

H1 FY2022 Earnings
ended September 30, 2022

Results Briefing

October 26, 2022

OMRON Corporation

Summary

■ Q2 & H1 FY2022 Results

- Achieved V-shaped recovery in Q2 (Sep. quarter) with sales and profits up significantly from Q1, which had been impacted by the Shanghai lockdown. IAB was the key driver on success with accelerated initiatives to improve supply capacity from Q1. Set new record high for Q2 earnings
- Able to virtually make up for Q1 shortfall in H1 earnings: H1 sales up Y/Y. Also significantly narrowed Y/Y gap on operating income
- All segments reported Y/Y sales growth, with DMB achieving both strong sales and profit growth

■ FY2022 Full-year Forecasts

- Global economic slowdown factored into H2 forecasts, but...
- Full-year forecasts revised up on the back of elevated order backlog, improved supply capacity to drive higher sales
- Interim DPS set at ¥49. Initial full-year DPS guidance reiterated at ¥98

■ IAB: Sustainable Growth

- Positioned to win business opportunities despite economic slowdown. Will concentrate resources in growth areas and accelerate efforts to strengthen solutions business
 - ① Delivering improvements in energy productivity with solutions unique to OMRON
 - ② Taking stake in Kirin Techno-System; expanding food and beverage industry business

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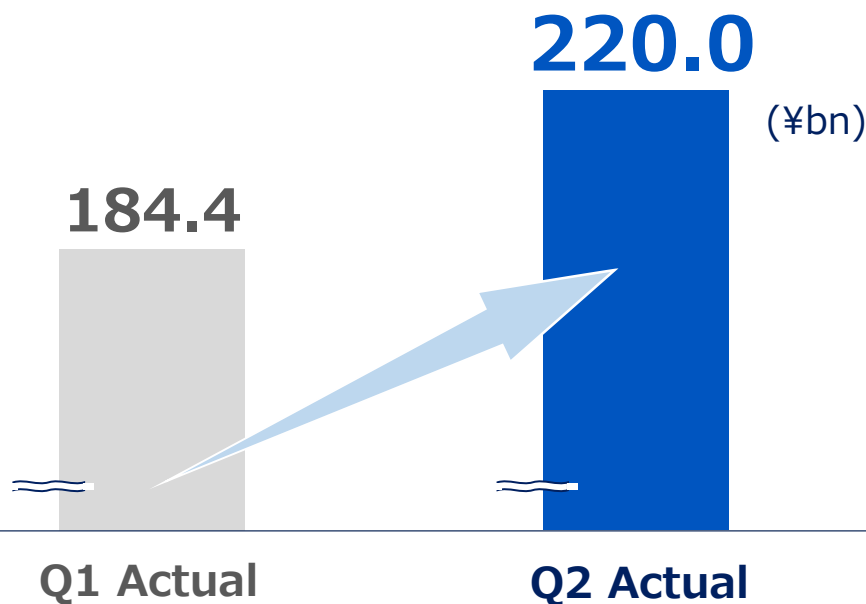
1. Q2 & H1 FY2022 Results

V-shaped Recovery in Q2 (September Quarter)

**Substantial Q/Q sales and profit growth in Q2.
Achieved V-shaped recovery from Shanghai lockdown
impact in Q1**

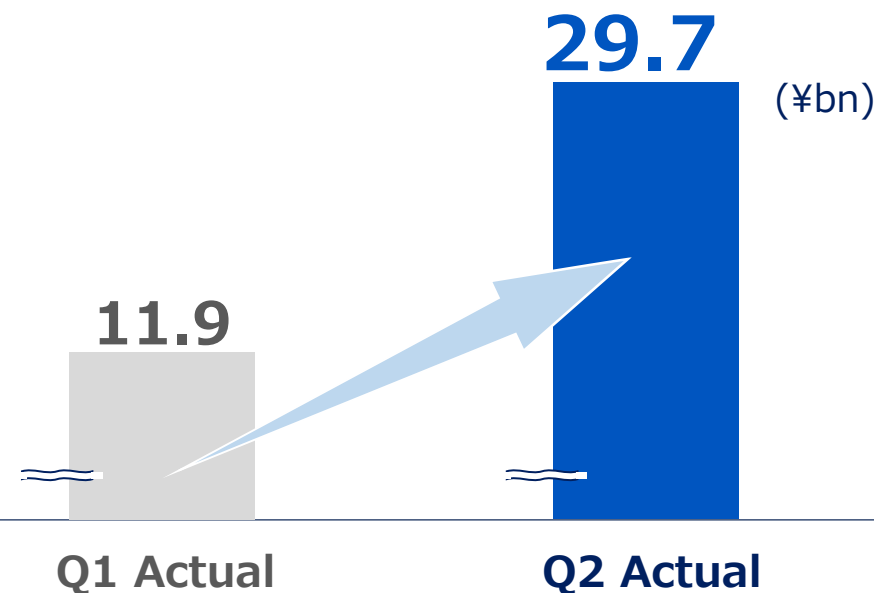
Sales

1Q→2Q Q/Q: +19%



Operating Income

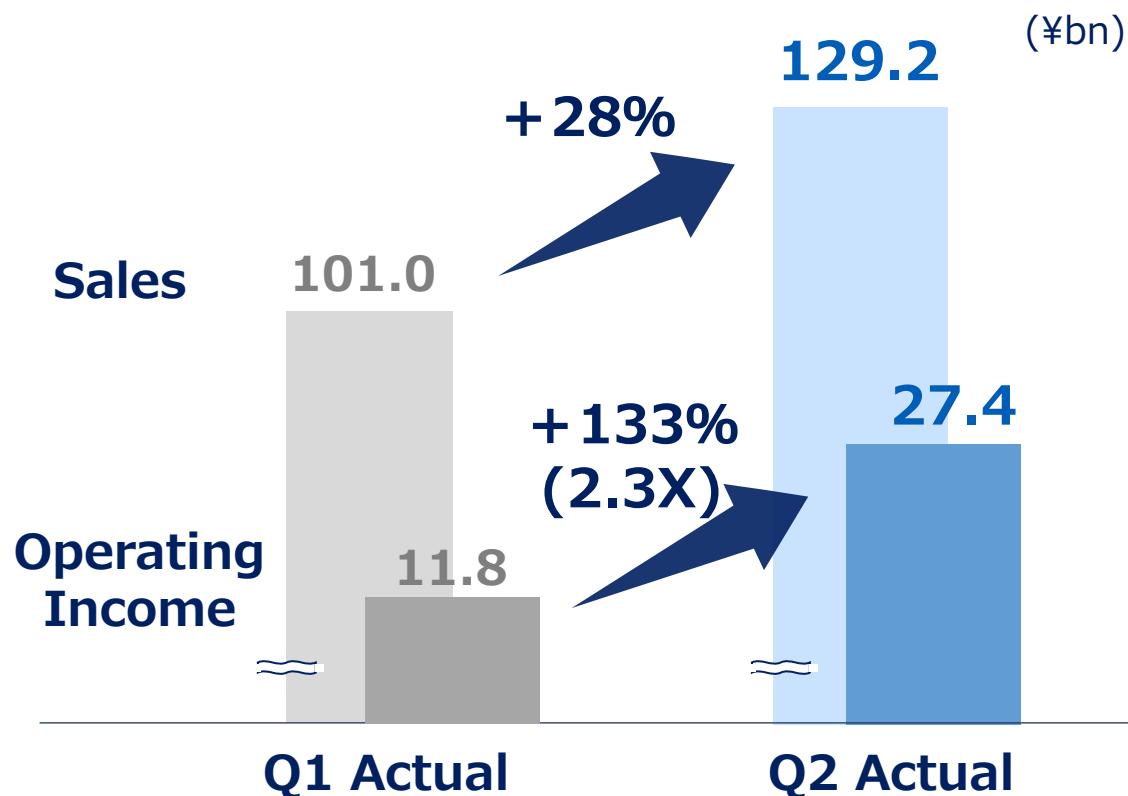
1Q→2Q Q/Q: +150% (2.5X)



Q2 IAB Performance and Results from Initiatives

Successful initiatives to enhance supply capacity drove swift recovery from lockdown impact. New record highs for Q2 IAB earnings boosted overall results

1Q→2Q Q/Q IAB Results Trend



Initiatives to Improve Supply Capacity

- Expand use of EMS
- Implement parallel production framework
- Strengthen component procurement capability

Q2 FY2022 Consolidated Results

Achieve substantial Y/Y growth in sales and profits

(¥bn)

	Q2 FY2021 Actual	Q2 FY2022 Actual	Y/Y
Net Sales	181.2	220.0	+21.5%
Gross Profit (%)	83.2 (45.9%)	101.0 (45.9%)	+21.3% (-0.1%pt)
Operating Income (%)	19.9 (11.0%)	29.7 (13.5%)	+49.2% (+2.5%pt)
Net Income	12.4	19.9	+61.1%
1USD (JPY)	110.0	136.6	+26.7
1EUR (JPY)	130.5	139.7	+9.2
1CNY (JPY)	17.0	20.1	+3.1

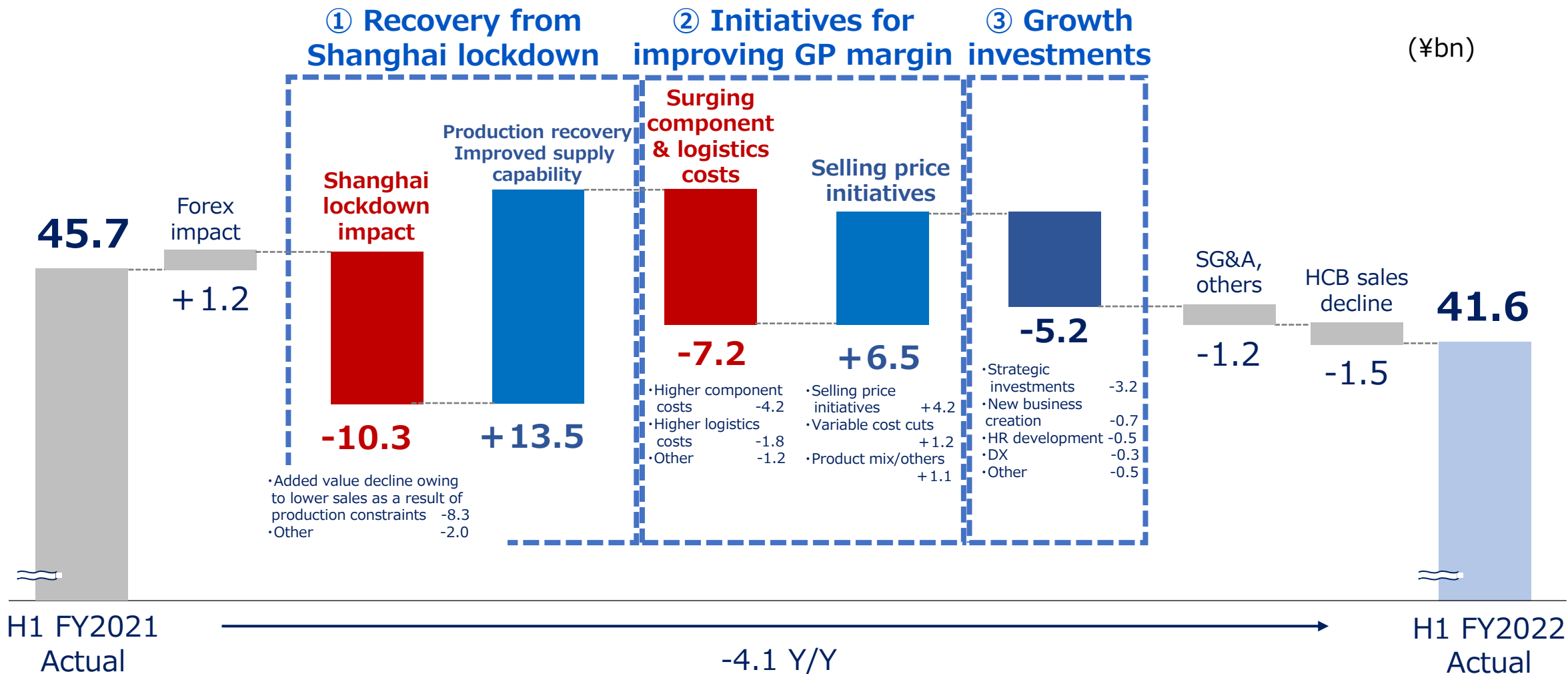
H1 FY2022 Consolidated Results

Bolstered by sharp recovery in Q2, sales shifted into positive Y/Y growth

	H1 FY2021 Actual	H1 FY2022 Actual	(¥bn) Y/Y
Net Sales	369.4	404.4	+9.5%
Gross Profit (%)	170.6 (46.2%)	181.4 (44.9%)	+6.4% (-1.3%pt)
Operating Income (%)	45.7 (12.4%)	41.6 (10.3%)	-9.0% (-2.1%pt)
Net Income	32.5	27.9	-14.3%
1USD (JPY)	109.9	131.6	+21.7
1EUR (JPY)	131.1	138.2	+7.1
1CNY (JPY)	17.0	19.7	+2.7

Analysis of Change in H1 Operating Income (Y/Y)

Strong recovery from Shanghai lockdown. Minimized impact of surging component/logistics costs with selling price initiatives while also investing for future growth



H1 FY2022: Segment Sales and Profit

All segments achieve sales growth. DMB in particular records significant Y/Y sales and profit gains

(¥bn)

	Sales			OP		
	H1 FY2021 Actual	H1 FY2022 Actual	Y/Y	H1 FY2021 Actual	H1 FY2022 Actual	Y/Y
IAB Industrial Automation	206.5	230.1	+11.4%	40.1 (19.4%)	39.1 (17.0%)	-2.4% (-2.4%pt)
HCB Healthcare	67.7	68.1	+0.6%	12.1 (17.9%)	8.3 (12.2%)	-31.5% (-5.7%pt)
SSB Social Systems, Solutions & Service	35.0	36.6	+4.5%	-1.4 -	-1.4 -	- -
DMB Device & Module Solutions	58.5	68.6	+17.3%	4.8 (8.2%)	8.1 (11.7%)	+68.0% (+3.5%pt)
Eliminations & Corporate	1.6	1.0	-40.6%	-9.8	-12.5	-
Total	369.4	404.4	+9.5%	45.7 (12.4%)	41.6 (10.3%)	-9.0% (-2.1%pt)

* Figures reflect the reclassification of some products heretofore included in IAB into DMB

2. FY2022 Full-year Forecasts

Operating Environment for Focus Domains

New growth opportunities emerging in each domain even as the global economy slows

<p>IAB Industrial Automation</p>	<p>Digital: Variance in semiconductor demand by application but overall trend flat. Renewable energy (PV) investments remain high</p> <p>NEV: EV-related investments firm on gov't subsidies and decarbonization trends. Continued growth in battery investments</p> <p>Food/Household Goods: Investments shrinking on fading consumer demand reflecting inflation. Investments to reduce plastic use remain firm.</p> <p>Medicine: Special COVID-19 demand, such as vaccines, weak. Continued investments related to rising demand for pharmaceuticals driven by aging population</p> <p>Logistics: Temporary weakness in capex for new warehouses. Automation investments increasing due to labor shortages in warehouses</p>
<p>HCB Healthcare</p>	<p>Cardiovascular: BPM demand sluggish on China's zero COVID strategy and impact of inflation on consumer spending</p> <p>Respiratory: Demand recovering, mainly in Europe, Asia and India on rise in clinic visits due to easing restrictions on activity</p> <p>Remote Medical Service: Demand continuing to increase in US and Europe</p>
<p>SSB Social Systems, Solutions & Service</p>	<p>Energy: Demand firm on surging electricity prices, continuation of subsidies to encourage energy consumption cuts</p> <p>Management and Services: Firm trends on labor shortages which are driving a transition from analog inspections to inspections leveraging IT technologies</p> <p>(Railway Industry*: Railway companies increasing capex on rise in passenger numbers)</p>
<p>DMB Device & Module Solutions</p>	<p>DC Equipment: Demand from some industries slowing as special WFH-related demand eases. EV-related demand still firm</p> <p>Microwave Devices: Smart phone/PC-use semiconductors in correction mode but demand firm for semiconductor testing equipment, etc</p>

*While the railway industry is not positioned as a focus domain, given the significant change in the operating environment, it has been included in these materials

FY2022 Full-year Forecasts

Full-year forecasts revised up

	FY2022 Initial Plan	FY2022 Forecast	Chg. Vs. Plan	FY2021 Actual	(¥bn) Y/Y
Net Sales	850.0	880.0	+3.5%	762.9	+15.3%
Gross Profit	387.5	396.5	+2.3%	346.8	+14.3%
(%)	(45.6%)	(45.1%)	(-0.5%pt)	(45.5%)	(-0.4%pt)
Operating Income	93.0	95.0	+2.2%	89.3	+6.4%
(%)	(10.9%)	(10.8%)	(-0.1%pt)	(11.7%)	(-0.9%pt)
Net Income	63.0	64.5	+2.4%	61.4	+5.0%
ROE	>10%	approx. 10%	-	9.7%	approx. +0.3%pt
ROIC	>10%	approx. 10%	-	9.6%	approx. +0.4%pt
EPS (JPY)	316	324	+7.6	306	+18.2
1USD (JPY)	121.0	135.8	+14.8	112.1	+23.7
1EUR (JPY)	133.0	139.1	+6.1	130.5	+8.6
1CNY (JPY)	19.0	19.9	+0.9	17.4	+2.4

*H2 forex assumptions for the revised FY2022 full-year forecasts are: USD/JPY ¥140.0, EUR/JPY ¥140.0 and CNY/JPY ¥20.0

FY2022 Segment Sales and Profit Full-year Forecasts

IAB, DMB revised up. HCB revised down

(¥bn)

	Sales			OP		
	FY2022 Forecast	Chg. Vs. Plan	Y/Y	FY2022 Forecast	Chg. Vs. Plan	Y/Y
IAB Industrial Automation	503.0	+20.0	+84.9	93.0 (18.5%)	+3.0 (-0.1%pt)	+16.7 (+0.3%pt)
HCB Healthcare	143.0	-11.0	+10.1	15.0 (10.5%)	-5.0 (-2.5%pt)	-3.5 (-3.5%pt)
SSB Social Systems, Solutions & Service	96.0	+4.0	+8.3	5.0 (5.2%)	-1.5 (-1.9%pt)	-1.5 (-2.2%pt)
DMB Device & Module Solutions	135.0	+7.0	+14.0	12.0 (8.9%)	+1.5 (+0.7%pt)	+1.9 (+0.6%pt)
Eliminations & Corporate	3.0	-	-0.3	-30.0	-	-7.9
Total	880.0	+30.0 [†]	+117.1	95.0 (10.8%)	+2.0 [†] (-0.1%pt)	+5.7 (-0.9%pt)

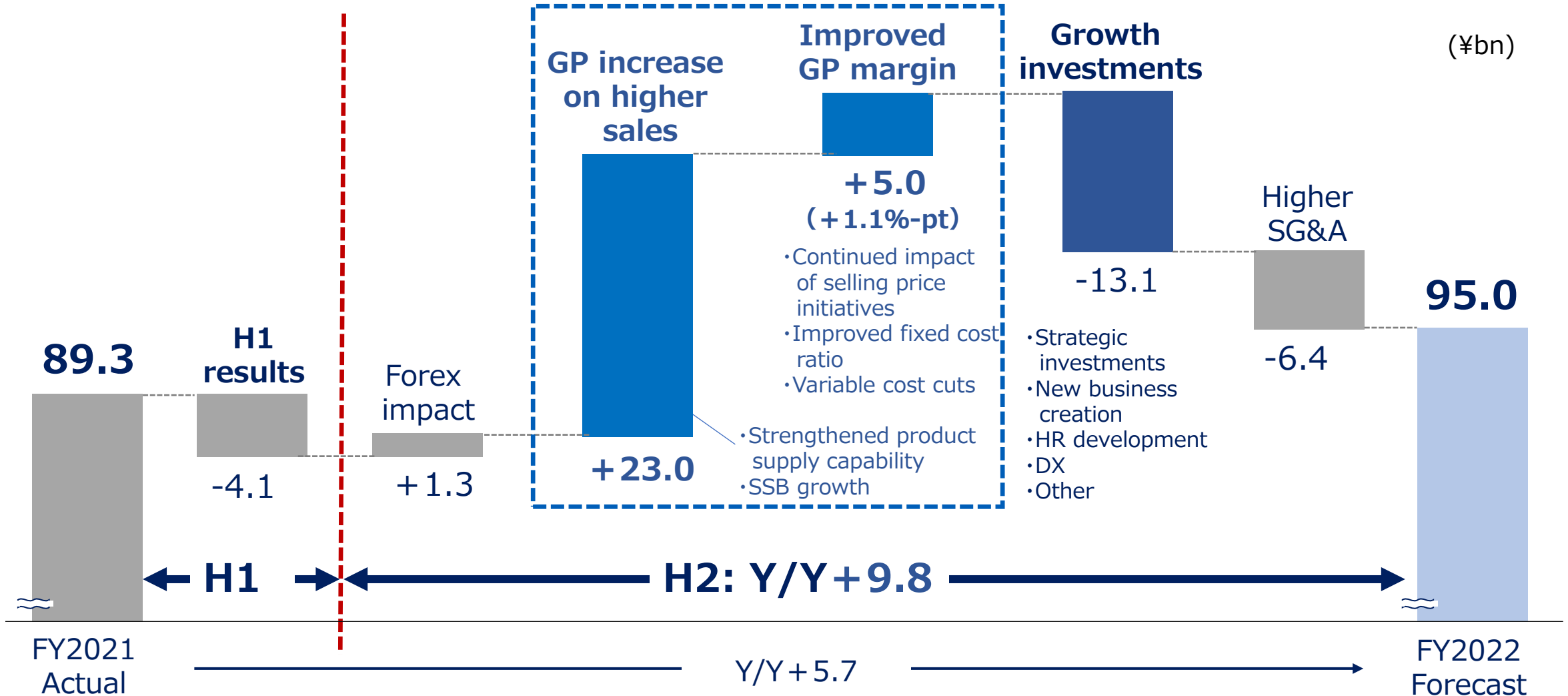
† Impact of earnings fluctuation risk included in initial plan (Sales -¥10bn, OP -¥4bn) not included

*Y/Y change figures compare restated figures after the impact of the reclassification of some products previously included in IAB to DMB

*Please refer to p. 29 for the % change comparison to initial forecasts and the previous fiscal year's results

FY2022 Forecast: Analysis of Change in Operating Income (Y/Y)

Aiming for strong profit gains in H2, on the back of higher sales as a result of enhanced supply capability and improved GP margin



IAB: Strong Confidence in Ability to Achieve H2 Forecast

High order backlog is supportive. Also making solid progress in strengthening supply capability

H2 sales ¥272.9 bn (Y/Y +29%)

1

Order Backlog/Demand Trends

Order Backlog

Strong support this fiscal year
from order backlog

Demand Trends in Growth Areas

Firm demand in renewables/EVs/batteries

2

Supply Capability

Production Capacity

Plans to expand EMS use, build parallel
production framework on track

Component Procurement

Gradual improvement with the exception of
some components such as semiconductors

Shareholder Returns

Interim DPS fixed at ¥49. Initial full-year DPS guidance maintained at ¥98. As of the end of September, acquired ¥5.5 bn in shares under the buyback program announced July 26

Dividend	Interim (Fixed) ¥49	(+ ¥3 versus FY21 level)	Full-year (Forecast) ¥98	(+ ¥6 versus FY21 level)
Share Buyback	Amount purchased as of the end of September ¥5.5bn	(Program announced July 26 Amount: ¥20.0bn (upper limit) No. of shares: 3.3mn (upper limit) Acquisition period: July 27, '22 to March 31, '23)		

3. IAB: Sustainable Growth

IAB: Progress Toward Medium-Term Plan Targets and Outlook

Significant progress toward MTP targets. OMRON positioned to capture growth-enhancing business opportunities despite macro slowdown

Up to FY2022

FY2023 and beyond

Increasingly uncertain global economy

+20%

+25%

¥335.6 bn

¥418.1 bn

¥503.0 bn

¥515.0 bn

Growth Opportunities

Concentrate resources in growth areas

×

Strengthen solutions business

FY2020

FY2021

FY2022

Revised Forecast

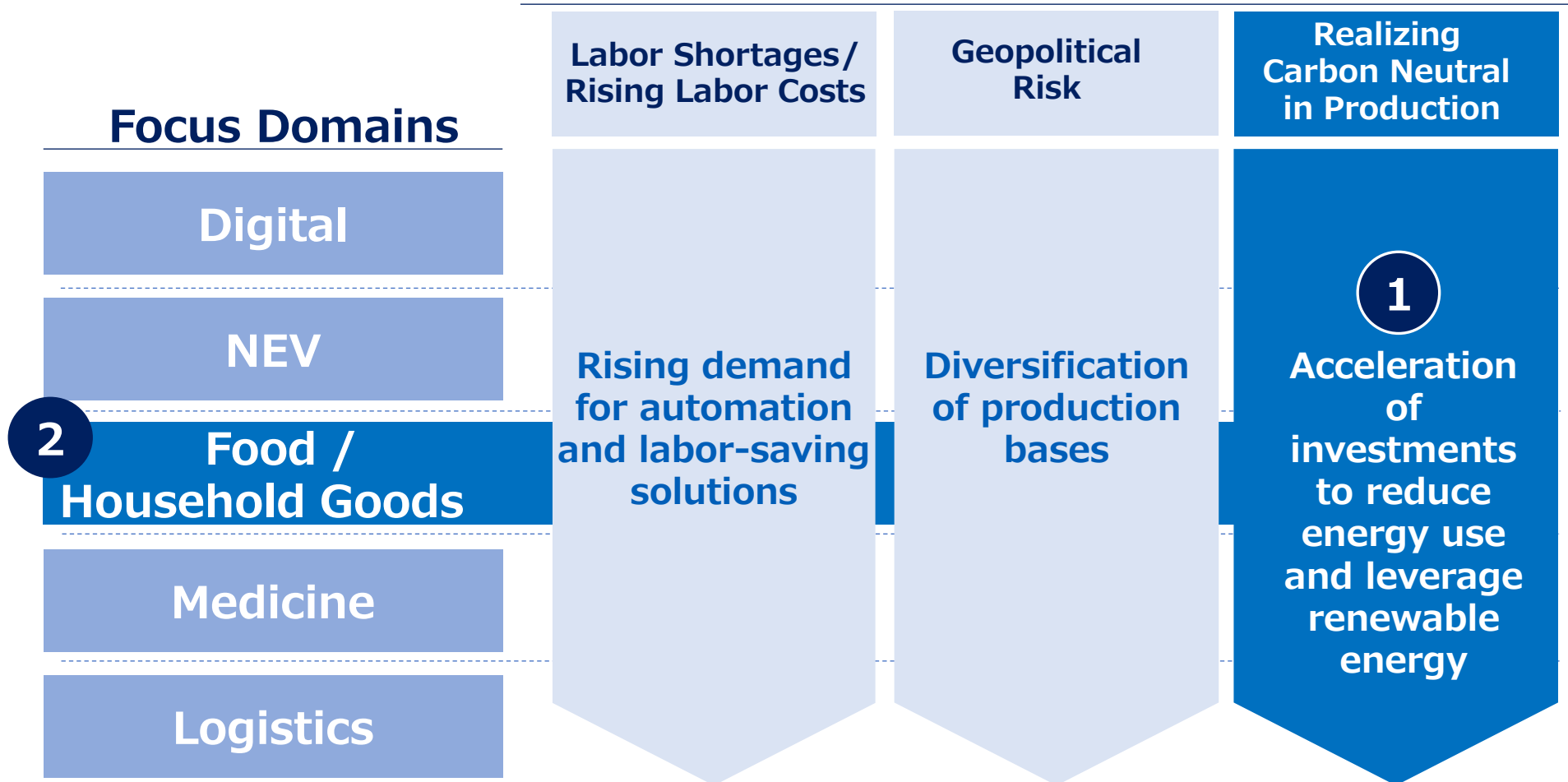
FY2024

Target

IAB Growth Opportunities

Changes in macro trends driving increase in growth opportunities despite an economic slowdown

Changing macro backdrop & IAB growth opportunities

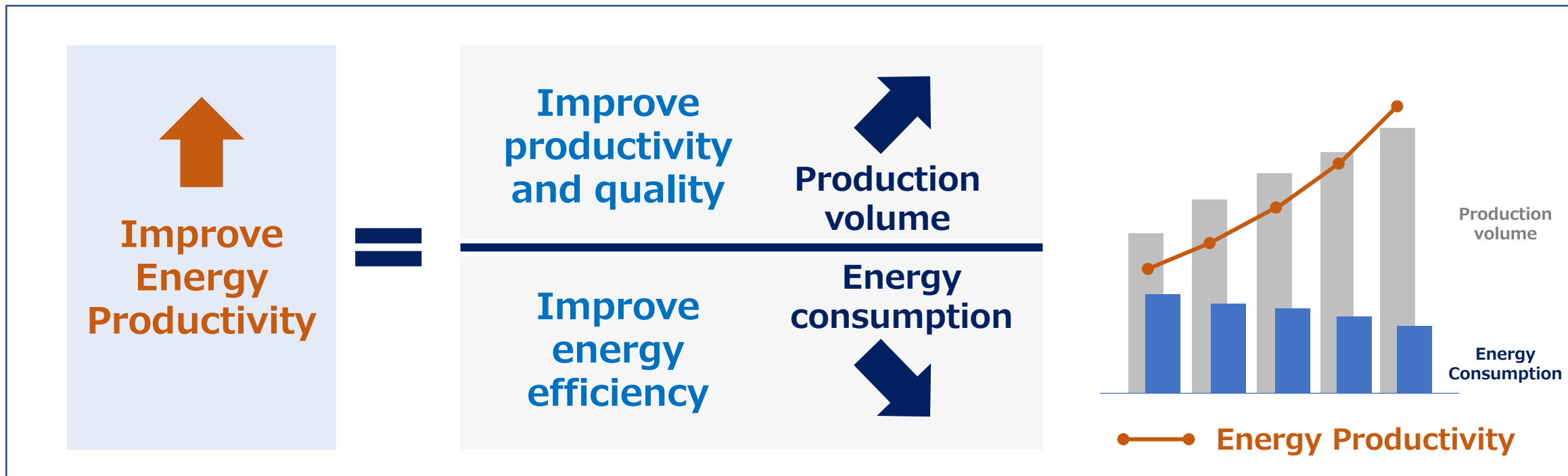


IAB: Improving Energy Productivity

Expanding solutions unique to OMRON in response to manufacturers' need to achieve Carbon Neutral

**innovative
-Automation**

**Energy productivity solutions for
manufacturing**

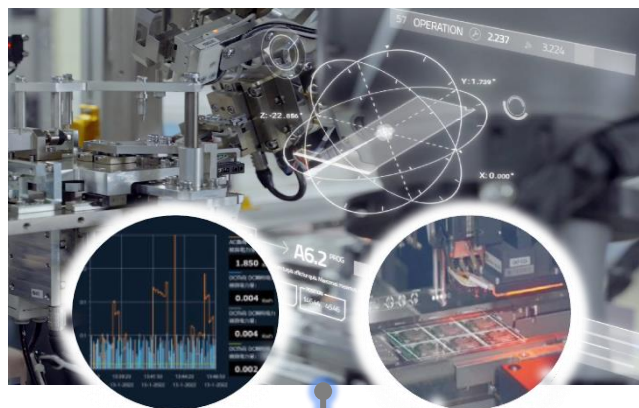


IAB: Solutions to Improve Energy Productivity

Achieve improvements in both productivity/quality and energy efficiency by capitalizing on increasingly diverse production floor data and integrated control

1 Improve Productivity and Quality

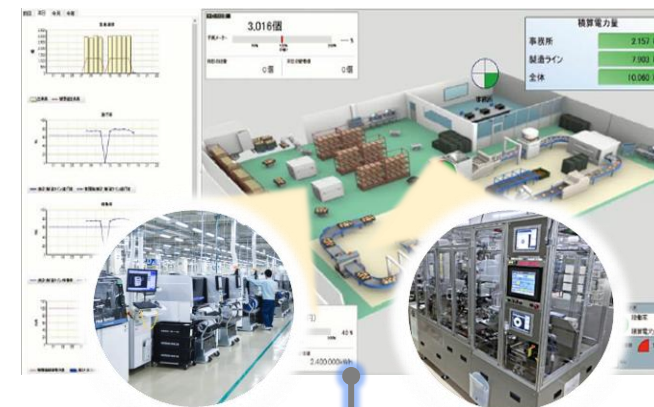
More than 250 innovative applications driving the **use of shop floor data and sophisticated automation**



**Productivity/
Quality Data**

2 Improve Energy Efficiency

More than 10 years of accumulated technologies and knowledge underpinning **visualization of energy data and optimized control of electricity**



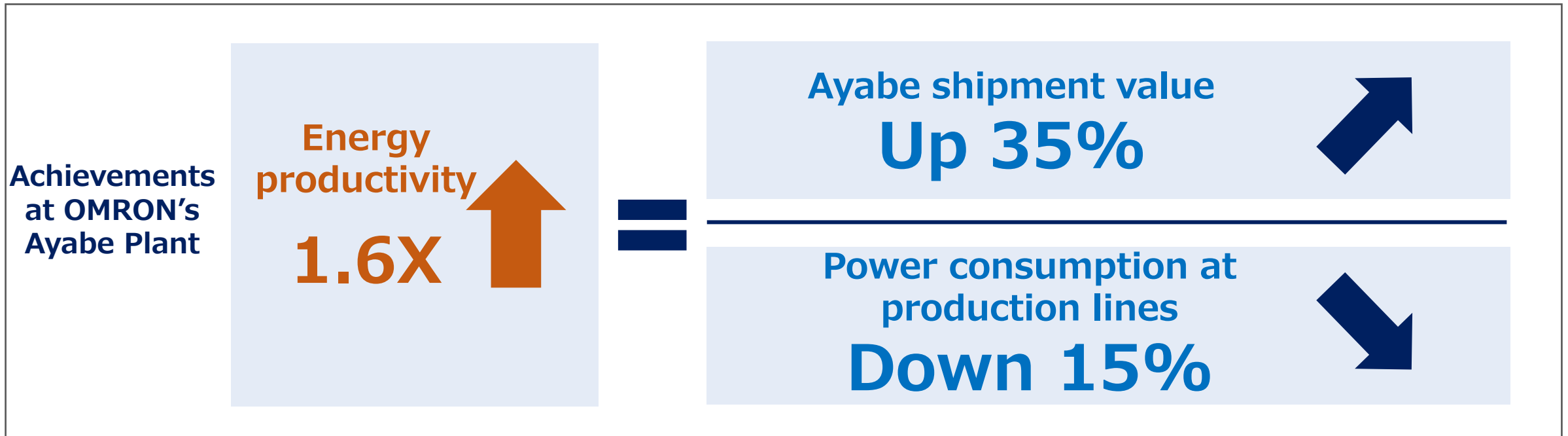
Energy Data

3 Integrated Control



Track Record at IAB Plants and Growth of the Solutions Business

Significantly raised energy efficiency at IAB plant by implementing technologies incorporated in the *i*-BELT service. Aim to expand solution business by providing this service to global customers focused on achieving production Carbon Neutral



(Actual achievements for the period of 2010-2021)

Taking a Stake in Kirin Techno-System Co., Ltd.

Signed stock transfer agreement for Kirin Techno-System. Major domestic manufacturer of inspection machinery for the beverage industry

Kirin Techno-System



Company profile:
Manufactures and sells inspection machinery for the beverage industry
Major domestic beverage inspection machinery player



Taking a Stake in Kirin Techno-System Co., Ltd



Expanding Business in the Food and Beverage Industry

Innovation in production and expansion of overseas business in the food and beverage industry

OMRON

Aim

Create new innovative-
Automation solutions using
inspection data and expand food
& beverage industry business

Strengths

**Sophisticated ILOR+S
control technologies**
(applications/engineering capability)

Global sales channel
-150 sales bases in 40 countries
-37 automation centers



Joy brings us together

 **KIRIN**

Aim

**Elevate overall Kirin Group
productivity**

Strengths

**KIRIN
Techno-System**
**Sophisticated inspection
technology**
(Optical/handling technologies)

Solutions capability
(Development capability based on a
deep understanding of shop floor needs)

OMRON

Reference

Overview of Kirin Techno-System Co., Ltd.

Top domestic manufacturer of inspection machines for the beverage industry

Corporate Profile

Company Name: Kirin Techno-Systems Co., Ltd.

President: Hironobu Hosokawa

Established: 1990

(Previously the Engineering Department of Kirin Brewery Co., Ltd. between 1976 to 1989)

No. of Employees: 160 (as of April 1, 2022)

Shareholder: 100% subsidiary of Kirin Brewery Co., Ltd.

Head Office: 10-10 Ohkawa-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa-ken



Main Products: Inspection machinery for the beverage industry

PET Bottles

Inspection Machines: Bottles and Caps



Bottles

Liquid contamination Inspection



Cans

Taste Inspection Using X-rays



Pharmaceutical Containers

Empty Container Inspection



Printing

Printing Inspection



Related Devices

Water Drip Remover



Eq. for Establishing Pitch



FY2022 Segment Sales and Profit Full-year Forecasts (%)

(¥bn)

	Sales			OP		
	FY2022 Forecast	Chg. Vs. Plan	Y/Y	FY2022 Forecast	Chg. Vs. Plan	Y/Y
IAB Industrial Automation	503.0	+4.1%	+20.3%	93.0 (18.5%)	+3.3% (-0.1%pt)	+22.0% (+0.3%pt)
HCB Healthcare	143.0	-7.1%	+7.6%	15.0 (10.5%)	-25.0% (-2.5%pt)	-19.1% (-3.5%pt)
SSB Social Systems, Solutions & Service	96.0	+4.3%	+9.5%	5.0 (5.2%)	-23.1% (-1.9%pt)	-23.1% (-2.2%pt)
DMB Device & Module Solutions	135.0	+5.5%	+11.6%	12.0 (8.9%)	+14.3% (+0.7%pt)	+19.0% (+0.6%pt)
Eliminations & Corporate	3.0	-	-9.1%	-30.0	-	-
Earnings Fluctuation Risk	-	-	-	-	-	-
Total	880.0	+3.5%	+15.3%	95.0 (10.8%)	+2.2% (-0.1%pt)	+6.4% (-0.9%pt)

*Y/Y change figures compare restated figures after the impact of the reclassification of some products previously included in IAB to DMB

Consolidated Balance Sheet

	End-March 2022	End-Sept. 2022	Chg, vs. End-FY2021
			(¥bn)
Current assets	482.9	490.6	+7.7
(Cash and cash equivalents)	(155.5)	(123.9)	(-31.6)
(Inventory)	(141.9)	(183.2)	(+41.2)
Property, plant and equipment	122.1	124.1	+2.0
Investments and other assets	325.6	354.8	+29.2
Total assets	930.6	969.5	+38.9
Current liabilities	211.7	201.7	-9.9
Long-term liabilities	51.0	46.7	-4.3
Total Liabilities	262.7	248.4	-14.2
Shareholders' equity	665.2	718.6	+53.4
Noncontrolling interests	2.7	2.4	-0.3
Total net assets	668.0	721.1	+53.1
Total Liabilities and net assets	930.6	969.5	+38.9
Equity ratio	71.5%	74.1%	+2.6%pt

Consolidated Cash Flow Statement

(¥bn)

	H1 FY2021 Actual	H1 FY2022 Actual	Y/Y
Operating cash flow	39.3	19.1	-20.2
Investment cash flow	-12.4	-27.7	-15.3
Free cash flow (FCF)	26.8	-8.6	-35.5
Financing cash flow	-10.4	-34.6	-24.3
Cash and cash equivalents as of end of period	274.0	123.9	-150.1
Capital expenditure	11.8	17.3	+5.5
Depreciation	11.5	13.0	+1.5

Forex Sensitivities (At the beginning of this fiscal year) and Assumptions

Impact of 1 yen move (full year)
CNY impact of 0.1 yen move

	Sensitivities		Assumptions
	Sales	OP	H2 FY2022 Assumptions
USD	¥1.8 bn	¥0.1 bn	¥140
EUR	¥0.9 bn	¥0.4 bn	¥140
CNY	¥1.0 bn	¥0.3 bn	¥20.0

* 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 October 2022)

ESG Indices which include OMRON

- ✓ DJSI – World **5th consecutive year**
- ✓ FTSE4Good Index Series **7th consecutive year**
- ✓ MSCI ESG Leaders Indexes **8th consecutive year**
- ✓ MSCI SRI Indexes **6th consecutive year**
- ✓ STOXX Global ESG Leaders Indices **6th consecutive year**
- ✓ FTSE Blossom Japan Index **6th consecutive year**
- ✓ FTSE Blossom Japan Sector Relative Index **1st time selected**
- ✓ MSCI Japan ESG Select Leaders Index **6th consecutive year**
- ✓ MSCI Japan Empowering Women Index **6th consecutive year**
- ✓ S&P/JPX Carbon Efficient Index **5th 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

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



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External Recognition (As of October 2022)

Domestic ESG awards, selection for inclusion

S&P Global Sustainability Award

- ✓ S&P Sustainability Award Silver Class

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

- ✓ Health & Productivity Stock

- ✓ Health & Productivity: White 500

5th consecutive year from FY2017

4th consecutive year from FY2018

6th consecutive year from FY2016

Selected by Nikkei Inc.

- ✓ Nikkei 225

March 2019, 1st time

Sustainability Award
Silver Class 2022

S&P Global



Corporate Governance
of The Year

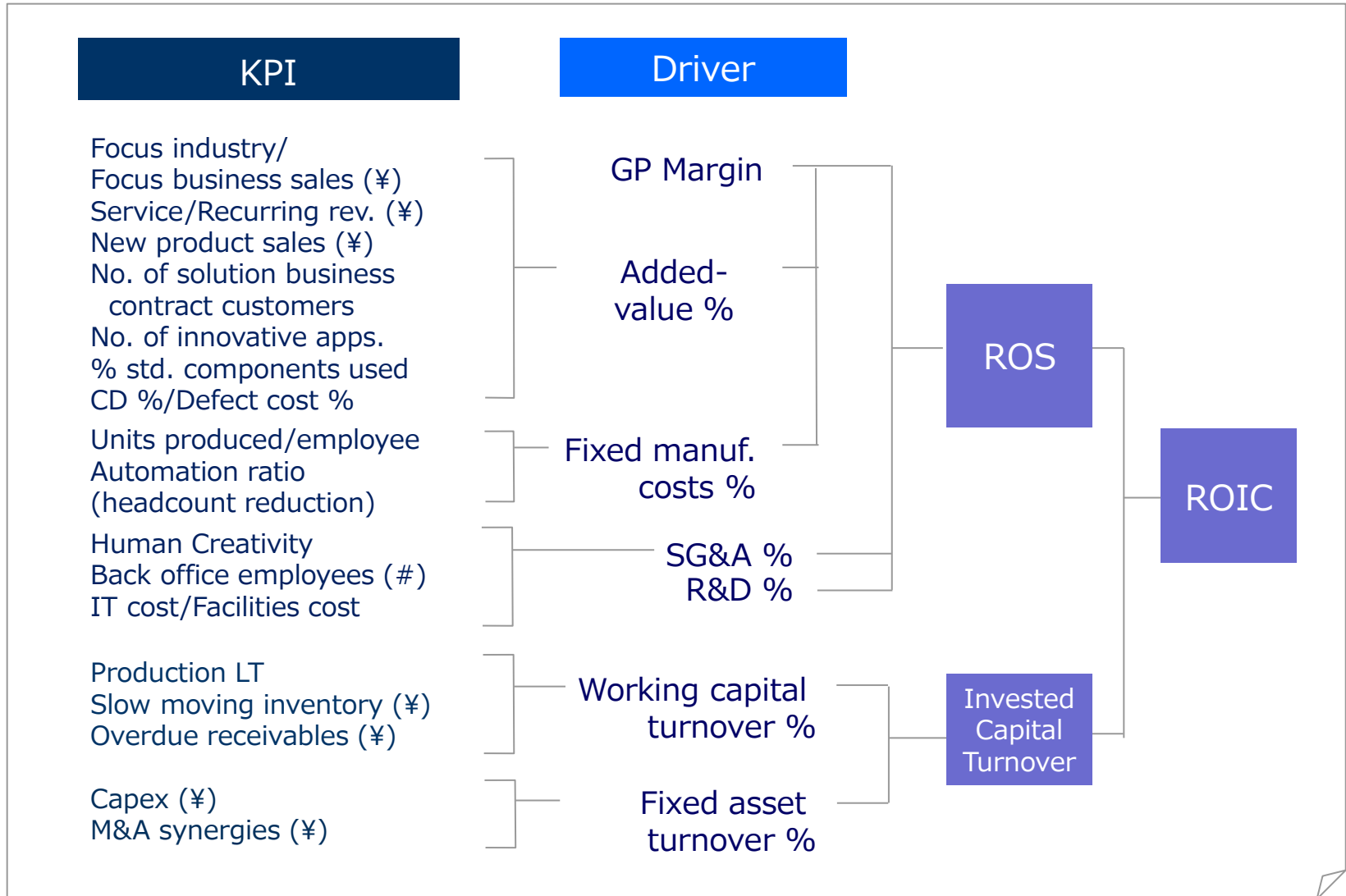


健康経営銘柄 2022
Health and Productivity



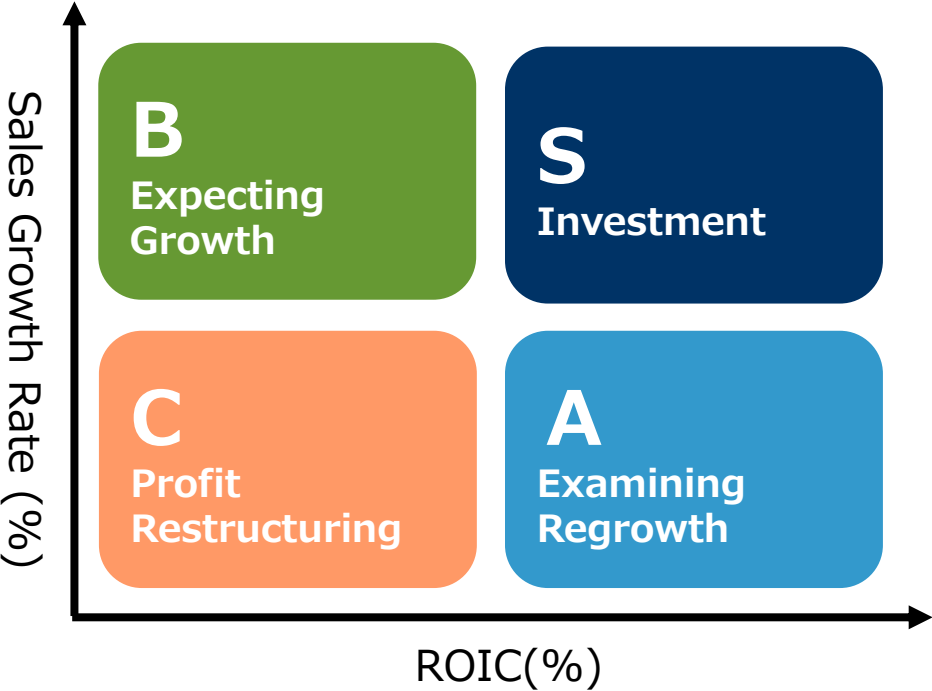
Down-Top ROIC Tree (2.0)

Business Strategy

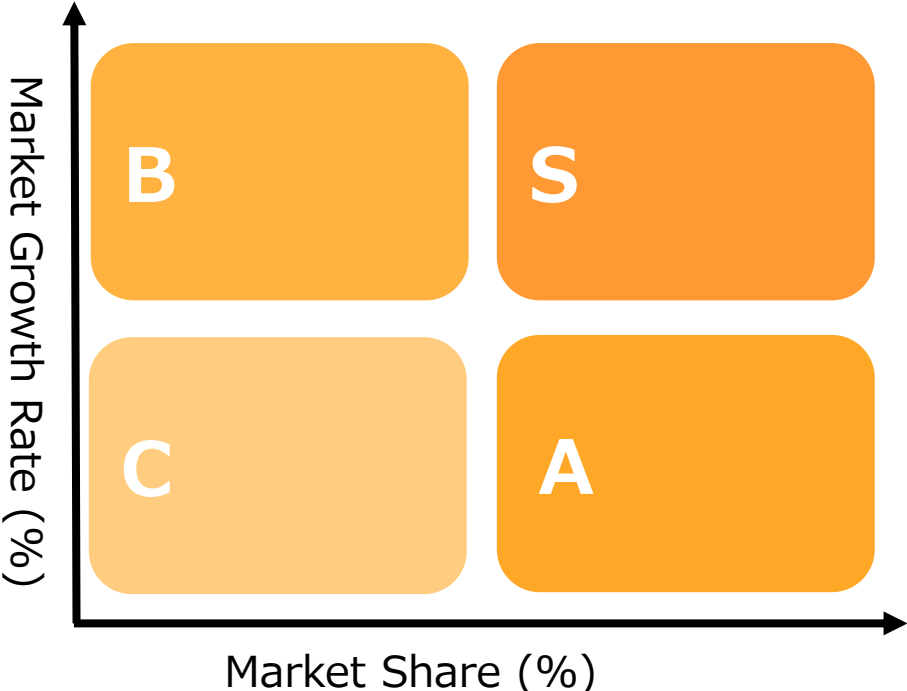


Portfolio Management

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.

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