

Q&A Session Summary, Q3 FY2022 Results Briefing
OMRON Corporation
January 30, 2023

Company Earnings, Management Strategy

Q. Ahead of stepping down, can you share with us what you, Mr. Nitto, view as your achievements and challenges as CFO?

A. I believe the completion of the business portfolio optimization was a major achievement. However, realizing higher levels of growth is an ongoing issue which I will hand on to the incoming management team.

Q. Please tell us when OMRON will provide a progress update on the collaboration with JMDC.

A. Going forward, we would like to create opportunities to talk about the content of our various collaboration themes.

Industrial Automation (IAB)

Q. Q3 sales were flat sequentially in yen terms and profit fell around 2 billion yen. OPM also deteriorated 1.6%-points. Please discuss what was behind this.

A. This was largely the result of lower production capacity utilization rates on the back of a surge of COVID-19 infections in China in December, and sluggish product shipments destined for China. We were unable to fully divert shipments to other regions; some products ended up as inventory.

Q. Please comment on the trend for the order backlog.

A. The order backlog has peaked out from the level as of the end of Q2. It has been gradually declining from the Q2 level, but we do expect some of the order backlog to be carried over into the next fiscal year.

Healthcare (HCB)

Q. What is your view of possible changes in the China market going forward?

A. On the back of rising COVID-19 infections, Q3 sales of thermometers and oxygen generators were strong. With regard to Q4 demand for BPMs, we will be monitoring the recovery after the Chinese New Year. Given the aging of China's population, we expect the market will expand over the medium term.

Q. OMRON has said it is implementing selling price initiatives. Please explain the background to why the profit margin has been flat.

A. We are carefully implementing selling price initiatives by region, taking into account local consumer spending trends. In addition, we are continuing to make strategic investments for the development of new devices and in the remote medical service.

Q. Please update us on the current status of the remote medical service.

A. We are currently implementing initiatives to address the bottlenecks that have limited patient retention rates and to improve operational flow aimed at boosting hospital adoption rates for the remote medical service.

We firmly believe in the potential of this business and are taking actions to enhance the system and framework, which will further advance commercialization.