

FY2020 Earnings Ended March 31, 2021



**April 27, 2021
OMRON Corporation**

Good afternoon, everyone. I am CEO Yamada.

Thank you for taking the time out of your busy schedules to participate in our FY2020 results briefing today.

Once again, we are using a remote format to present our results. As usual, we will begin with a presentation, to be followed by a Q&A session. We would like to take as many questions as possible during the allotted time.

Let us get started. Please turn to the presentation materials. Please open to page 1 for a summary of today's key highlights.

Summary

■ FY2020 results

- Exceeded forecasts which were revised up in Q3. Pace of recovery accelerated in Q4
- Despite tough operating environment, profits increased 14% Y/Y. GP margin rose to 45.5%
- IAB achieved new record high in Greater China sales. Solutions-based sales approach bearing fruit

■ Review of Long-term(LT) Vision VG2020, direction for Next LT Vision

- Over the 10 years of VG2020 OMRON significantly enhanced corporate value through the creation of financial value, driven by focus on improving growth capacity, profitability and resilience, and non-financial value, supported by ESG initiatives
- Establishing self-sustaining growth-generation capacity is a work in progress. Focus of next Long-term Vision is to achieve this
- Aim to create, expand on social needs with products and services, in response to growth opportunities

■ FY2021 forecasts

- Next LT Vision to start in FY2022. FY2021 positioned as a running start. Forecasting Y/Y growth in sales, profits for all businesses in FY2021. Aim for continued GP margin improvement: raising target to 46.4%
- Accelerating business model transformation: Continue growth investments while increasing sales at existing businesses
- Maintaining focus on shareholder returns. Raising dividend forecast by 2 yen from last year. Guiding for full-year dividend of 86 yen

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There are three key points to today's presentation.

The first is the FY2020 results.

We were able to exceed our forecasts as of Q3, which we had revised up. The pace of business recovery accelerated in Q4.

Despite the challenging operating environment as a result of COVID-19, operating income grew more than 14% Y/Y. We were also able to improve our GP margin to 45.5%.

IAB, our mainstay business, reported a new record high for Greater China sales. This is a reflection of the success we have had in refining our solutions-based sales approach.

The second key point is a review of our Long-term Vision VG2020, which covers the period from FY2011 to FY2020, and a discussion of the direction for our next Long-term Vision.

Over the decade covered by VG2020, we focused on creating financial value by enhancing our growth capacity, profitability and ability to respond to change. We also focused on creating non-financial value through our ESG initiatives. As a result of these initiatives, we were able to significantly improve corporate value.

However, we recognize that our efforts to develop a self-sustaining growth capacity, which would drive topline expansion even under adverse conditions, remains a work in progress. We aim to overcome this challenge in the next Long-term Vision. Specifically, our objective is to create social needs by targeting anticipated growth opportunities with a combination of products and services.

The third key point is our forecasts for FY2021.

FY2021 is an important year which we have positioned as the running start leading in to our next Long-term Vision which starts in FY2022. For FY2021, we are projecting Y/Y growth in sales and operating income for all our businesses. We also raise our target for GP margin to 46.4%.

We aim to accelerate the transformation of our business models through continued growth investments, including M&A, while also increasing sales from our existing businesses.

Our strong focus on shareholder returns remains unchanged. Reflecting this, we have raised our FY2021 full-year dividend guidance to 86 yen, up 2 yen over the previous fiscal year.

I would now like to discuss our FY2020 results.

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FY2020 Results



Full-year Results

Profits up despite tough environment. GP margin rose to new record high

	FY2020 Forecast	FY2020 Actual	Vs. Forecast	FY2019 Actual	(¥bn) Y/Y
Net Sales	645.0	655.5	+1.6%	678.0	-3.3%
Gross Profit (%)	293.0 (45.4%)	298.4 (45.5%)	+1.8% (+0.1%pt)	303.7 (44.8%)	-1.8% (+0.7%pt)
Operating Income (%)	56.0 (8.7%)	62.5 (9.5%)	+11.6% (+0.8%pt)	54.8 (8.1%)	+14.1% (+1.5%pt)
Net Income	40.0	43.3	+8.3%	39.2*	+10.6%
1USD (JPY)	105.9	105.8	-0.1	109.1	-3.3
1EUR (JPY)	122.4	123.2	+0.8	121.2	+2.0
1RMB (JPY)	15.3	15.5	+0.2	15.7	-0.2

*FY2019 Net Income excludes Net Income from Discontinued Operations. If Net Income from Discontinued Operations is included, Net Income would be ¥74.9 billion

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We were able to exceed our upwardly revised forecasts as of Q3 to achieve sales of ¥655.5 bn, gross profit of ¥298.4 bn, operating income of ¥62.5 bn and net income of ¥43.3 bn in FY2020. In particular, we were able to achieve strong Y/Y growth in operating income, up 14.1%.

There are 3 main factors that contributed to the significant profit growth.

The first was our ability to swiftly respond to the change in market trends which we saw in 2H.

We were able to substantially increase added value on the recovery in sales from Q3 into Q4, by leveraging our resilience on a company-wide basis to respond rapidly to the recovery in global demand, led by China.

The second was a further improvement in our GP margin.

We achieved a new record high of 45.5%, an improvement of 0.7%-points Y/Y. We solidly reaped the benefits of ongoing initiatives to date, such as the development of solutions-based sales and variable cost reductions.

The third factor is our focus on lean fixed cost management.

In line with plan, we were able to achieve the target we set at the beginning of the fiscal year to reduce fixed costs by 20 billion yen.

I will now move on to discuss the segment results.

Sales by Segment

**Mainstay IAB exceeded our latest forecast.
HCB sales up substantially**

	FY2020 Forecast	FY2020 Actual	Vs. Forecast	FY2019 Actual	(¥bn) Y/Y
IAB Industrial Automation	340.0	346.4	+1.9%	352.8	-1.8%
EMC Electronic & Mechanical Components	84.0	86.0	+2.4%	88.4	-2.6%
SSB Social Systems, Solutions & Service	93.0	95.7	+2.9%	116.0	-17.5%
HCB Healthcare	122.0	123.1	+0.9%	112.0	+9.9%
Eliminations & Corporate	6.0	4.3	-28.3%	8.9	-51.4%
Total	645.0	655.5	+1.6%	678.0	-3.3%

*FY2019 figures restated to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business

The breakdown of sales by segment is shown here.

All of our segments exceeded our forecasts. We have seen an increasingly clear recovery trend from Q3 onward.

Please look at the red circles. Mainstay IAB overshot our forecast as of Q3 by 1.9%, reflecting our ability to capture the demand recovery in 2H. HCB set a new record high for sales, growing a hefty 10% Y/Y.

Next, let us look at segment operating income.

Operating Income by Segment

**All segments exceeded latest forecasts.
Profits up Y/Y at IAB, EMC and HCB**

(¥bn, %: OPM)

	FY2020 Forecast	FY2020 Actual	Vs. Forecast	FY2019 Actual	Y/Y
IAB Industrial Automation	55.0 (16.2%)	58.8 (17.0%)	+3.8 (+0.8%pt)	53.6 (15.2%)	+5.2 (+1.8%pt)
EMC Electronic & Mechanical Components	2.5 (3.0%)	3.0 (3.4%)	+0.5 (+0.5%pt)	0.9 (1.0%)	+2.0 (+2.4%pt)
SSB Social Systems, Solutions & Service	5.0 (5.4%)	5.7 (6.0%)	+0.7 (+0.6%pt)	10.9 (9.4%)	-5.2 (-3.4%pt)
HCB Healthcare	20.0 (16.4%)	20.6 (16.7%)	+0.6 (+0.3%pt)	13.5 (12.1%)	+7.1 (+4.7%pt)
Eliminations & Corporate	-26.5	-25.5	1.0	-24.1	-1.4
Total	56.0 (8.7%)	62.5 (9.5%)	+6.5 (+0.8%pt)	54.8 (8.1%)	+7.7 (+1.5%pt)

*FY2019 figures restated to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business

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All of our segments exceeded our most recent forecasts at the operating income level as well. On a Y/Y basis, IAB, EMC and HCB reported increases in operating income.

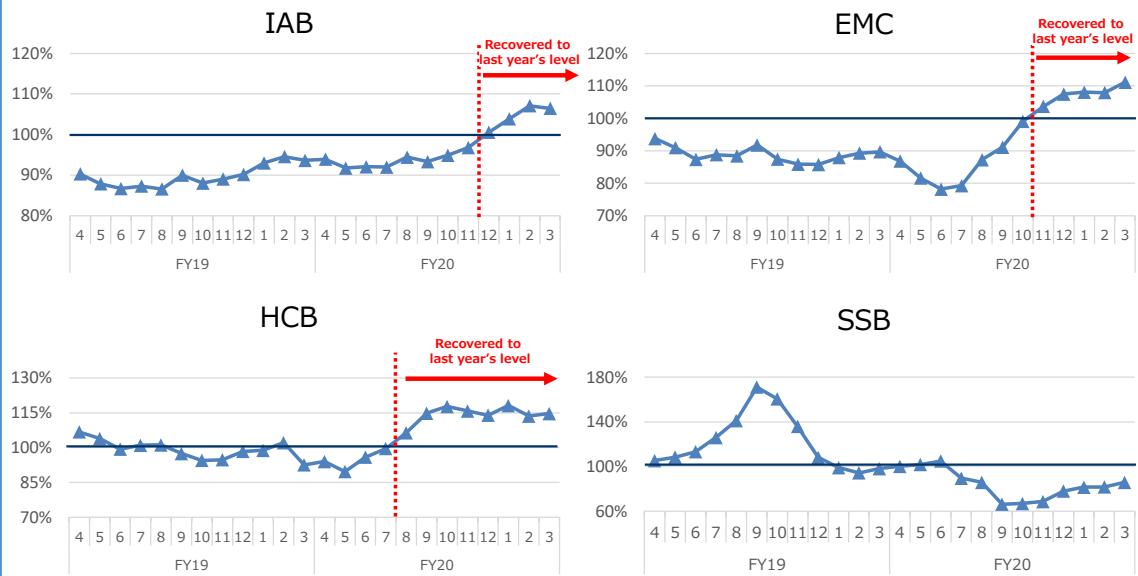
Please see the red circle in the lower right. HCB posted record high operating profits on a significant ¥7.1 bn increase, up a strong 52% Y/Y. This is the result of our efforts to raise the GP margin to date, combined with topline growth of very close to double-digits.

Despite the significant pandemic impact on its major customers, the railway companies, SSB was able to exceed its operating profit forecast.

Next, I will talk about sales recovery trends for each segment.

Sales Growth by Segment Y/Y (3MMA)

In response to market recovery from Q2 onward, pace of sales rebound accelerated from Q3 into Q4



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This slide shows the 3-month moving average Y/Y growth rate for each segment.

I will touch upon each segment in order. Please look at IAB in the upper left.

IAB sales rose above the previous year's level from December and has since maintained a recovery trend.

After bottoming in June, EMC, which is to the right, has shown an increasingly clear recovery trend, exceeding the previous year's level from November.

On the lower left, HCB surpassed the previous year's level in July. From September onward, it has maintained high Y/Y growth of around 15%.

While it is still being impacted by conditions at railway customers, SSB has been in a recovery trend since the start of the 2H.

I will discuss the change in IAB sales in more detail on the next slide.

IAB: Q4 Sales Growth by Region

Greater China sales up substantially in Q4. Global demand recovery expanded, leading to clear signs of recovery in other regions

**Q4 FY2020 (Jan. – Mar.)
IAB Sales Growth by Region**
(Y/Y, local currency basis)

	Japan	Americas	Europe	Greater China	SE Asia/Other	
					Ex.-S. Korea	S. Korea
	-2%	-10%	+2%	+46%	+5%	+2%
Q1-Q3	(-12%)	(-11%)	(-10%)	(+24%)	(-10%)	(+11%)

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This table compares Q4 IAB Y/Y sales growth by region on a local currency basis.

Please look at the box outlined in red.

Greater China showed strong Y/Y growth of 46%. This reflects our success in capturing demand in the digital industry related to semiconductors and batteries in China, which was the fastest country to recover from the COVID-19 outbreak.

During Q4, the rebound in demand expanded globally, with other regions also starting to show a clear recovery trend. The Y/Y growth rates by region are as shown here.

This completes the explanation of the FY2020 results.



VG2020 Review, Direction of Next LT Vision

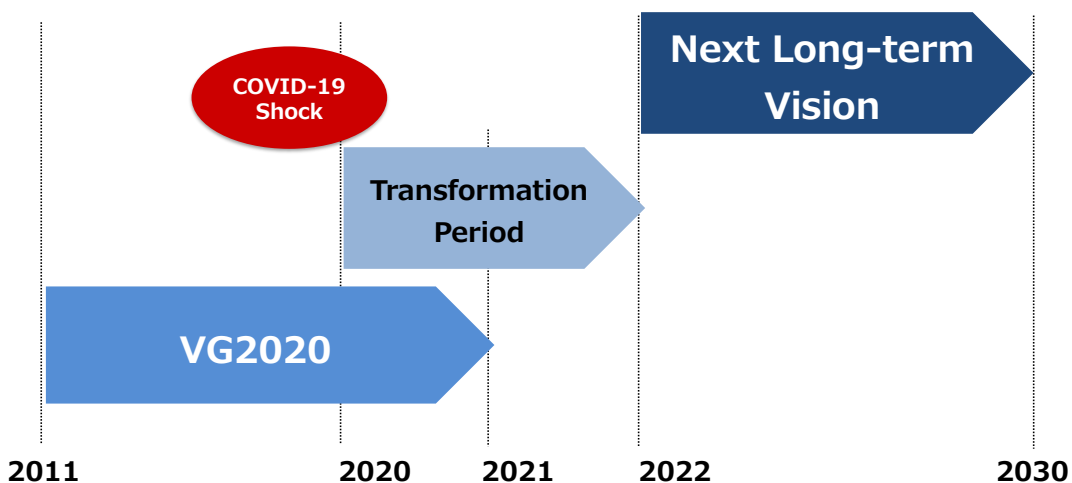
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I would now like to review our achievements under the 10-year Long-term Vision VG2020, which ended in the previous fiscal year, and explain the direction for our next Long-term Vision, which will start from FY2022.

Start of the Next Long-term Vision

Next Long-term Vision to start from FY2022. FY2020/FY2021 set as transformation period in preparation for post-COVID-19 era



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Over the past decade, OMRON had focused on its Long-term Vision VG2020 which covered the period between FY2011 and FY2020. It was our original intention to start our next Long-term Vision from FY2021.

However, given the dramatic changes to the operating environment brought about by the pandemic, we have chosen to position FY2020 and FY2021 as a period of transformation in anticipation of the post-COVID era. As such, we have decided to start the next Long-term Vision from FY2022. We position FY2021 as a year-long running start for the new Long-term Vision.

What I would like to do at this juncture is to review the results of VG2020, and indicate the direction for our next Long-term Vision. I will then explain our forecasts for FY2021.

Initiatives Over the Last 10 Years

Concentrated on enhancing growth capability, profitability and resilience. Priority on FA and Healthcare businesses

Three Areas of Enhancement

**Growth
Capability**

Profitability

Resilience



Focus Domains

FA

Healthcare

I will start with the review of VG2020 which ended in FY2020. Over the last 10 years, I have focused on enhancing OMRON's growth capacity, profitability and ability to be resilient in the face of change. We designated FA and HCB as the priority business areas that would lead overall growth.

Today, we will reflect on the achievements of the last 10 years, looking at both of these points.

First, growth capacity.

Enhancing Growth Capabilities

Proactively invested during VG2020 to develop assets which will secure future growth

Major Growth Investments

1 Enhancing solutions capability

- 37 automation centers
- Sales engineering resources increased 20% (vs. FY16)

2 Developing new business models

- i-BELT: Collaborative service leveraging shop floor data
- Remote medical service
- Remote, labor-saving station services

3 Acquiring new products, technologies

- IAB: Robotics, motion controllers
- HCB: Develop innovative devices, boost nebulizer business
- Invest in ventures utilizing CVC

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On the back of proactive investments during the VG period, we put in place assets that would assure future growth.

This slide looks at OMRON's major growth investments.

The first area is the focus on enhancing solutions capability.

As an example, OMRON has expanded its Automation Centers to 37. The Automation Centers are a forum for creating value in collaboration with customers where IAB leverages competitive and innovative new products and applications. The Sales Engineering force, which is tasked with communicating this value to our customers, has increased 20% from FY2016.

The second is the development of new business models.

OMRON has executed on investments to commercialize services that we expect to grow strongly going forward, such as IAB's i-BELT, HCB's remote medicine services, or the creation of remote or labor savings functionalities for station services.

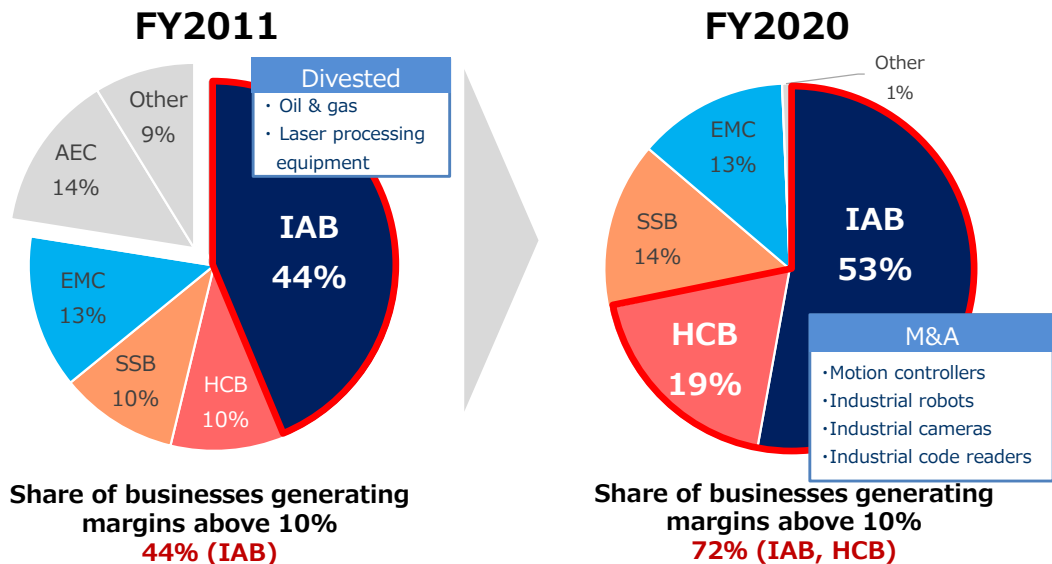
The third is the acquisition of new products and technologies.

OMRON has enhanced the competitiveness of IAB and HCB to achieve further growth. IAB acquired robots and motion controllers, while HCB has focused on developing innovative new devices, such as a wearable BPM and a BPM enabled for EKG, and strengthening its nebulizer business.

Next is profitability.

Changes in Segment Sales Composition

Narrowed focus to businesses with high margins and market shares. Transitioned to portfolio of highly profitable businesses



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Please look at the pie chart on the left.

This pie chart shows OMRON's sales composition by segment in FY2011.

10 years ago, the only business that generated an OPM of more than 10% was IAB; IAB accounted for 44% of total revenue.

During the 10 years of the VG Vision, OMRON was disciplined in managing its business portfolio, using ROIC as a metric. We also narrowed down our business portfolio to businesses with high margins and high market shares, concentrating our management resources. As an example, we chose to sell AEC and wind down the backlight business.

Within the mainstay IAB business, we sold low-margin businesses such as Oil & Gas and laser processing equipment. That said, we acquired motion controllers and industrial robots through M&A, bolstering the high-margin business. As a result, IAB grew to account for 53% of total sales.

In addition, HCB raised its OPM above 10% over the last 10 years. The combined sales share of these two businesses rose to 72%.

Next, let us look at trends in OPMs by segment.

Trends in Segment Operating Income

Achieved solid improvements in operating margin at IAB, HCB

	FY2011		FY2020
IAB	13%	➔	17%
HCB	5%	➔	17%
SSB	0.2%	➔	6%
EMC	6%	➔	3%

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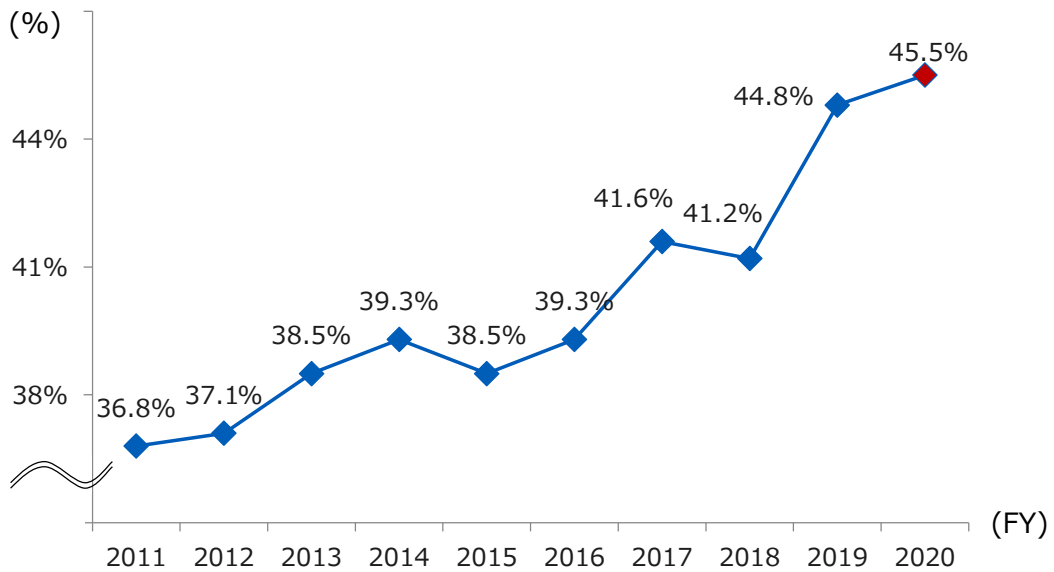
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Over the 10 years of the VG2020 Vision, IAB's OPM rose from 13% to 17%, while HCB's margins improved from 5% to 17%. We were also able to boost SSB's OP margin from 0.2% to 6%. EMC's profitability is a work in progress. We will achieve this FY2021 and beyond.

As you can see, our disciplined focus on ROIC management during the VG Vision period has transformed OMRON into a highly profitable organization that is able to leverage unique strengths. The fruits of our efforts are reflected in the continued improvement in our ability to generate profits.

GP Margin Trend

Developed into lean, highly profitable organization. GP margin improved on initiatives such as business portfolio management



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This graph tracks trends in our GP margin during the VG period. In the last 10 years, we have raised our GP margin 8.7%-points from 36.8% in FY2011 to 45.5% in FY2020.

OMRON has evolved into a lean, highly profitable organization through its initiatives to improve business portfolio management, which has solidly enhanced its ability to generate profits.

Next is resilience in the face of change.

Bolster Supply Chain: Manufacturing Diversification and Consolidation

Enhanced resilience through progress on diversification and consolidation of manufacturing bases and supply chain

		FY2011	FY2020
Diversification	IAB	4 Bases Japan: Ayabe, Kusatsu China: Shanghai Europe: The Netherlands	8 Bases Japan: Ayabe, Kusatsu China: Shanghai S.E. Asia: Indonesia Americas: California (2), Seattle Europe: The Netherlands
	HCB	3 Bases Japan: Matsusaka China: Dalian S.E. Asia: Vietnam	5 Bases Japan: Matsusaka China: Dalian S.E. Asia: Vietnam Americas: Brazil Europe: Italy
Consolidation	EMC	11 Bases Japan: Yamaga/Kurayoshi /Ichinomiya Sanyo/Iida/Kusatsu China: Shanghai, Shenzhen S.E. Asia: Malaysia, Indonesia Americas: Illinois	7 Bases Japan: Yamaga/Kurayoshi /Ichinomiya China: Shanghai, Shenzhen S.E. Asia: Malaysia, Indonesia

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This slide describes our efforts to optimize our major manufacturing bases and supply chain during the VG period.

Throughout the VG period, OMRON implemented initiatives to diversify and consolidate manufacturing bases and the supply chain, in order to support our global expansion by developing an organization that is resilient in the face of change and improving productivity.

I will start on the upper left.

In addition to acquiring new businesses through M&A, IAB expanded its production bases from 4 in FY2011 to 8, to respond to the global expansion of our customers.

HCB acquired new production bases for the Americas, in Brazil, and Europe, in Italy, through M&A in order to develop production capacity in proximity to consumers.

In contrast, EMC faced the challenge of having multiple small-scale production bases, particularly in Japan. By reviewing our global supply chain, we were able to improve productivity by consolidating our 11 production bases down to 7.

Through such efforts to optimize our manufacturing bases and supply chain, we have been able to develop a resilient structure capable of withstanding changes to the business environment and risks such as natural disasters.

From the perspective of its supply chain, OMRON has also solidly improved its resilience.

I will now discuss the creation of non-financial value resulting from the promotion of ESG initiatives.

Our Sustainability Initiatives and External Recognition

**Top class global ratings for proactively addressing sustainability.
Inclusion in ESG indices contributes to lower share price volatility**

Key Sustainability Initiatives

Included sustainability targets in medium-term plan

Effective board oversight and supervision

Adopted 3rd-party assessment for MT/LT performance-linked compensation

Proactive information disclosure, deepened dialogue with stakeholders

Major External Assessments

DJSI–World

Global 323 Cos. (Japan 39 Cos.)

S&P Sustainability Award: Gold Class

Global 70 Cos. (Japan 6 Cos.)

Selected for Top 1% in “Electronic Equipment, Instruments & Components” sector

GPIF

Selected for 4 indices

During the VG period, we have proactively tackled sustainability issues to generate non-financial value.

Please look at the left-hand side of the slide.

In the Medium-term Business Plan started in FY2017, OMRON set out sustainability targets that were integrated with our financial metrics. Furthermore, the Board is the owner of the sustainability initiatives, providing oversight and supervision.

We have accelerated our sustainability initiatives in other ways as well, such as adopting third-party sustainability assessments in determining medium-to long-term performance-linked compensation. We have also created a feedback loop that has allowed us to improve our approach over time, by proactively disclosing our initiatives and deepening our engagement with external stakeholders.

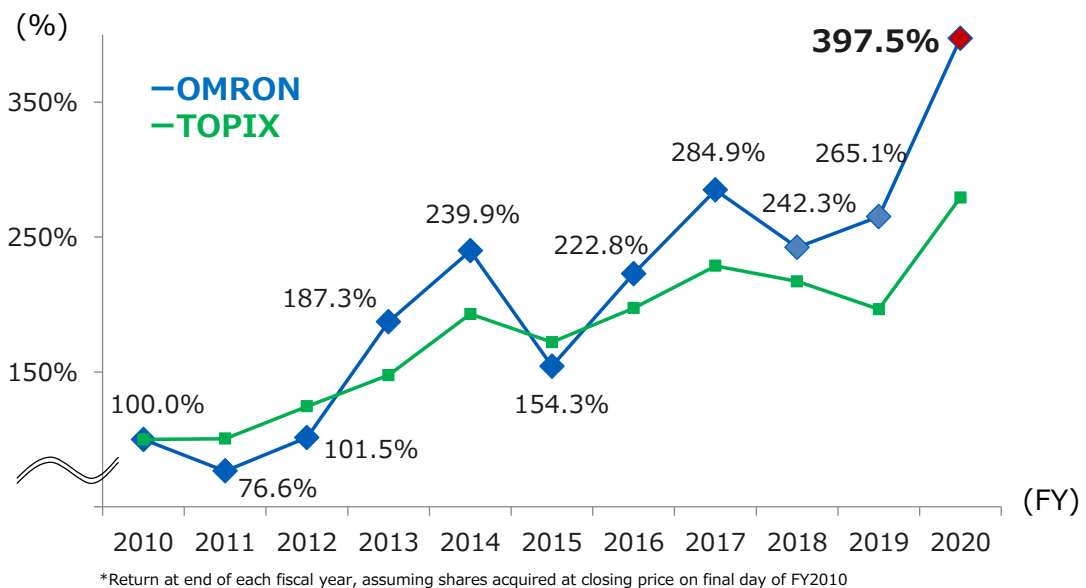
Please look at the right-hand side of the slide.

Our initiatives have been highly rated as global top class by external parties. As a result, OMRON has been included in many sustainability indices, which is having a positive impact on our share price.

As a result of these initiatives, OMRON's corporate value has significantly improved over the VG Vision period.

Total Shareholder Return Trend

Substantial improvement in corporate value through creation of financial and non-financial value



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This line chart tracks the trend in OMRON's total shareholder return. The blue line is OMRON and the green line is TOPIX.

Please look at the left-hand side of the graph. The lines are indexed to the closing price as of the end of FY2010. You can see that OMRON's return has constantly improved over time, after dipping in 2011 as a result of the Great East Japan Earthquake. From FY2016 onward, OMRON's return consistently outperformed TOPIX.

Now look at the data point on the far right for FY2020.

TSR, which is a reflection of corporate value creation, has risen roughly 400% over the last 10 years, a significant improvement.

As you can see, over the last 10 years, OMRON has been able to significantly improve corporate value, as a result of the financial and non-financial value created through the efforts I have described today. Our commitment in this area remains unchanged. We will continue to focus on further improving corporate value.

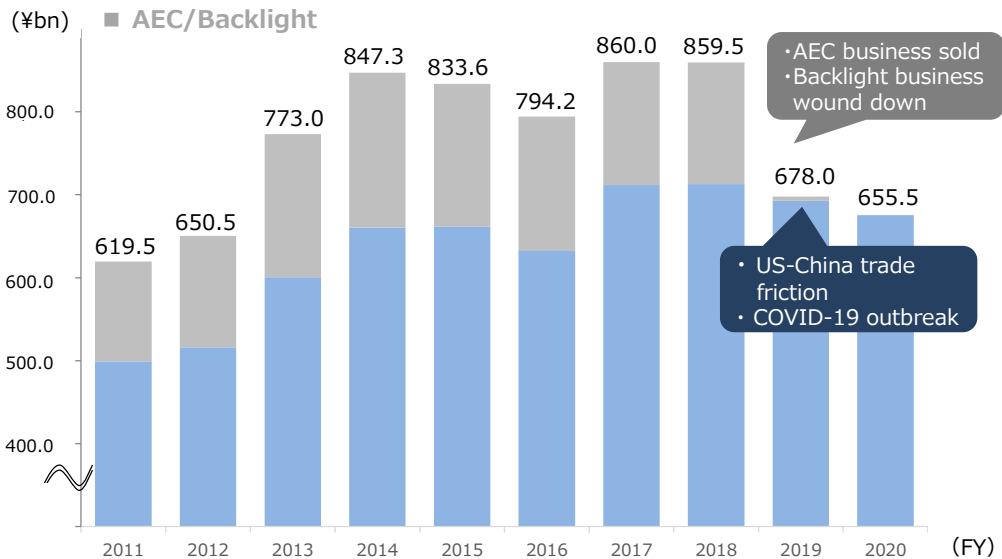
This completes my review of our achievements under VG, from the perspective of corporate value enhancement.

Turning from my review of VG, I would now like to talk about our view of the current situation and challenges as we look toward the next long-term vision.

Ongoing Challenge

Achieving self-sustaining growth a work in progress

Sales Trend



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This chart shows sales trends from the last 10 years.

Sales from discontinued businesses such as AEC and the backlight business, which were sold or wound down during the VG period, are shown in gray.

Sales from current operating businesses are shown in blue.

As shown in this chart, relative to the VG goal of achieving sales of 1 trillion yen, OMRON's sales consistently grew in line with plan up to FY2017. However, in the face of changes to the macro backdrop such as U.S.-China trade friction and the COVID-19 outbreak, we were unable to shrug off the headwinds and were not able to keep growing. Sales were also impacted by the sale of the AEC business, widening the gap to the 1 trillion yen level.

There is still more to do to develop a self-sustaining growth capacity but we are not content to sit back complacently.

We recognize that the challenge for OMRON is to solidly translate the capabilities and assets developed thus far into growth.

Today, I would like to discuss the outline of what we intend to do in the next Long-term Vision in order to overcome this challenge and ensure OMRON's continued growth.

Objective for the Next Long-term Vision

OMRON's Fundamental Purpose

**Continue to contribute to society
through the creation of social value**

Maximizing Corporate Value

**Create social value
and economic value**

I will explain now the direction for the next Long-term Vision.

In formulating our next Long-term Vision, we began by revisiting what we consider to be OMRON's fundamental purpose. OMRON's fundamental purpose is to continue to contribute to society through the creation of social value. To do so is to act in line with the OMRON Principles.

We are now firmly of the view that it is precisely times like these when social issues abound and the sustainability of the Earth itself is being called into question that we must demonstrate our commitment to our fundamental purpose.

In our next Long-term Vision, we aim to simultaneously create social value by solving social issues and convert this social value into economic value to maximize corporate value.

I will now explain the social issues we propose to tackle.

Social Issues Targeted by OMRON

Focus on limiting CO₂ emissions volumes, human-machine collaboration and harmonization and extending healthy life

Factors for Social Change

Climate change



Aging society



Widening inequality



Social Issues Targeted by OMRON

Limiting CO₂ emissions volumes



Human-machine collaboration/harmonization



Extending healthy life



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Currently, mankind is being confronted by a wide array of social issues as a result of social changes, such as climate change, population aging and widening economic inequality.

I think it is fair to say that the social and economic systems which to date have assumed continued economic growth are almost at the breaking point.

Of the many emerging social issues, we believe the social issues on which OMRON should focus are: reducing CO₂ emissions volumes, human-machine collaboration and harmonization, and contributing to extending healthy longevity.

These choices reflect our strengths in automation technology and the business domains in which we operate.

Next Long-term Vision: Growth Opportunities, Business Models

Focus on growth opportunities. Tackling the challenge of continuous value creation through business model evolution

Growth Opportunities Targeted by OMRON

Rising sophistication of manufacturing



Automation of primary & tertiary industries



Preventative medical support



Energy solutions



Business Model Evolution

Products

+

Services

×

Collaboration with partners

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In the next Long-term Vision, we will focus on creating value in 4 growth opportunities from within the social issues we target.

The 4 growth opportunities are: the rising sophistication of manufacturing, automation of primary and tertiary industries, preventative medical support and energy solutions to achieve carbon neutral.

Under the next Long-term Vision we will continue to strengthen the existing businesses through value creation to capture these opportunities. On top of this, we will also promote business model evolution to accelerate new efforts in value creation through combinations of products and services in collaboration with partners.

We have identified 3 key strategies for achieving self-sustaining growth in the next Long-term Vision by maximizing the strength of our existing businesses and the business model evolution.

Key Strategies for Achieving Self-sustaining Growth

Targeting value creation through focus on evolution of automation, digital transformation and changing human resource management

Evolution of automation

Achieving human-machine collaboration, harmonization through the evolution of "Sensing & Control + Think" technologies

Digital transformation

Leveraging digital technologies to develop business models, drive change in operational management

Changing human resource management

Promoting management that brings together diverse human resources and maximizes capabilities of each individual

The first is the evolution of automation. We will focus on elevating Sensing & Control + Think to maximize human capabilities through the realization of human-machine collaboration and harmonization.

The second is digital transformation.

We will build a business model that leverages data and skillfully deploys digital technology while also simultaneously refining operational management.

The third is human resource management. The source of new value creation is human capital. We aim to promote human resource management that brings together diverse individuals with high levels of specialized skills, in a manner that allows each individual to fully demonstrate their capabilities.

This completes my explanation of the next Long-term Vision. Today, I only touched upon the direction of the Long-term Vision, but we plan to announce our plans in detail in February 2022. We hope you will look forward to it.

Next, I will discuss the FY2021 forecasts.



FY2021 Forecasts

Business Outlook by Segment

Global recovery trend to continue, primarily in IAB

IAB Industrial Automation	Automotive:	Gradual recovery, primarily in EV/ADAS-related investments
	Digital:	Continued strength in semiconductor/rechargeable battery capex, primarily in China and South Korea
	Food & bev.:	Gradual recovery, driven by environment-related investments in new materials to reduce/replace plastics
	Social infrastructure:	Overall recovery trend. Strong solar power investments
EMC Electronic & Mechanical Components	Consumer:	Overall gradual recovery trend to continue, mainly in China
	Automotive:	Recovery trend to continue in Americas, China
SSB Social Systems, Solutions & Service	Station sys.:	Railways continue to limit capex, expect demand to be weak
	Transport:	Expect firm replacement demand to continue
	Env. Soln:	Expect gradual recovery from COVID-19 impact
HCB Healthcare	BPMs:	Strong global trend to continue, primarily driven by online sales
	Others:	Expect pullback from high base in thermometers but recovery to continue in nebulizers and low-frequency treatment equipment

This is the operating environment outlook by segment. Overall, we expect to see the recovery trend continue, primarily in IAB.

Based on this outlook, let us now look at the FY2021 forecasts.

FY2021 Plan

Targeting sales and profit growth. Guiding for GP margin of 46.4%, OPM to rise to 10%

(¥bn)

	FY2020 Actual	FY2021 Forecast	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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We have positioned this fiscal year to be a running start for the next Long-term Vision.

Based on this, we expect positive Y/Y growth in sales and profits. We are projecting full-year sales of ¥700 bn, gross profit of ¥325 bn, operating income of ¥70 bn and net income of ¥48 bn. Our forecasts factor in risks such as rising raw materials prices.

We will continue to remain lean and disciplined on fixed costs.

Our most important metric, GP margin, which reflects our ability to generate profits, is expected to rise 0.9% pts Y/Y to 46.4%.

As a result, OPM is projected to rise to 10%. With this, we aim to start our next Long-term Vision as a highly profitable organization.

Sales by Segment

IAB sales to rise in all regions on continued strength from Digital/EV-related. BPMs to continue to drive HCB sales growth

(¥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%

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The breakdown of sales by segment is shown here.

We expect sales to grow Y/Y for all segments.

For IAB, we expect strong trends in Digital and EV-related to be maintained. By region, we expect China to be the driver, with sales up in all regions.

We expect to see a clear recovery trend in EMC. Despite the continued tough operating environment, we expect SSB to report positive Y/Y sales growth.

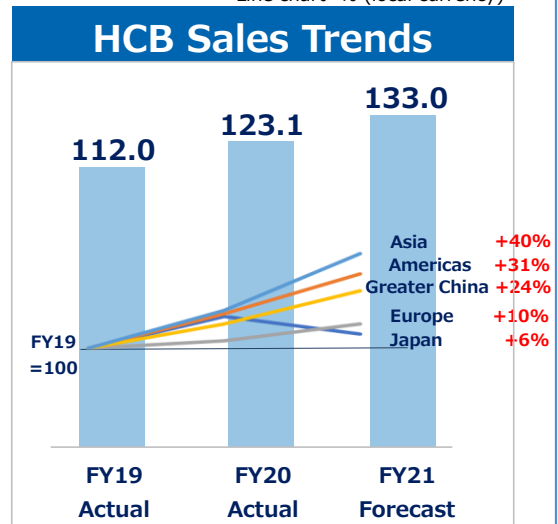
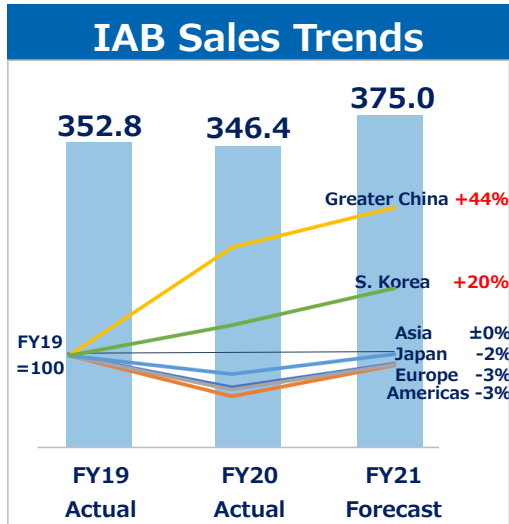
While we expect thermometer sales to decline by ¥5 bn Y/Y reflecting last year's high base, we expect BPMs to continue to drive HCB sales growth. We project Y/Y growth of 8%.

I would like to go into a little more detail on regional sales trends for IAB and HCB.

IAB and HCB Sales Trends

Greater China and S. Korea to continue to drive IAB sales growth. Recovery to continue in other regions. HCB to grow in all regions

Units: Bar chart ¥bn (JPY)
Line chart % (local currency)



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In this chart, the bars represent sales for each fiscal year. The lines represent the rate of sales growth by region, indexed to FY2019 sales.

Please look at the lines on the chart to the left. On top of the strength in China and S. Korea, IAB is expected to virtually return to pre-pandemic levels in other regions.

Please look at the chart on the right. We expect solid growth for HCB globally across all regions.

Next, let us look at segment operating income.

Operating Income by Segment

Expect operating income to improve for all segments

(¥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)

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We show the breakdown of operating income by segment here. We are guiding for Y/Y profit improvement in all segments. IAB and HCB will continue to drive overall growth.

In the next few slides, I will comment on initiatives at IAB and HCB.

IAB Growth Areas

Achieve growth by capturing business opportunities in growth areas within focus industries

Industry	Main Growth Area	Business Opportunities
Auto	EV	EV investments increasing on green recovery policies
Digital	Semi-conductors	Global capacity expansion and further miniaturization
Food & Beverage	Plastic-free	Developing new production processes with recyclable materials

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I will start with IAB.

In addition to the increase in capex on the back of the global economic recovery, we aim to lock in business opportunities within our focus domains to drive sales growth.

In automotive, we will focus on further opportunities in EV capex as players ramp up EV investments in earnest, supported by green recovery policies in many countries.

In digital, we will focus on capturing opportunities such as continued semiconductor capacity expansion and further progress on miniaturization, by proposing high-speed, highly accurate solutions to achieve growth.

In food and beverage, we expect a shift away from PET bottles and plastic wrapping materials in favor of more environmentally-friendly, recyclable materials.

As an example, a shift to recyclable materials can lead to issues with the existing manufacturing process, resulting in small perforations or rips. To solve this issue requires the development of a new manufacturing process, involving highly sophisticated control of temperatures and pressure. OMRON will focus on capturing the need to reduce or replace plastics.

On the next slide, I will highlight an example related to EV-use batteries.

IAB: innovative-Automation Solving Issues in EV Manufacturing

Solving issues in automotive battery production to improve productivity 1.5x. Shorten tact time while maintaining high quality

Auto Battery Assembly Process



Process where electrode positioned by robot is wrapped in laminate film
(Demo machine at Automation Center in China)

Production issue for EV batteries

- ✓ High-speed production needed to achieve low prices
- ✓ Production technology needed to achieve high quality

Solution powered by innovative-Automation

Assembly process using robotic integrated controller: labor-saving application

What we show here is a solution that supports the EV assembly process. Please look at the video on the left-hand side of the slide.

This is a demo of a battery production process in which the robot on the right positions an electrode which the robot on the left then wraps in white laminating film to fabricate a lithium ion battery.

The key challenge in auto battery manufacturing is the need for high-speed production in order to achieve even lower prices on the one hand while also developing technologies which will improve product quality on the other.

OMRON solved this issue by creating a solution for the assembly process which utilizes the robotic integrated controller launched last year.

Specifically, the robotic integrated controller enables integrated control of the overall facilities including robots. This makes it possible to reduce tact time while also improving quality levels.

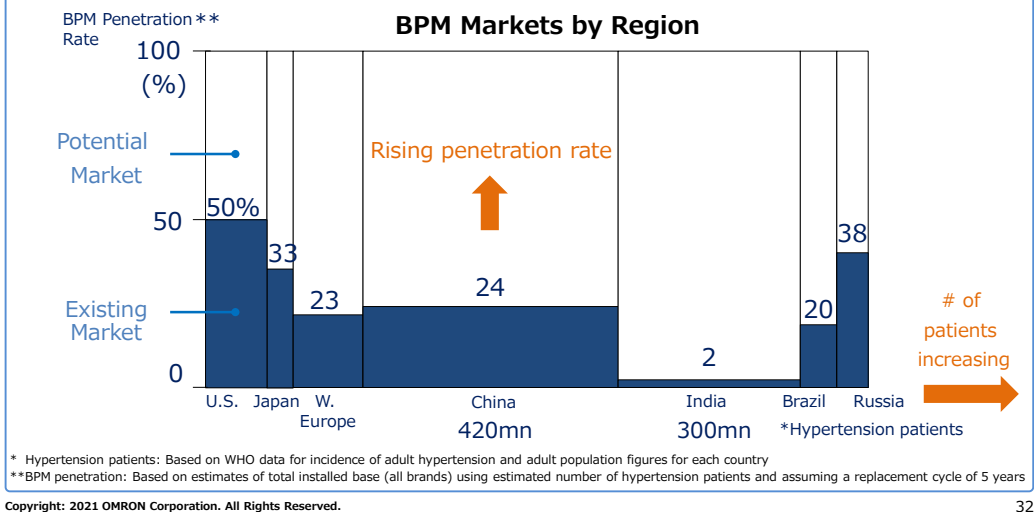
A customer that has already adopted this application has been able to raise its productivity 1.5-fold.

We have seen increased adoption of this application for the assembly process for EV automotive batteries, which is growing dramatically in China. We aim to achieve growth by providing solutions like this that are unique to OMRON going forward.

Next are HCB's initiatives.

HCB: BPM Market

Expanding the BPM business on a global basis to grow HCB



HCB will achieve growth by continuing to focus on growing the BPM business on a global basis.

This slide depicts penetration rates for BPMs relative to hypertension patients in major markets around the world.

The vertical axis represents penetration rates for BPMs. The horizontal axis represents the hypertension patient population in each country.

The area of each block represents the scale of each market in total. The blue portion shows the existing installed base, while the white portion is the potential market.

As you can see, there is significant white space in all of the regions, reflecting the significant growth potential.

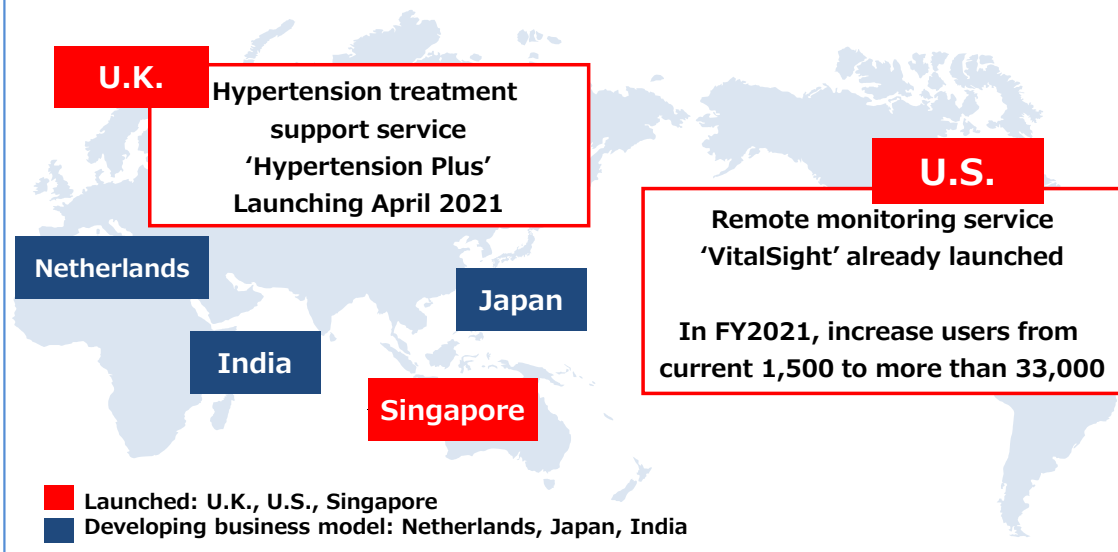
This fiscal year, our top priority for growth is China which has the largest potential market. In India, where BP measurement has yet to become accepted practice, we aim to establish OMRON as the leading player as quickly as possible by undertaking educational campaigns focused on the importance of BP measurement ahead of our competitors.

We will continue to accelerate our BPM growth strategy on a global basis. As a new initiative, we are also expanding businesses which support blood pressure control.

We have expanded beyond simply selling hardware, in the form of BPMs, into data management services. As an example, I will talk about our remote medical treatment service initiatives.

HCB: Global Expansion of Remote Medical Service

Providing business models tailored to the medical regulatory framework in each country on a global basis



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OMRON is deploying remote medical treatment services tailored to the medical regulatory framework in each country on a global basis.

We have already launched services in the U.S., U.K. and Singapore.

The VitalSight remote monitoring service which we launched last year in the U.S. has seen users grow to around 1,500. In FY2021 we aim to increase the number of users to more than 33,000.

We have also launched the hypertension support service, Hypertension Plus, in April 2021 in U.K. This service provides a prescription program for hypertension, which was jointly developed with Oxford University. The objective is to contribute to improved treatment efficacy and consultation efficiency by suggesting prescription plans for hypertension drugs to physicians that are tailored to each individual patient's blood pressure conditions.

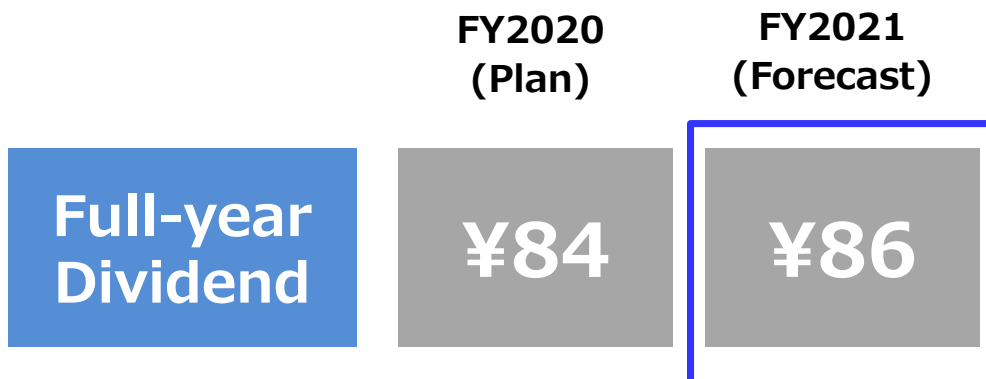
We are also developing business models in the Netherlands, Japan and India.

Going forward, we aim to expand our business by identifying opportunities for remote treatment services in other countries.

The final slide in this section relates to dividends.

Full-year Dividend

**Maintaining policy of focusing on shareholder returns.
Reflecting this, FY2021 dividend guidance raised 2 yen to 86 yen**



*Full-year FY2020 dividend to be approved at AGM.

Split of FY2021 dividend between interim and fiscal year-end dividends TBD

We remain focused on shareholder returns.

Reflecting this, we are raising our full-year dividend guidance for this fiscal year by 2 yen Y/Y to 86 yen.

This completes the section on FY2021 forecasts.

Finally, I would like to share my thoughts on the FY2020 results and our management stance for FY2021.

In Conclusion**FY2020 achievements**

- **Further enhanced resilience and solutions capabilities during pandemic**

Management stance for FY2021

- **Capture growth opportunities by fully leveraging resilience and solutions capabilities**
- **Invest to develop self-sustaining growth capability, accelerate execution of actions**

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I believe the biggest achievement of FY2020 was the fact that we were able to further elevate our abilities to be resilient in the face of change and to provide solutions during the pandemic.

Despite the unprecedented circumstance of a global outbreak caused by a novel coronavirus, we were able to secure the safety of our employees globally, fully reduce fixed costs in line with plan as well as swiftly identify and pursue pandemic-related demand and incipient signs of market recovery.

Through these initiatives, I am strongly confident that we have been able to clearly improve OMRON's ability to respond to change and to propose solutions. We have been able to get off to a good start in FY2021, building on this momentum.

COVID-19 risk is likely to persist into FY2021, as well as supply chain risks for components such as semiconductor chips. However, I also expect an acceleration to the transition to new social and economic systems.

This fiscal year will require us to dig deep to respond to change but we are committed to staying the course.

By demonstrating our solutions capability to the fullest, I believe we will be able to solidly capture emerging growth opportunities. We will focus on swiftly creating value for our customers.

We will also accelerate the necessary investments and execution of actions in order to achieve self-sustaining growth.

As noted earlier, we position this fiscal year as an important year to ensure we get off to a running start for FY2022, the first year of our next Long-term Vision.

This will be a year where we will focus on addressing social issues and pursuing M&A and alliance opportunities to achieve sustainable growth. We will also accelerate efforts to enhance R&D, human resources and our IT systems.

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

This completes my presentation. Thank you.

OMRON



Reference

6 Key Management Metrics

	FY2011	FY2020
Sales	619.5 bn	655.5 bn
GP Margin	36.8%	45.5%
Operating Income	40.1 bn	62.5 bn
ROIC	4.8%	7.8%
ROE	5.2%	7.6%
EPS	74.5 yen	214.7 yen

Building a Robust Business Portfolio

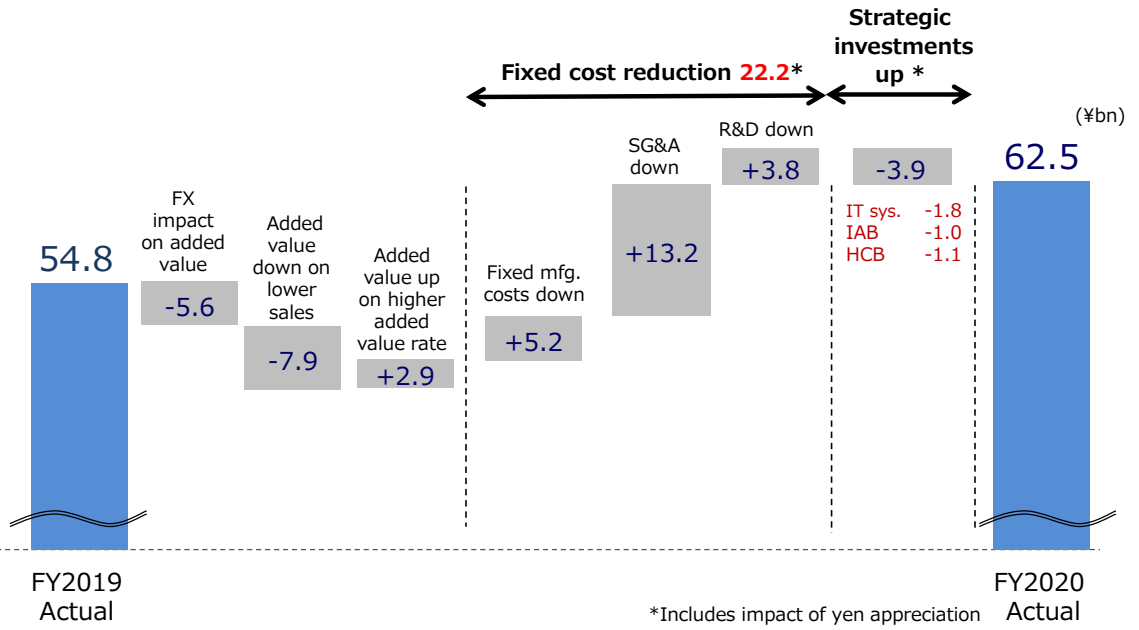
Acquisitions

2014	S. America Nebulizers (HCB)
2015	Motion Controllers (IAB)
2015	Industrial Robots (IAB)
2017	Industrial Cameras (IAB)
2017	Industrial Code Readers (IAB)
2018	Europe Nebulizers (HCB)

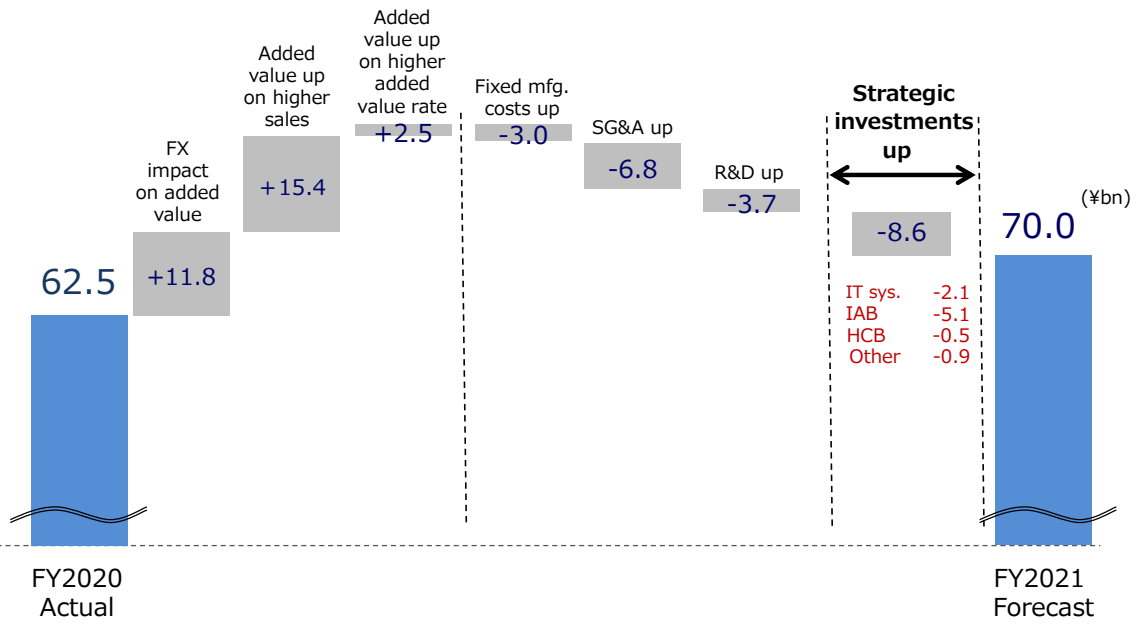
Divestments

2012	Capacitors (EMC)
2012	Consignment Development of Embedded SW/HW (Other)
2013	Optical Communications (EMC)
2016	Oil & Gas (IAB)
2016	Hospital-use Med. Eq. (HCB)
2018	Laser Processing Eq. (IAB)
2019	EDMS*(Other)
	<small>*Development and manufacture of industrial-use electronic devices on consignment</small>
2019	Auto Business (AEC)
2019	Backlight (Other)

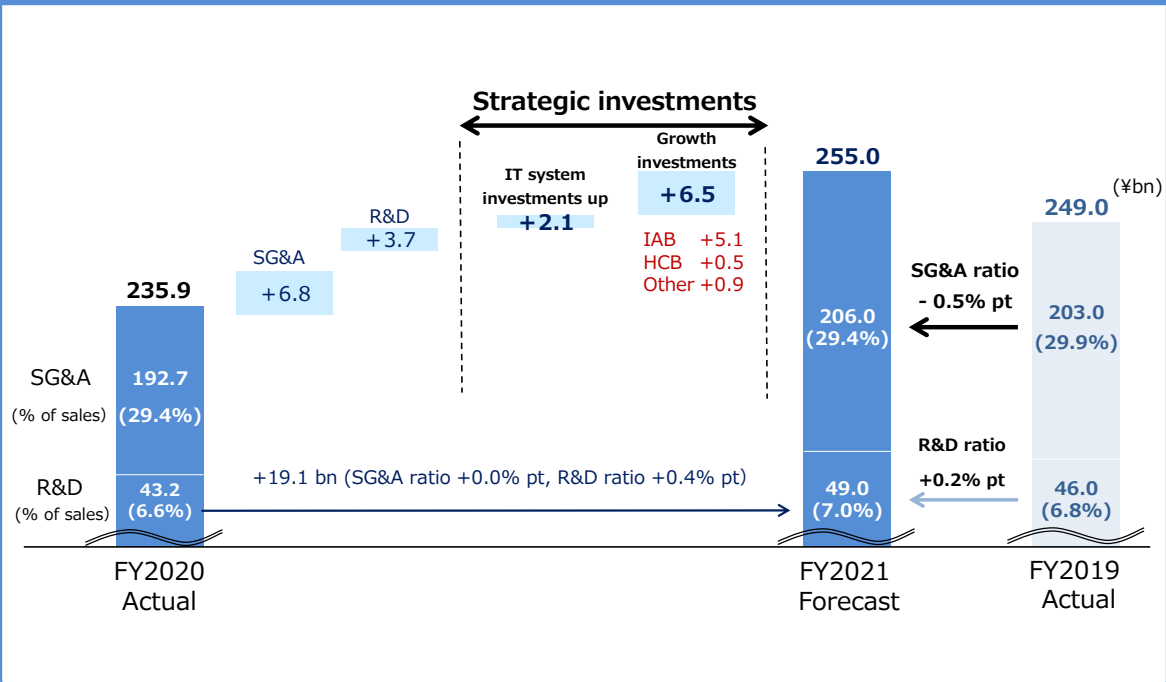
FY2020: Operating Income Analysis (Y/Y)



FY2021 Forecast: Operating Income Analysis (Y/Y)



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



Consolidated Balance Sheet

	(¥bn)		
	End-March 2020	End-March. 2021	Y/Y
Current assets	447.1	514.4	+67.3
(Cash and cash equivalents)	(185.5)	(250.8)	(+65.2)
(Inventory)	(104.3)	(103.3)	(-1.0)
Property, plant and equipment	114.5	113.0	-1.5
Investments and other assets	196.5	192.9	-3.5
Total assets	758.1	820.4	+62.3
Current liabilities	151.3	161.4	+10.1
Long-term liabilities	74.2	49.7	-24.6
Total Liabilities	225.5	211.0	-14.5
Shareholders' equity	530.4	606.9	+76.4
Noncontrolling interests	2.2	2.5	+0.3
Total net assets	532.6	609.4	+76.8
Total Liabilities and net assets	758.1	820.4	+62.3
Equity ratio	70.0%	74.0%	+4.0%pt

Consolidated Statement of Cash Flow

(¥bn)

	FY2019 Actual	FY2020 Actual	Y/Y
Operating cash flow	89.8	93.8	+4.0
Investment cash flow	28.6	-14.8	-43.4
Free cash flow (FCF)	118.4	79.0	-39.4
Financing cash flow	-29.4	-20.4	+9.1
Cash and cash equivalents as of end of period	185.5	250.8	+65.2
Capital expenditure	33.1	24.0	-9.2
Depreciation	25.7	22.8	-2.9

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

Shareholder Return Policy

Capital allocation priorities: (1) Investments for future growth, (2) Dividends, (3) Share buybacks

Investment for Future Growth

Focus on Factory Automation and Healthcare
Allocate to growth investments (including M&A), R&D, and capital expenditures

Dividends

Targets:

- Full-year dividend payout ratio: approx. 30%
- Dividend on equity ratio (DOE): approx. 3%

Share Buybacks

Long-term retained earnings may be allocated toward share buybacks in a flexible manner.

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

ESG Indices which include OMRON

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

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



FTSE Blossom
Japan



**2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

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**2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**

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* 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-'



External Recognition (As of April 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

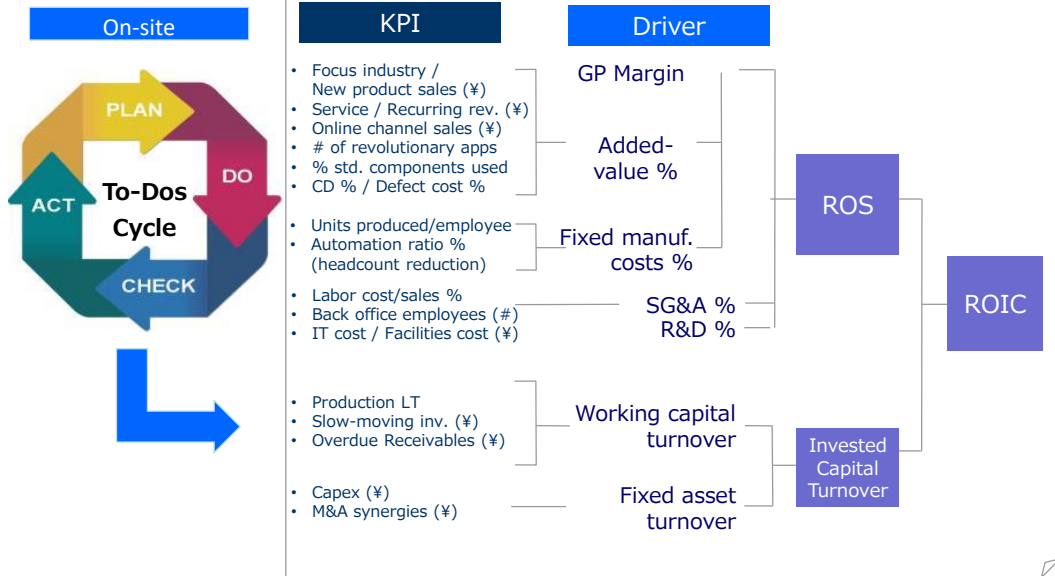
- ✓ TSE 2014 Corporate Value Improvement Award, Grand Prix. **FY2014**
- ✓ Nadeshiko Brand **4th consecutive year from FY2017**
- ✓ Health & Productivity Stock **3rd consecutive year from FY2018**
- ✓ Health & Productivity: White 500 **5th consecutive year from FY2016**



Selected by Nikkei Inc.

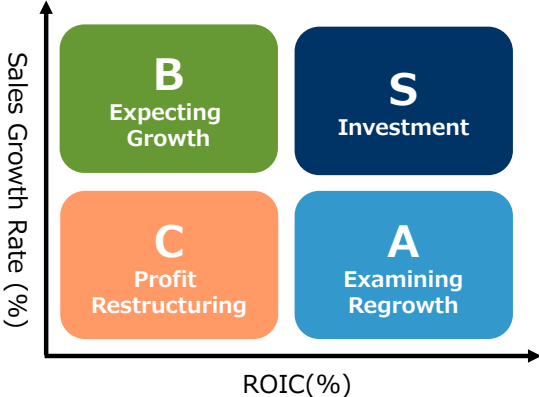
- ✓ Nikkei 225 **March 2019, 1st time**

Down-Top ROIC Tree (2.0)

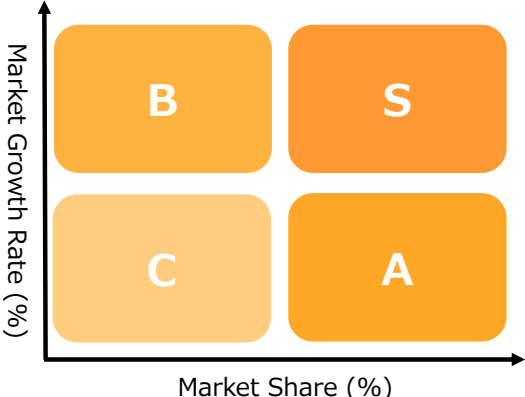


Portfolio Management

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 Fiscal Year Ended March 31, 2021 (U.S. GAAP)."
Figures rounded to the nearest million JPY and percentage to one decimal place.

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