

FY2021 Earnings

ended March 31, 2022

Results Briefing

April 26, 2022

OMRON Corporation

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Good afternoon everyone. I am CEO Yamada.

Thank you for finding time in your busy schedules to participate in OMRON's FY2021 results briefing. As usual, we will begin with my presentation. This will be followed by a Q&A session. We hope to entertain as many questions as possible during the allotted time.

I will now start my presentation, using the slide deck. Please turn to page 1 for a summary of today's key points.

Summary

■ FY2021 results

- Despite ongoing supply constraints, OMRON exceeded previous forecasts to hit a new record high for OP
- IAB achieved new record highs for sales and OP, reaping the benefits from previous investments
- Now guiding for full-year FY2021 DPS to rise 8 yen to a record high of 92 yen

■ FY2022 full-year forecasts

- On persistently strong demand, OMRON projects continued sales growth and a further record high for profits. Plan to both accelerate the harvesting of growth opportunities and execute on investments for future growth
- Reflecting the uncertainty in the macro backdrop, such as the suspension of operations at a mainstay plant owing to the Shanghai lockdown, the forecast factors in earnings fluctuation risk of ¥10 billion in sales and ¥4 billion in operating profit
- Guiding for a 6 yen increase for FY2022 full-year DPS, from a record high 92 yen to 98 yen

■ Expect IAB and HCB to achieve strong growth

- Strong sales growth in the focus domains identified in the MTP to drive overall sales expansion
- IAB to accelerate customer adoption of innovative-Automation, focusing on Digital and NEV
- HCB aiming for dramatic sales growth in the cardiovascular business in China and Asia

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There are 3 key points to today's presentation.

The first is the FY2021 results.

Q4 was marked by significant disruption, including the invasion of Ukraine by Russia and the Shanghai lockdown. The procurement situation for components and materials remained challenging but OMRON was able to demonstrate significant resilience in the face of change and exceeded its most recent forecasts. As a result, operating income achieved a new record high.

By segment, IAB hit new record highs for both sales and operating income. The investments made to date are beginning to generate solid contributions. I will discuss this in more detail later.

We are guiding for a record-high full-year DPS of 92 yen, up 8 yen Y/Y.

The second point is the full-year forecasts for FY2022.

OMRON aims to continue successfully capturing strong demand in FY2022, targeting Y/Y gains in both sales and profits. We expect OP to hit yet another record high.

While accelerating our efforts to harvest growth opportunities, we will also execute on investments for future growth. That said, we recognize the increased uncertainty surrounding the international situation and the global economy.

Our forecasts factor in the risks that are materializing: we are assuming zero sales from Russia. In addition, reflecting impacts such as the suspension of operations at mainstay plants as a result of the Shanghai lockdown, we have factored in a negative earnings fluctuation risk of 10 billion yen in sales and 4 billion yen in operating income.

We raise the full-year dividend per share guidance from the record high of 92 yen to 98 yen, an increase of 6 yen Y/Y.

The third point relates to the strong growth we expect to achieve in IAB and HCB.

OMRON will continue to achieve strong growth in FY2022, primarily in its focus domains. For IAB, we will accelerate the deployment of innovative-Automation, focusing on Digital and NEV. For HCB, we are targeting strong sales growth in China and Asia in the cardiovascular business. I will explain in more detail later.

Let's move on to today's main topics. I will start with the FY2021 results.

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FY2021 Results

Full-year Results

Exceeded previous forecast. Operating income up 43% Y/Y for new record high

	FY2021 Forecast	FY2021 Actual	Chg. Vs Fcst.	FY2020 Actual	Y/Y
Net Sales	760.0	762.9	+0.4%	655.5	+16.4%
Gross Profit (%)	347.0 (45.7%)	346.8 (45.5%)	-0.0% (-0.2%pt)	298.4 (45.5%)	+16.2% (-0.1%pt)
Operating Income (%)	88.0 (11.6%)	89.3 (11.7%)	+1.5% (+0.1%pt)	62.5 (9.5%)	+43.0% (+2.2%pt)
Net Income	57.0	61.4	+7.7%	43.3	+41.8%
1USD (JPY)	111.5	112.1	+0.6	105.8	+6.2
1EUR (JPY)	130.6	130.5	-0.1	123.2	+7.3
1CNY (JPY)	17.4	17.4	+0.1	15.5	+1.9

(¥bn)

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This slide shows the full-year results for OMRON as a whole. Please look at the shaded column. Sales was 762.9 billion yen, gross profit 346.8 billion yen for a GP margin of 45.5%, operating income was 89.3 billion yen for an OPM of 11.7% and net income was 61.4 billion yen.

In addition to ongoing supply constraints, during Q4 there were a number of unexpected developments such as the invasion of Ukraine and the Shanghai lockdown. However, as a result of a swift firm-wide response, OMRON was able to exceed its forecasts.

Next, please look at the Y/Y change column on the far right of the table. OMRON achieved substantial sales and profit growth. In particular, operating income rose 43% Y/Y to hit a new record high.

This is the result of the OMRON's continued efforts to improve its profit-generating capability and a strong profit structure compounded by double-digit topline growth.

Next, let us look at the segment results.

Sales by Segment

IAB, DMB report substantial sales growth. IAB sets new record high for sales, as OMRON begins to reap the benefits of earlier investments

	FY2021 Forecast	FY2021 Actual	Chg. Vs Fcst.	FY2020 Actual	(¥bn) Y/Y
IAB Industrial Automation	430.0	432.6	+0.6%	346.4	+24.9%
HCB Healthcare	134.0	132.9	-0.9%	123.1	+7.9%
SSB Social Systems, Solutions & Service	90.0	87.7	-2.6%	95.7	-8.3%
DMB Device & Module Solutions	103.0	106.4	+3.3%	86.0	+23.7%
Eliminations & Corporate	3.0	3.3	+10.0%	4.3	-23.4%
Total	760.0	762.9	+0.4%	655.5	+16.4%

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This slide shows sales by segment.

IAB reported substantial Y/Y growth of 24.9%, on its continued success in capturing strong global demand.

IAB was able to achieve new record highs not only on a full-year basis, but also for Q4 on a standalone basis, despite the dramatic changes in the operating environment.

In HCB, the BPM business remains firm on a global basis, with sales up 7.9% Y/Y.

For SSB, while the recovery trend in storage systems continues, revenues declined on the impact of COVID-19 which led railway operators to curtail investments.

DMB reported a hefty 23.7% Y/Y increase in sales on firm demand from China and the Americas.

As you can see, IAB and the recovering DMB drove the overall FY2021 results.

Operating Income by Segment

IAB, EMC achieve strong Y/Y profit growth

	FY2021 Forecast	FY2021 Actual	Chg. Vs Fcst.	FY2020 Actual	(¥bn) Y/Y
IAB Industrial Automation	79.0 (18.4%)	78.1 (18.1%)	-0.9 (-0.3%pt)	58.8 (17.0%)	+19.3 (+1.1%pt)
HCB Healthcare	19.5 (14.6%)	18.5 (14.0%)	-1.0 (-0.6%pt)	20.6 (16.7%)	-2.0 (-2.8%pt)
SSB Social Systems, Solutions & Service	6.5 (7.2%)	6.5 (7.4%)	+0.0 (+0.2%pt)	5.7 (6.0%)	+0.8 (+1.5%pt)
DMB Device & Module Solutions	8.0 (7.8%)	8.2 (7.7%)	+0.2 (-0.0%pt)	3.0 (3.4%)	+5.3 (+4.3%pt)
Eliminations & Corporate	-25.0	-22.1	+2.9	-25.5	+3.4
Total	88.0 (11.6%)	89.3 (11.7%)	+1.3 (+0.1%pt)	62.5 (9.5%)	+26.8 (+2.2%pt)

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We show here operating income by segment. IAB achieved a significant 19.3 billion yen Y/Y improvement in operating income, on the back of operating leverage and strong resilience.

While demand for BPMs was very strong, there was a major impact from surging materials prices and logistics expenses at HCB.

In addition, the decline in sales of thermometers had a negative impact of 3 billion yen on profits.

As a result, HCB profits fell 2 billion yen Y/Y.

Going forward, we will focus on raising profitability while maintaining sales growth.

Despite deteriorating revenues, SSB was able to improve profitability to achieve Y/Y profit growth.

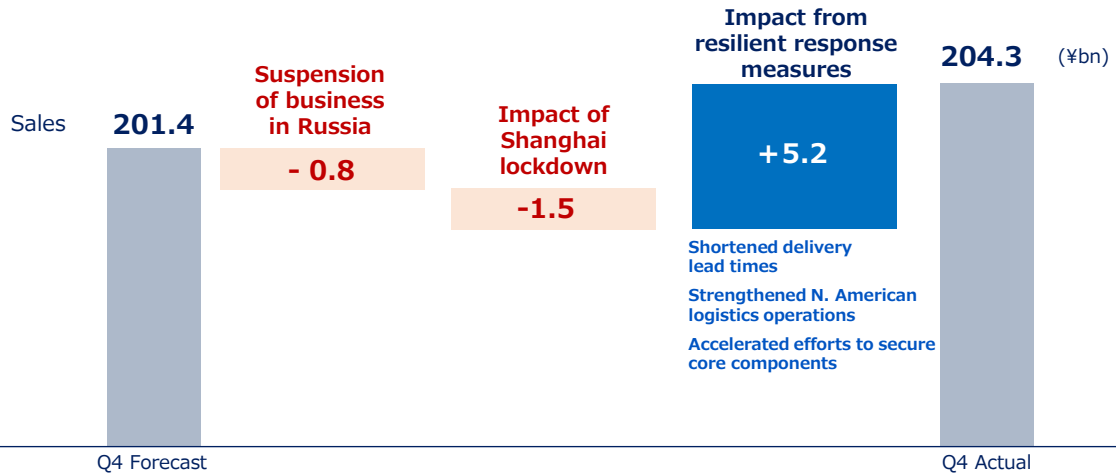
DMB achieved a significant 5.3 billion yen Y/Y improvement through the combination of higher sales and the contributions from structural reforms undertaken to date.

Similar to sales, IAB and DMB drove overall profit growth.

I would now like to explain our efforts during Q4 despite significant disruption, including the impact of lockdowns.

Demonstrating Strong Resilience in Q4

OMRON demonstrated strong resilience in response to downside risks that emerged in Q4, overshooting the forecast



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On this slide, we compare the Q4 sales forecast to the actual Q4 result.

I will start on the left. Q4 sales were projected to be 201.4 billion yen. As we show next to this, sales were negatively impacted by the suspension of business in Russia and the Shanghai lockdown. The combined total impact was 2.3 billion yen.

However, despite the challenging circumstances, OMRON was able to generate an additional 5.2 billion yen in sales by responding resiliently: shortening delivery lead times, enhancing the North American logistics operations and accelerating efforts to lock in supplies of core components and materials.

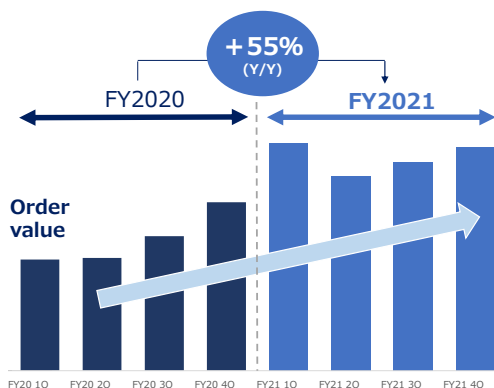
As a result, OMRON was able to beat its forecast to generate sales of 204.3 billion yen.

Next, I will talk about the IAB business, which was a key driver of sales growth in FY2021.

IAB Growth Drivers

IAB order intake increased significantly Y/Y. OMRON able to provide value-added solutions to more customers due to solid progress on business model evolution

Order Intake (Value Basis)



VG2.0 Assets Developed Up To FY2021

● Innovative Applications **250**
(+200 vs. FY2017)

● Application Engineers **1,600**
(+45% vs. FY2017)

● No. of Customers adopting innovative-Automation **2,500 Cos.**
(+1,000 vs FY2017)

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Very simply put, IAB was able to capitalize on the assets acquired through investments made to date to successfully capture growth opportunities.

Please see the left side of the slide.

OMRON does not usually disclose this but the bar chart shows the trend of order intake in value terms on a quarterly basis for the last 2 years. In FY2021, order value rose a strong 55% Y/Y.

At a high level, there are 3 major factors that contributed to the large increase in orders. Please see the right side of the slide.

The first is innovative applications. The number of innovative applications unique to OMRON that leverage innovative-Automation is now 250.

Next is application engineers. Globally, more than 1,600 application engineers are working closely with our customers to develop new solutions through co-creation.

The final factor is the number of customers that have adopted innovative-Automation. Every year, the number of customers, mainly global leading companies, has increased. We are now at 2,500 companies.

OMRON is generating solid results from the evolution of its business model from a device-driven to a solutions-based model. Going forward, OMRON aims to provide even more customers with solutions that create value. This will sustain OMRON's ability to achieve strong growth into the future.

Next is the FY2022 forecast.

FY2022 Forecasts

Management Policy**FY2022 Management Policy**
Shifting Gears to Create New Value**Operational Stance**
Continue to Demonstrate Resilience
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I will begin with a statement of our management policy and operational stance for FY2022, which is the first year of our LT Vision SF2030.

OMRON's 4 segments all address many growth areas. We expect to achieve sustainable growth over time, with IAB as the main driver.

This fiscal year, we will maximize the strengths developed to date to achieve strong growth by capturing growth opportunities while also undertaking growth investments to support the creation of new value for the future.

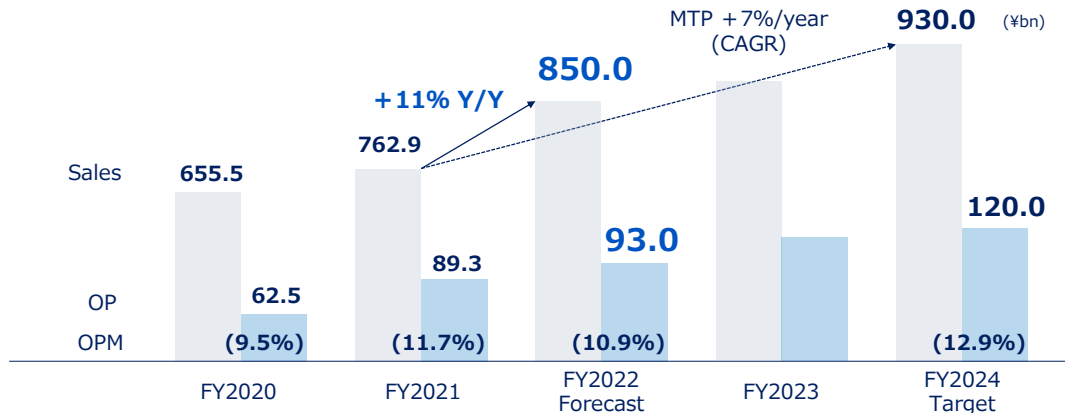
At the same time, in light of the increasing uncertainty about the global economy as a result of the impact of the pandemic, expanding geopolitical risks, supply chain disruption and accelerating inflationary pressures, our operational stance will be to continue to focus on demonstrating resilience in the face of change.

So, how does OMRON propose to move toward achieving the FY2024 goals for the first medium-term plan of SF2030, 1st Stage?

We will start by looking at sales and operating income.

Sales and Operating Income Forecasts

Accelerate harvesting of growth opportunities to drive sales growth. Simultaneously execute on investments for the future to enhance sustainability of growth



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This graph shows historical data and targets for sales and operating income.

Please look at the center of the bar chart.

For FY2022, OMRON is forecasting sales of 850 billion yen and operating income of 93 billion yen. We will achieve 11% Y/Y sales growth by accelerating our efforts to harvest growth opportunities. This exceeds the 7% CAGR target for sales that we set out in the MTP. The drivers of this strong growth are IAB and HCB. While achieving strong sales growth, chiefly in these two businesses, we will also continue to undertake growth investments to further bolster the path of growth going forward. We aim to achieve a new record high in operating profits.

Next is our outlook for the operating environment.

Operating Environment for Focus Domains

Overall demand remains strong on a global basis but the macro backdrop, including supply constraints, remains uncertain

IAB Industrial Automation	<p>Digital: Firm trend with major semiconductor customers continuing to make large-scale investments in US, Europe and Asia NEV: Investments in batteries and other EV-related areas picking up from last year, with US/Europe investing in earnest following trends already seen in China</p> <p>Food/Household Goods: Strong shipments of packaging equipment in US/Europe/China. Automation investments also firm on inflationary pressures and COVID-19 impact</p> <p>Medicine: In addition to ongoing investments for COVID-19, investments in biopharmaceuticals increasing</p> <p>Logistics: Logistics majors accelerating investments in large-scale facilities. Automation investments for small/medium facilities such as robots, also increasing</p>
HCB Healthcare	<p>Cardiovascular: Global demand strong, chiefly in China and Asia, on the back of the expanding online channel</p> <p>Respiratory: On top of rising penetration rates for nebulizers, demand up on easing of restrictions on activity, leading to an increase in patient visits</p> <p>Remote medical service: Demand continuing to increase in US and Europe</p>
SSB Social Systems, Solutions & Service	<p>Energy: Demand expanding on subsidies and increase in companies declaring commitment to achieving carbon neutral</p> <p>Management & Services: Retailers increasing investments to respond to labor shortages, upgrading store facilities</p>
DMB Device & Module Solutions	<p>DC Equipment: Demand strong in DC drives and infrastructure areas on progress in shift to direct current and rising voltage capacity</p> <p>Microwave Devices: Continued demand for semiconductors. Strong demand for IC inspection and high-speed communication equipment.</p>

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This is our view of the operating environment for the focus domains by segment.

Overall, we expect robust global demand to continue, particularly for IAB. At the same time, we are not optimistic about the operating environment, given the high degree of uncertainty for the macro backdrop, in light of supply constraints and inflation. Our annual sales to Russia and Ukraine had been approximately 9 billion yen but our forecasts for FY2022 do not factor in any sales from these countries. Also, although I will go into more detail later, we have factored in earnings risk related to the Shanghai lockdown.

FY2022 will be a year in which we will be called upon to demonstrate a very high level of resilience. We are committed to doing so.

Next are the consolidated financial targets, based on this view of the operating environment.

Financial Targets

Forecasting higher sales and profits. Aim for Y/Y improvements to ROIC, ROE & EPS

	FY2021 Actual	FY2022 Targets	Y/Y
Sales	¥762.9 bn	¥850.0 bn	+11%
OP	¥89.3 bn	¥93.0 bn	+4%
ROIC	9.6%	>10%	>+0.4 pt
ROE	9.7%	>10%	>+0.3 pt
EPS	¥306	¥316	+¥10.6
Forex (USD/EUR/CNY)	112/131/17.4	121/133/19.0	+9/+3/+1.6

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These are the FY2022 financial targets.

We are projecting sales of 850 billion yen, operating income of 93 billion yen, ROIC and ROE to exceed 10% and EPS of 316 yen.

In addition to sales and operating income, we aim to improve ROIC, ROE and EPS on a Y/Y basis.

Next I will touch upon the segment breakdown for sales and operating income.

Sales & Operating Income Forecasts by Segment

Targeting Y/Y improvements to sales and profits for all segments. Forecasts factor in earnings fluctuation risk of ¥10 bn in sales and ¥4 bn in OP for overall company

(¥bn)

	Sales			OP		
	FY2021 Actual	FY2022 Forecast	Y/Y	FY2021 Actual	FY2022 Forecast	Y/Y
IAB Industrial Automation	418.1	483.0	+15.5%	76.3 (18.2%)	90.0 (18.6%)	+18.0% (+0.4%pt)
HCB Healthcare	132.9	154.0	+15.9%	18.5 (14.0%)	20.0 (13.0%)	+7.9% (-1.0%pt)
SSB Social Systems, Solutions & Service	87.7	92.0	+4.9%	6.5 (7.4%)	6.5 (7.1%)	+0.0% (-0.3%pt)
DMB Device & Module Solutions	121.0	128.0	+5.8%	10.1 (8.3%)	10.5 (8.2%)	+4.1% (-0.1%pt)
Eliminations & Corporate	3.3	3.0	-9.1%	-22.1	-30.0	-
Earnings Fluctuation Risk		-10.0	-		-4.0	-
Total	762.9	850.0	+11.4%	89.3 (11.7%)	93.0 (10.9%)	+4.1% (-0.8%pt)

*Certain products in IAB have been reclassified to DMB.

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There are two points I will highlight on this page.

The first is that we aim to achieve Y/Y growth for both sales and profits for all segments.

The second is that we expect substantial growth in both IAB and HCB, which will drive overall earnings.

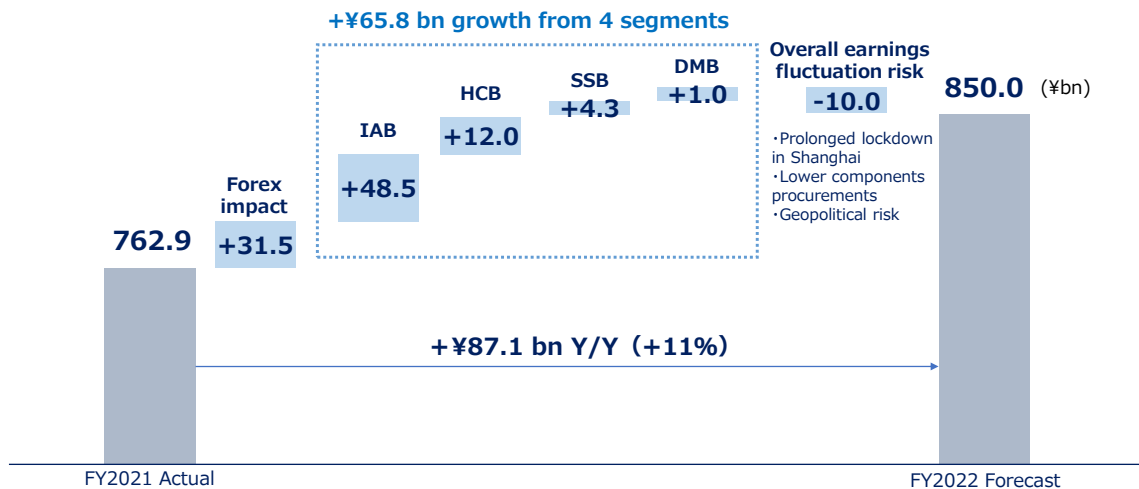
With regard the IAB and DMB plants which had been significantly impacted by the Shanghai lockdown, we are gradually restarting operations from this week. Operations had been suspended for roughly 4 weeks from the end of March into April; we expect this will have a negative impact of 10 billion yen on sales and 4 billion yen on operating income in Q1. We have chosen to reflect a negative earnings fluctuation risk of 10 billion yen in sales and 4 billion yen in operating income in our forecasts. That said, underlying demand from customers remains strong; we will focus on recovering from this impact over the course of the fiscal year.

Note that the earnings fluctuation risks are not factored into the segment forecasts but are being reflected on a group basis, separate from the segment forecasts.

I will now explain the sales and operating income forecasts in more detail.

Analysis of Change in Sales (Y/Y)

Targeting strong sales growth for 4 segments, in addition to forex impact



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This is the waterfall chart for the Y/Y change in sales.

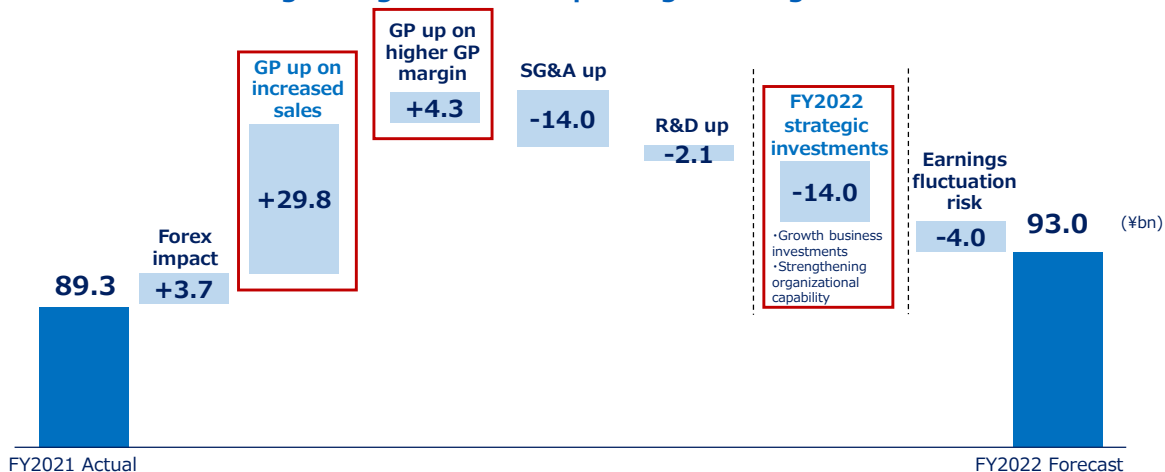
On the left, we have the 762.9 billion yen in sales generated in FY2021; on the right is our FY2022 forecast for 850 billion yen.

The bars boxed in blue show the strong growth we expect from the 4 segments, with IAB as the main driver of growth.

Next is operating income.

Operating Income Analysis (Y/Y)

Continue solidly investing for future growth while also growing sales and improving GP margin



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This is the waterfall chart for Y/Y change to operating income.

On the left is FY2021's 89.3 billion yen; on the far right is FY2022's forecast of 93 billion yen.

Please look at the box outlined in red on the left. We expect a significant Y/Y increase of 29.8 billion yen in gross profit as a result of topline growth.

Looking at the next red box to the right, we expect gross profits to increase 4.3 billion yen Y/Y as a result of an improved GP margin. While there will be an impact from inflation, we aim to boost our GP margin through initiatives to improve productivity and efforts to ensure that our products are appropriately priced.

We have also factored in increases in SG&A on the back of sales growth as well as higher R&D expenses aimed at supporting future growth.

Also, as shown in the red box on the right, we intend to execute on strategic investments, investing in growth businesses and measures to enhance our organizational capability.

These investments will increase 14 billion yen Y/Y.

I will explain the strategic investments in more detail on the next slide.

Breakdown of Strategic Investments

Continue strategic investments in IAB and HCB. Take flexible approach in making investments to reflect operating environment and maintain appropriate balance with profit growth

Group Strategic Investments

(P/L investments +¥14 bn Y/Y, B/S investments +¥8.7 bn Y/Y)

Growth Business Investments		Organizational Capability Investments		
IAB +¥8.0 bn	HCB +¥2.9 bn	Human Capital Development +¥1.1 bn	DX +¥1.4 bn (B/S +¥7.5bn)	Sustainability +¥0.6 bn (B/S +¥1.2 bn)
Enhance 3 front-line layers: sales/application engineers & ATCs Create new innovative applications to support innovative-Automation	Strengthen marketing for China and India to drive dramatic growth Deploy remote medical service in US and Europe	Invest in human capital development to further elevate employees' capabilities	Develop standard model for Europe, with focus on SCM	Upgrade facilities to promote shift to carbon neutral at domestic bases Develop new energy business

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These are the areas that we target for strategic investments in FY2022.

OMRON will continue to proactively invest in the growth businesses of IAB and HCB as we look toward achieving our growth aims under SF 1st Stage. We will also undertake investments to transform our organizational capability, investing in human capital, DX and sustainability.

We note that in undertaking strategic investments, we intend to be flexible in response to changes in the operating environment and to maintain a good balance with profit growth.

This completes my explanation of the FY2022 forecasts.

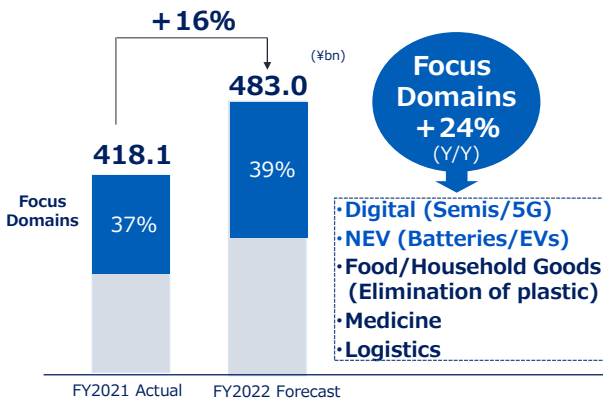
I will now discuss IAB and HCB, which are the drivers of growth for OMRON in FY2022.

Achieving Strong Growth: IAB & HCB

IAB Sales Forecast

Accelerate deployment of innovative-Automation, focusing on areas of continued strong demand: Digital and NEV. Maximize ability to capture growth opportunities by adding application engineers and raising product supply capability

Sales Forecast



Key Initiatives for Growth

Growth Markets × Robust Business Model × Enhanced Supply Capability

- Increase number of customers in high growth areas that adopt innovative-Automation (+800 cos. Y/Y)
- Increase number of application engineers to boost ability to capture global investment in semiconductors/batteries (+100 engineers Y/Y)
- Further strengthen product supply capability (+¥65.0 bn Y/Y)

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First is IAB.

Please look at the bar chart on the left. We project IAB to grow 16% Y/Y overall.

Next, please see the blue circle. By capturing robust demand, the core businesses that will lead growth are expected to achieve 24% Y/Y growth.

Specifically, we are expecting growth in semiconductor- and 5G-related as well as batteries and EVs.

Next, please turn to the right side of the page.

This fiscal year, OMRON will execute on 3 major initiatives to achieve strong growth.

They are:

- 1) expanding the number of customers adopting innovative-Automation in growth areas,
- 2) increasing the number of application engineers, particularly targeting global investments in semiconductors and batteries, and
- 3) further enhancing product supply capability.

I will go into more detail on the important subject of product supply capability on the next slide.

Enhancing IAB Product Supply Capability

Improving supply capability by reaping the benefits of design changes, shortening delivery lead times, and partnering strategically with EMS

1 Change designs to enable continued reductions in number of required components and improve procurement capability

2 Shorten delivery lead times through better transportation efficiency and acceleration of local production

3 Enhance production flexibility and procurement capability by developing strategic partnerships with EMS

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The key for IAB sales growth will be improving product supply capability.

OMRON is solidly gaining traction with the measures implemented from last year. We aim to further enhance supply capability. Specifically, this fiscal year we aim to realize a full-year contribution from the reduction in the number of components per device as a result of design changes made last fiscal year. We will also benefit from last fiscal year's improvements to procurement capability.

Next, we aim to achieve better efficiencies in logistics to shorten delivery lead times by improving transportation efficiency and accelerate the ramp up of local production facilities in proximity to the markets they serve.

In addition, we will implement a new initiative of developing strategic partnerships with EMS. This should further improve the responsiveness of our production flexibility to changes in the operating environment and boost our procurement capability. We will start outsourcing to EMS during Q1.

Through these initiatives, we will boost our supply capability and successfully capture growth opportunities. This should enable us to achieve the 16% Y/Y growth we are targeting for FY2022.

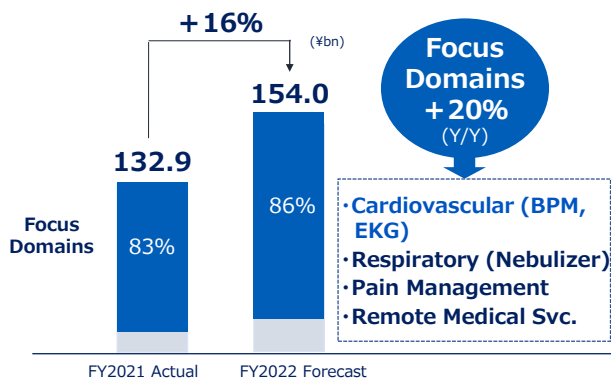
This covers IAB.

HCB Sales Forecast

Achieve sales growth for cardiovascular business in expanding China and Asia market

Sales Forecast

Key Initiatives for Growth



Strengthen Channels × Area Expansion
× Product Lineup Expansion

- In China and Asia market, strengthen sales channels and expand sales areas
- Launch flagship home-use EKG product and expand sales territory from 15 to 22 countries
- Enhance sales/planning/ development framework for remote medical service in US and Europe

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Next is HCB.

Please look at the bar chart on the left.

OMRON is projecting 16% Y/Y sales growth for HCB as a whole. Next, please see the blue circle.

By capturing robust global growth, we aim for 20% Y/Y growth in the focus domains, chiefly the cardiovascular business.

Please look to the right.

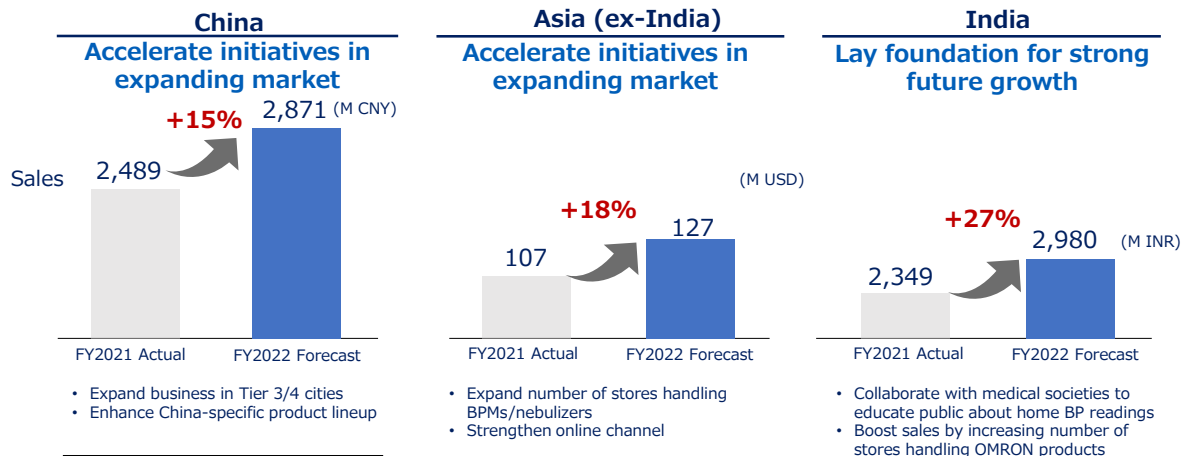
This fiscal year, OMRON will execute on 3 major initiatives to achieve strong growth.

First, OMRON will strengthen its sales channels in the China and Asian markets and expand its sales area for its products. Second, we will launch a flagship home-use EKG product and expand the number of countries where it will be sold to 22. Third, we will strengthen our organizational structure in the US and Europe for the remote medical service.

I will explain our initiatives in the China and Asian markets in more detail on the next slide.

Dramatic Growth for HCB in China and Asian Markets

Capture rising health needs to achieve dramatic growth in China and Asia



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I will explain on this slide our business forecasts for China, Asia and India for this fiscal year.

We show the sales growth rate for each region in red. As you can see, we expect high levels of growth in each area.

Starting with China, we will be expanding our business in Tier 3/4 cities and will build out our lineup of China-specific products.

Next, for Asia, we will be increasing the number of stores that handle OMRON's BPMs and nebulizers as well as strengthening the online channel.

Finally, for India, although the penetration for home-use BPMs is still very low, the increase in hypertension patients is rapidly becoming a social issue. This is a market that should show strong growth going forward.

OMRON has successfully pioneered the BPM market by enhancing its channel platform, based on the high degree of trust placed in OMRON products by medical practitioners, starting in China and expanding into other emerging countries. We aim to replicate this pattern in India to achieve strong growth.

In anticipation of substantial future growth, OMRON will also consider establishing a new production base in India during the current medium-term plan period.

In this way, we are making solid progress in preparing for future growth. This covers my comments on HCB.

Next is non-financial targets.

Non-financial Metrics

Medium-term Management Plan Targets

- 1 Grow Sustainability Sales* 45% vs FY2021(reflects contribution to solving 3 social issues)
- 2 Raise ratio of women in management roles above 18% on a global basis
- 3 Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan
- 4 Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016
- 5 Achieve Carbon Zero at all 76 domestic locations
- 6 Implement human rights due diligence in alignment with UNGP and develop mechanism for remedying abuses in the value chain
- 7 Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World
- 8 100% participation by global managers in management training to effectively capitalize on the capabilities of diverse human resources
- 9 In all regions, introduce training program covering the basic knowledge required for DX: statistics, data analytics, AI and others
- 10 Make full use of digital tools to reduce use of paper
- +1 Top management of each region to declare and execute their commitment to contribute to local communities in alignment with OMRON's Sustainability Policy

FY2022 Targets

+15% vs. FY2021

17.4%

26 overseas bases/
3% in Japan

-51% vs. FY2016

9 locations

Identify human rights issues/
Establish & test primary remedy
mechanism

Selected to DJSI World

40%

Create training program/
Trial in Europe

-40% vs. FY2019

Declaration/execution
ongoing in all areas

*Focus domain sales which lead to 'Achieving Carbon Neutrality', 'Realizing a Digital Society', 'Extending Healthy Life Expectancy'

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This slide shows OMRON's 10 + 1 non-financial metrics. We show the targets for both the final year of the MTP as well as our targets for this fiscal year.

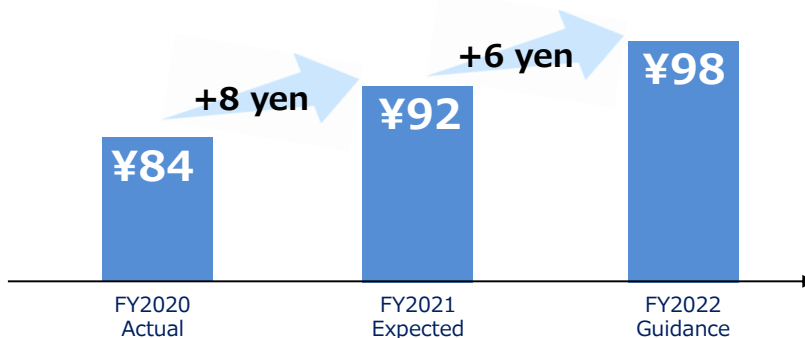
Please look at metrics 8 through 10, which are outlined in red. These 3 items were selected through a vote by all of our global employees. More than 10,000 employees participated in the process and it was very well received. Seeking the direct involvement of employees in setting overall group targets elevates motivation to participate and achieve targets. We believe this will be an engine that will promote value creation at OMRON.

Please now look at the bottom of the page. The +1 targets, in which top management of each region show their commitment to the communities in which they operate, have also been set for each region. The content consists mainly of initiatives to address issues faced in each country or community, with employees participating as volunteers. We will showcase specific initiatives in upcoming integrated reports and on our web site.

This covers the explanation of non-financial targets. Finally, on dividends.

Full-year Dividend Guidance

FY2021 DPS raised 8 yen to 92 yen. Guiding for a 6 yen increase to 98 yen in FY2022. Continue to deliver stable and sustainable shareholder returns



* FY2021 annual dividend per share to be set at the Annual General Shareholders' Meeting.
Interim and fiscal year-end dividend guidance for FY2022 TBD

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For FY2021, we are guiding for a new record high DPS of 92 yen, up 8 yen from last fiscal year's 84 yen.

We are guiding for a full-year FY2022 DPS of 98 yen, an increase of 6 yen from the FY2021 level.

In alignment with our new shareholder returns policy as set out in SF 1st Stage, we aim to maintain stable and continuous returns, targeting a DOE of around 3%. Of course, we will continue to place our highest priority on growth investments.

This completes my explanation of the FY2022 forecasts.

In closing, I would like to share my thoughts about our management stance for this fiscal year.



There are 2 points I would like to make.

The first is that OMRON's 4 segments all address growth areas. As a result of the business portfolio changes and the process of selection and concentration to date, OMRON's current businesses address areas expected to grow over the medium- to long-term. OMRON aims to further elevate its self-sustaining growth capability, primarily in IAB.

The second is that this fiscal year will be yet another year where OMRON will be called upon to continue to demonstrate resilience in the face of change. The business environment in FY2022 is likely to be a year of dramatic change as a result of the pandemic impact, rising inflationary pressures and changes in the world situation. Even within such an environment, OMRON aims to manage its business by being early in detecting change and responding flexibly and swiftly.

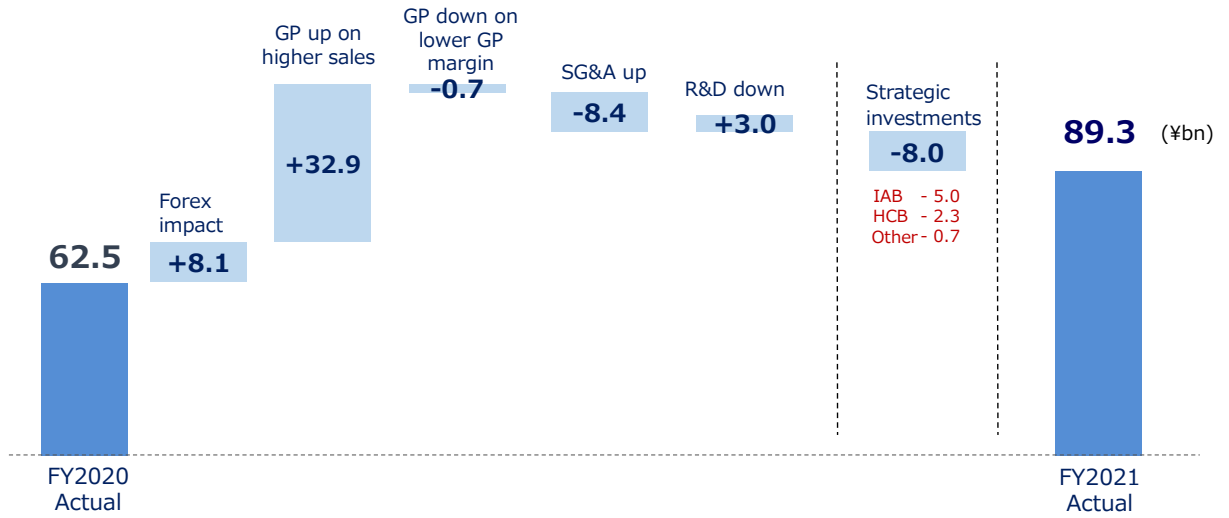
This fiscal year, we aim again to achieve Y/Y growth in both sales and profits.

We humbly ask for the continued support of our shareholders and investors.

This completes my presentation. Thank you.

Reference

Operating Income Analysis (Y/Y)



Consolidated Balance Sheet

	(¥bn)		
	End-March 2021	End-March 2022	Y/Y
Current assets	514.4	482.9	-31.5
(Cash and cash equivalents)	(250.8)	(155.5)	(-95.3)
(Inventory)	(103.3)	(141.9)	(+38.7)
Property, plant and equipment	113.0	122.1	+9.1
Investments and other assets	192.9	325.6	+132.7
Total assets	820.4	930.6	+110.3
Current liabilities	161.4	211.7	+50.3
Long-term liabilities	49.7	51.0	+1.3
Total Liabilities	211.0	262.7	+51.6
Shareholders' equity	606.9	665.2	+58.4
Noncontrolling interests	2.5	2.7	+0.2
Total net assets	609.4	668.0	+58.6
Total Liabilities and net assets	820.4	930.6	+110.3
Equity ratio	74.0%	71.5%	- 2.5%pt

Consolidated Cash Flow Statement

			(¥bn)
	FY2020 Actual	FY2021 Actual	Y/Y
Operating cash flow	93.8	67.4	-26.4
Investment cash flow	-14.8	-150.2	-135.4
Free cash flow (FCF)	79.0	-82.7	-161.8
Financing cash flow	-20.4	-29.6	-9.3
Cash and cash equivalents as of end of period	250.8	155.5	-95.3
Capital expenditure	24.0	34.2	+10.3
Depreciation	22.8	23.4	+0.6

Forex Assumptions and Sensitivities

		Impact of 1 yen move (full year) CNY impact of 0.1 yen move	
	FY2022 Assumptions	Sales	OP
USD	¥121	¥1.8 bn	¥0.1 bn
EUR	¥133	¥0.9 bn	¥0.4 bn
CNY	¥19.0	¥1.0 bn	¥0.3 bn

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

MTP Segment Sales & Operating Income Targets

		FY2024 Targets (Prior to segment adjustments)	FY2024 Targets (After segment adjustments)
IAB	Sales OP (OPM)	¥530.0 bn ¥106.0 bn (20.0%)	¥515.0 bn ¥104.0 bn (20.2%)
HCB	Sales OP (OPM)	¥180.0 bn ¥28.0 bn (15.6%)	¥180.0 bn ¥28.0 bn (15.6%)
SSB	Sales OP (OPM)	¥100.0 bn ¥10.0 bn (10.0%)	¥100.0 bn ¥10.0 bn (10.0%)
DMB	Sales OP (OPM)	¥110.0 bn ¥11.0 bn (10.0%)	¥125.0 bn ¥13.0 bn (10.4%)

Cash Allocation Policy

1. Aim to maximize corporate value by realizing OMRON's LT vision. Prioritizing investments that will create new value from a medium- to long-term perspective. In SF 1st Stage, will prioritize investments in human capital and R&D to address social issues and create social needs, capex to increase production capacity and to advance DX, growth investments such as M&A & A(liances) and sustainability initiatives such as decarbonization, reducing environmental impact and respecting human rights in the supply chain. Beyond this, OMRON will maintain stable and consistent shareholder returns
2. Basic policy for funding the above value creation investments and shareholder returns: funds to come from retained earnings and operating cash flow generated. If necessary, OMRON will tap into appropriate fund raising alternatives. Given its ability to raise funds without being unduly impacted by financial market conditions OMRON will continue to focus on maintaining financial soundness

Shareholder Returns Policy

1. After prioritizing necessary investments for medium- to long-term value creation, OMRON's annual dividend payout policy will be a DOE of 3%. Beyond this, OMRON will take into account previous DPS levels in order to maintain stable and consistent shareholder returns
2. In the event where excess levels of cash are maintained over the long term after making the above investments and profit distributions, OMRON may reward shareholders by undertaking share buybacks from time to time

OMRON Included in Major ESG Indices (As of April 2022)

ESG Indices which include OMRON

- ✓ DJSI – World **5th 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 **6th consecutive year**
- ✓ FTSE Blossom Japan Index **5th consecutive year**
- ✓ FTSE Blossom Japan Sector Relative Index **1st time selected**
- ✓ MSCI Japan ESG Select Leaders Index **5th consecutive year**
- ✓ MSCI Japan Empowering Women Index **5th consecutive year**
- ✓ S&P/JPX Carbon Efficient Index **4th consecutive year**

* OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires.
FY2021 Assessment: Climate Change 'A-', Water Security 'A-'

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



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



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External Recognition (As of April 2022)

Domestic ESG awards, selection for inclusion

S&P Global Sustainability Award

- ✓ S&P Sustainability Award Silver Class

Sustainability Award

Silver Class 2022

S&P Global



EcoVadis

- ✓ Sustainability Assessment Gold Rating

Japan Association of Corporate Directors

- ✓ Corporate Governance of the Year 2018

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



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

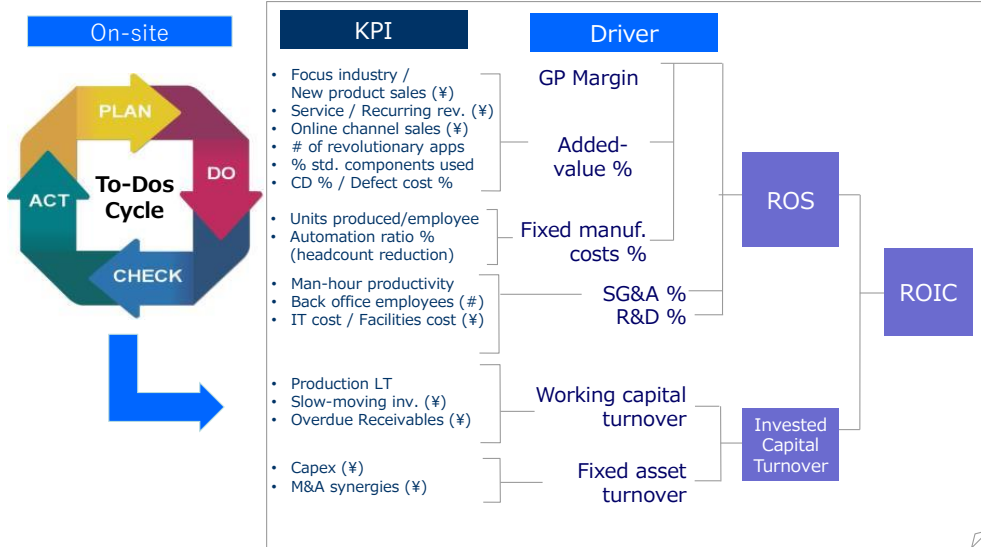
- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**
- ✓ Nadeshiko Brand **5th consecutive year from FY2017**
- ✓ Health & Productivity Stock **4th consecutive year from FY2018**
- ✓ Health & Productivity: White 500 **6th consecutive year from FY2016**



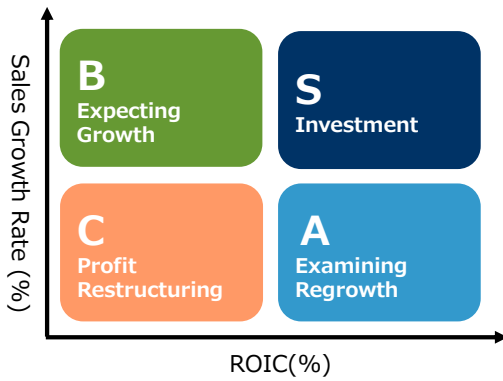
Selected by Nikkei Inc.

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

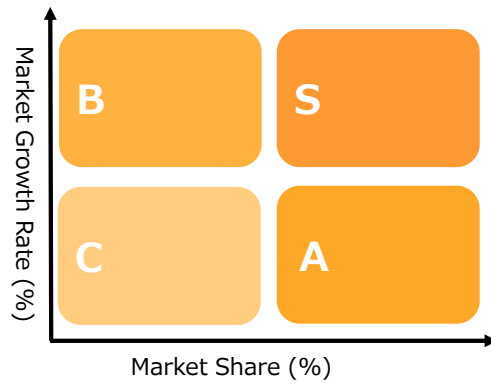
Down-Top ROIC Tree (2.0)



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.

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