

FY2021 Q1 Earnings

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



**July 29, 2021
OMRON Corporation**

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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Q1 FY2021 Results



Q1 FY2021 Results

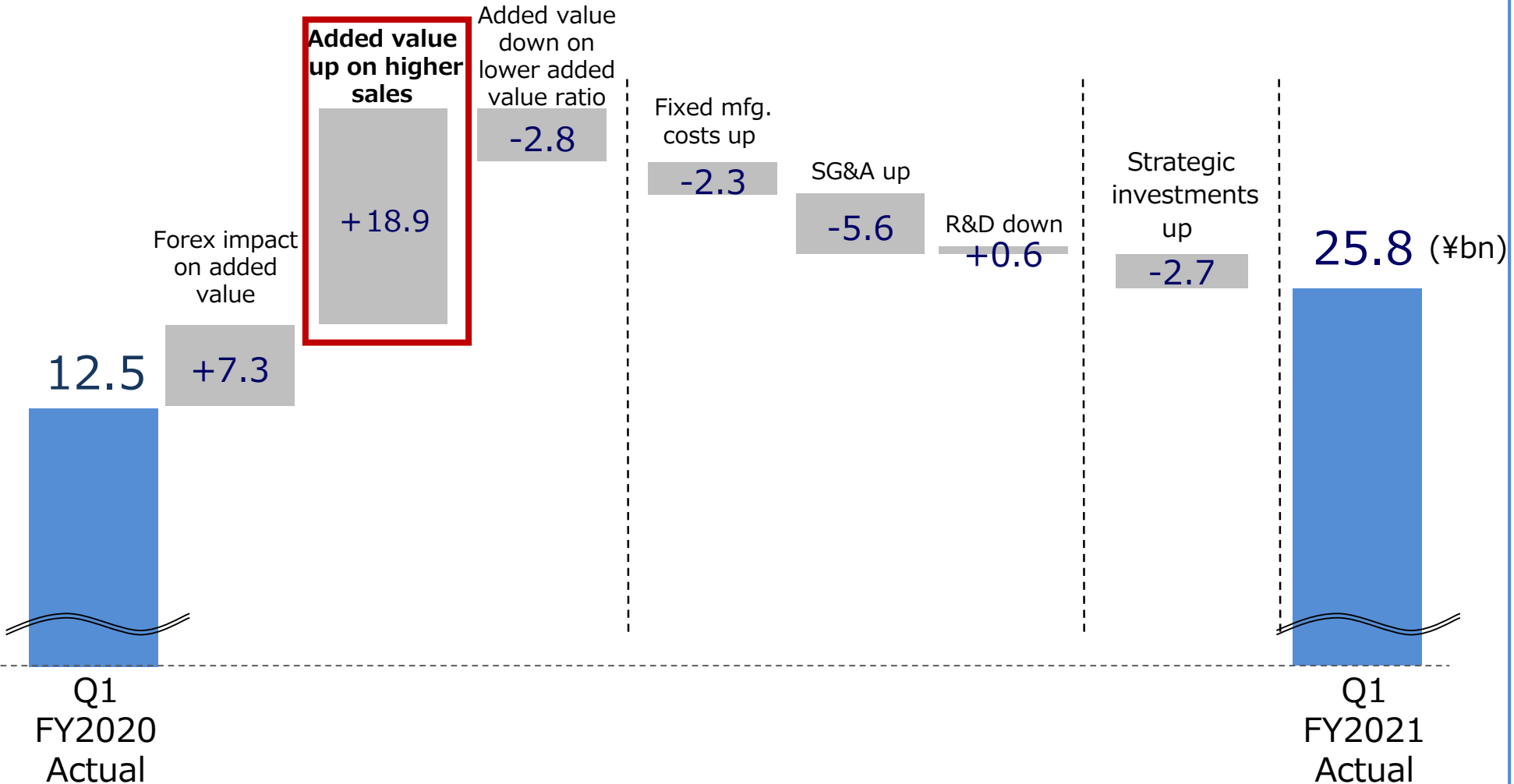
**Sales, OP up significantly. OP approximately doubled Y/Y to ¥25.8bn.
New record highs for GP margin, operating income, OPM and net income**

(¥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

Operating Income Analysis (Y/Y)

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



Sales by Business Segment

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

(¥bn)

	Q1 FY2020 Actual	Q1 FY2021 Actual	Y/Y	Vs. Q1 FY2019
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%

Operating Income by Business Segment

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

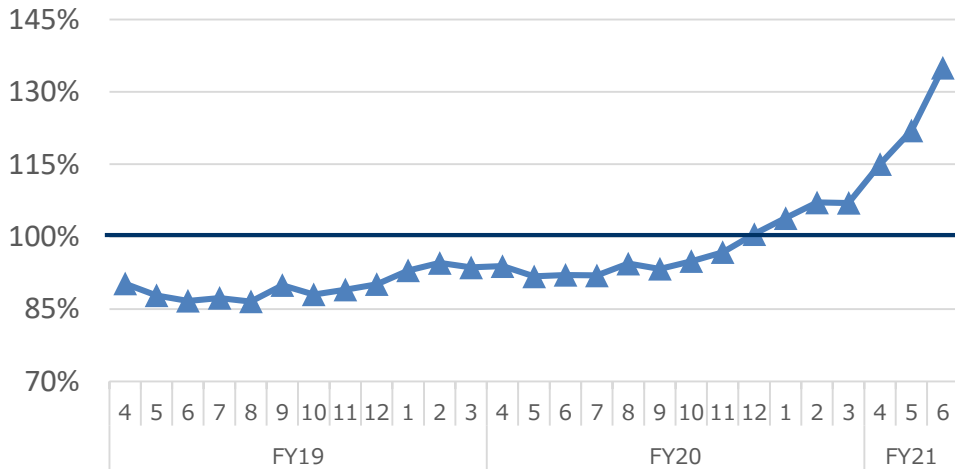
(¥bn, %: OPM)

	Q1 FY2020 Actual	Q1 FY2021 Actual	Y/Y	Vs. Q1 FY2019
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)

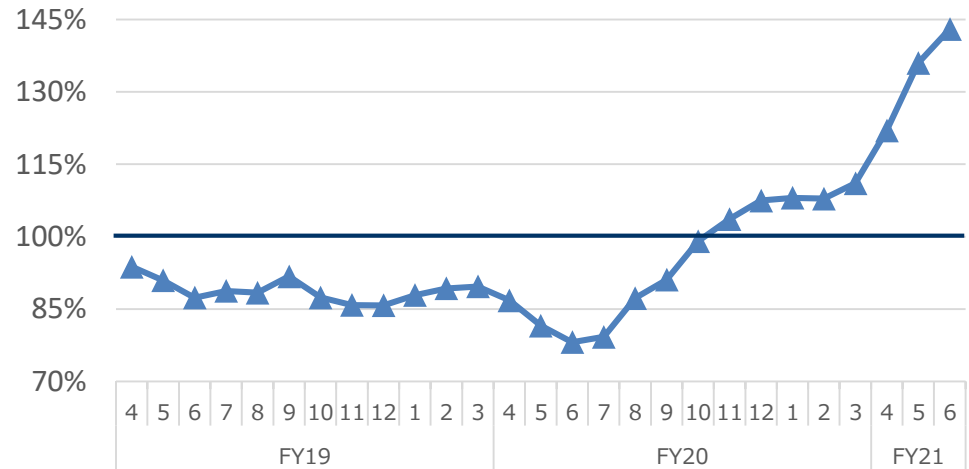
Sales Growth by Segment Y/Y (3MMA)

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

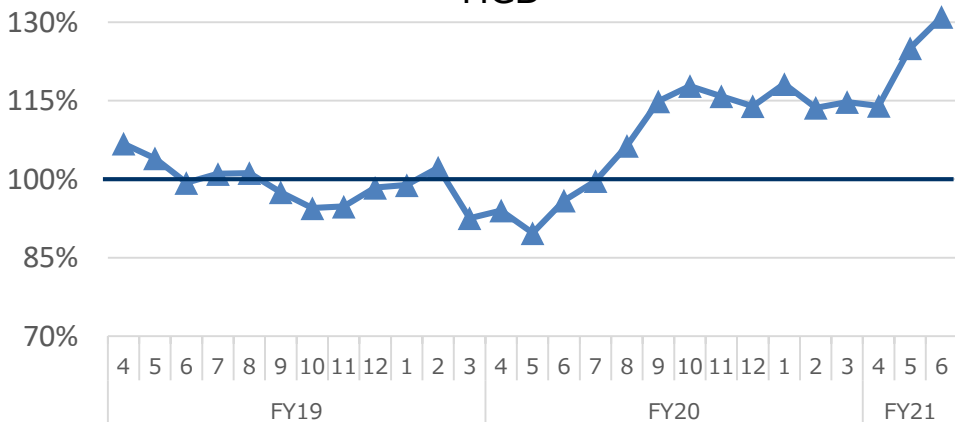
IAB



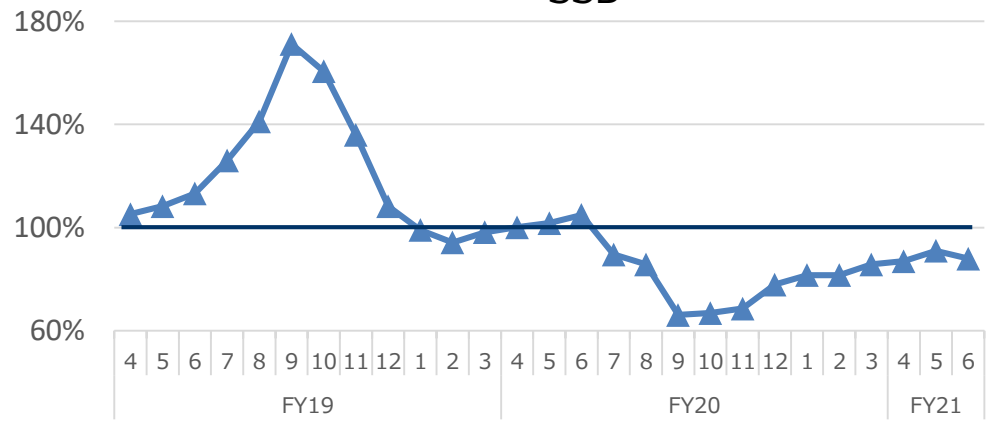
EMC



HCB



SSB



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%)

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

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



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


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

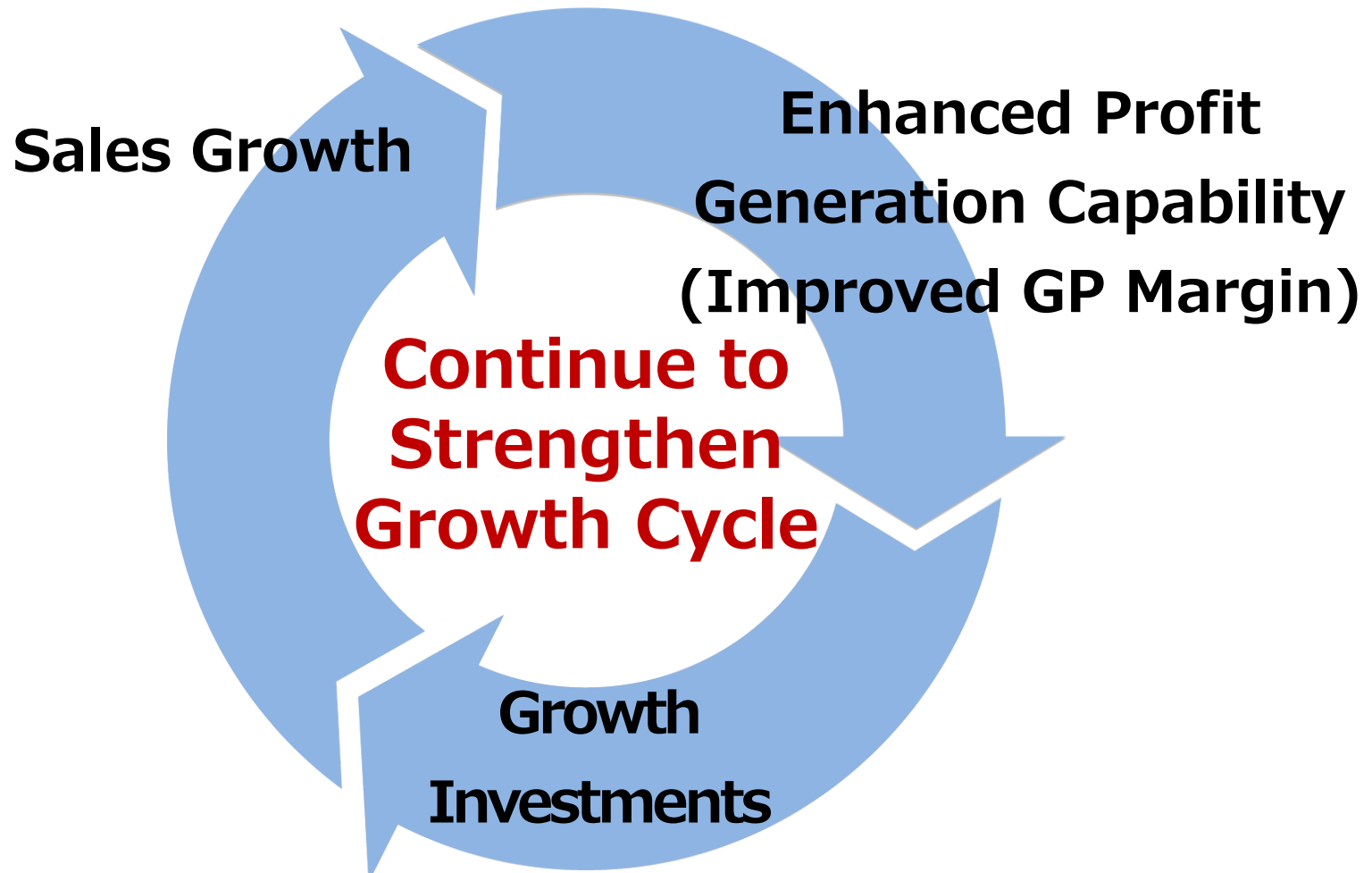


Enhancing Corporate Value



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



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

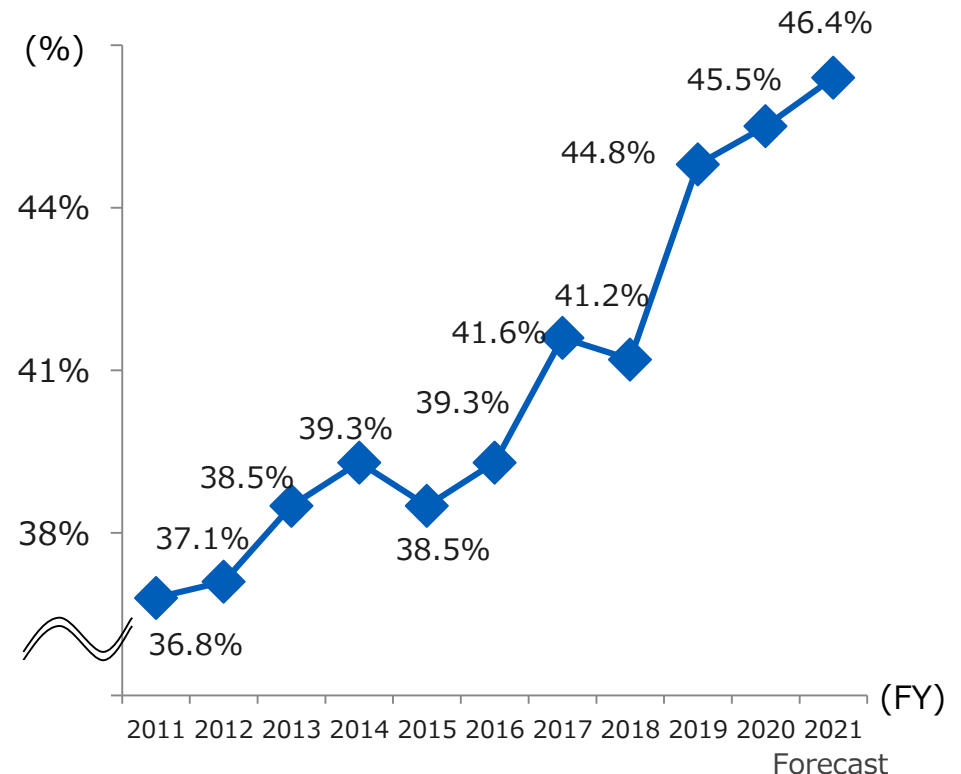
Initiatives to Improve GP Margin

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



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**

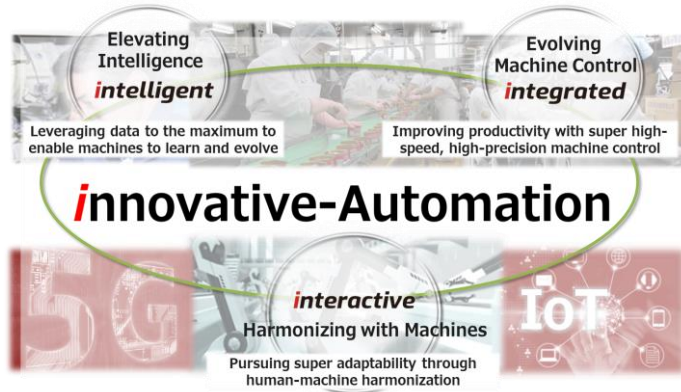
*MEMS: Micro Electro Mechanical Systems

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



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



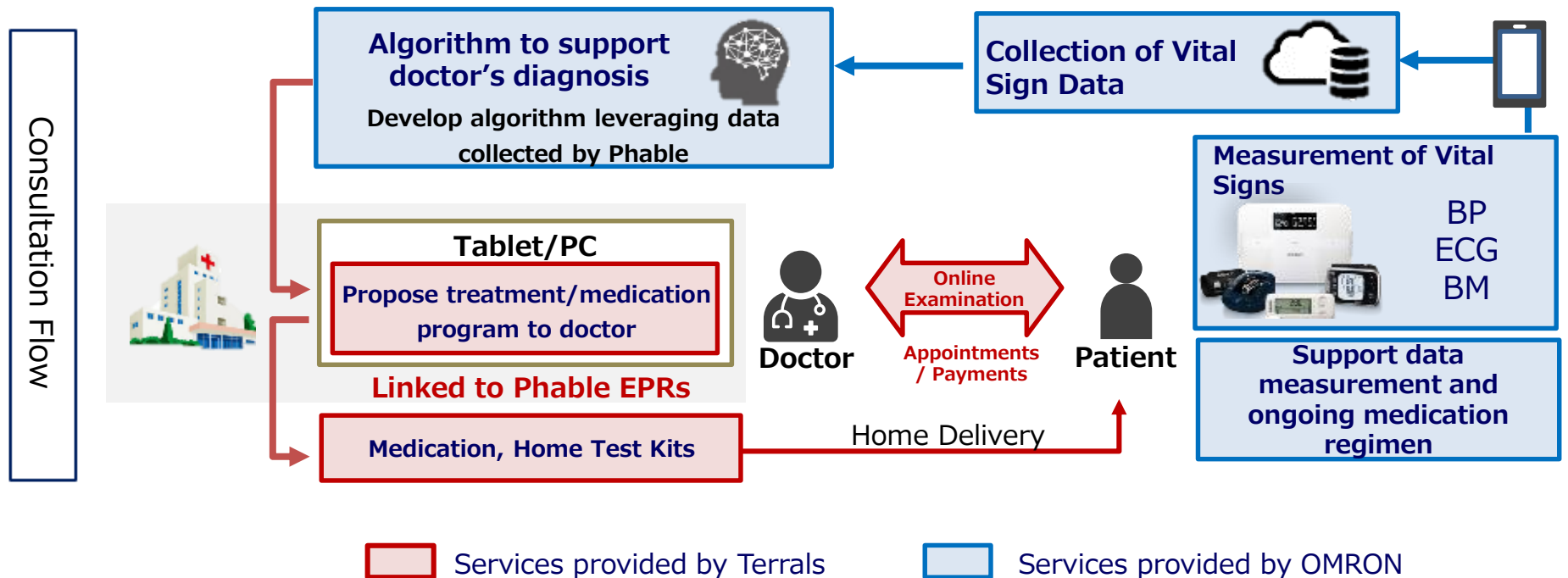
Strengthening HCB's Solutions Capability

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

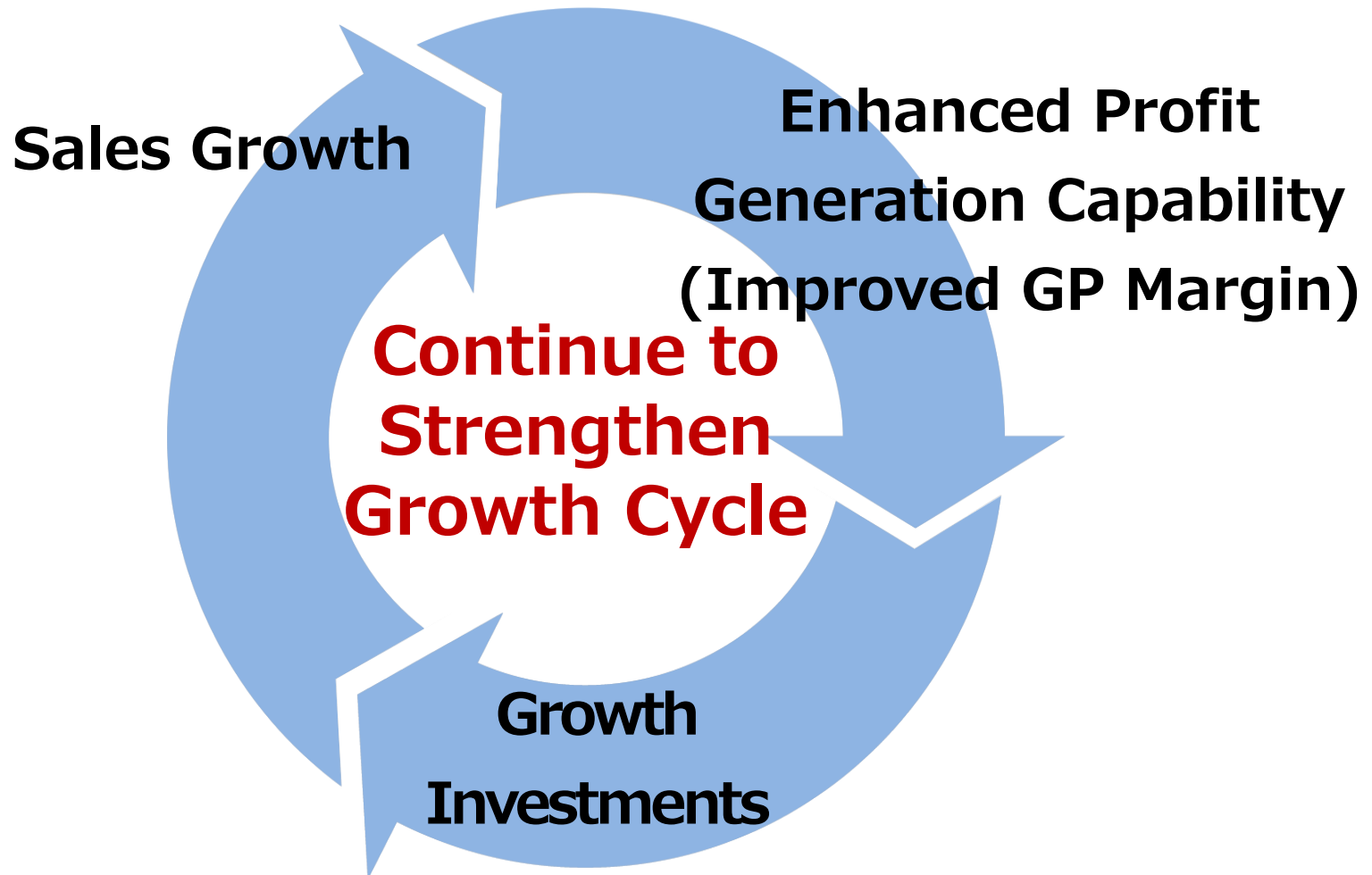
*Investment through OMRON Ventures Co., Ltd.

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

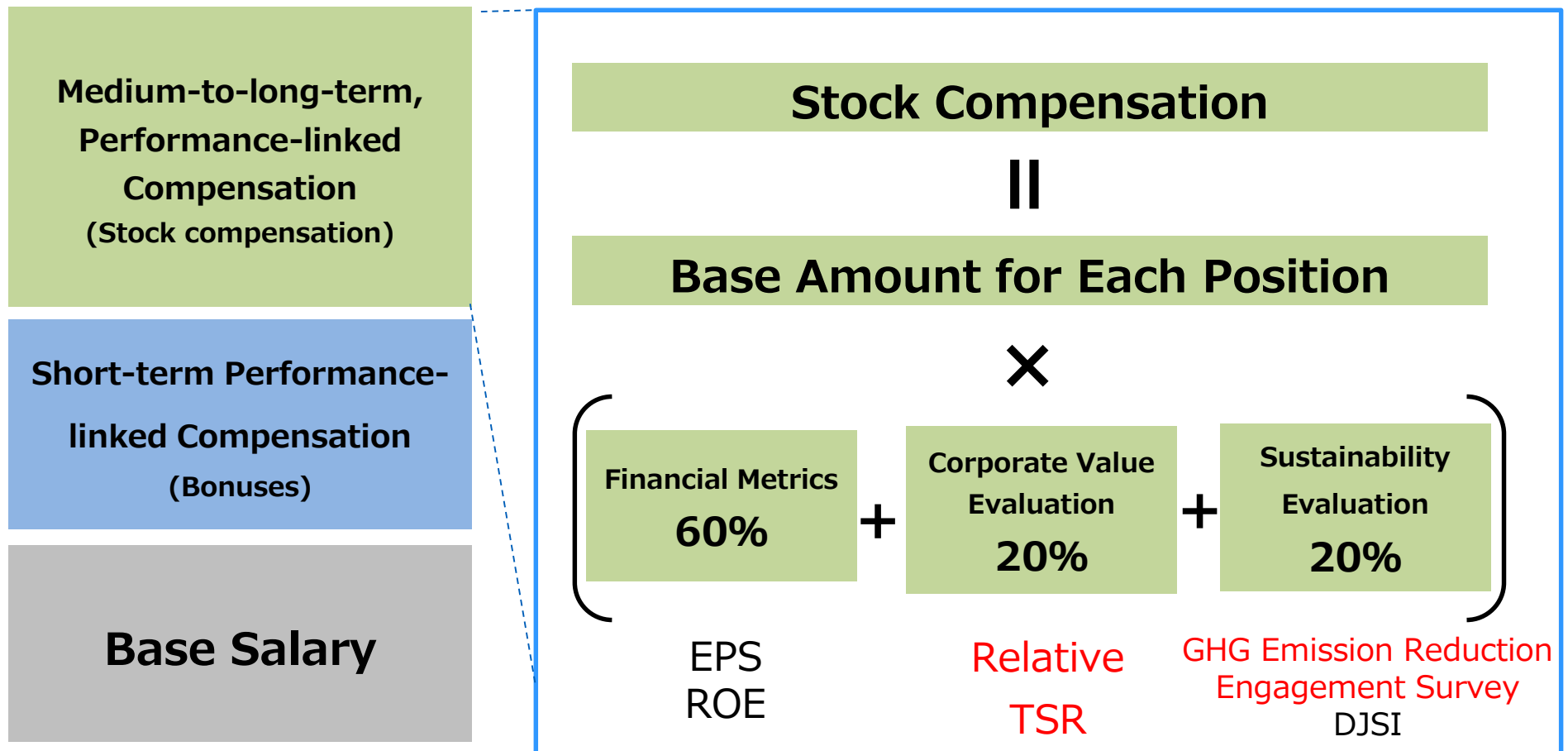


Ongoing Strengthening of Growth Cycle



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



OMRON



Reference

FY2021 Sales Forecast by Segment

(¥bn)

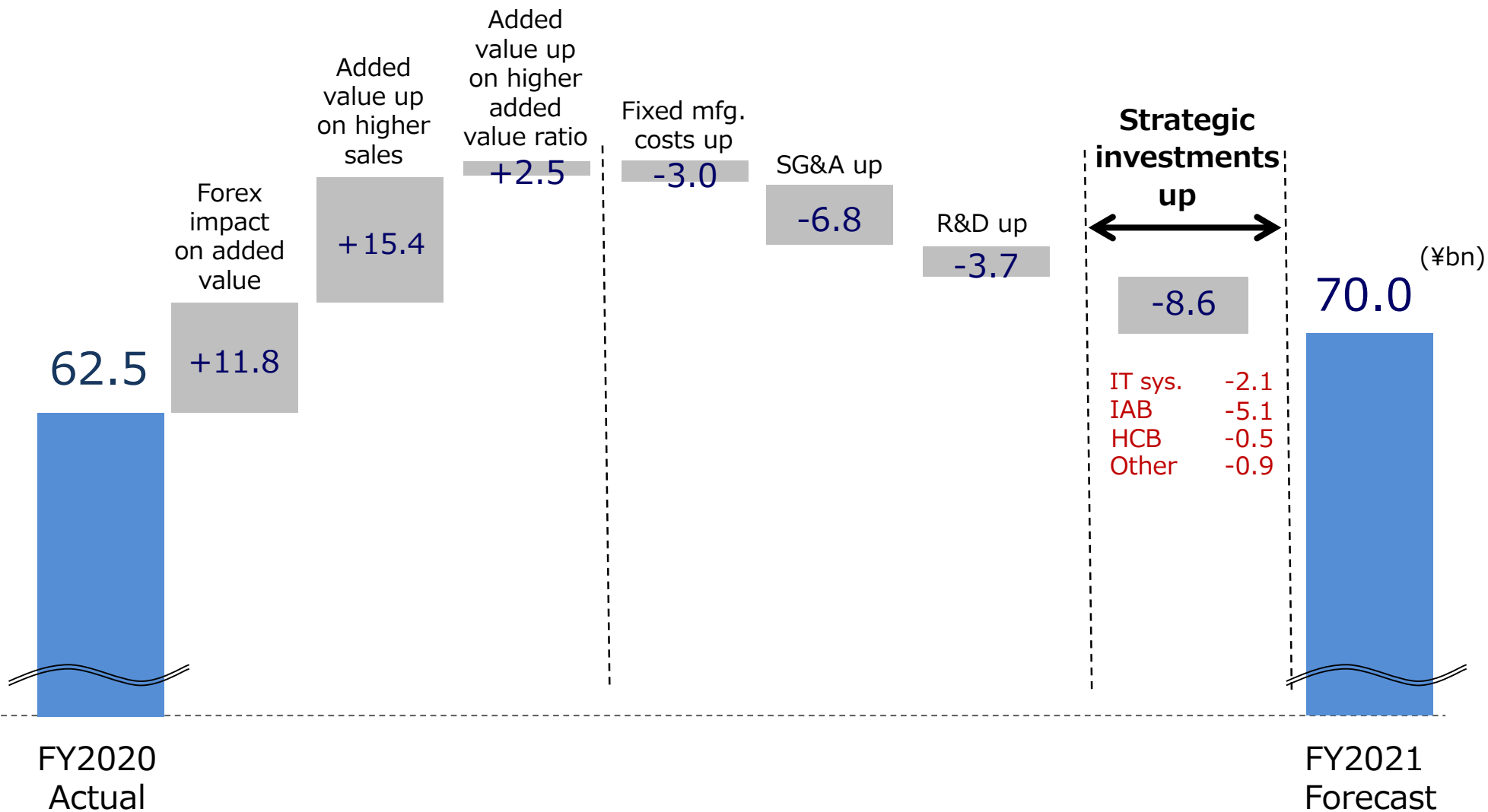
	FY2020 Actual	FY2021 Forecast	Y/Y
IAB Industrial Automation	346.4	375.0	+8.2%
EMC Electronic & Mechanical Components	86.0	94.0	+9.3%
SSB Social Systems, Solutions & Service	95.7	96.0	+0.4%
HCB Healthcare	123.1	133.0	+8.1%
Eliminations & Corporate	4.3	2.0	-53.5%
Total	655.5	700.0	+6.8%

FY2021 Operating Income Forecast by Segment

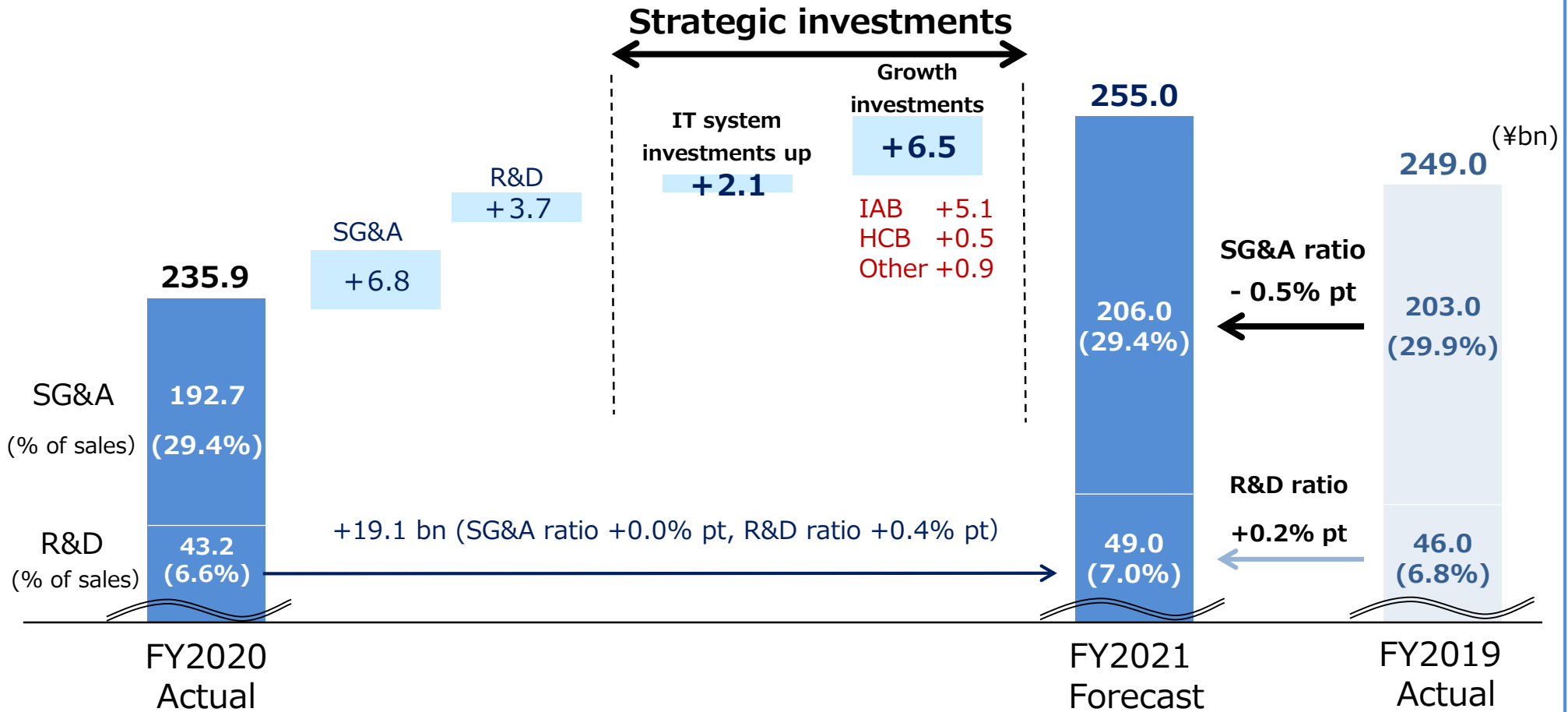
(¥bn, %: OPM)

	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 INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

STOXX

Member 2020/2021
ESG Leaders Indices

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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FTSE Blossom Japan

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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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

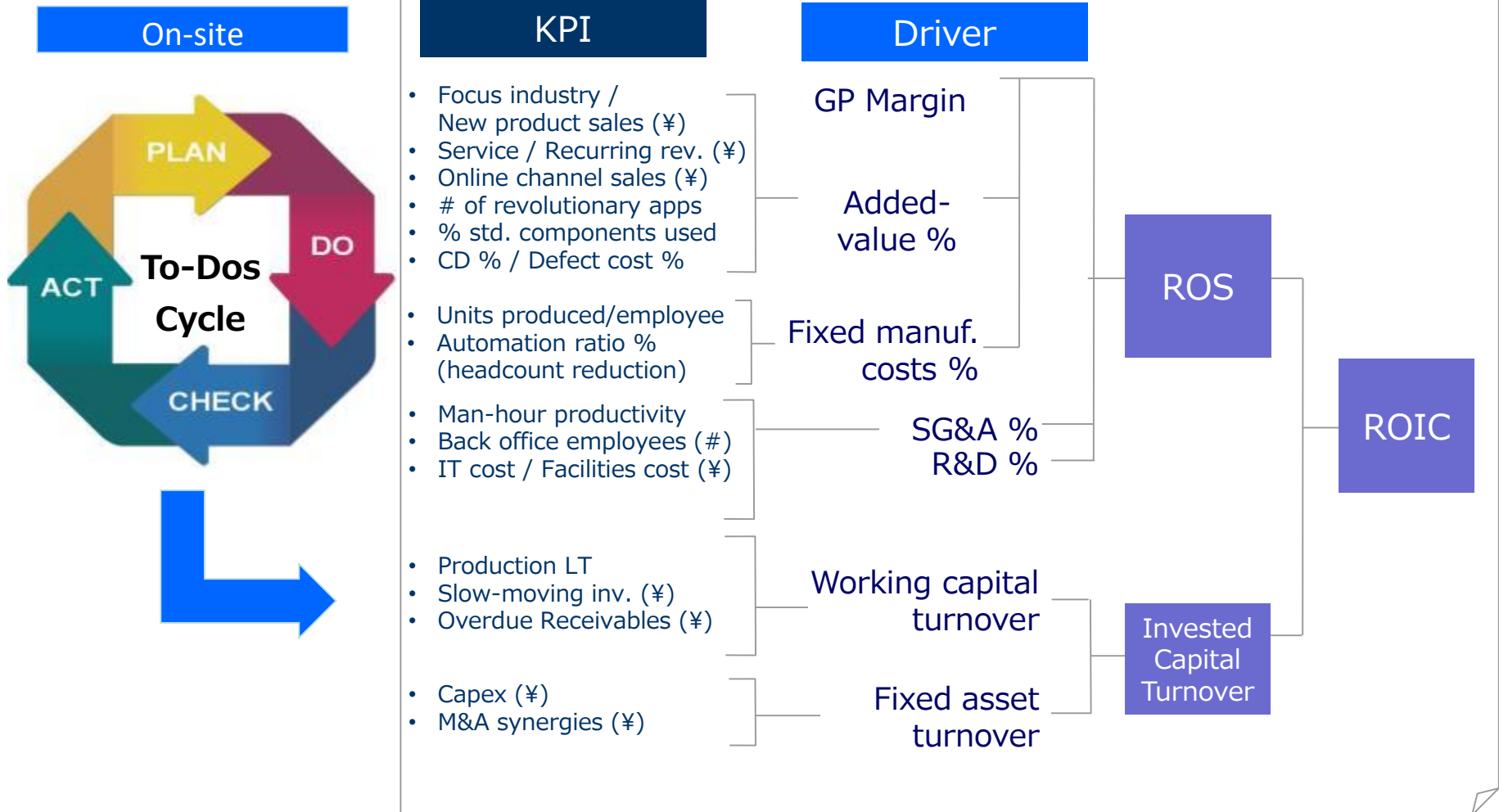
- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**
- ✓ Nadeshiko Brand **4th consecutive year from FY2017**
- ✓ Health & Productivity Stock **3rd consecutive year from FY2018**
- ✓ Health & Productivity: White 500 **5th consecutive year from FY2016**



Selected by Nikkei Inc.

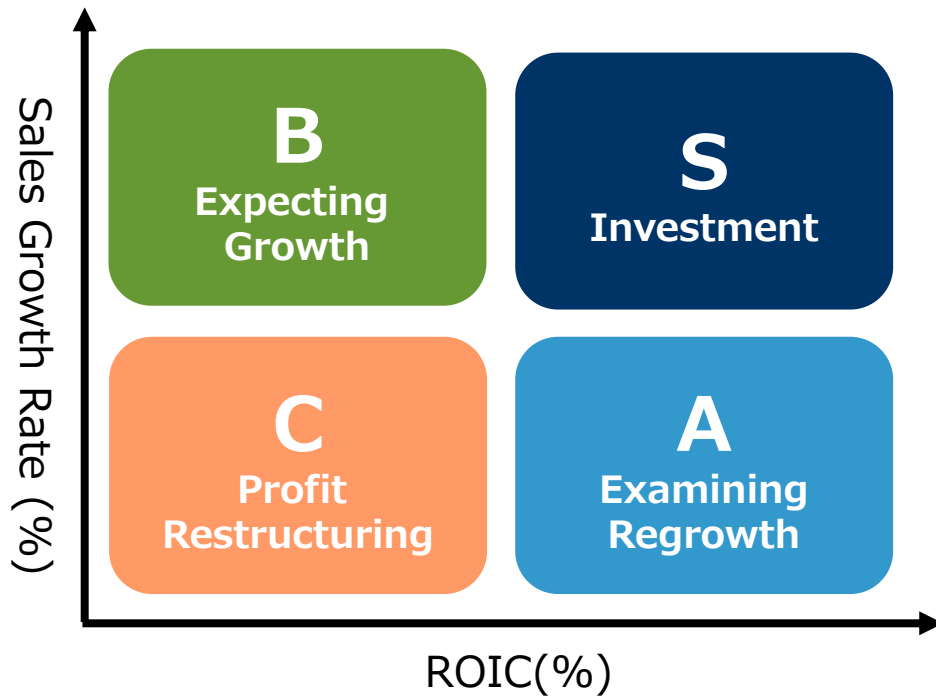
- ✓ Nikkei 225 **March 2019, 1st time**

Down-Top ROIC Tree (2.0)

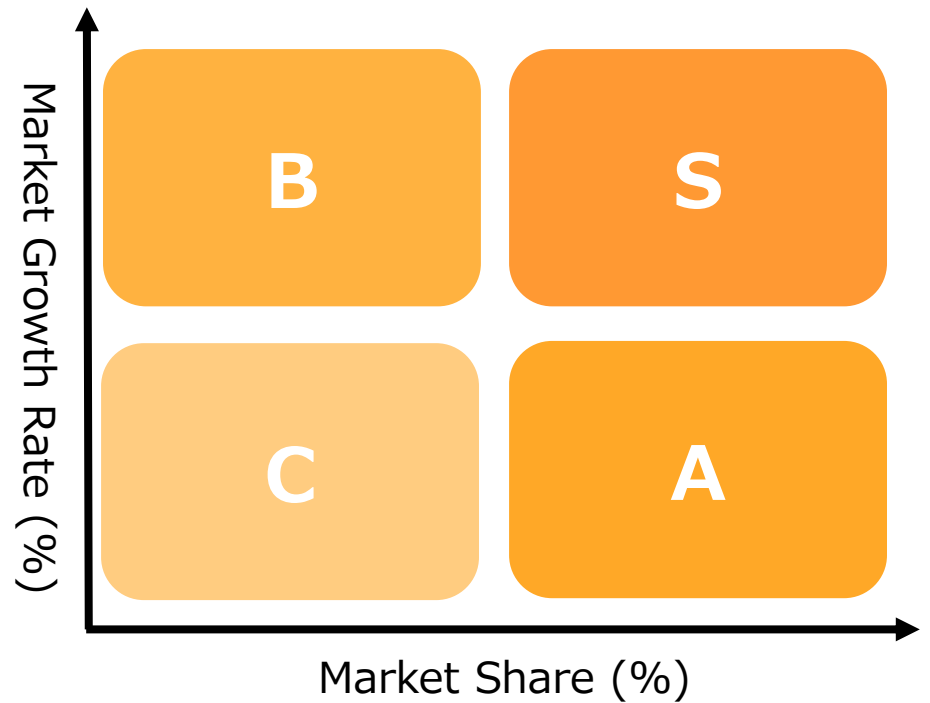


Portfolio Management

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*

= Net assets + 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.

Contact:

Investor Relations Department
Global Investor & Brand Communications
OMRON Corporation

Phone: +81-(0)3-6718-3421

Email: omron-ir@omron.com

Website: www.omron.com/global/en/