Positioning of HCB

Positioned as a key domain alongside FA, even within the 4 focus domains

Factory Automation

Healthcare

Mobility

Energy Management
Healthcare Business (HCB) Mission

To Help Realize Healthy and Comfortable Lives for People around the World

All for Healthcare
Social issues within healthcare

Social changes in developed and developing countries have led to new challenges in healthcare, driving severe increases in medical expenditures.

### Social change

- Middle class expanding in both developed and developing countries
- Population aging in developed countries

### New challenges

- Increase in lifestyle diseases
- Widening gap between life expectancy and healthy life expectancy

### Social issues

- Rising medical expenditures
### Healthcare: 3 Focus Fields

Aim to resolve social challenges through personalized medical solutions in the 3 therapeutic areas with sufficient global market scale and where OMRON can fully leverage its strengths.

<table>
<thead>
<tr>
<th>Cardiovascular Disease</th>
<th>Respiratory Disease</th>
<th>Pain Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cerebral and cardiovascular event patients</td>
<td>Global respiratory disease patients</td>
<td>Chronic pain patients in Japan and US</td>
</tr>
<tr>
<td>17.5 Million</td>
<td>440 Million</td>
<td>73 Million</td>
</tr>
<tr>
<td>Medical expenses for cardiovascular disease</td>
<td>Medical expenses for respiratory diseases in Japan, US, and Europe</td>
<td>Analgesic market in Japan and US</td>
</tr>
<tr>
<td>¥120 Trillion</td>
<td>¥19 Trillion</td>
<td>¥2.4 Trillion</td>
</tr>
</tbody>
</table>

Healthcare: Basic Strategies

Reinforcement of 3 Core Categories

- Blood Pressure Monitor
- Nebulizer
- Pain Management

Initiatives to Promote

Zero Cerebral and Cardiovascular Events
Reinforcement of 3 Core Categories
Reinforcement of 3 Core Categories

Reinforce strengths and aim for an overwhelming market share in the 3 core categories

* <Cardiovascular>*
  - Home-use Blood Pressure Monitor
  - FY2016 Actual: 50% #1 share
  - FY2020 Targets: >55%

* <Respiratory>*
  - Nebulizer
  - FY2016 Actual: 30% #1 share
  - FY2020 Targets: >40%

* <Pain Management>*
  - Low-frequency Therapy Equipment
  - FY2016 Actual: 35% #1 share
  - FY2020 Targets: >45%

Source: Estimates by Omron based on GFK, Nielsen Data and other third-party research
* World market share for blood pressure monitor and nebulizer; Japan and US market share for low frequency therapy equipment
* Amount-based share
Global hypertension population continues to rise, expected to hit 1.5 billion by 2025. Implied growth potential for the BPM market very strong.

- Hypertension population:
  - 2008: 1 bn
  - 2015: 1.1 bn
  - 2025 (estimate): 1.5 bn

- BPM market size:
  - 2008: ¥60 bn
  - 2015: ¥110 bn
  - 2025 (estimate): ¥110 bn

Source: *1: WHO  *2: Lancet
OMRON’s Strengths

The medical device business requires the ability to meet rigorous standards. OMRON has 3 key strengths, as a result of a 40 year-plus track record in the BPM business.

1. Significant regulatory expertise, ability to secure approvals (barrier to entry for others)

2. Well trusted by medical practitioners based on high degree of performance accuracy

3. Established channel network
Strength 1. Regulatory Expertise (Barrier to Entry)

OMRON products sold in 117 countries, 90 of which have a product approval process. OMRON has met the safety and efficacy requirements of regulators in each country.
Many papers have been written assessing the accuracy of OMRON BPMs. OMRON has the highest number of recommendations from dabl, a third-party resource used by doctors in evaluating BPMs.

# of BPMs recommended by dabl

Based on database search by Omron.
Search preconditions: Upper Arm Devices & Wrist Devices for Self-measurement of Blood Pressure, from dabl Educational Trust
Searched on March 2016
Note: Only showing results for manufacturers with more than 5 registered devices
OMRON BPMs widely used in large-scale clinical trials on a global basis, starting with the Ohasama Longitudinal Study, which is considered to be the basis for WHO’s home blood pressure measurement standards.
Strength 3. Established Channels (Expanding retail footprint)

Increasing the number of retailers, primarily in emerging markets (FY13 360,000 -> FY16 460,000)
OMRON dominates rankings for BPMs on Amazon

(As of 19 January 2018)

8 of Top 10 are OMRON products

5 of Top 10 are OMRON products
Zero Cerebral and Cardiovascular Events
OMRON Healthcare is Going for Zero.

We aim to eliminate cerebral and cardiac events, such as stroke or heart attacks, that can lead to fatalities or being bedridden.
Number of deaths from cerebral and cardiac events continues to rise

Cerebral/Cardiac Event Fatalities (Global)*1

*1: WHO Global Health Estimates 2015
Challenges in Treating Hypertension (Japan)

Leading cause of cerebral and cardiac events. Only 13% of patients successfully lower blood pressure. Better outcomes require changes to patient behavior and personalized diagnosis and treatment.

<table>
<thead>
<tr>
<th>Hypertension patients (Japan)</th>
<th>Untreated (60%)</th>
<th>Untreated (60%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>43 million</td>
<td>Quit treatment 16%</td>
<td>Quit treatment 16%</td>
</tr>
<tr>
<td></td>
<td>In treatment 24%</td>
<td>Poorly controlled 11%</td>
</tr>
<tr>
<td></td>
<td>Controlled 13%</td>
<td>Controlled 13%</td>
</tr>
</tbody>
</table>

Source: NPO Hypertension Improvement Forum

Change Behavior
Seek treatment, take medication, continue to be treated

Personalized diagnosis & treatment
Only half of patients on medication report reduced blood pressure
HCB Targets Innovation in Hypertension Treatment

Innovative devices make it possible to capture a wide array of vital signs. Analytics can then be applied to create innovative diagnostic and therapeutic services for the treatment of hypertension. This can contribute to Zero Events.
First Steps for New Hypertension Treatment (with AliveCor)

Achieve Zero Events with new devices that capture a wider variety of vital sign and behavioral data to enhance diagnosis and provide more sophisticated treatment

**AliveCor’s Strengths**
- Mobile cardiograph unit (FDA-cleared) to detect atrial fibrillation
- Remote monitoring platform for cardiologists and patients

**OMRON’s Strengths**
- Development capability
  - Integrated tubeless cuff-type BPM (Launched Mar. 2017)
  - Wearable BPM (In development for US launch in 2018)
- Algorithm
  - Diagnostic algorithm
  - Optimal dosing algorithm

**Collaboration**
- Developing **ECG+BPM** (Plan to seek FDA approval)
  - Example of a New Device
- Develop service platform that uses **ECG+BP Data** (Plan to seek FDA approval)
  - New Service
Potential Markets Related to Blood Pressure

Potential market is growing, due to increase in number of hypertension patients, development of high performance measurement equipment suited for personalized treatment, and emergence of markets for services.

*OMRON estimates

(FY)
Aim for 10% CAGR up to FY2020 through a combination of enhancing the 3 core categories and accelerating the Zero Events’ initiatives.