

Q&A Session Summary, Q1 FY2022 Results Briefing OMRON Corporation

July 26, 2022

Company Earnings, Management Strategy

Q. How much was the Shanghai lockdown impact on sales?

A. It was around 16 billion yen.

Q. Why are inventory levels increasing?

A. As a result of the temporary suspension of production at the Shanghai plant, component inventory increased. We also frontloaded procurements of components that were difficult to source to lock in supply. We will undertake appropriate control of inventory, and aim to return to more normal levels by the end of the fiscal year.

Q. I understand the measures that OMRON has implemented to improve supply capacity but do you believe you are sufficiently well positioned to respond to changes in demand?

A. Currently, order intake levels are high and the order backlog is elevated, but we are closely monitoring demand trends. We will respond in a timely manner to signs of demand changes that emerge from trends in inventory and production volumes.

Industrial Automation (IAB)

Q. What do you expect in terms of the sequential trend for orders?

A. Q1 FY2022 orders were up sequentially. There has been general talk of a moderation in semiconductors but the business domains addressed by OMRON continue to show strong trends. We expect this trend to continue going forward.

Q. There are increasing fears of a macro slowdown in the US and Europe. How are you thinking about the risk that your customers could reduce investments?

A. OMRON expects strong demand to be maintained in the 5 focus domains. While there will be structural change chiefly related to personal consumption in the US and Europe, we expect capex demand to remain firm.