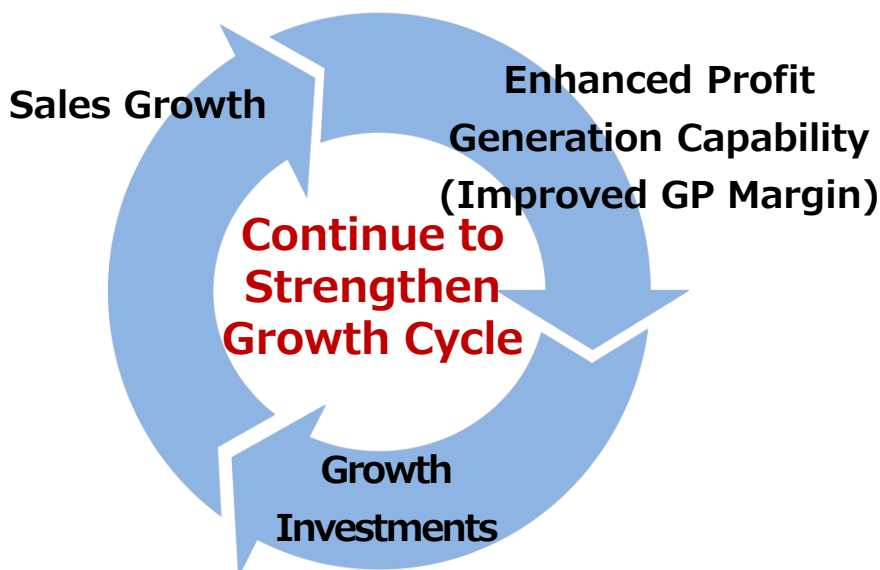
Every year India is reporting rising numbers of patients suffering lifestyle diseases. Combined with a lack of physicians and medical facilities, this has increasingly exposed significant variance in the quality of medical care. Expectations for remote medical services in India are very high.

To respond to this social issue, OMRON has accelerated its collaborative efforts in India, by taking a stake in Terrals Technologies, the operator of an online telemedicine service.

Terrals Technologies' business model is to provide a platform to doctors and medical institutions for free, through which it generates handling fee revenues on testing, prescriptions and insurance. This slide depicts the flow of the online remote medical service to be provided through the collaboration with Terrals Technologies. The boxes outlined in red represent the services to be provided by Terrals; boxes outlined in blue are the services to be provided by OMRON. OMRON will receive fee revenue from Terrals for the services we provide.

In this way, OMRON aims to continue to expand its remote medical service on a global basis, through collaborations with local partners that have a deep understanding of market conditions on the ground.

Ongoing Strengthening of Growth Cycle



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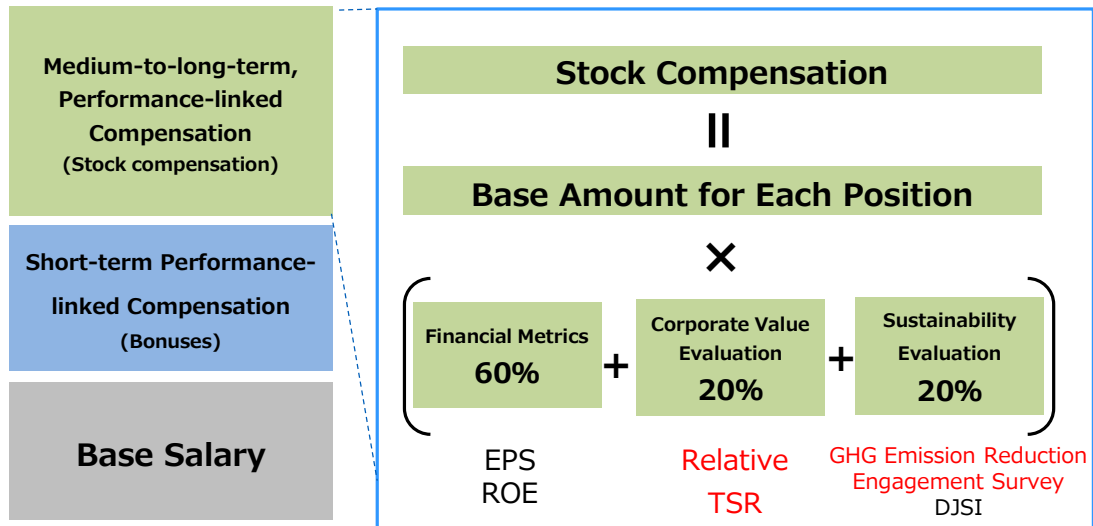
I have talked about our efforts to enhance the growth cycle to this point.

As noted at the beginning of this section, our objective in continuously strengthening the growth cycle is to sustainably improve corporate value. To further support our efforts to sustainably enhance corporate value over time, OMRON has maintained a constant focus on further evolving its governance.

Before ending my presentation, I would like to talk about one example to illustrate this. OMRON has recently updated its remuneration governance ahead of the new long-term vision and medium-term management plan which will start from the next fiscal year.

Evolution of Remuneration Governance

Reflecting changes in the operating environment and stakeholders' expectations, updating medium-to-long-term performance-linked compensation ahead of next LT Vision/medium-term management plan



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OMRON intends to set the maximization of corporate value as a management objective in the next long-term vision which starts from the next fiscal year.

Reflecting this, to further improve alignment with the interests of stakeholders, including shareholders, we have revised the evaluation metrics for performance-based compensation for OMRON's directors during the next medium-term management plan, which will run for the 4 years from FY2021 to FY2024. We believe this will further raise our directors' motivation to focus on enhancing corporate value.

Please look at the red text at the bottom of the slide. We have created a new evaluation item for corporate value enhancement. The metric to be applied is relative TSR.

With regard to the sustainability evaluation, in addition to the third-party evaluation we had applied to date, we have added GHG emissions reductions and the results of the employee engagement survey as well. These changes very much embody the spirit of OMRON's management philosophy, in which we aim to contribute to the creation of a better society.

OMRON remains committed to achieving sustainable improvements to corporate value from a medium- to long-term perspective.

This completes my remarks. Thank you.

OMRON



Reference

FY2021 Sales Forecast by Segment

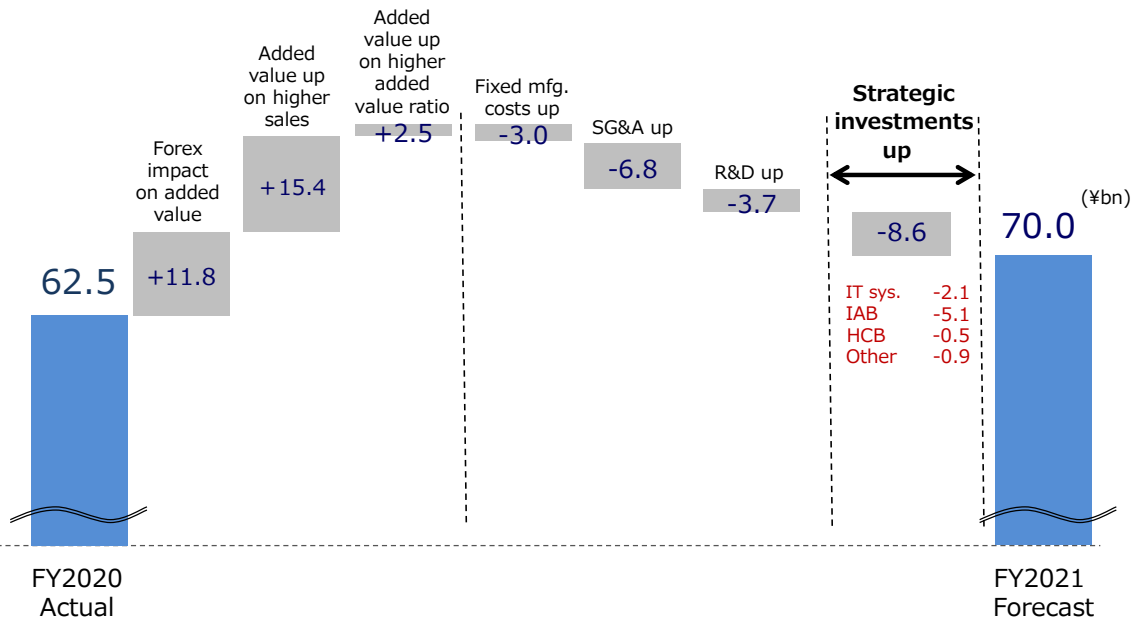
	FY2020 Actual	FY2021 Forecast	(¥bn) Y/Y
IAB Industrial Automation	346.4	375.0	+8.2%
EMC Electronic & Mechanical Components	86.0	94.0	+9.3%
SSB Social Systems, Solutions & Service	95.7	96.0	+0.4%
HCB Healthcare	123.1	133.0	+8.1%
Eliminations & Corporate	4.3	2.0	-53.5%
Total	655.5	700.0	+6.8%

FY2021 Operating Income Forecast by Segment

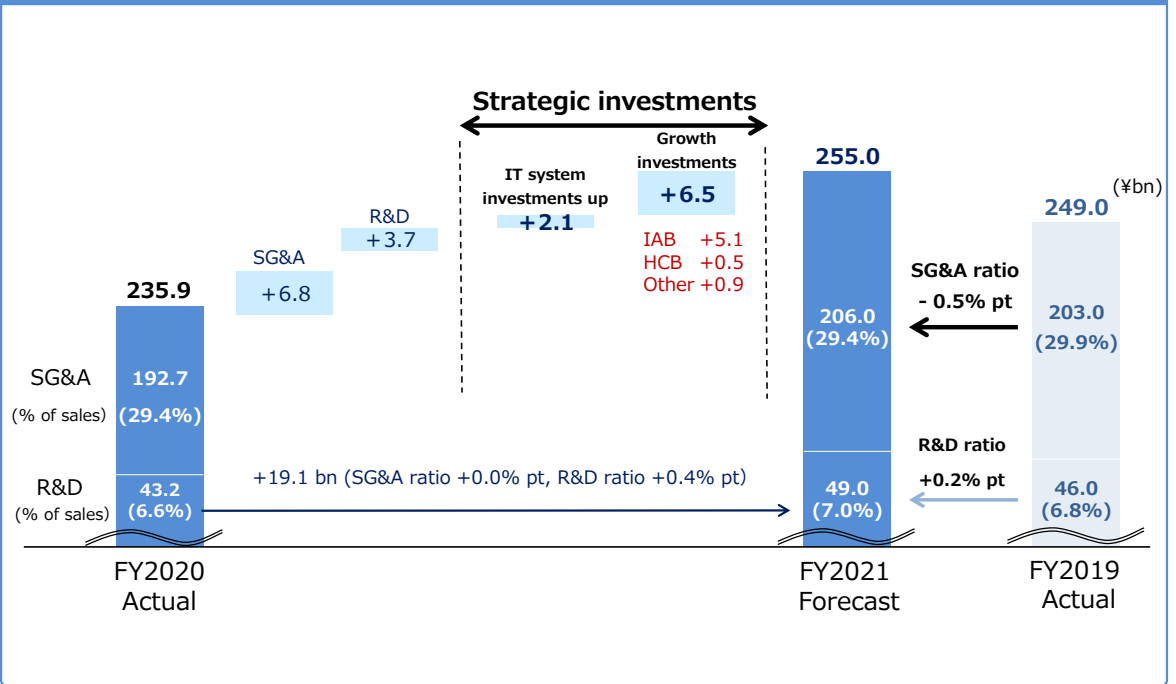
(¥bn, %: OPM)

	FY2020 Actual	FY2021 Forecast	Y/Y
IAB Industrial Automation	58.8 (17.0%)	63.0 (16.8%)	+4.2 (-0.2%pt)
EMC Electronic & Mechanical Components	3.0 (3.4%)	4.5 (4.8%)	+1.5 (+1.3%pt)
SSB Social Systems, Solutions & Service	5.7 (6.0%)	7.0 (7.3%)	+1.3 (+1.3%pt)
HCB Healthcare	20.6 (16.7%)	22.5 (16.9%)	+1.9 (+0.2%pt)
Eliminations & Corporate	-25.5	-27.0	-1.5
Total	62.5 (9.5%)	70.0 (10.0%)	+7.5 (+0.5%pt)

FY2021 Forecast: Operating Income Analysis (Y/Y)



FY2021 Forecast: Changes to Fixed Costs (Y/Y)



Consolidated Balance Sheet

(¥bn)

	End-March 2021	End-June 2021	Chg, vs. End-FY2020
Current assets	514.4	528.7	+14.3
(Cash and cash equivalents)	(250.8)	(266.1)	(+15.3)
(Inventory)	(103.3)	(104.7)	(+1.4)
Property, plant and equipment	113.0	112.1	-1.0
Investments and other assets	192.9	193.7	+0.8
Total assets	820.4	834.5	+14.2
Current liabilities	161.4	151.2	-10.1
Long-term liabilities	49.7	47.7	-2.0
Total Liabilities	211.0	198.9	-12.1
Shareholders' equity	606.9	633.3	+26.4
Noncontrolling interests	2.5	2.3	-0.2
Total net assets	609.4	635.6	+26.3
Total Liabilities and net assets	820.4	834.5	+14.2
Equity ratio	74.0%	75.9%	+1.9%pt

Consolidated Cash Flow Statement

	(¥bn)		
	Q1 FY2020 Actual	Q1 FY2021 Actual	Y/Y
Operating cash flow	27.5	22.2	-5.3
Investment cash flow	-4.6	-4.9	-0.2
Free cash flow (FCF)	22.9	17.4	-5.5
Financing cash flow	-11.3	-8.8	+2.5
Cash and cash equivalents as of end of period	195.9	266.1	+70.2
Capital expenditure	3.9	4.8	+0.9
Depreciation	6.0	5.7	-0.3

FY2021 Forex Assumptions

	FY2021 Assumption	Impact of ¥1 move (full-year, approx.) *RMB impact of ¥0.1 move	
		Sales	OP
USD	¥108	¥1.7bn	¥0.2bn
EUR	¥128	¥0.9bn	¥0.4bn
RMB	¥16.5	¥0.8bn	¥0.2bn

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities

OMRON Included in Major ESG Indices (As of July 2021)

ESG Indices which include OMRON

- ✓ DJSI – World **4th consecutive year**
- ✓ FTSE4Good Index Series **6th consecutive year**
- ✓ MSCI ESG Leaders Indexes **7th consecutive year**
- ✓ MSCI SRI Indexes **5th consecutive year**
- ✓ STOXX Global ESG Leaders indices **5th consecutive year**
- ✓ FTSE Blossom Japan Index **5th consecutive year**
- ✓ MSCI Japan ESG Select Leaders Index **5th consecutive year**
- ✓ MSCI Japan Empowering Women Index **5th consecutive year**
- ✓ S&P/JPX Carbon Efficient Index **3rd consecutive year**

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires.
FY2020 Assessment: Climate Change 'A-', Water Security 'A-'

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



FTSE4Good

2021 MSCI ESG Leaders Indexes Constituent

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDICES ARE THE EXCLUSIVE PROPERTY OF MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



FTSE Blossom Japan



STOXX

Member 2020/2021
ESG Leaders Indexes

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF OMRON CORPORATION IN ANY MSCI INDEX AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF OMRON CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDICES ARE THE EXCLUSIVE PROPERTY OF MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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CDP
ENHANCING SUSTAINABLE ECONOMIES

External Recognition (As of July 2021)

Domestic ESG awards, selection for inclusion

S&P Global Sustainability Award

- ✓ S&P Sustainability Award Gold Class **1st time**

Sustainability Award
Gold Class 2021
S&P Global



Japan Association of Corporate Directors

- ✓ Corporate Governance of the Year 2018

METI Minister's Award for Corporate Governance of the Year **FY2018**

Corporate Governance
of The Year

Ministry of the Environment

- ✓ FY2018 Minister's Award for Global Warming Prevention Activity
'Implementation of Countermeasures and Dissemination Category' **FY2018**



Sponsored by Nikkei Inc

- ✓ Nikkei SDGs Management Grand Prix SDGs Strategy/Economic Value Award **December 2019**

Selected by METI, TSE

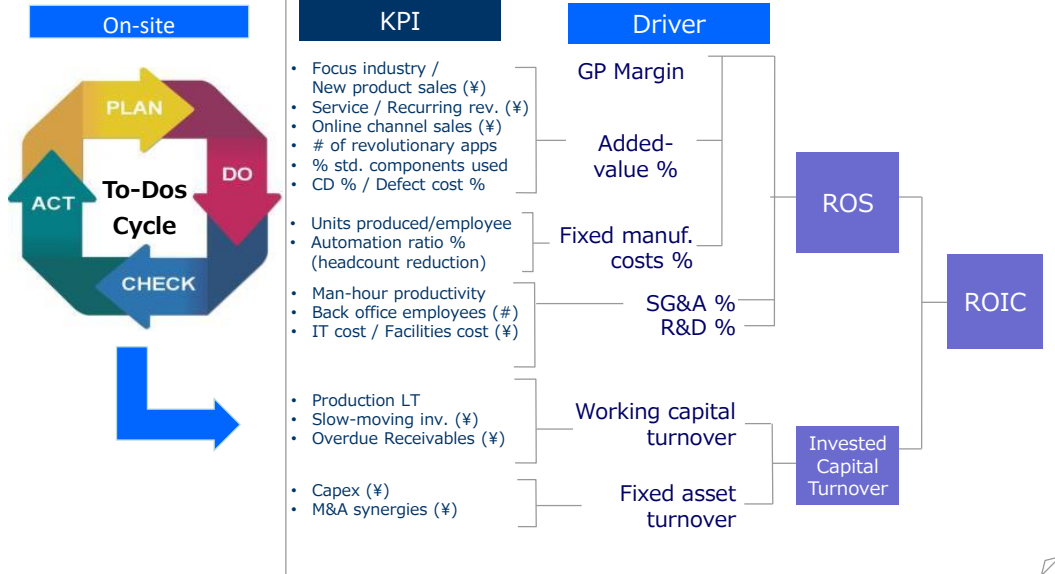
- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**
- ✓ Nadeshiko Brand **4th consecutive year from FY2017**
- ✓ Health & Productivity Stock **3rd consecutive year from FY2018**
- ✓ Health & Productivity: White 500 **5th consecutive year from FY2016**



Selected by Nikkei Inc.

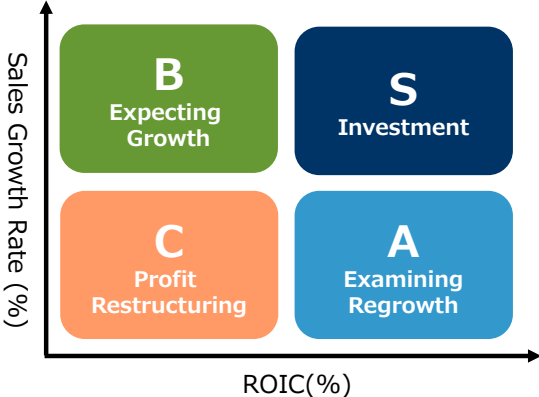
- ✓ Nikkei 225 **March 2019, 1st time**

Down-Top ROIC Tree (2.0)

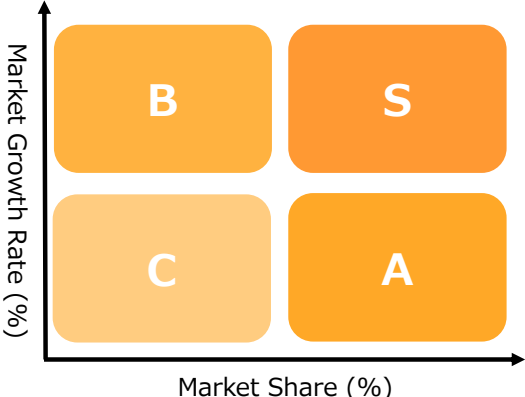


Portfolio Management

Assessing Economic Value



Assessing Competitiveness



ROIC Definition

<Consol. B/S>

LIABILITIES	
Current liabilities:	
Short-term debt	-
Notes and accounts payable — trade	
Accrued expenses	
Income taxes payable	
Other current liabilities	
Deferred income taxes	
Termination and retirement benefits	
Other long-term liabilities	
Total liabilities	
NET ASSETS	
Shareholders' equity	
Common stock	
Capital surplus	
Legal reserve	
Retained earnings	
Accumulated other comprehensive income (loss)	
Foreign currency translation adjustments	
Minimum pension liability adjustments	
Net unrealized gains on available-for-sale securities	
Net losses on derivative instruments	
Treasury stock	
Noncontrolling interests	
Total net assets	
Total liabilities and net assets	

$$\text{ROIC} = \frac{\text{Net income attributable to OMRON shareholders}}{\text{Invested capital}}$$

Invested capital*

$$= \text{Net assets} + \text{Interest-bearing debt}$$

*The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year.

**Capital cost forecast at 5.5%
for FY2021 - 2024**



Notes

1. The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results 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 and uncertain factors could cause actual results to differ materially from these projections.
3. The presentation slides are based on "Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.

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