

FY2023 Earnings Results Briefing

May 8, 2024
OMRON Corporation

1

Hello everyone. I am Tsujinaga, President of OMRON. Thank you very much for taking time out of your busy schedules to attend our FY2023 earnings presentation.

Today, Mr. Takeda, our CFO, will discuss last year's performance, and I will explain this year's plans and our structural reform program. After that, we will move into the Q&A session. We hope to answer as many questions as possible within the allotted time. Thank you.

Now, let's proceed according to the presentation materials. Please turn to the next page.

● FY2023 results

- Significant decrease in total sales and profits; mainly due to decrease of sales and profits in IAB and DMB
- HCB and SSB achieved significant increases in sales and profits capturing expanding business opportunities

● FY2024 full-year forecasts

- Gradual recovery in demand is expected from H2 in IAB and DMB. Business environments remain strong in HCB, SSB and DSB
- Targeting Y/Y growth in sales and profits. One-time expenses of approximately ¥28.0 bn for workforce/labor costs structural reform is factored in as non-operating expenses
- Full-year dividend guidance unchanged YoY at ¥104

● Structural Reform Program “NEXT 2025”

Today's presentation will focus on three main points.

The first point is the performance for FY2023. Last year, declines in sales and profits in the IAB and DMB businesses were main factors behind the significant reductions in both net sales and profit. On the other hand, the HCB and SSB businesses captured expanding business opportunities and achieved significant increases in both sales and profit.

The second point is the plan for FY2024. In the business environment, a gradual recovery in demand is expected from H2 of the year in the IAB and DMB businesses. Meanwhile, the HCB, SSB, and DSB businesses are expected to continue in a robust business environment.

Taking this business environment into account, we plan for an overall increase in net sales and profit. As part of our personnel and payroll cost restructuring, we have incorporated approximately JPY28 billion in non-operating expenses for one-time costs. Additionally, the annual dividend forecast will remain the same as last year, at JPY104.

Lastly, I will discuss the structural reform program “NEXT 2025.” I will share our future outlook and the initiatives aimed at re-growth.

Now, let me turn it over to Mr. Takeda to explain the performance for FY2023.

1. FY2023 Results P.4 - 7
2. FY2024 Forecasts P.8 - 17
3. Structural Reform Program "NEXT 2025" P.18 - 23

1. FY2023 Results

From here, I will take over the explanation. Please turn to the next page.

FY2023: Consolidated Results

Sales and profits decreased. Profits fell sharply, mainly due to decrease in sales and drop in gross profit margin

(¥bn)

	FY2022 Actual	FY2023 Actual	Y/Y	FY2023 Previous FCST	Change from Previous FCST
Net Sales	876.1	818.8	-6.5%	810.0	+1.1%
Gross Profit (%)	393.9 (45.0%)	346.5 (42.3%)	-12.0% (-2.7%pt)	339.0 (41.9%)	+2.2% (+0.5%pt)
Operating Income (%)	100.7 (11.5%)	34.3 (4.2%)	-65.9% (-7.3%pt)	24.0 (3.0%)	+42.9% (+1.2%pt)
Net income attributable to OMRON shareholders	73.9	8.1 *	-89.0%	1.5*	+440.3%
ROE	10.6%	1.1%	(-9.5%pt)	Approx. 1%	-
ROIC	10.4%	1.0%	(-9.4%pt)	Approx. 1%	-
EPS(JPY)	372	41	-331	8	+33
Average USD rate (JPY)	135.2	143.9	+8.7	143.4	+0.5
Average EUR rate (JPY)	140.9	156.3	+15.4	155.0	+1.3
Average CNY rate (JPY)	19.7	20.1	+0.4	20.0	+0.1

*Net income includes loss on revaluation of JMDC shares associated with its additional acquisition (¥12.0 billion)

5

First, let's look at the full-year performance for FY2023. Please focus on the shaded area in the middle of the table.

Net sales were JPY818.8 billion, gross profit was JPY346.5 billion, gross profit margin was 42.3%, and operating profit was JPY34.3 billion. Net income attributable to OMRON shareholders was JPY8.1 billion, which includes a loss of JPY12 billion recorded due to the revaluation associated with the additional acquisition of shares in JMDC.

Compared to our previous forecast, there was significant improvement in gross profit margin and efficiency in fixed costs, resulting in operating profit substantially exceeding our expectations.

FY2023: Results by Segment

Decreased sales and profits in IAB and DMB.
Increased sales and profits in HCB and SSB

	Sales			OP		
	FY2022 Actual	FY2023 Actual	Y/Y	FY2022 Actual	FY2023 Actual	Y/Y
IAB Industrial Automation	485.7	393.6	-19.0%	85.8 (17.7%)* ¹	21.5 (5.5%)	-75.0% (-12.2%pt)
HCB Healthcare	142.1	149.7	+5.3%	16.0 (11.3%)	18.5 (12.3%)	+15.3% (+1.1%pt)
SSB Social Systems, Solutions and Service	107.3	141.6	+32.0%	7.5 (7.0%)	14.0 (9.9%)	+87.2% (+2.9%pt)
DMB Device & Module Solutions	138.9	114.4	-17.6%	15.5 (11.2%)	3.1 (2.8%)	-79.7% (-8.4%pt)
DSB * ² Data Solutions	—	17.4	—	—	2.2 (12.6%)	—
Eliminations & Corporate	2.1	2.1	+2.4%	-24.2	-24.9	—
Total	876.1	818.8	-6.5%	100.7 (11.5%)	34.3 (4.2%)	-65.9% (-7.3%pt)

*1. Figures shown in brackets under OP are segment OPMs

*2. Includes JMDC results and related expenses (amortization of intangible assets and acquisition-related expenses) associated with the consolidation

Copyright: 2024 OMRON Corporation. All Rights Reserved.

6

Next, let's review the performance by business segment.

First, the IAB business. While net sales were stable during Q1 due to the backlog of orders, they declined from Q2 onwards as capital investment demand slowed, resulting in a 19% decrease YoY to JPY393.6 billion. Operating profit dropped by 75% to JPY21.5 billion, impacted by the decrease in net sales and the decline in gross profit margin.

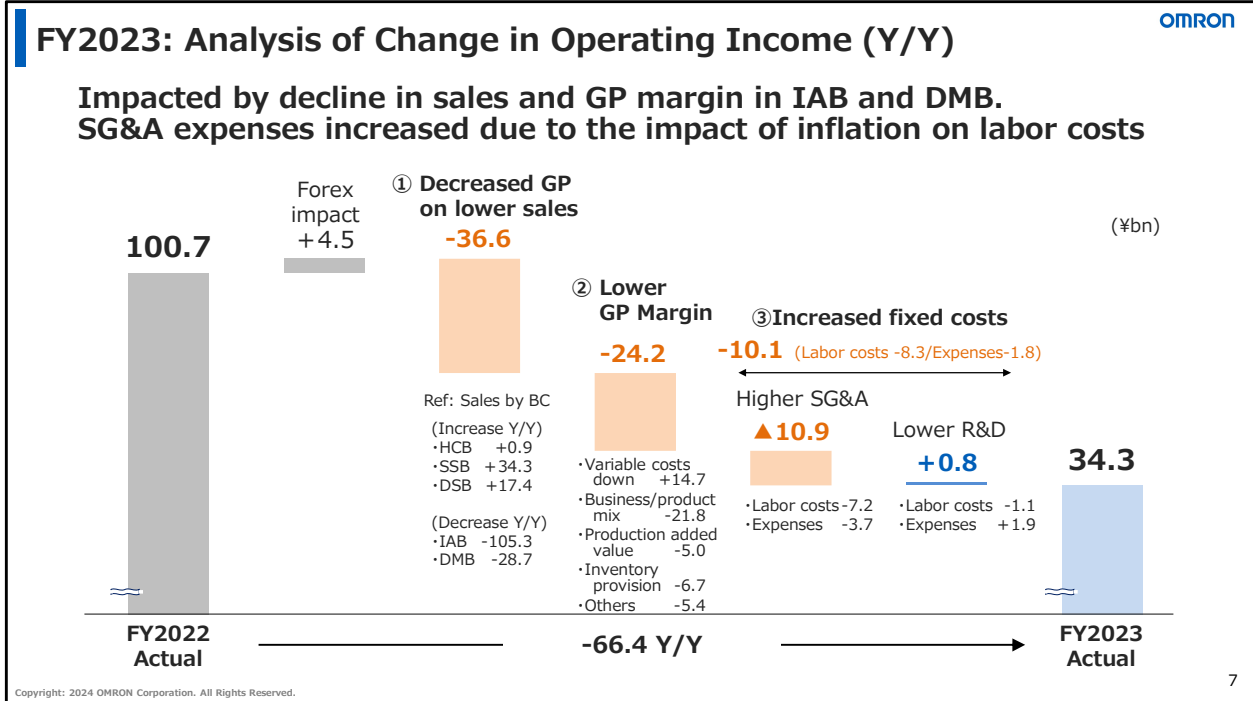
For the HCB business, net sales increased by 5.3% to JPY149.7 billion, driven by strong demand for blood pressure monitors in Europe and nebulizers in China. Operating profit increased by 15.3% to JPY18.5 billion, thanks to improvements in product mix and reductions in variable costs.

In the SSB business, there was significant growth in net sales and profit, supported by the recovery in demand for the railway business and seizing market opportunities in the energy solutions business. Sales increased by 32% YoY to JPY141.6 billion, and operating profit increased by 87.2% to JPY14 billion.

For the DMB business, net sales declined by 17.6% to JPY114.4 billion, mainly due to stagnant demand from the consumer electronics sector. Operating profit fell by 79.7% to JPY3.1 billion, affected by the decrease in sales and worsening fixed cost ratios.

Finally, the DSB business. We have started accounting for the performance of JMDC and related consolidation costs from H2 of the year. It is worth noting that JMDC achieved significant increases in sales and profit for the full year.

Please turn to the next page.



Here is the operating profit step chart. It shows the operating profit for FY2022 and FY2023, as well as the factors contributing to the changes. I will explain from the left.

Firstly, the decrease in gross profit was due to reduced net sales. While the HCB and SSB businesses saw an increase in net sales, the decline in net sales from the IAB and DMB businesses resulted in a total profit decrease of JPY36.6 billion for the Company.

Next, the decline in gross profit margin. Efforts to reduce logistics costs and lower material costs created a profit of JPY14.7 billion. However, changes in the sales composition ratio of the businesses, impacts from area and product mix in the IAB business, and an increase in allowance for inventory resulted in an overall profit decrease of JPY24.2 billion.

Lastly, the increase in fixed costs. Primarily due to the impact of inflation, personnel expenses in SG&A and development costs increased by JPY8.3 billion, leading to a total negative impact of JPY10.1 billion.

That concludes our report on the performance for FY2023.

2. FY2024 Forecasts

Next, I will explain the plan for FY2024. Please turn to the next page.

Operating Environment Outlook

OMRON

**Overall improvement from FY2023.
Expect gradual recovery in IAB and DMB from H2**

IAB Industrial Automation	Business environment remains sluggish in H1, with differences among markets. In H2, expect gradual recovery in demand, mainly in digital market *Details on later pages
HCB Healthcare	BPM market to grow gradually on a global basis Cardiovascular: Expect gradual growth on a global basis, centered on China and Asia Respiratory: Demand for nebulizers continues to expand globally, although affected by the backlash from China's special demand for respiratory diseases
SSB Social Systems, Solutions & Service	Overall favorable business environment continues Energy: Renewable energy-related investments in the residential area will continue. In the industrial field, the need for PV installation is expected to increase Railway: Investment demand from railway companies is steady due to recovery in ridership and fare revisions
DMB Device & Module Solutions	Demand remained sluggish in general in H1; gradual improvement from H2 DC Equipment/Microwave Devices: Driven by increased demand for advanced semiconductors, expect full-scale growth from H2 Commodity Devices: Despite some differences among markets, expect gradual recovery from H2 as the market continues to deplete inventory
DSB Data Solutions	Strong business environment continues, centered on health big data business JMDC : Expect expansion of medical data utilization movements, mainly among pharmaceutical and Life and non-life insurance industries. In response to growing social awareness of health and prevention, expect demand for services for insurers and consumers to increase

Copyright: 2024 OMRON Corporation. All Rights Reserved.

9

First, let's discuss our recognition of the business environment for FY2024.

In the IAB business, we anticipate a gradual recovery starting from H2 of the year, especially in the digital industry. I will provide more details on this later.

For the HCB business, we expect the blood pressure monitor market to experience gradual growth globally, particularly in China and other Asian regions.

In the SSB business, we foresee a continuation of the generally favorable business environment. Particularly, we expect ongoing investments in the residential and industrial sectors within the renewable energy market.

Regarding the DMB business, similar to the IAB business, we anticipate a gradual improvement starting from H2 of the year.

For the DSB business, JMDC is expected to continue thriving, especially in the health big data sector. The utilization of medical data is projected to expand further, primarily within the pharmaceutical, life insurance, and general insurance industries.

Forecasts: Consolidated Earnings

Increased sales and profits. Plan to significantly increase OP by improving GPM and fixed cost productivity

(¥bn)

	FY2023 Actual	FY2024 Forecast	Y/Y
Net Sales	818.8	825.0	+0.8%
Gross Profit (%)	346.5 (42.3%)	368.5 (44.7%)	+6.4% (+2.4%pt)
Operating Income (%)	34.3 (4.2%)	49.0 (5.9%)	+42.7% (+1.7%pt)
Net income attributable to OMRON shareholders	8.1	8.5*	+4.9%
ROE	1.1%	Approx. 1%	—
ROIC	1.0%	Approx. 1%	—
EPS(JPY)	41	43	+2
Average USD rate (JPY)	143.9	145.0	+1.1
Average EUR rate (JPY)	156.3	155.0	-1.3
Average CNY rate (JPY)	20.1	20.0	-0.1

*Reflects non-operating expenses of approximately 28.0 billion yen as expenses such as special lump-sum payments associated with "optimizing the number of personnel and capabilities" in structural reforms

Copyright: 2024 OMRON Corporation. All Rights Reserved.

10

Next, I will explain the performance plan for this fiscal year. Please focus on the shaded area in the center.

Net sales are projected at JPY825 billion, gross profit at JPY368.5 billion, operating profit at JPY49 billion, and net income attributable to OMRON shareholders at JPY8.5 billion.

While net sales are expected to remain at the same level as the previous fiscal year, we plan for a 42.7% increase in operating profit through improvements in gross profit margin and enhanced productivity in fixed costs.

This plan includes a reflection of approximately JPY28 billion in non-operating expenses, associated with one-time payments such as severance costs for a workforce reduction of about 2,000 people.

Forecasts: Earnings by Segment

Forecast OP increase in IAB and DMB despite sales decrease. Expect sales and OP to keep increasing in HCB and SSB

	Sales			OP (¥bn)		
	FY2023 Actual	FY2024 Forecast	Y/Y	FY2023 Actual	FY2024 Forecast	Y/Y
IAB Industrial Automation	393.6	355.0	-9.8%	21.5 (5.5%) ^{*1}	27.5 (7.7%)	+28.1% (+2.2%pt)
HCB Healthcare	149.7	161.0	+7.5%	18.5 (12.3%)	22.0 (13.7%)	+19.2% (+1.4%pt)
SSB Social Systems, Solutions and Service	141.6	154.5	+9.1%	14.0 (9.9%)	17.0 (11.0%)	+21.3% (+1.1%pt)
DMB Device & Module Solutions	114.4	110.0	-3.8%	3.1 (2.8%)	4.0 (3.6%)	+27.1% (+0.8%pt)
DSB ^{*2} Data Solutions	17.4	43.0	—	2.2 (12.6%)	3.0 (7.0%)	—
^{*3} Include JMDC	17.4	43.0	—	4.8 (27.6%)	9.3 (21.6%)	—
Eliminations & Corporate	2.1	1.5	—	-24.9	-24.5	—
Total	818.8	825.0	+0.8%	34.3 (4.2%)	49.0 (5.9%)	+42.7% (+1.7%pt)

*1. Figures shown in brackets under OP are segment OPMS

*2. DSB includes the financial results of JMDC, the amortization of intangible assets associated with the consolidation, and other financial figures related to data services.

*3. JMDC's FY2023 results include financial figures since becoming a consolidated subsidiary on October 16, 2023, and FY2024 forecasts are full-year financial figures.

Copyright © 2024 OMRON Corporation. All Rights Reserved.

11

Next, let's discuss the plan for each business segment.

For the IAB business, although we anticipate a gradual market recovery starting from H2, a full recovery is not expected, and we are planning for a decrease in net sales. However, we are planning for an increase in operating profit through improvements in gross profit margin and efficiency in fixed costs. I will provide more details on this later.

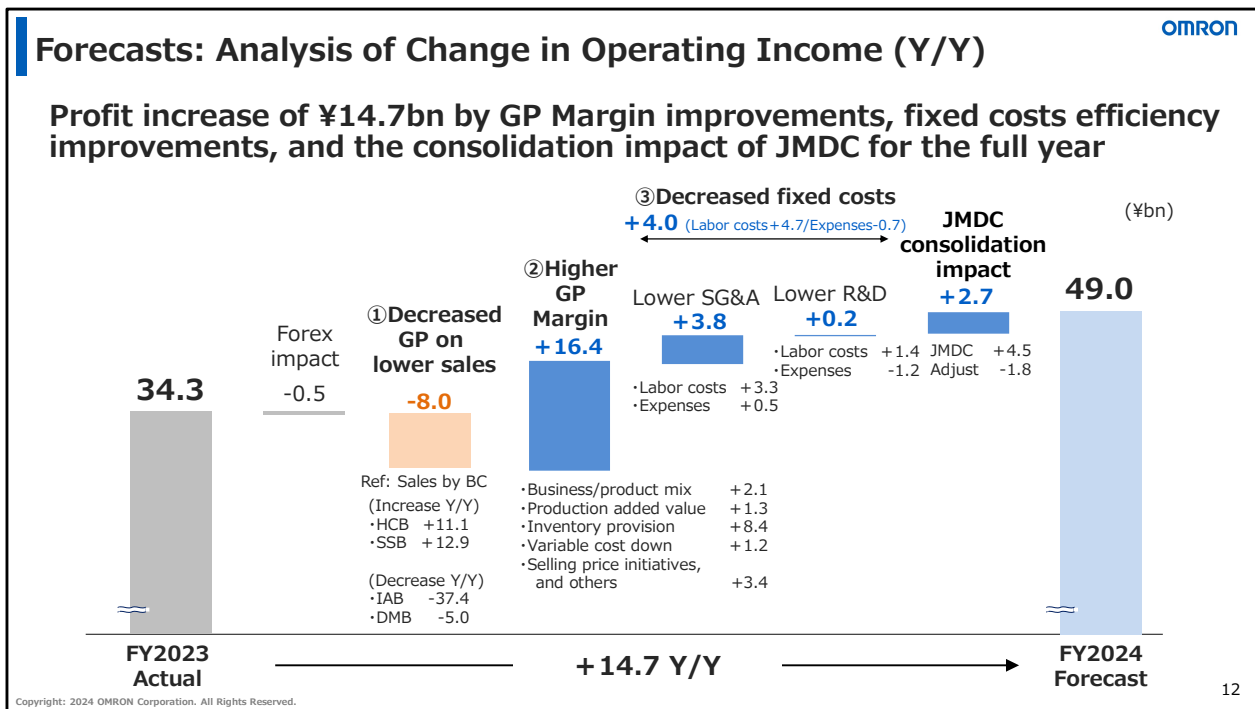
In the HCB business, in addition to growth in the blood pressure monitor market, we aim to continue sales growth through global market share expansion, facilitated by channel expansion in Asia and India. We expect to achieve double-digit growth in operating profit for the second consecutive year.

For the SSB business, we will continue to realize high sales and profit growth this fiscal year by continuing to strengthen our sales of energy storage systems in the expanding renewable energy market.

In the DMB business, like the IAB business, we do not expect a full recovery and are planning for decreased sales. We will continue our efforts to strengthen the customer base in the relay business for electronic devices, which is a growth area, in anticipation of a full market recovery.

Finally, for the DSB business, this segment includes financial figures for JMDC, related costs due to consolidation, and financial figures related to OMRON's data business initiatives. This fiscal year, we plan for high sales and profit growth at JMDC, along with investments aimed at creating new data services by OMRON, accelerating sales expansion across various businesses.

Please turn to the next page.



Here is the step chart comparing operating profit between FY2023 and FY2024. The impact of JMDC’s consolidation for the full year is shown on the far right of the graph, and the other profit change factors are indicated from points one to three. I will explain from the left.

Firstly, there is a decrease in gross profit due to reduced net sales. While we have incorporated increases from the HCB and SSB businesses, the declines in the IAB and DMB businesses are expected to result in an overall profit decrease of JPY8 billion.

Next, the improvement in gross profit margin. Overall, we are planning for a profit increase of JPY16.4 billion. This includes a positive impact of JPY8.4 billion from a slower increase in allowance for inventory, along with enhanced cost reduction and pricing optimization across various businesses to increase profitability.

Lastly, a decrease in fixed costs. We have incorporated a JPY4 billion increase in profit from reduced fixed costs into our plans. The details of this year’s fixed cost plan will be explained on the next page.

Forecasts: Fixed Costs Optimization Plan (SG&A, R&D)

Initiate fixed costs efficiency improvements, and at the same time implement selective investments for growth

	Themes	Fixed costs change (Y/Y)*
Fixed cost efficiency	Reduce workforce globally	¥-22.0 bn
	Increase fixed cost productivity	
Growth investment	Enhance competitiveness in growth business	¥+6.0 bn
	Build/deploy New ERP systems	
Labor costs increase	Unit price increase due to inflation, etc.	¥+12.0 bn
Total		¥-4.0 bn

Copyright: 2024 OMRON Corporation. All Rights Reserved.

*Exclude JMDC and Forex impact

First, regarding the efficiency improvements in fixed costs, we are planning a total reduction of JPY22 billion in SG&A and development costs. Through global workforce reductions and improvements in fixed cost productivity, we aim to drive profit growth this fiscal year and strengthen our earnings base.






On the other hand, we are incorporating a total of JPY6 billion for growth investments. We will execute substantial investments aimed at enhancing competitiveness in business segments with high growth potential that are expected to drive OMRON's growth.

Furthermore, we will continue to invest in the development of a new ERP system that is crucial for management and business operations.

From the next page, we will discuss the IAB business.

IAB: Operating Environment Outlook

In the digital domain, gradual recovery is expected in the semiconductor industry in H2, while PV and smartphone investment will remain low. Recovery of capital investment in domains other than focus domains remain gradual throughout the year

Domains	Outlook for FY2024
 Digital	<ul style="list-style-type: none"> In semiconductors, customer/distributor inventory backlogs continue in H1, but capital investment recovers gradually in H2 PV and smartphone investments remain low throughout the year
 NEV	<ul style="list-style-type: none"> Investment in EVs/components to remain at the same level as previous year Cautious investment stance on in batteries due to the oversupply in China and slowing demand for EVs. With also slow rise in investment in Europe and US, the overall outlook remains at the same low level as in FY23.
 Food/ Household goods	<ul style="list-style-type: none"> Sluggish investment in H1, mainly in Europe, but gradual recovery expected from H2
 Medicine/ Logistics	<ul style="list-style-type: none"> Investments in both medicine/logistics remain at a low level throughout the year, at the same level as in H2 of FY23
 Others	<ul style="list-style-type: none"> Investment recovery only at a gradual level, from H1 to H2, remaining at a low level throughout the year

Copyright: 2024 OMRON Corporation. All Rights Reserved.

14

First, I will explain the net sales plan for this fiscal year.

We have initially planned for a decrease in net sales, primarily for two reasons. The first reason is that in H1 of the previous fiscal year, net sales were stable due to a backlog of orders. The second reason is that we are cautiously observing the recovery of demand in H2.

I will explain the net sales plans for key sectors: digital, environmental mobility, and industries outside our main focus.

First, the digital industry. This fiscal year, while the semiconductor market is expected to recover, we anticipate a gradual recovery in orders starting from H2 of the year due to inventory stagnation at manufacturing equipment makers and distributors.

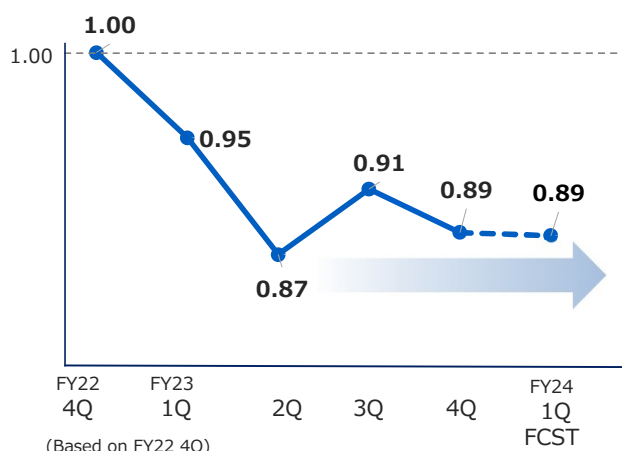
Next, environmental mobility. With a slowdown in EV sales and the uncertainty of investment resumption in the secondary battery sector in Europe and America, we do not anticipate significant improvements.

Lastly, industries outside our main focus. The stagnation in facility businesses in Europe and China continues, and there are no signs of recovery at this point, so we are also cautious about the rise in demand in H2 of the year.

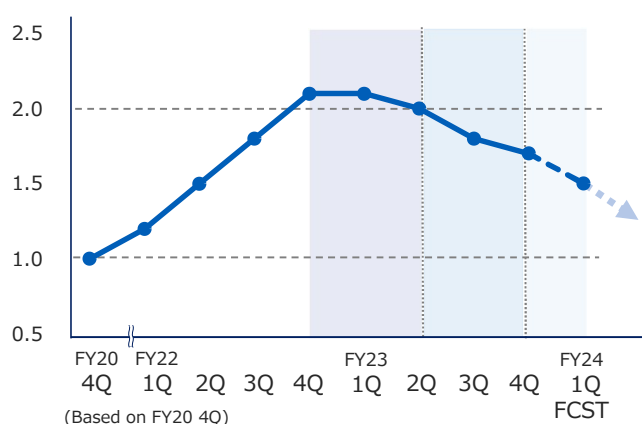
IAB: Changes in Orders and Distributor Inventory levels

Order levels are flat, and distributors inventory levels are steadily returning to normal except in some areas

Order levels (FY24 FX FCST rate base)



Distributor inventory levels (all area avg.)



Copyright: 2024 OMRON Corporation. All Rights Reserved.

15

Next, I will discuss the order trends and the status of distributor inventories.

First, please look at the order status on the left. During Q4 of FY2023, it progressed as previously forecasted. There has been no change in the view that order levels have bottomed out. We assume that it will generally continue at the same level until the end of H1.

Moving to the distributor inventory levels on the right, these also progressed steadily during the last quarter as forecasted. While we anticipate that the normalization timing in some areas may shift to H2, overall, we do not foresee any change in the expectation that normalization will occur during H1. We will continue efforts such as shipment control to normalize distributor inventories and link investment demand in market recovery phases to net sales.

Additionally, the number of customers adopting innovative-Automation has been increasing steadily. By the end of FY2023, we surpassed our plan with a total of 4,315 companies. We will continue to expand the number of adopting customers moving forward.

IAB: Operating Income Forecast

Despite the impact of decreased sales, we aim to increase profits by improving GP margin and fixed costs efficiency

Causes of change in OP		FY24 forecast	Change from FY23
Sales decrease	Business environment	• Sluggish business environment continued in H1. Gradual recovery from H2	¥-17.3 bn
	Inventory backlog at distributors	• Overall return to normal level except in some areas in H1	
GPM improvements	Product/area mix	• Improvements by increasing the composition ratio of high value-added products	¥+14.7 bn
	Production value added	• Production increase planned from H2, as market conditions expected to recover next fiscal year	
	Inventory provision	• Reduction of provision by purchase control	
	Production fixed costs	• Decrease by optimizing the headcount	
Fixed costs	Others	• Effects of price optimization from FY2023 enjoyed throughout the year.	¥+8.5 bn
	SG&A, R&D	• Labor costs reduced by optimizing the headcount. Selective investments continued	

* Excluding forex impact

16

Copyright: 2024 OMRON Corporation. All Rights Reserved.

Next, let's discuss the factors contributing to the change in operating profit for this fiscal year.

Although we are planning for decreased net sales, we aim to achieve an increase in profit through improvements in gross profit margin and efficiency in fixed costs.

First, the improvement in the gross profit margin is expected to contribute approximately JPY14.7 billion to the profit increase. The main factor is that, compared to the previous period when there was a rapid increase in parts inventory allowances, this fiscal year anticipates a decrease in additional allowances due to strengthened procurement controls.

Next, regarding fixed costs, we are progressing with a total of JPY8.5 billion in efficiencies in SG&A expenses, as well as development costs. While optimizing the number of personnel, we will selectively carry out investments that are necessary to enhance the competitiveness of our businesses, such as in product development.

This concludes the explanation of the operating profit plan.

Shareholder Returns

Full-year dividend guidance unchanged YoY at ¥104.

Maintain “dividends on equity (DOE) of around 3%” during the Structural Reform Period

Full-year Dividend

FY2023: Plan

¥104



FY2024: Forecast

¥104

Finally, in this section, I will explain our approach to shareholder returns.

For FY2023, the annual dividend, as initially planned, was set to increase by JPY6 from the previous year, totaling JPY104. We plan to maintain the annual dividend for FY2024 at the same level of JPY104.

Even during the period of structural reforms, while prioritizing the investments necessary for these reforms, our policy on shareholder returns remains unchanged. We aim for a stable and continuous return with a target dividend on equity ratio of approximately 3%.

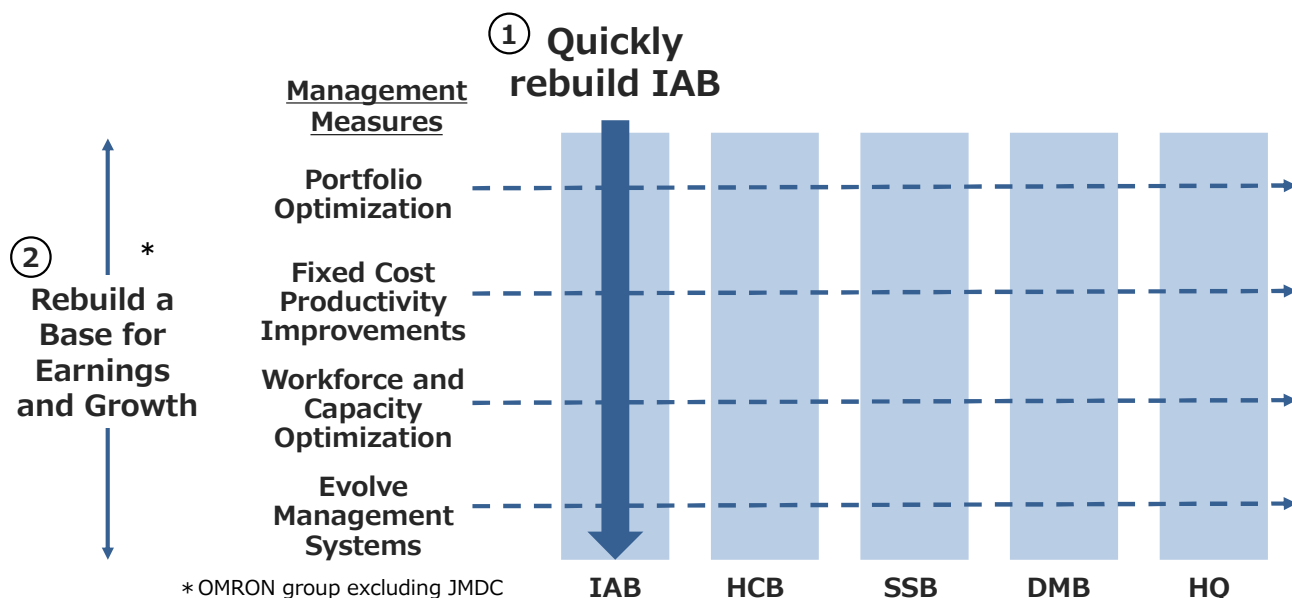
This concludes the explanation of our plans for FY2024.

3. Structural Reform Program “NEXT 2025”

Next, I will explain the structural reform program “NEXT 2025.”

Outline of Structural Reform

Initiate actions to resolve two management issues



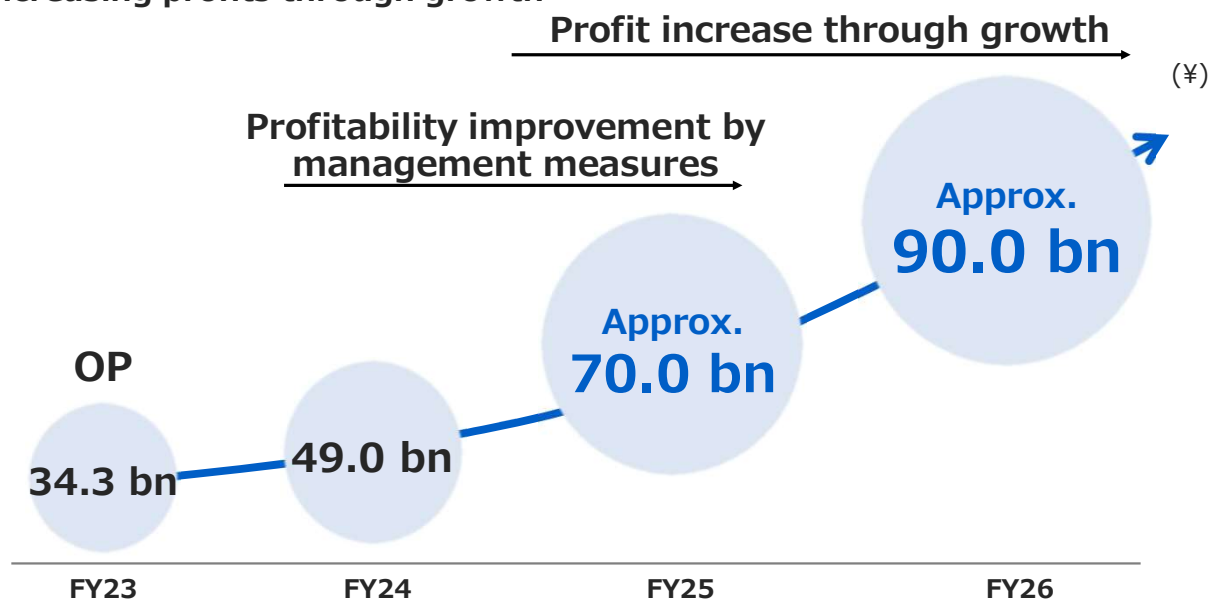
Copyright: 2024 OMRON Corporation. All Rights Reserved.

As I mentioned in February, this round of structural reforms focuses on the rapid restructuring of the IAB business and the reconstruction of the net sales and growth base across the entire company.

Today, I will share our future outlook and the initiatives aimed at regrowth as part of these efforts.

Performance Outlook

Aim for OP of approx. ¥90.0 bn in FY26 by improving profitability and increasing profits through growth



Copyright: 2024 OMRON Corporation. All Rights Reserved.

20

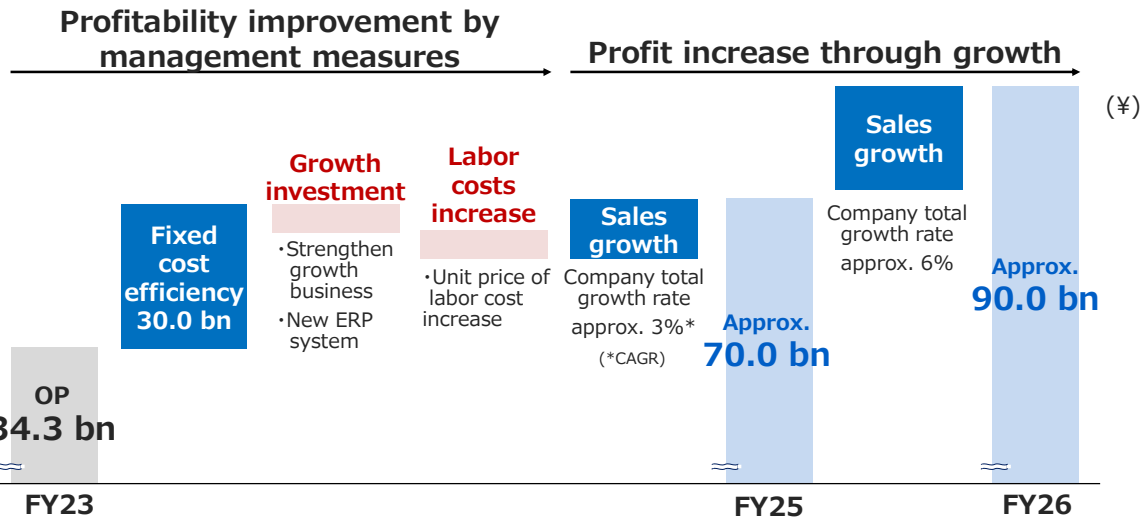
First, I will discuss our future performance outlook. This slide illustrates the operating profit levels that the Group aims to achieve by FY2026.

During the structural reform period, which ends in FY2025, we will focus on strengthening our earnings base through management strategies to restore operating profit to approximately JPY70 billion. Subsequently, we will aim to expand profits to about JPY90 billion by FY2026, driven by sales growth primarily through the regrowth of the IAB business.

I will now explain this realization scenario in more detail.

Scenario for Maximizing Profits

Maximize profits through steady implementation of management measures, regrowth of IAB, and sustainable growth of other segments



Copyright: 2024 OMRON Corporation. All Rights Reserved.

First, by completing a JPY30 billion efficiency improvement in fixed costs by FY2025, we will significantly raise the baseline of the Group’s profits. On top of this, we will implement investments in businesses driving the growth of the Group, and in a new ERP system, which will form the foundation of our management and business operations going forward.

In FY2025, we anticipate a market recovery in the IAB business, and through net sales growth in the HCB, SSB, and DSB businesses, we aim to raise operating profits to approximately JPY70 billion.

Following this, from FY2026 onward, we will leverage the efforts from the structural reform period to realize profit expansion through growth. In particular, the initiatives in the IAB business are expected to show their full effect starting in FY2026. Additionally, in the HCB, SSB, and DSB businesses, which are expected to see market expansion, the effects of growth investments will become apparent, enabling us to anticipate even higher net sales growth.

We are committed to pursuing growth in each business and aim to achieve an operating profit of around JPY90 billion by FY2026, approaching our historical peak performance.

Implementation plans for each management measure

Promote each management measure and strengthen the profit base and growth base

Management Measures	FY24 Plans
① Portfolio Optimization	Re-evaluation and optimize all business and product segments sequentially. Implement carefully selected growth investments
② Fixed Cost Productivity Improvements	Complete fixed cost efficiency programs and reduce ¥24.0 bn
③ Workforce and Capacity Optimization	Complete optimization of headcount for 2,000 people globally. At the same time, strengthen the necessary human resources and transform the group's capabilities
④ Evolve Management Systems	Start of ERP operations in Europe and accelerate global expansion. Set/operate KPIs that lead to sales growth

Copyright: 2024 OMRON Corporation. All Rights Reserved.

22

Next, I will discuss this fiscal year's initiatives related to the four management strategies aimed at rebuilding our earnings and growth foundations.

First, portfolio optimization. Across all business segments, we will reevaluate and optimize our product lineup from the perspectives of growth potential and profitability. We will accelerate actions toward optimization and enhance investments in product segments with high growth potential. Progress in this regard will be shared with you as it becomes reportable.

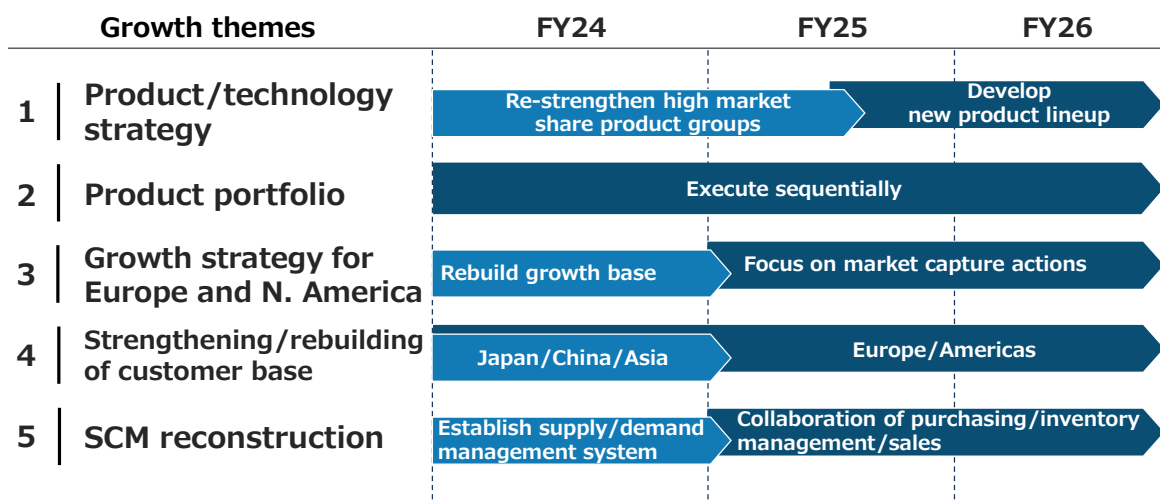
Regarding the improvement of fixed cost productivity, we will complete JPY24 billion of the targeted JPY30 billion in efficiencies. We will steadily advance the initiatives set in each business and at the corporate headquarters.

In terms of human resource strategies, except for certain areas, we will complete the optimization of personnel numbers by H1 of the fiscal year. In H2 and beyond, we will proceed with acquiring and enhancing the capabilities necessary for mid- to long-term growth, advancing the Group's capability transformation.

Lastly, concerning the evolution of our management systems, this year we will begin operating a new ERP system in Europe and subsequently roll it out globally. By visualizing global business data and utilizing these data, we will enhance the speed of management and business operations, as well as our ability to create new value.

Regrowth of IAB

Strengthen business competitiveness and achieve sustainable sales and profit expansion for re-growth



Copyright: 2024 OMRON Corporation. All Rights Reserved.

23

To conclude this section, I will discuss the initiatives aimed at the rapid restructuring of the IAB business.

In February, I communicated two directions: the construction of an industry and area portfolio, and the enhancement of the competitiveness of key components. What you see on the screen now are some of the themes of the project, which have been positioned as a company-wide project under the direct supervision of the CEO, and we have already started working on them.

As shown in the upper part of the display, there are themes like product and technology strategies, which will gradually realize effects in FY2025 and FY2026, and themes like SCM reconstruction, where we will establish mechanisms in FY2024 that will contribute to competitiveness in subsequent years.

In each theme, by pooling the Group's resources and working together as a whole company, we aim to expand sales in FY2025 and make a significant leap in FY2026.

I will continue to share the progress of each theme within the IAB business with you.



24

Finally, I would like to communicate two points.

The first concerns this fiscal year's performance guidance. For the IAB and DMB businesses, we have set conservative net sales plans due to the uncertain level of demand recovery in H2 of the year. Of course, we are not satisfied with just setting plans; as the business environment changes, we will aggressively seize emerging opportunities and challenge ourselves to improve the top line.

The second point concerns mid- to long-term growth. What OMRON envisions is sustainable growth and transforming into a robust company unshaken by market changes. FY2024 is a year to solidify our new growth vectors, and concrete plans for regrowth are beginning to take shape. With the entire company united, we will execute with vigor and steadily advance our initiatives.

I ask for your continued support and cooperation.

Thank you for your attention.

Reference

Consolidated Balance Sheet

	End-Mar. 2023	End-Mar. 2024	Change (Y/Y)
			(¥bn)
Current assets	486.9	547.6	+60.7
(Cash and cash equivalents)	(105.3)	(143.1)	(+37.8)
(Inventory)	(173.9)	(174.0)	(+0.1)
Property, plant and equipment	129.6	136.8	+7.2
Investments and other assets	381.7	670.4	+288.6
Total assets	998.2	1354.7	+356.6
Current liabilities	210.0	231.2	+21.1
Long-term liabilities	56.9	172.6	+115.7
Total Liabilities	266.9	403.7	+136.8
Shareholders' equity	728.5	786.7	+58.2
Noncontrolling interests	2.8	164.3	+161.6
Total net assets	731.2	951.0	+219.8
Total liabilities and net assets	998.2	1,354.7	+356.6
Equity ratio	73.0%	58.1%	-14.9%pt

Consolidated Cash Flow Statement

(¥bn)

	FY22 Actual	FY23 Actual	Change (Y/Y)
Operating cash flow	53.5	44.9	-8.6
Investment cash flow	-55.5	-107.1	-51.6
Free cash flow (FCF)	-2.1	-62.2	-60.1
Financing cash flow	-58.8	86.0	+144.8
Cash and cash equivalents at end of the period	105.3	143.1	37.8
Capital expenditure	45.0	43.7	-1.3
Depreciation	26.6	30.8	+4.2

FY2024 Forex Sensitivities and Assumptions

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

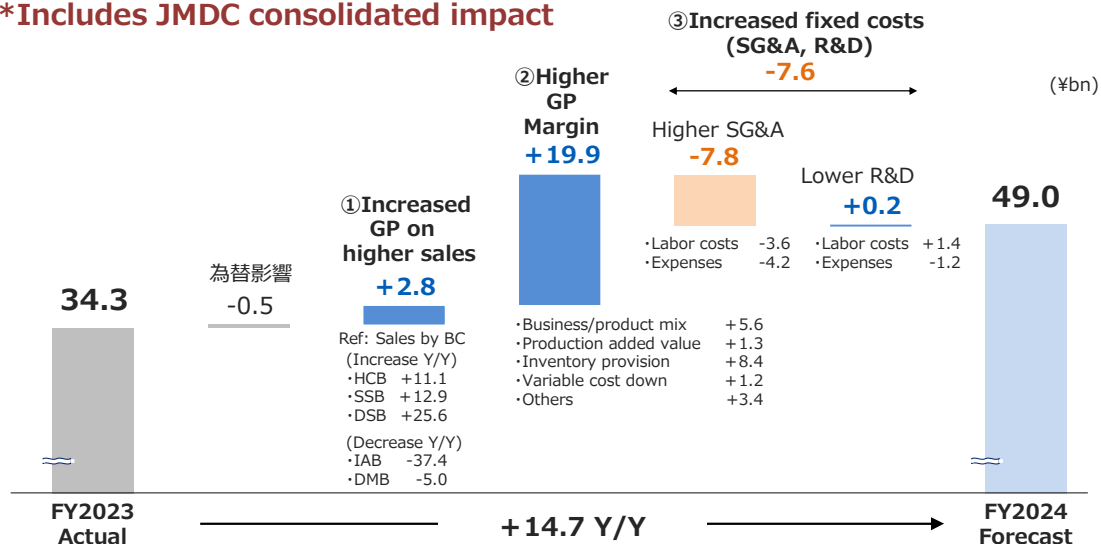
	Sensitivities		Assumptions
	Sales	OP	FY2024 Assumptions
USD	Approx. ¥1.3 bn	Approx. ¥-0.1 bn	¥145.0
EUR	Approx. ¥0.8 bn	Approx. ¥0.3 bn	¥155.0
CNY	Approx. ¥0.7 bn	Approx. ¥0.1 bn	¥20.0

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

[Ref.] Forecasts: Analysis of Change in Operating Income (Y/Y)

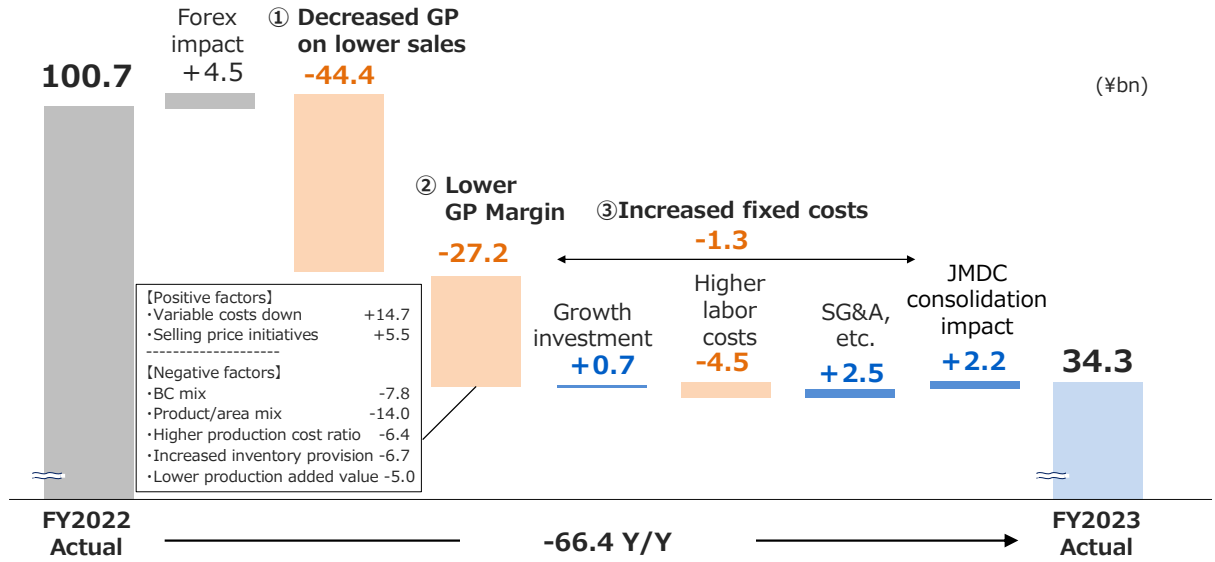
Change in profit based on FY24 new classification

***Includes JMDC consolidated impact**



[Ref.]FY2023: Analysis of Change in Operating Income (Y/Y)

Change in profit based on FY23 classification



ROIC Definition

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

*Invested capital = Borrowings + Shareholders' equity

Invested capital: The average of previous fiscal year-end result and quarterly results (or forecasts) of current fiscal year

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.

Contact:
Investor Relations Department
Global Strategy Headquarters
OMRON Corporation
Email: omron-ir@omron.com
Website: www.omron.com/global/en/