FY2020 Q1 Earnings

Financial Results for the First Quarter
Ended June 30, 2020

July 28, 2020
OMRON Corporation
Summary

■ Q1 FY2020 Results
  • Resilience in the face of unprecedented change: strong profit gains despite lower sales
  • Captured COVID-19-driven demand: magnitude of sales decline smaller than expected
  • Continued GP margin gains on efforts to strengthen products, structural reforms
  • Fixed cost cuts progressing in line with plan

■ FY2020 Plan
  • Forecast full-year sales and profits to fall Y/Y. Assume tough operating environment continues to the end of FY2020
  • Aim to maximize sales and profits: pursue all opportunities
  • Reiterate full-year DPS guidance of ¥84, unchanged Y/Y

■ Preparing for the Post-COVID-19 Challenge
  • Position FY2020/2021 as period of transformation to prepare for a post-COVID-19 world
  • Accelerate transformation to highly resilient business structure through business model evolution
  • Capture emerging post-COVID-19 social needs to achieve profitable growth
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3. Post-COVID-19  P. 19

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Q1 FY2020 Results
Q1 FY2020 Results

Demonstrate resilience under tough operating conditions, achieve strong profit growth

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY2019 Actual</th>
<th>Q1 FY2020 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>160.0</td>
<td>146.5</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>71.5 (44.7%)</td>
<td>66.4 (45.3%)</td>
<td>-7.2% (+0.6%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>10.0 (6.3%)</td>
<td>12.5 (8.5%)</td>
<td>+24.2% (+2.2%pt)</td>
</tr>
<tr>
<td>Net Income</td>
<td>7.8</td>
<td>9.7</td>
<td>+25.0%</td>
</tr>
<tr>
<td>1USD (JPY)</td>
<td>110.7</td>
<td>107.9</td>
<td>-2.8</td>
</tr>
<tr>
<td>1EUR (JPY)</td>
<td>123.6</td>
<td>118.3</td>
<td>-5.3</td>
</tr>
<tr>
<td>1RMB (JPY)</td>
<td>16.3</td>
<td>15.1</td>
<td>-1.2</td>
</tr>
</tbody>
</table>

*Q1 FY2019 Net Income excludes Net Income from Discontinued Operations (AEC profits and gains on sale of AEC business). If Net Income from Discontinued Operations are included, Q1 FY2019 Net Income is ¥8.5 bn
Operating income ahead of plan partly owing to temporary factors. Maintaining fixed cost discipline in line with plan

- Operating income Ahead of plan: +5.0
- Fixed cost down 8.3
  - Internal efforts: 4.9
  - Lower activity levels: 3.4
- Forex impact: -2.4
- Added value down: -3.4
- R&D down: +1.2
- SG&A down: +5.0

Q1 FY2020 Actual: 12.5 (¥bn)
### Q1 FY2020 Results

**Sales by Business Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2019 Actual</th>
<th>FY2020 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong> Industrial Automation</td>
<td>89.1</td>
<td>82.1</td>
<td>-7.9%</td>
</tr>
<tr>
<td><strong>EMC</strong> Electronic &amp; Mechanical Components</td>
<td>23.0</td>
<td>18.0</td>
<td>-21.9%</td>
</tr>
<tr>
<td><strong>SSB</strong> Social Systems, Solutions &amp; Service</td>
<td>17.3</td>
<td>18.1</td>
<td>+4.9%</td>
</tr>
<tr>
<td><strong>HCB</strong> Healthcare</td>
<td>27.7</td>
<td>26.6</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>3.0</td>
<td>1.8</td>
<td>-40.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>160.0</td>
<td>146.5</td>
<td>-8.5%</td>
</tr>
</tbody>
</table>

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

**Magnitude of sales decline at IAB lower than expected, reflecting resilience**

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Strong growth in China and South Korea, on back of rising demand in Digital

### Q1 FY2020

**IAB Sales Growth by Region**

(Y/Y, local currency basis)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Americas</th>
<th>Europe</th>
<th>Greater China</th>
<th>SE Asia/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>vs. Q4</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(+64%)</strong></td>
<td>-9%</td>
<td>-10%</td>
<td>-22%</td>
<td>+22%</td>
<td>-23%</td>
</tr>
</tbody>
</table>

(+31%)
### Operating Income by Business Segment

**Profits up Y/Y for all segments despite COVID-19 impact, reflecting resilience of OMRON’s businesses**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q1 FY2019</th>
<th>Q1 FY2020</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
<td>(¥bn, %:OPM)</td>
</tr>
<tr>
<td>IAB</td>
<td>13.3</td>
<td>13.8</td>
<td>+0.5</td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>(14.9%)</td>
<td>(16.8%)</td>
<td>(+1.9%pt)</td>
</tr>
<tr>
<td>EMC</td>
<td>0.0</td>
<td>0.1</td>
<td>+0.1</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>(0.0%)</td>
<td>(0.5%)</td>
<td>(+0.4%pt)</td>
</tr>
<tr>
<td>SSB</td>
<td>-1.4</td>
<td>-0.9</td>
<td>+0.5</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>(-)</td>
<td>(-)</td>
<td>(-)</td>
</tr>
<tr>
<td>HCB</td>
<td>3.4</td>
<td>4.5</td>
<td>+1.1</td>
</tr>
<tr>
<td>Healthcare</td>
<td>(12.3%)</td>
<td>(16.9%)</td>
<td>(+4.6%pt)</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-5.3</td>
<td>-5.1</td>
<td>+0.2</td>
</tr>
<tr>
<td>Total</td>
<td>10.0</td>
<td>12.5</td>
<td>+2.4</td>
</tr>
<tr>
<td></td>
<td>(6.3%)</td>
<td>(8.5%)</td>
<td>(+2.2%pt)</td>
</tr>
</tbody>
</table>

NB. FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
FY2020 Plan
FY2020 Plan: Assumptions

✓ Expect COVID-19 outbreak to have prolonged impact, both in Japan and overseas. Operating environment visibility to remain poor

✓ Forecasts for Q2 and beyond assume tough operating conditions remain in place at least until the end of FY2020

✓ Maintain cautious stance on fixed costs as planned, but will undertake investments deemed essential for post-COVID-19 growth
Visibility extremely limited. Expect operating environment to remain challenging

IAB
Industrial Automation
Automotive: Auto sales down on COVID-19; expect capex to remain weak
Digital: Expect weaker China, S. Korea after strong Q1 but gradual recovery from Q4
Food & bev.: Expect flat Y/Y trend. Continued impact from weak economy but initiatives to control COVID-19 outbreak and maintain activity levels to be supportive
Social infrastructure: Flat Y/Y overall on government stimulus measures despite COVID-19 impact

EMC
Electronic & Mechanical Components
Consumer: China domestic market recovering but not back to last year’s levels. Expect gradual recovery for US/Europe
Automotive: Expect substantial decline in demand on falling auto sales

SSB
Social Systems, Solutions & Service
Station sys.: Capex appetite increasingly declining; demand to be weak
Transport: Expect firm replacement demand
Energy: Restart of selling activity to support gradual recovery in sales of battery storage systems

HCB
Healthcare
Domestic: Firm, primarily in thermometers. Expect gradual recovery in store sales on reopening
Overseas: Online sales firm primarily in BPMs. Similar to domestic store sales, expect gradual recovery
Expect to maintain FY2019 GP margin level and achieve ¥30bn in operating income despite Y/Y sales and profit decline.

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Actual</th>
<th>FY2020 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>678.0</td>
<td>590.0</td>
<td>-13.0%</td>
</tr>
<tr>
<td>Gross Profit (%)</td>
<td>303.7 (44.8%)</td>
<td>264.5 (44.8%)</td>
<td>-12.9% (+0.0%pt)</td>
</tr>
<tr>
<td>Operating Income (%)</td>
<td>54.8 (8.1%)</td>
<td>30.0 (5.1%)</td>
<td>-45.2% (-3.0%pt)</td>
</tr>
<tr>
<td>Net Income</td>
<td>39.2</td>
<td>16.5</td>
<td>-57.9%</td>
</tr>
</tbody>
</table>

*excluding forex impact +0.7%pt

1USD (JPY)       109.1  106.5  -2.6
1EUR (JPY)       121.2  119.6  -1.6
1RMB (JPY)       15.7   15.0   -0.7

*FY2019 Net Income excludes Net Income from Discontinued Operations (AEC profits and gains on sale of AEC business). If Net Income from Discontinued Operations are included, FY2019 Net Income is ¥74.9 bn.
Continue to undertake investments deemed critical but maintain discipline in fixed cost reductions

<table>
<thead>
<tr>
<th>FY2019 Actual</th>
<th>FY2020 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forex impact on added value</td>
<td>54.8</td>
</tr>
<tr>
<td>Added value down</td>
<td>-12.5</td>
</tr>
<tr>
<td>Fixed manufacturing costs down</td>
<td>-33.9</td>
</tr>
<tr>
<td>Fixed cost reduction</td>
<td>+7.2</td>
</tr>
<tr>
<td>SG&amp;A down</td>
<td>+15.1</td>
</tr>
<tr>
<td>R&amp;D down</td>
<td>-1.6</td>
</tr>
<tr>
<td>Critical investments</td>
<td>+1.0</td>
</tr>
<tr>
<td>FY19</td>
<td>3.4bn</td>
</tr>
<tr>
<td>FY20</td>
<td>5.0bn</td>
</tr>
</tbody>
</table>

*Includes impact of yen appreciation

*Includes impact of yen appreciation
### Sales Forecasts by Business Segment

#### HCB sales to remain unchanged Y/Y

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Actual</th>
<th>FY2020 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>352.8</td>
<td>307.0</td>
<td>-13.0%</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components</td>
<td>88.4</td>
<td>76.0</td>
<td>-14.0%</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service</td>
<td>116.0</td>
<td>93.0</td>
<td>-19.8%</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>112.0</td>
<td>112.0</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>8.9</td>
<td>2.0</td>
<td>-77.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>678.0</td>
<td>590.0</td>
<td>-13.0%</td>
</tr>
</tbody>
</table>

* FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business.
IAB: Expected Quarterly Sales Trend by Region

Greater China, S. Korea strong in Q1 but expect tough conditions to prevail from Q2 onward, similar to other regions

% change relative to Q4 FY2019
## HCB: Online Channel Sales Growth

**Solid progress in growing online channel. HCB increasingly less impacted by weak real store sales**

### HCB: Online Channel Share of Total Sales

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019</th>
<th>FY2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>17%</td>
<td>18%</td>
<td>+1%</td>
</tr>
<tr>
<td>North America</td>
<td>33%</td>
<td>37%</td>
<td>+4%</td>
</tr>
<tr>
<td>Europe</td>
<td>13%</td>
<td>16%</td>
<td>+3%</td>
</tr>
<tr>
<td>China</td>
<td>43%</td>
<td>47%</td>
<td>+4%</td>
</tr>
<tr>
<td>India</td>
<td>30%</td>
<td>50%</td>
<td>+20%</td>
</tr>
</tbody>
</table>

Top: Full-year FY2019 Actual  
Bottom: Q1 FY2020 Actual
### Operating Income by Business Segment

Expect HCB profits to grow Y/Y

(¥bn, %: OPM)

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Actual</th>
<th>FY2020 Plan</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Automation</td>
<td>53.6 (15.2%)</td>
<td>35.0 (11.4%)</td>
<td>-18.6 (-3.8%pt)</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td>0.9 (1.0%)</td>
<td>0.5 (0.7%)</td>
<td>-0.4 (-0.4%pt)</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>10.9 (9.4%)</td>
<td>5.0 (5.4%)</td>
<td>-5.9 (-4.0%pt)</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>13.5 (12.1%)</td>
<td>15.0 (13.4%)</td>
<td>+1.5 (+1.3%pt)</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>-24.1</td>
<td>-25.5</td>
<td>-1.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54.8 (8.1%)</td>
<td>30.0 (5.1%)</td>
<td>-24.8 (-3.0%pt)</td>
</tr>
</tbody>
</table>

* FY2019 figures adjusted to reflect the transfer of the Environmental Solutions business from the Other segment to SSB and the winding down of the Backlight business
Maintain full-year dividend guidance based on DOE target. DPS guidance at ¥84, unchanged Y/Y

- **FY2019 (Actual)**: ¥84
- **FY2020 (Forecast)**: ¥84

NB. Guidance for interim and year-end dividend TBD
Preparing for Post-COVID-19
COVID-19 is accelerating the pace of social change. Social issues, business opportunities expected in the future materializing now

**Changes in Manufacturing**
New reduced labor intensity

**Changes in Medicine**
Need for remote medical treatment

**Changes in Society and Services**
Needs for remote and labor-saving solutions for station services
Post-COVID-19: Emerging Social Issues

New, emerging labor-saving needs: Averting 3 C’s on the shop floor
New Labor-saving Needs

Creating new market with a controller which integrates robotic control to achieve ILOR+S

Achieving integrated line and robotic control with a single controller:
One Controller

Shipments start July 31!

Automating delicate processes only possible by human hand through seamless ILOR+S control

Now possible to conduct remote simulations from design and operations to maintenance, using aggregated data

*Regarding “ILOR+S”, please refer to P45
Creating solutions that leverage the revolutionary nature of One Controller

Smartphone camera module
One Software: Leveraging Aggregated Data to Enable Simulations
Post-COVID-19: Emerging Social Issues

Changes in Manufacturing
- New reduced labor intensity

Changes in Medicine
- Need for remote medical treatment

Changes in Society and Services
- Needs for remote and labor-saving solutions for station services
Leveraging OMRON’s dominant strengths to create new businesses aligned for a post-COVID-19 world

OMRON Strengths: Focusing on Post-COVID-19 Opportunities

**BPM Share**
- Global Share No. 1
- 50% *

**Global Coverage**
- Real Store Network
  - Focused on Pharmacies

**App Downloads**
- 1.9 mn
- FY16 FY17 FY18 FY19

*Value basis, OMRON estimate
Remote Medicine Service Business Model

Develop business model for remote medicine service. Already launched at US medical institutions.

1. **Collect vital signs**
   - BP
   - ECG
   - Weight
   - Activity levels

2. **Share vitals with physician**

3. **Algorithms to support physician’s diagnosis**

4. **Propose treatment**
   - Doctor’s PC
   - Video/Online Conferencing

5. **Support lifestyle changes**
   - Payer, Insurance company, etc.
   - Algorithms to support physician’s diagnosis

* EPR* (Test results, Symptoms, History)

* Electronic Patient Records

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Global Expansion of ECG Devices: Accelerating Remote Medicine

Expand BPM enabled for ECG and mobile ECG businesses. Establish concept of home readings for ECG

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BPM Enabled for ECG Readings</strong></td>
<td>▼ Launched May 2019 in US</td>
<td>▼ European Launch February</td>
</tr>
<tr>
<td></td>
<td>Enable OMRON connect app for ECG</td>
<td>▼ Japan Launch March</td>
</tr>
<tr>
<td></td>
<td>▼ Japan Launch May</td>
<td>Other Asian launches to follow</td>
</tr>
<tr>
<td><strong>Mobile ECG</strong></td>
<td>▼ Launched June 2017 in US</td>
<td>▼ European launch in September</td>
</tr>
<tr>
<td></td>
<td>Enabled for OMRON connect app</td>
<td>▼ Japan Launch May (China Launch May ’22)</td>
</tr>
</tbody>
</table>

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**Post-COVID-19: Emerging Social Issues**

**Changes in Manufacturing**
- New reduced labor intensity

**Changes in Medicine**
- Need for remote medical treatment

**Changes in Society and Services**
- Needs for remote and labor-saving solutions for station services
Station Services: Migrate to Remote, Reduce Labor Intensity

Create safe, secure and pleasant railway stations through remote monitoring service, in addition to existing products, remote systems

Conventional Systems
Provide station equipment, remote monitoring systems

Targeted Operations Service
Solve operational issues for stations through remote monitoring operations service

- Provide station equipment & systems

Focus Area Going Forward

A Rail

B Rail

OMRON

Monitor/Operate
Remote Cust. Svc
Service Center

OMRON

Manage station facilities
Security
Customer svc.
OMRON’s Fundamental Purpose

Continue to contribute to society through the creation of social value
In Conclusion

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.
OMRON’s Fundamental Purpose

Continue to contribute to society through the creation of social value

Management Stance for FY2020 - 2021

Accelerate business transformation in preparation for a post-COVID-19 world
Reference
Eliminating Other segment: Environmental Solutions business transferred to SSB, winding down Backlight business
## Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>End-March 2020</th>
<th>End-June 2020</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>447.1</td>
<td>434.6</td>
<td>-12.6</td>
</tr>
<tr>
<td>(Cash and cash equivalents)</td>
<td>(185.5)</td>
<td>(195.9)</td>
<td>(+10.4)</td>
</tr>
<tr>
<td>(Inventory)</td>
<td>(104.3)</td>
<td>(109.7)</td>
<td>(+5.4)</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>114.5</td>
<td>111.8</td>
<td>-2.7</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td>196.5</td>
<td>196.2</td>
<td>-0.3</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>758.1</td>
<td>742.6</td>
<td>-15.5</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>151.3</td>
<td>129.0</td>
<td>-22.3</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>74.2</td>
<td>73.1</td>
<td>-1.2</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>225.5</td>
<td>202.0</td>
<td>-23.5</td>
</tr>
<tr>
<td><strong>Shareholders' equity</strong></td>
<td>530.4</td>
<td>538.6</td>
<td>+8.2</td>
</tr>
<tr>
<td><strong>Noncontrolling interests</strong></td>
<td>2.2</td>
<td>2.0</td>
<td>-0.2</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>532.6</td>
<td>540.6</td>
<td>+8.0</td>
</tr>
<tr>
<td><strong>Total Liabilities and net assets</strong></td>
<td>758.1</td>
<td>742.6</td>
<td>-15.5</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>70.0%</td>
<td>72.5%</td>
<td>+2.5%pt</td>
</tr>
<tr>
<td></td>
<td>Q1 FY2019 Actual</td>
<td>Q1 FY2020 Actual</td>
<td>Y/Y</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>17.2</td>
<td>27.5</td>
<td>+10.3</td>
</tr>
<tr>
<td>Investment cash flow</td>
<td>-6.3</td>
<td>-4.6</td>
<td>+1.6</td>
</tr>
<tr>
<td>Free cash flow (FCF)</td>
<td>10.9</td>
<td>22.9</td>
<td>+12.0</td>
</tr>
<tr>
<td>Financing cash flow</td>
<td>-8.8</td>
<td>-11.3</td>
<td>-2.6</td>
</tr>
<tr>
<td>Cash and cash equivalents as of end of period</td>
<td>110.3</td>
<td>195.9</td>
<td>+85.5</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>5.6</td>
<td>3.9</td>
<td>-1.6</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.0</td>
<td>6.0</td>
<td>-0.0</td>
</tr>
</tbody>
</table>
## FY2020 Forex Assumptions

<table>
<thead>
<tr>
<th>Currency</th>
<th>Assumptions for 2Q and beyond</th>
<th>Impact of ¥1 move (full-year, approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Sales</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>106円</td>
<td>¥1.3bn</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>120円</td>
<td>¥0.8bn</td>
</tr>
<tr>
<td><strong>RMB</strong></td>
<td>15.0円</td>
<td>¥0.7bn</td>
</tr>
</tbody>
</table>

*RMB impact of ¥0.1 move

* 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 2020)

ESG Indices which include OMRON

✓ DJSI – World
✓ FTSE4Good Index Series
✓ MSCI ESG Leaders Indexes
✓ MSCI SRI Indexes
✓ STOXX Global ESG Leaders indices
✓ FTSE Blossom Japan Index
✓ MSCI Japan ESG Select Leaders Index
✓ MSCI Japan Empowering Women Index
✓ S&P/JPX Carbon Efficient Index

*OMRON discloses information and contributes to numerous external surveys for ESG assessment organizations, including the CDP Climate Change & Water Security questionnaires.
External Recognition (As of July 2020)

Domestic ESG awards, selection for inclusion

Japan Association of Corporate Directors
- Corporate Governance of the Year 2018
  METI Minister’s Award for Corporate Governance of the Year 2018  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  3rd consecutive year from FY2017
- Health & Productivity Stock  2nd consecutive year from FY2018
- Health & Productivity: White 500  4th consecutive year from FY2016

Selected by Nikkei Inc.
- Nikkei 225  March 2019, 1st time
Down-Top ROIC Tree

**KPI**
- Sales in focus industries/areas
- Sales of new/focus products
- Selling price control
- Variable cost reduction, value/%
- Defect cost %
- Per-head production # unit
- Automation % (headcount reduction)
- Labor costs–sales %
- Inventory turnover months
- Slow-moving inv. months
- Credits & debts months
- Facilities turnover (1/N automation ratio)

**Drivers**
- GP Margin
- Added-value %
- Fixed manuf. costs %
- SG&A %
- R&D %
- Working capital turnover
- Fixed assets turnover
- Invested Capital Turnover

**ROIC**

**ROS**

**On-site**

**To-Dos Cycle**

**PLAN**

**ACT**

**CHECK**

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Portfolio Management

Assessing Economic Value

- B: Expecting Growth
- S: Investment
- C: Profit Restructuring
- A: Examining Regrowth

Assessing Competitiveness

- B
- S
- C
- A

Axes:
- ROIC (%)
- Market Share (%)
- Sales Growth Rate (%)
- Market Growth Rate (%)
ROIC Definition

Net income attributable to OMRON shareholders

Invested capital

\[
\text{ROIC} = \frac{\text{Net income attributable to OMRON shareholders}}{\text{Invested capital}}
\]

**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 6%**

for FY2017 - 2020
ILOR+S

Broad lineup of over 200,000 products
× as many as 170 control applications software generation
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, 2021 (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