Good afternoon, everyone!

I am Takeda. I became CFO and Senior General Manager of Global Strategy HQ this April. Thank you for finding the time to take part in OMRON's Q1 FY2023 Results Briefing today.

As always, we will start with the presentation of the results, to be followed by a Q&A session. We aim to entertain as many questions as possible during the allotted time.

Before starting the presentation, I would like to briefly introduce myself.
After joining OMRON in 1990, I have primarily worked in the Healthcare business, with management roles in Japan, China and the Americas.

I then became the General Manager of the Global Strategy HQ in 2017. In this role, I led the project of formulating the long-term vision SF2030 which we announced last year.

From April of this year, I was appointed CFO and Senior General Manager of the Global Strategy HQ.

My aim is to achieve sustainable growth and enhance corporate value by promoting OMRON's growth strategy and strengthening our financial base.

Let's move on to the results presentation.
There are 2 key takeaways from today's presentation.

The first is the Q1 FY2023 results.

In Q1, IAB, HCB and SSB performed well, reporting Y/Y sales and profit increases.

In particular, on the back of the rising penetration of renewable energy, SSB has been able to solidly capture rapidly emerging business opportunities, achieving very strong Y/Y sales growth.

Despite an uncertain operating environment, OMRON was able to capture growth opportunities: Q1 sales were in line with the initial plan and we were also able to raise our GP margin, a metric which reflects our ability to generate profits on a Y/Y basis.

The second takeaway is the outlook and OMRON's operational policy for Q2 and beyond.

In terms of the operating environment for Q2 and beyond, OMRON expects there will be areas of strength and weakness in each of the segments. We expect the timing of the demand recovery in the IAB and DMB markets is likely to be later than initially expected. However, we expect demand growth in HCB and SSB will continue. In particular, for SSB, we expect the active operating environment around renewable energy to persist.

In Q2 and beyond, OMRON will focus on emerging business opportunities, leveraging its self-sustaining growth capability to expand sales.

In addition, in order to ensure FY2023 profit growth, OMRON will be rigorously selective in executing on growth investments.

Let's get started with the presentation.
1. Q1 FY2023 Results  
   ・・・・  P.4 - 7

2. Outlook & Policy: 2Q and Beyond  
   ・・・・  P.8 - 14
1. Q1 FY2023 Results
First are the Q1 FY2023 results.

Please look at the shaded portion in the center of the table.

Q1 sales were 203.4 billion yen, gross profit was 90.5 billion yen for a GP margin of 44.5%, operating income was 14.3 billion yen and net profit was 13.4 billion yen.

At 203.4 billion yen, sales grew 10.3% Y/Y. While we have not disclosed our internal plan, we were able to make steady progress toward achieving it.

The GP margin improved 0.9%-points to 44.5%. OMRON has made solid progress in strengthening its profit structure, on the back of the impact of measures such as selling price initiatives implemented last year.

Operating income rose to 14.3 billion yen, up 19.9% Y/Y on higher sales and an improved GP margin.

Next are the segment results.
# Q1 Results by Segment

Sales and profits up Y/Y at IAB, HCB and SSB.
DMB sales and profits fall on impact of sluggish demand

<table>
<thead>
<tr>
<th></th>
<th>FY2022 Q1 Actual</th>
<th>FY2023 Q1 Actual</th>
<th>Y/Y</th>
<th>FY2022 Q1 Actual</th>
<th>FY2023 Q1 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB Industrial Automation</td>
<td>101.0</td>
<td>110.6</td>
<td>+9.5%</td>
<td>11.8</td>
<td>12.2</td>
<td>+4.2%</td>
</tr>
<tr>
<td>HCB Healthcare</td>
<td>34.1</td>
<td>37.7</td>
<td>+10.5%</td>
<td>4.1</td>
<td>4.8</td>
<td>+16.9%</td>
</tr>
<tr>
<td>SSB Social Systems, Solutions &amp; Service</td>
<td>15.7</td>
<td>23.5</td>
<td>+49.6%</td>
<td>-1.2</td>
<td>-0.0</td>
<td>-</td>
</tr>
<tr>
<td>DMB Device &amp; Module Solutions</td>
<td>33.2</td>
<td>31.2</td>
<td>-5.8%</td>
<td>3.8</td>
<td>2.5</td>
<td>-33.5%</td>
</tr>
<tr>
<td>Eliminations &amp; Corporate</td>
<td>0.5</td>
<td>0.4</td>
<td>-11.6%</td>
<td>-6.6</td>
<td>-5.3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>184.4</strong></td>
<td><strong>203.4</strong></td>
<td><strong>+10.3%</strong></td>
<td><strong>11.9</strong></td>
<td><strong>14.3</strong></td>
<td><strong>+19.8%</strong></td>
</tr>
</tbody>
</table>

*Figures shown in brackets under OP are segment OPMs

This shows the sales and operating income for each segment.

IAB made progress on supplying product, mainly to Japan and Europe, from its order backlog. This drove a 9.5% Y/Y increase in sales to 110.6 billion yen. However, OP grew 4.2% to 12.2 billion yen as a result of proactive advance investments, such as for the development of innovative applications.

HCB sales grew 10.5% Y/Y to 37.7 billion yen, on a recovery in BPMs in Europe and strong demand for nebulizers in China. OP rose a substantial 16.9% Y/Y to 4.8 billion yen on progress on initiatives related to selling prices and cost reductions on components, materials and logistics expenses.

On the back of strong performances from the Energy Solutions and railway businesses, SSB reported a significant increase in sales of 49.6% Y/Y to 23.5 billion yen and OP growth of 1.2 billion yen.

Finally, DMB reported declines in sales and profits on lackluster trends in demand, mainly in the consumer electronics industry.

Next, I will explain changes in key components of operating profit.
This is the waterfall chart comparing key elements of operating income on a Y/Y basis.

On the far left, we show the actual OP for Q1 FY2022. On the far right is the result for Q1 FY2023. We show the Y/Y components of change in between.

I will start on the left.

First, look at box 1 outlined in blue, which is the increase in gross profit on the back of higher sales. Primarily as a result of higher sales at IAB and SSB, profits increased 6.2 billion yen.

Next is box 2, which shows the impact of an improved GP margin. OMRON made solid progress in realizing the effects of selling price initiatives and cost reductions, for a positive 2 billion yen impact. OMRON continues to make solid progress in improving its ability to generate profits.

Finally, box 3 and growth investments. In Q1, OMRON executed on advance growth investments such as developing innovative applications in IAB and strengthening marketing for HCB.

As a result of all of the above, Q1 operating income grew 2.4 billion yen Y/Y to 14.3 billion yen with OMRON achieving profit growth through its self-sustaining growth capability and enhanced profit-generating capability, while executing on advance growth investments.

This covers the Q1 results.

Next, I will talk about the outlook for the operating environment and our operating policy for Q2 and beyond.
2. Outlook & Policy: 2Q and Beyond
This slide shows our view of the operating environment for each of the segments from Q2 onward and how it has changed from our initial assumptions.

I will start with IAB. We had initially expected to see a gradual recovery in demand in the digital/semiconductor and NEV domains from Q2. However, we now believe the timing of the recovery in demand is likely to be later than we initially expected. I will cover this in more detail on the next page.

HCB is progressing in line with our initial assumptions, with the growth in global demand, mainly for BPMs, likely to continue in Q2 and beyond. OMRON will implement initiatives to grow market share, mainly in emerging markets like China, where the market is recovering, and India, where the market is very active.

From Q2 onward, we expect SSB to continue to enjoy stronger demand than initially projected on heightened demand trends related to rising penetration of renewable energy. In addition to this, capex demand from railway customers has been stronger than initially expected: we expect trends to remain firm. I will cover the Energy Solutions Business in more detail later.

Finally, DMB. Similar to IAB, the timing of a recovery in demand is likely to be later than we initially expected. Going forward, OMRON will promote an action plan which will lay the ground for a return to growth, concentrating on measures such as the creation of new products in the focus domains and expanding the customer base.

Next, I will discuss IAB and the Energy Solutions Business in more detail.
I will begin with IAB.

Please look at the left side of the slide. This shows our view of the operating environment for the Focus Domains for Q2 onward.

The timing of a demand recovery in Digital has been slower than initially expected: we now expect a demand recovery in 2H, chiefly in semiconductors. However, investments related to photovoltaic systems are expected to continue to show stronger-than-expected trends.

Next is NEV. In China, OMRON is being impacted by delays to investments for rechargeable batteries. However, while the timing of a recovery is later than we had assumed, we expect to see a gradual recovery from 2H.

For the Food & Household Goods Domain, sustainability investments related to reducing the use of plastic should remain firm as expected. However, the timing of recovery in demand for other investments is likely to be delayed, relative to our initial assumptions.

We expect Medicine/Logistics to trend largely in line with our initial assumptions.

As I have explained, the timing of a demand recovery for the Focus Domains is generally likely to be slower than we had initially expected. However, we are making progress on negotiations with customers that anticipate a demand recovery, and are solidly advancing initiatives to enhance OMRON’s self-sustaining growth capability which will enable us to successfully capture these opportunities.

Please look at the right side of the slide.

What we show here is the change in the number of customers adopting innovative-Automation, comparing the end of Q1 to the end of FY2022. The number of customers adopting innovative-Automation is a metric that reflects OMRON’s self-sustaining growth capability.

As you can see, we were able to increase the number of customers by approximately 150 companies. This exceeds the pace assumed in our internal plans: we believe it demonstrates the solid improvement in our ability to capture demand.

From Q2 onward, we aim to continue strengthening our capability for self-sustaining growth to achieve our full-year sales forecast.

From the next page, I will discuss SSB’s Energy Solutions Business.
This slide shows the sales trend for the last 3 years of the Energy Solutions Business and its proportion for SSB sales.

Please look at the left side of the slide.

The Energy Solutions Business was able to accelerate sales growth, growing 13% Y/Y in FY2021, and 22% Y/Y in FY2022. As touched upon in the discussion of Q1 results, the Energy Solutions Business is the driver of growth for the SSB business in this fiscal year as well.
On this slide, we highlight the business opportunities targeted by the Energy Solutions Business and the products and services provided by OMRON.

Demand in the residential market is expanding significantly, on the back of surging electricity costs and expanded subsidies for renewable energy. OMRON has been able to proactively promote the adoption of storage systems to many customers by leveraging the strength of its installed base for PV inverters developed to date.

For the industrial market, demand for renewable energy has been growing on corporate initiatives to promote sustainability. In addition to providing industrial-use storage systems, OMRON is also supplying customers with packages that combine systems with the energy productivity solutions of IAB.

Finally, in the V2X market which is expected to grow on rising penetration of EVs, OMRON is promoting sales of storage systems which connect EVs and homes and related services from this fiscal year, aiming to win business opportunities.

Against a backdrop of an expanding market, the Energy Solutions Business has been able to win opportunities by taking solid actions for growth. This resulted in Q1 sales growth of a hefty 92% Y/Y.

OMRON will accelerate initiatives for sales growth going forward.

Next, I will explain our full-year forecasts.
OMRON's full-year forecasts are unchanged from the initial figures announced in April.

As discussed, the operating environment for OMRON is uncertain and there are areas of strength and weakness in each segment. Given the uncertain outlook for the macro backdrop, we have chosen to reiterate the full-year forecasts.

We will continue to focus on market conditions and will update our plan as necessary.
This is our operating policy for Q2 onward.

As noted earlier, the operating environment for Q2 and beyond includes areas of weakness and strength in each segment. As well, the timing of recovery in various businesses within each segment is a mix of areas where a recovery is now expected to be delayed and areas where trends are exceeding expectations.

Based on this understanding, OMRON will focus in particular on 2 key points in managing its businesses from Q2 onward.

The first is to demonstrate self-sustaining growth capability.

Even in an uncertain operating environment, there are many emerging areas of growth. With these opportunities, we will step up and accelerate our actions, particularly in sales and marketing, to lock in sales and profit growth this fiscal year.

The second is taking a rigorously selective approach to executing growth investments.

OMRON will focus on expense efficiency while also being flexible in shifting to execute investments in areas where growth is expected. In addition, OMRON will continue to selectively execute on investments in capacity necessary to ensure medium- to long-term growth.

This completes my presentation on the Q1 results and the outlook and operating policy for Q2 and beyond.
Finally, I would like to share my view as CFO of the Q1 results.

Today, as highlighted earlier, in some business areas within IAB and DMB, we expect the timing of a demand recovery to be later than our initial assumption. However, the push-outs at many of the delayed projects are the result of issues of timing of investments. I would like to be clear that this does not represent the drying-up of demand in any way.

OMRON has identified 3 social issues under SF2030. We are seeing growth in business opportunities related to the 3 themes of Achieving Carbon Neutrality, Realizing a Digital Society, and Extending Healthy Life Expectancy.

The initiatives for IAB and SSB which we showcased today target business opportunities related to these social issues. OMRON is also advancing similar initiatives in the other segments which are gaining traction.

I believe that our top priority is to continuously capture these opportunities and convert them to sales, as well as developing the capability to shape the medium- to long-term growth trend.

From Q2 onward, the operating environment is likely to remain uncertain but OMRON will focus on fully following through on growth actions that will increase sales to ensure that we can expand topline not just in the current fiscal year but also connect the growth to medium- to long-term growth in corporate value.

This completes my presentation. Thank you.
Reference
### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>(¥bn)</th>
<th>End-March 2023</th>
<th>End-June 2023</th>
<th>Chg, vs. End-FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Cash and cash equivalents)</td>
<td>486.9</td>
<td>488.6</td>
<td>+1.7</td>
</tr>
<tr>
<td>(Inventory)</td>
<td>(105.3)</td>
<td>(97.7)</td>
<td>(-7.6)</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>129.6</td>
<td>131.2</td>
<td>+1.6</td>
</tr>
<tr>
<td>Investments and other assets</td>
<td>381.7</td>
<td>392.0</td>
<td>+10.3</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>998.2</td>
<td>1,011.8</td>
<td>+13.7</td>
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<tr>
<td><strong>Current liabilities</strong></td>
<td>210.0</td>
<td>184.7</td>
<td>-25.3</td>
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<tr>
<td><strong>Long-term liabilities</strong></td>
<td>56.9</td>
<td>56.7</td>
<td>-0.2</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>266.9</td>
<td>241.4</td>
<td>-25.5</td>
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<tr>
<td>Shareholders’ equity</td>
<td>728.5</td>
<td>767.5</td>
<td>+39.1</td>
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<tr>
<td>Noncontrolling interests</td>
<td>2.8</td>
<td>2.9</td>
<td>+0.1</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>731.2</td>
<td>770.4</td>
<td>+39.2</td>
</tr>
<tr>
<td><strong>Total Liabilities and net assets</strong></td>
<td>998.2</td>
<td>1,011.8</td>
<td>+13.7</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>73.0%</td>
<td>75.9%</td>
<td>+2.9%pt</td>
</tr>
</tbody>
</table>
## Consolidated Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>FY2022 Q1 Actual</th>
<th>FY2023 Q1 Actual</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>-1.4</td>
<td>7.9</td>
<td>+9.2</td>
</tr>
<tr>
<td>Investment cash flow</td>
<td>-6.5</td>
<td>-9.5</td>
<td>-2.9</td>
</tr>
<tr>
<td>Free cash flow (FCF)</td>
<td>-7.9</td>
<td>-1.6</td>
<td>+6.3</td>
</tr>
<tr>
<td>Financing cash flow</td>
<td>-28.9</td>
<td>-10.6</td>
<td>+18.3</td>
</tr>
<tr>
<td>Cash and cash equivalents as of end of period</td>
<td>128.4</td>
<td>97.7</td>
<td>-30.7</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>6.0</td>
<td>7.4</td>
<td>+1.4</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6.2</td>
<td>6.9</td>
<td>+0.7</td>
</tr>
</tbody>
</table>

(¥bn)
## FY2023 Forex Sensitivities and Assumptions

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

<table>
<thead>
<tr>
<th>Sensitivities</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>OP</td>
</tr>
<tr>
<td><strong>USD</strong></td>
<td>¥1.7 bn</td>
</tr>
<tr>
<td></td>
<td>¥0.1 bn</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>¥1.0 bn</td>
</tr>
<tr>
<td></td>
<td>¥0.4 bn</td>
</tr>
<tr>
<td><strong>CNY</strong></td>
<td>¥0.9 bn</td>
</tr>
<tr>
<td></td>
<td>¥0.2 bn</td>
</tr>
</tbody>
</table>

* If emerging market currency trends diverge from trends in major currencies contrary to our expectations, it will impact sensitivities.
ROIC Definition

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

\text{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

*Assumptions at the time of formulating medium-term management plan
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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