

Long-Term Group Vision SF2030 Medium-Term Management Plan SF 1st Stage

Investor Briefing

March 9, 2022
OMRON Corporation

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Good morning, everyone. I am CEO Yamada.

Thank you for taking time out of your busy schedules to participate in the briefing for OMRON's Long-Term Vision and Medium-Term Management Plan.

As usual, we will start with my presentation, to be followed by a Q&A session.

We hope to answer as many questions as possible in the allotted time.

There are 3 key takeaways from the Long-term Vision. The first is OMRON's clear directional shift to become a solutions-driven company. This is based on a re-evaluation of social changes and customer challenges as a result of a change in perspective, focusing on services rather than products. The second is the formulation of a business strategy based on a clarification of growth areas, focused on IAB and HCB. The third is our focus on creating economic and social value, which we have incorporated into the vision we are creating together with all of our stakeholders: employees, customers, partners, investors and the local communities in which we operate.

1. Review of VG2020 (FY2011 – 2021)

2. Long-Term Vision SF2030

3. Medium-Term Management Plan 1st Stage (FY2022 – 2024)

Let's get started.

I will begin with a review of our previous Long-Term Vision VG2020.

OMRON's Aims Under VG2020/VG2.0

VG2020 Vision

Sense, Think & Control. For a Brighter Future for People and the Earth

VG2020/VG2.0 Goal (Qualitative)

To become a quantitatively and qualitatively superior global value-creating group

VG2.0 Goal (Quantitative)

Net sales: 1 trillion yen, Operating profit: 100 billion yen

In 2011, We launched VG2020 with the vision and goals set out here.

Review of VG2020/VG2.0

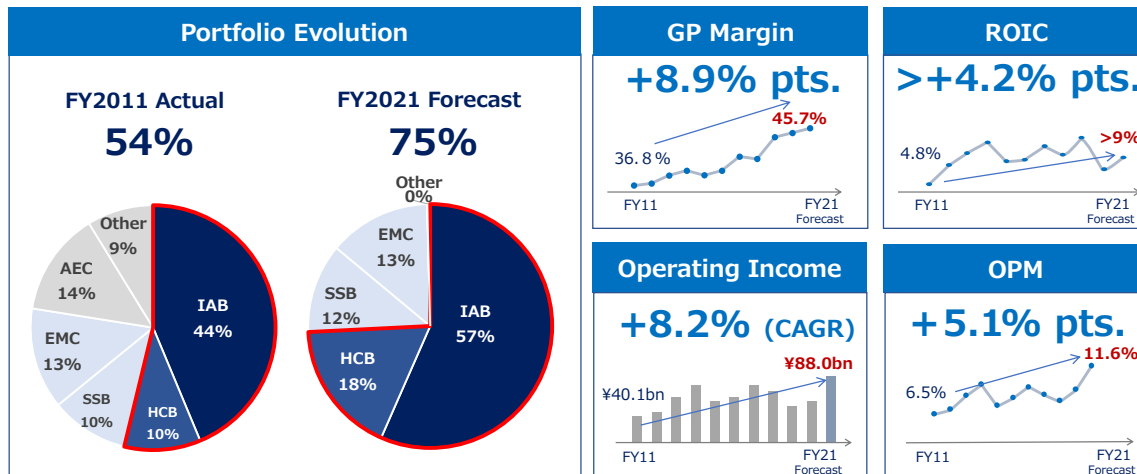
- 1. Improve profitability**
- 2. Achieve self-sustaining growth capability**
- 3. Demonstrate resilience to change**
- 4. Implement sustainability management**
- 5. Practice OMRON Principles Management
Enhance corporate governance /
integrated risk management**

To achieve these goals, we concentrated on 5 key initiatives.

I will touch upon each individual initiative over the next pages.

1. Improve Profitability

Raised operating income and operating margin on portfolio evolution, improved GP margin and ROIC. Expect to achieve record high profits in FY2021



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The first was a focus on improving our profit-generating capability.

Please see the pie chart on the left. I will talk about portfolio evolution.

Using ROIC as a benchmark, we took a disciplined approach to portfolio management, concentrating investments on the high-margin businesses of IAB and HCB. As a result, the share of sales generated by these two businesses are expected to rise substantially from 54% in FY2011 to a projected 75% in FY2021.

Next are some major financial metrics.

Please see the right-hand side of the slide.

GP margin, which is OMRON's key management metric as it reflects our ability to generate profits, improved 8.9%-points from 36.8% in FY2011 to 45.7%.

Next to the right is ROIC. We raised ROIC from 4.8% to over 9%, an increase of 4.2%-points.

As shown in the lower row, we are guiding for operating profit of 88 billion yen, for a CAGR of 8.2%.

Our OP margin rose 5.1%-points from 6.5% to 11.6%.

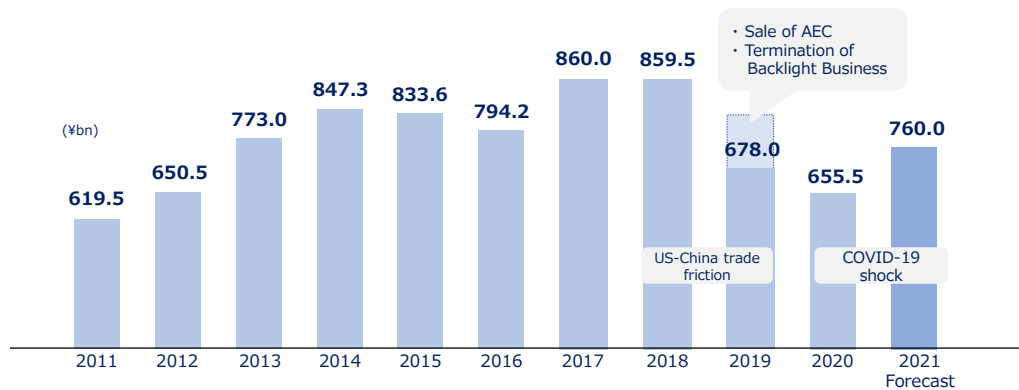
This fiscal year, we expect to achieve a new record high for operating profits. Over the last 10 years, OMRON has solidly improved its profitability.

The second was the achievement of self-sustaining growth.

2. Achieve Self-sustaining Growth Capability

Still more to do, partly as a result of externalities

Sales Trend



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We show sales trends for the last 11 years on this graph.

As you can see, until FY2017 OMRON successfully grew its sales, tracking largely in line to achieve the VG objective of 1 trillion yen in sales.

However, after the second half of FY2018, our sales declined as a result of changes in the economic environment, reflecting US-China trade friction, and the impact of the pandemic.

The sale of the AEC business and the winding down of the Backlight business, part of initiatives to optimize the business portfolio, also contributed to the topline decline.

While sales in FY2021, the current fiscal year, are showing a strong recovery trend, we will fall short of the 1 trillion yen sales target.

There is still more work to be done to achieve self-sustaining growth that will allow us to rebound from the impact of headwinds.

3. Demonstrate Resilience to Change

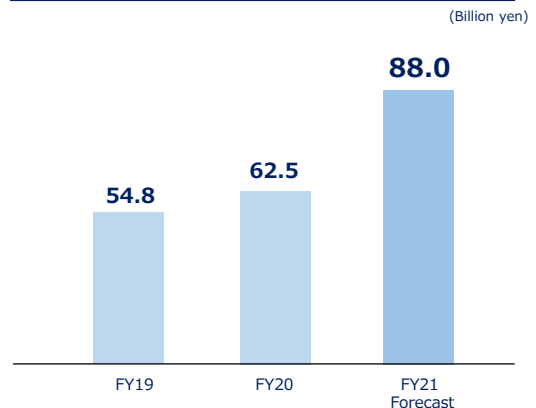
Demonstrated significant resilience: 2 consecutive years of OP growth despite the pandemic, due to measures such as developing a multi-location production system and leveraging digital technology

Major Initiatives

Established a multi-location production system

Business continuity by utilizing digital technology

Operating Profit Trends



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The third was demonstrating resilience in the face of change.

Please see the left hand side of the page.

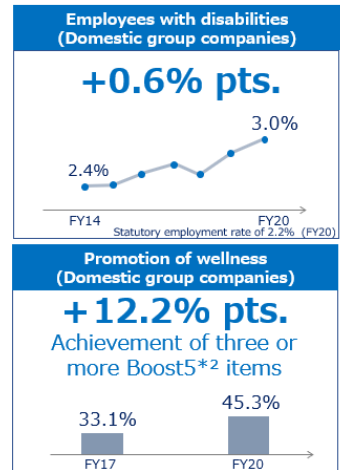
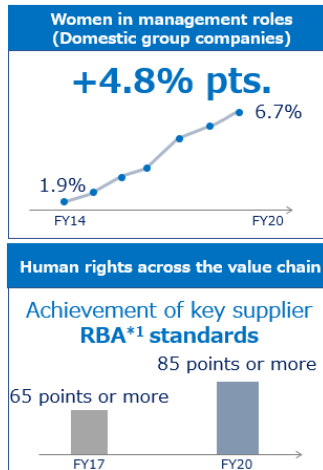
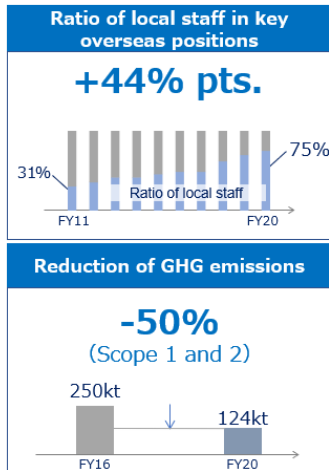
During the VG period, we made progress on developing a multi-location production structure in order to mitigate the impact of geopolitical risks.

During the pandemic, we were able to leverage digital technologies to change working styles and enable remote working to ensure the continuity of our business.

Despite the pandemic, as shown in the bar chart on the right, OMRON was able to achieve 2 consecutive years of OP growth: I believe this demonstrates our ability to swiftly respond to change.

4. Implementing Sustainability Management

Progress on sustainability initiatives such as diversity & inclusion and promotion of initiatives related to the environment, human rights and wellness management



*1: RBA: Responsible Business Alliance. Global CSR alliance focused mainly on the electronics industry. Implementing self-check aligned with RBA standards
*2: Boost5: Index of selected metrics covering 5 key themes for mental and physical wellbeing (exercise, sleep, mental health, diet and smoking). Domestic data

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The 4th was the implementation of sustainability management.

As shown here, we have significantly advanced our sustainability initiatives.

There are 3 in particular that I would like to highlight on this slide.

First is the ratio of local employees in key overseas positions. In the past, Japanese accounted for the majority of key overseas positions. However, as a result of solid localization initiatives, the ratio has risen from 31% in FY2011 to 75% in FY2020, a 44%-point increase.

Next, is the ratio of disabled hires. OMRON was able to raise this from 2.4% in FY2014 to 3%, an increase of 0.6%-points.

The legal requirement for the period from 2018 to February 2021 was 2.2%. We have been able to remain at a level significantly higher than the mandatory level.

The third initiative I will highlight is the reduction of GHG emissions.

OMRON has made determined efforts to adopt energy-saving technologies at its sites, achieving a reduction of 50% vs FY2016 levels. This was well above our target.

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5. OMRON Principles, Corporate Governance, Integrated Risk Management

Successfully elevated practices that put the OMRON Principles into action on a global basis through the revised OMRON Principles and TOGA. Also developed a robust foundation as a group by strengthening corporate governance and integrated risk management

<p>Practicing OMRON Principles</p>	<ul style="list-style-type: none"> • Revision of OMRON principles • Pushing to exercise OMRON principles on site through TOGA*
<p>Enhancing Corporate Governance</p>	<ul style="list-style-type: none"> • Established the OMRON Corporate Governance Policy • Strengthen to improve effectiveness of Board of Directors
<p>Enhancing Integrated Risk Management</p>	<ul style="list-style-type: none"> • Establishing global integrated risk management

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TOGA(The OMRON Global Awards): Sharing and recognizing examples of putting the OMRON Principles into practice in everyday work

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The final initiative was the practice of OMRON Principles, and the enhancement of corporate governance and integrated risk management.

In 2015, OMRON updated its Corporate Principles. Since then, we have focused on widening the circle of resonance amongst our employees, prompting them to put the OMRON Principles into practice of their own volition through activities such as TOGA. This has allowed us to significantly improve penetration on a global basis.

We have also established the OMRON Corporate Governance Policy and strengthened our risk management system on a global basis to further elevate the robustness of the group.

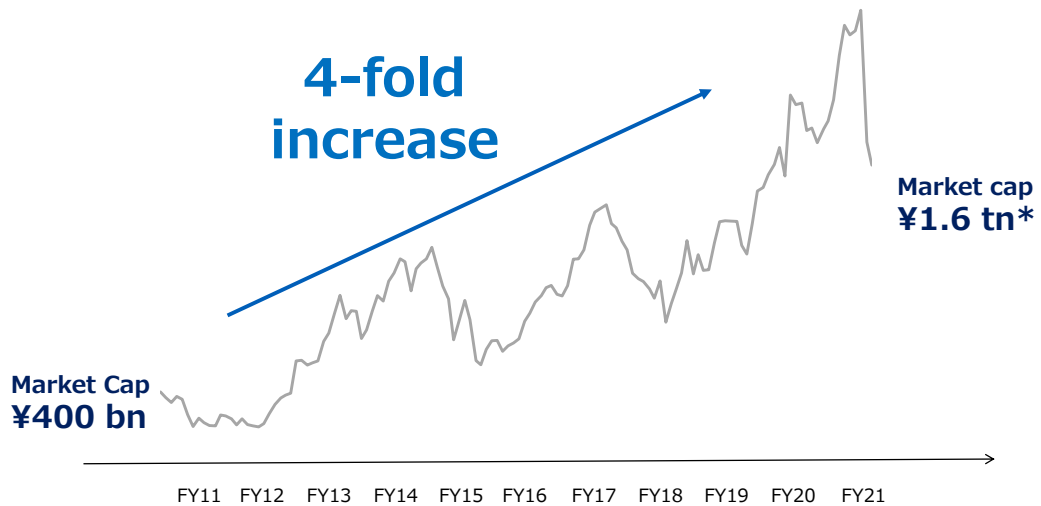
As a result of these activities, OMRON is well regarded.

Key External Evaluations During VG Period

<p>Member of Dow Jones Sustainability Indices <small>Powered by the S&P Global CSA</small></p>	<p>DJSI World Selected for 5 consecutive years</p>	<p>S&P Global Sustainability Award <small>Gold Class 2021</small></p>	<p>Top 1% in the sector</p>
<p>ecovadis</p>	<p>Gold</p>	<p>GPIF</p>	<p>Selected in all 4 ESG indices</p>

Reflecting our stronger focus on sustainability initiatives in addition to financial metrics during the VG period, OMRON is highly regarded as a global top class company as evidenced by the numerous global awards such as DJSI World and the inclusion in multiple indices.

Trend in Market Capitalization



* As of February 28, 2022

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OMRON's corporate value, as you can see, has increased 4-fold over the last 11 years.

As we demonstrate here, during the VG period, OMRON was able to achieve significant results. That said, at the same time, some issues have emerged. We summarize our VG achievements and challenges on the following page.

Achievements and Challenges

OMRON's ability to create value clearly improved in VG period. Further evolution needed to continue sustainable growth given rapid social changes resulting from the pandemic

Achievements	Challenges	
Transformation of profit structure	Improving Resilience to Change	<ul style="list-style-type: none"> • Elevating ability to detect change • Rebuilding value chain
Demonstrated resilience in the face of change		<ul style="list-style-type: none"> • Growth through value creation • Achieving discontinuous growth through M&A
Implemented sustainability management initiatives	Evolution of Corporate Management	
Practiced OMRON Principles and enhanced corporate governance and integrated risk management		
Enhanced Corporate Value		

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I have already covered our achievements, but please look at the left-hand side of the page for a brief recap.

As shown in the right, however, there were also challenges. OMRON must evolve further: improving its resilience in the face of change, making progress in achieving self-sustaining growth, and elevating corporate management.

While we improved our resilience, we recognize there are major issues with our component and materials procurement capabilities. Furthermore, given the increased geopolitical uncertainty triggered by the invasion of Ukraine by Russia, we believe it is important to reconstruct our value chain, including elevating our ability to rapidly recognize change and enhance our supply capability.

In order to achieve self-sustaining growth even in a highly uncertain operating environment, OMRON will need to achieve growth through new value creation as well as inorganic growth through M&A, to capture emerging growth opportunities.

At the same time, we must also elevate our corporate operational skills to support this growth.

It will be important to make further advances in developing a DX foundation and promoting diversity and inclusion.

We formulated our new Long-Term Vision based on a review of the VG period.

1. Review of VG2020 (FY2011 – 2021)

2. Long-Term Vision SF2030

- Fundamental Purpose
- A Changing Society: Toward 2030
- Vision Statement
- Creating Social Value

3. Medium-Term Management Plan 1st Stage (FY2022 – 2024)

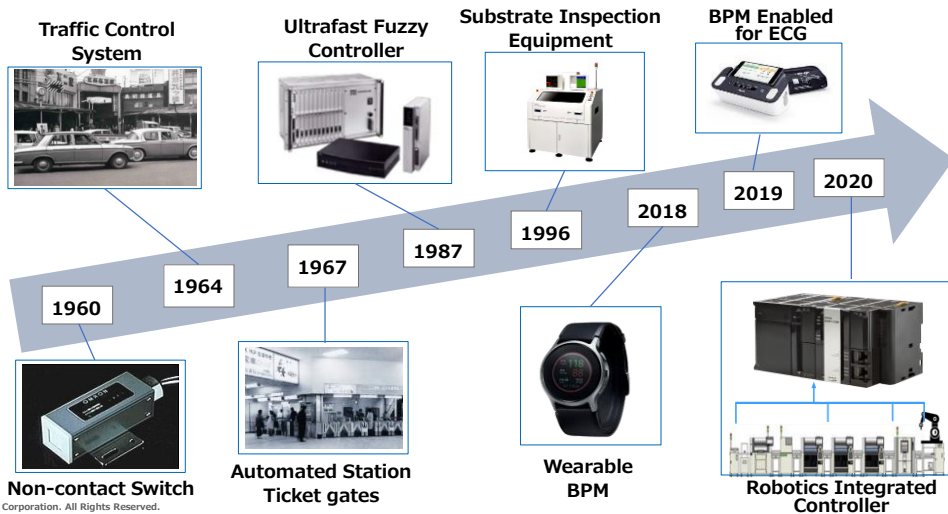
I will now explain OMRON's Long-Term Vision.

In this section of the presentation, I will cover in order: 1) OMRON'S Fundamental purpose; 2) Social Change: Toward 2030; 3) Vision Statement; and 4) Creating Social Value.

In the process of formulating the Long-Term Vision, we revisited the reason for OMRON'S existence, reviewing our history to re-examine what OMRON's fundamental purpose is.

Value Creation Achieved to Date

**Achieved growth by serially creating world first solutions
in response to targeted social issues**



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Since its establishment in 1933, OMRON has created the solutions for many social issues.

We show some representative examples of these solutions and products on this slide.

For example, we launched traffic control systems in 1964 and automated station ticket gates in 1967.

More recently, we launched a wearable BPM, a robotic integrated controller and other products.

All of these products represent world firsts created through OMRON's innovation.

We have contributed to the creation of a safe, secure and pleasant society, solving social issues through automation by being the first to identify and anticipate society's needs.

When we look back at our history in this way, we can see OMRON's fundamental purpose.

OMRON's Fundamental Purpose

Continue to contribute to
society through the
creation of social value

OMRON's fundamental purpose is to continue to contribute to the development of society by creating social value through its businesses.

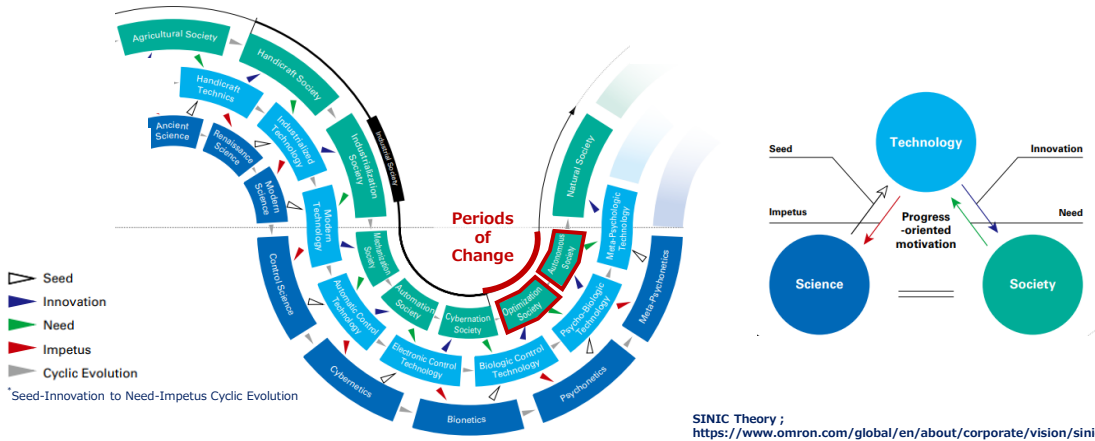
We will remain unwaveringly committed to this fundamental purpose going forward.

So, how will society change in 2030?

From Optimization Society to Autonomous Society

OMRON's SINIC* Theory identifies the current 'Optimization Society' period as an era of change. We call the new society expected to emerge from the tensions and changes of this period the 'Autonomous Society'. In the Autonomous Society period it is possible to simultaneously pursue a rich overall society and individual self-fulfillment

Prediction of the Future Based on the SINIC Theory



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Under SINIC Theory, our management compass, the next 10 years are positioned as the 'Optimization Society' period, which precedes the 'Autonomous Society'.

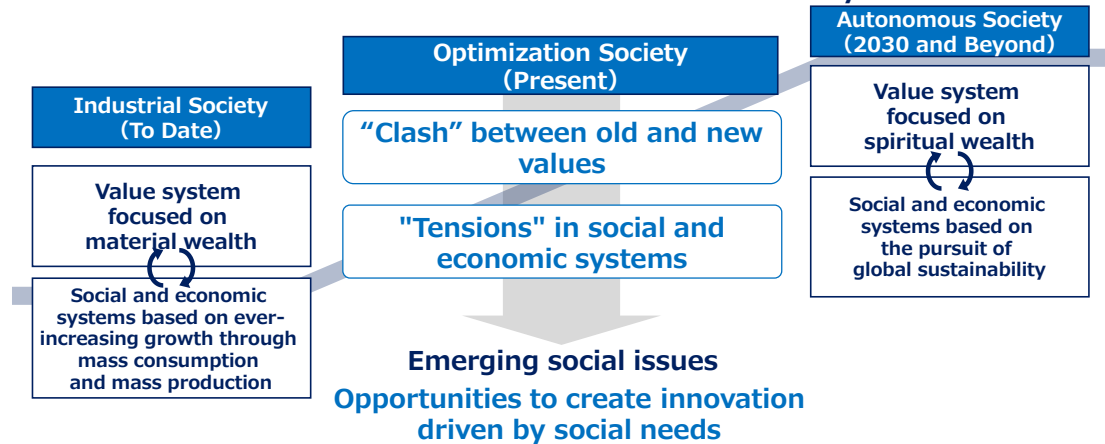
Optimization Society is a period of transition toward a new society and economy.

The new society expected to emerge beyond the tensions and changes of this period is Autonomous Society.

The Approaching Era

The next 10 years will see an outburst of diverse social issues which will create opportunities for OMRON to demonstrate its fundamental purpose. It will be a period of major opportunities that can lead to dramatic advances and growth

—— Period of Transition to New Social and Economic Systems ——→



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According to SINIC Theory, we are currently in the middle of the Optimization Society period, which falls between Industrial Society and Autonomous Society.

It is indeed proving to be a period of significant disruption and tension, as we transition to a new society and economy on the basis of pursuing the sustainability of our planet.

COVID-19 has been a catalyst to accelerate the pace of the transition.

We are seeing the collision of new and old value systems, which has led to social and economic distortion, sparking a flurry of social issues.

In other words, it is a period where there are abundant opportunities for the creation of social needs.

The next 10 years will see the emergence of major opportunities linked to growth and advancement where OMRON can demonstrate its fundamental purpose.

OMRON aims to achieve sustainable growth by capturing these opportunities.

Our next Long-Term Vision is based on OMRON's fundamental purpose and the changes expected over the next 10 years.

SF 2030

Shaping the Future 2030

**Continue to create innovation
driven by social needs with automation
which empowers people**



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The next Long-Term Vision is 'Shaping the Future 2030'.

OMRON will continue to create innovation driven by social needs with automation which empowers people.

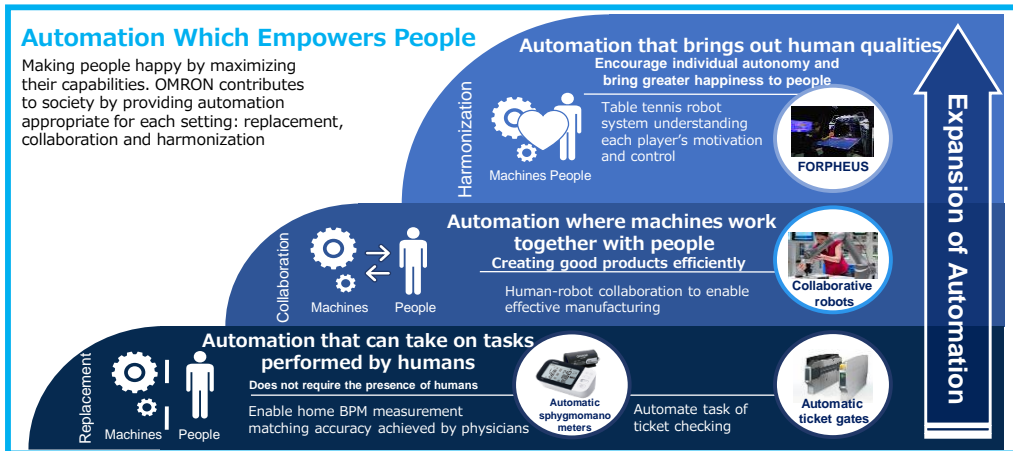
The underlying spirit of this vision is OMRON's desire to have all employees of the OMRON Group put the OMRON Principles into practice, and to work with our stakeholders to create a sustainable society by leveraging the technologies of Sensing & Control + Think.

As a consequence of this, we believe we can maximize OMRON's corporate value.

So what do we mean when we say 'automation which empowers people'?

Automation Which Empowers People

OMRON's core technologies Sensing & Control + Think have expanded automation beyond replacements for workers. OMRON provides automation that empowers people to maximize their capabilities through collaboration and harmonization



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OMRON categorizes automation into 3 levels, as defined by the relationship between humans and machines.

Please see the first level shown at the bottom of the diagram, 'Replacement'. This is automation where machines are taking on tasks done by humans. This is effectively the stage of automating machines.

The next level up in automation is 'Collaboration', where machines and humans work together. With the advent of cobots, we are seeing a rapid evolution in collaborative automation.

Finally, the uppermost level is 'Harmony', where automation brings out the best in human qualities.

Machines encourage individual autonomy by harmonizing with humans.

Forpheus, OMRON's iconic table tennis robot system, is at this level. We have a streaming video of Forpheus.

Omron's Forpheus is matching its returns to the skill level of its opponent. The extension beyond simply returning the ball is where we have expanded automation. Gradually, Forpheus elevates the skill level of its opponent, further motivating the player and making it into a fun experience. We aim to apply this type of automation, where robots harmonize with humans and can maximize human potential, to the manufacturing shop floor in future.

We refer to the levels of Replacement, Collaboration and Harmony as the expansion of automation.

OMRON defines automation that allows humans to tap into their full potential through Replacement, Collaboration and Harmony as Automation which Empowers People.

OMRON aims to leverage this to solve social issues.

So what are the social issues that OMRON is targeting for the creation of new social needs?

Social Issues Addressed by OMRON

Social issues addressed by OMRON leverage its strengths and have a major social impact: Achieving Carbon Neutrality, Realization of Digital Society and Extending Healthy Life Expectancy

Achieving Carbon Neutrality



Realizing a Digital Society



Extending Healthy Life Expectancy



We have identified 3 social issues which we are targeting for the creation of social value.

The first is contributing to the achievement of carbon neutral.

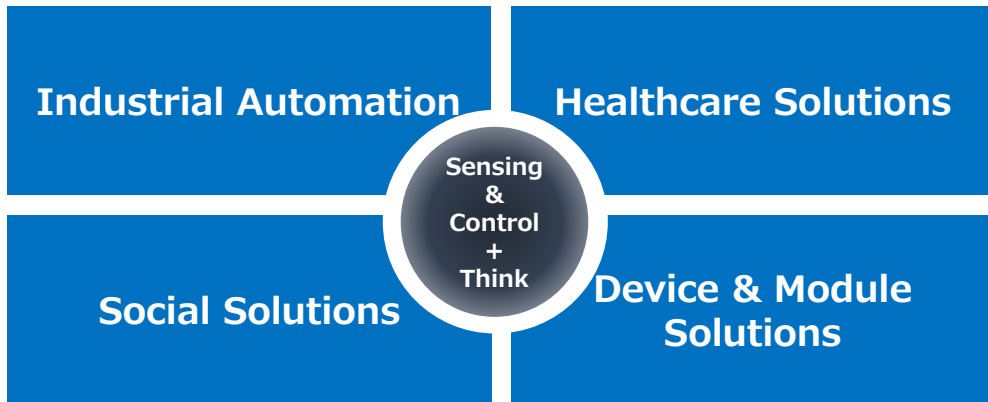
The second is contributing to the realization of a digital society.

The third is contributing to the extension of healthy life expectancy.

We have selected these issues because of the large social impact that they have. These are also attractive from the standpoint of OMRON's strength, automation, as well as leveraging customer assets and business assets.

4 Domains

Create social value through our business by developing solutions to social issues in 4 domains



We have established 4 domains to address the 3 social issues.

They are 'Industrial Automation', 'Healthcare Solutions', 'Social Solutions' and 'Device & Module Solutions'.

We will create social value in these 4 domains.
We have created videos for each.

The first is Industrial Automation domain.



Social Value to be Created: Contributing to the advancement of manufacturing that will support a sustainable society

What OMRON will achieve :

- 1. Maximize productivity and energy efficiency**
- 2. Develop a workplace that allows people to maximize their potential**
- 3. Improve operational processes.
Enhancing operational efficiency in engineering**

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Industrial Automation contributes to the advancement of manufacturing that will support a sustainable society.

To date, OMRON has contributed to technological innovation in manufacturing in many industries, addressed labor shortages and improved productivity with innovative-Automation which create the applications co-created with its customers.

Going forward, through further evolution of innovative-Automation we will build manufacturing bases that will support a sustainable future by both coexisting with the Earth's environment and creating rewarding workplaces for people.

There are three things needed to achieve this.

The first is the maximizing of productivity and energy efficiency.

The second is the development of a workplace that allows people to maximize their potential.

The third is improvements to operational processes and enhancements to operational efficiency in engineering.

The next is the Healthcare Solutions domain.



Social Value to be Created:
Contributing to the achievement of
"Zero Events" for cardiovascular diseases

What OMRON will achieve :

- 1. Create devices that measure vital sign data in everyday settings**
- 2. Support the adoption of remote medical service which will use algorithms to support doctors in making diagnostic and treatment decisions**
- 3. Develop new preventative medical service**

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Healthcare solutions contribute to the achievement of Zero Events for cardiovascular patients.

To date, OMRON contributed to the prevention of neuro- and cardiovascular events by raising the global penetration of medical grade home use devices and creating a diagnostic and treatment process that utilizes blood pressure readings taken in the home.

Going forward, we aim to realize a society where everyone can live naturally healthy lives and can receive high quality medical treatment anywhere, by building a new preventative medicine framework that can prevent the onset of medical events.

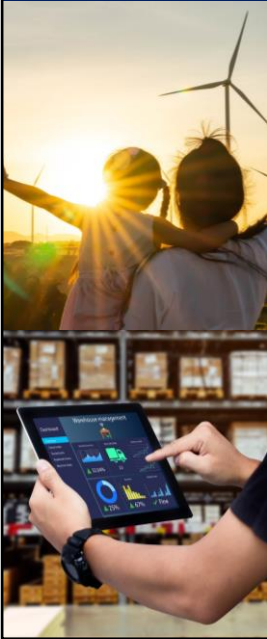
To achieve this, there are 3 things that are needed.

The first is the creation of devices that can measure vital sign data in every day settings.

The second is the development of a remote medical service which uses algorithms to support the diagnostic and decision making process for physicians.

Finally, the third is the development of a new preventative medicine service.

Next is Social Solutions domain.



Social Value to be Created: Contributing to the adoption and efficient use of renewable energy and a sustainable infrastructure to support digital society

What OMRON will achieve :

- 1. Provide a control system to stabilize power generation**
- 2. Develop a management and service system that will support efficient use of shop floor systems**
- 3. Enhance the overall operational efficiency of social infrastructure**

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In Social Solutions, we aim to contribute to the adoption and efficient use of renewable energy and a sustainable infrastructure to support digital society.

To date, OMRON had contributed to raising the penetration of photovoltaic power generation and storage systems.

Going forward, we aim to contribute to further boosting the adoption of renewable energy by eliminating the variability of power generation through the evolution of energy control technology.

As well, we have supported the operation and maintenance of social infrastructure through our nationwide service network, with our deep knowledge of a wide variety of devices and facility operations.

Going forward, OMRON will innovate the operating and maintenance process with management and services that support efficient use of on-site systems.

Three things are needed to make this possible.

The first is the provision of a control system to stabilize power generation.

The second is the development of a management and service system that will support efficient use of shop floor systems.

The third is the enhancement of the overall operational efficiency of social infrastructure.

Finally, we have the Device and Module Solutions domain.



Social Value to be Created: **Contributing to the take-up of new energy* and high-speed communications**

What OMRON will achieve :

- 1. Create devices to elevate equipment safety**
- 2. Create microwave-enabled devices capable of maintaining stable connectivity**
- 3. Create devices that generate a low environmental burden**

*New energy: Refers to innovative energy sources such as renewable energy, hydrogen and fuel cells

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Device and Module Solutions contribute to the take-up of new energy and high speed communications.

To date, OMRON had broadly provided high performance high quality relays and switches to its customers to be incorporated in their products on a global basis, leveraging its technology to connect and disconnect electrical impulses.

Going forward, the adoption of energy with low environmental loads will lead a shift to direct current for a broad swathe of devices.

In response to this change, OMRON will create devices that will elevate equipment safety by preventing fires and electric shocks using technologies that can control safe discharging and predict breakdowns in advance.

As to the spread of high speed communications, we will also create microwave-enabled devices that make stable connectivity possible through the commercialization of technologies that raise noise resistance performance and miniaturized processing technologies nurtured to date.

To achieve this, there are 3 things that are needed.

The first is the creation of devices to elevate equipment safety by preventing fires and electric shocks as a result of the migration to direct current.

The second is the creation of microwave enabled devices that make stable connectivity possible with 5G and 6G.

The third is the creation of devices that generate a low environmental burden.

These are the 4 social values that OMRON will create going forward. Our process of value creation will evolve as we focus on generating these social values.

Evolution of Business Model: From Products to Products & Services

**Pursue the highest level of value generation for society by focusing not just on products but combinations of products and services.
Create value for society through co-creation with partners**

Deploying value to society through businesses where differences in products continue to be important



Deploying value to society through businesses where value is generated by the use of products



+

Co-creation with partners

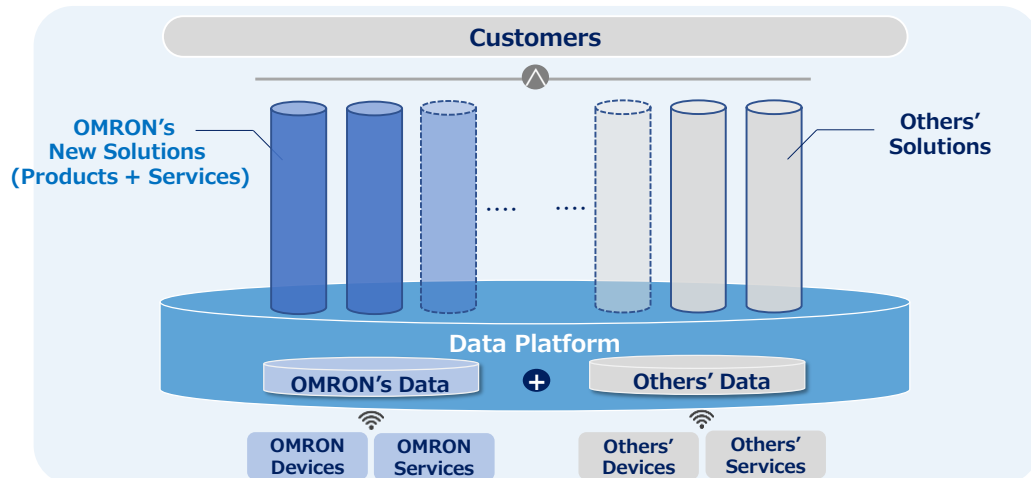
This represents the realization of new value which is not just focused on component-centric products but is the result of combining products and services. During a period of social and market change, the method for deploying value is not limited to products if we reexamine what represents fundamental value.

Some examples are the consulting services, operational support services and kaizen services that are part of i-BELT in IAB.

Moreover, by not limiting ourselves to only using in-house resources and engaging with partners, we will accelerate the speed of execution and the probability of success.

Value Creation Driven by Data

Develop data platform that links data generated by OMRON devices and services to data of others; leverage to create new solutions (products + services)



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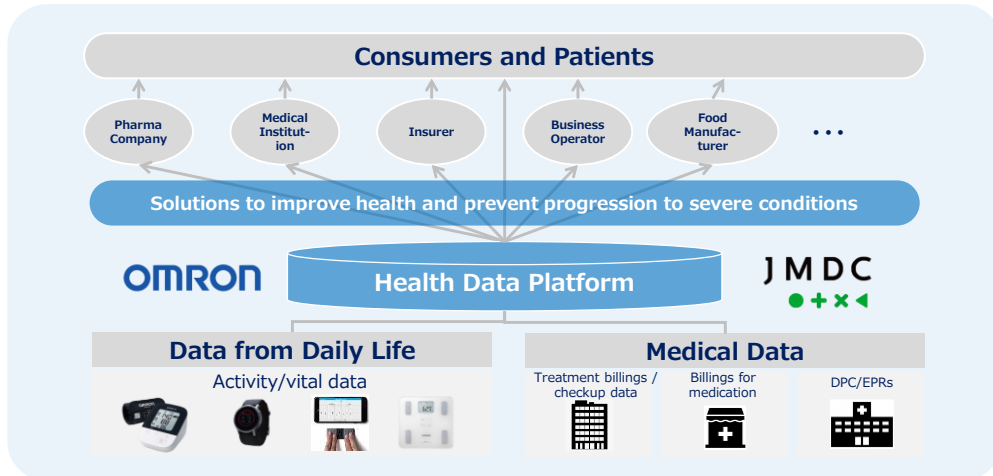
In order to realize the value of product + service as just discussed, or co-creation with partners, it will be important to develop a data platform as a base.

By developing a data platform where we link the data generated by in-house devices and services to partners' data, we will be able to leverage it to develop new solutions based on product + service.

Based on this concept, we will transform the overall group structure over the medium- to long-term, which will transform our profit structure by adding a recurring service model to product sales.

Capital and Business Alliance with JMDC

Create solutions to promote wellness and prevent worsening of medical conditions through alliance: develop platform to harmonize/analyze personal health data of both



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The capital and business alliance announced recently with JMDC is a forerunner of this change.

We will build a robust health data platform that combines the billing and health check data owned by JMDC with the blood pressure and EKG vital data that OMRON has accumulated and aggregated from its home use healthcare devices.

We will develop a business of solutions to promote wellness and prevent a deterioration of medical conditions which will be based on this database.

By attracting many partners and creating solutions that have not been possible until now, we aim to first address Japan's medical system challenges and support its progress.

Through the capital and business alliance, we will learn about structuring, value development and business operations of data-based service businesses from JMDC and utilize this knowledge in developing data-driven businesses for IAB and SSB.

Up to this point, I have explained our fundamental purpose, society in 2030 and the social value we aim to create.

**Continue to create innovation
driven by social needs with automation
which empowers people**



As I have said today, we aim to continue to create innovation driven by social needs with automation which empowers people.

OMRON aims to address the many social issues that emerge from optimized society through its business, thereby creating social value.

As a result OMRON will grow its business and will also raise its economic value.

In this manner, we aim to maximize corporate value by creating both social and economic value.

We hope that you will hold high expectations for the OMRON Group's evolution going forward.

This completes the explanation of the Long-Term Vision.

1. Review of VG2020 (FY2011 – 2021)
2. Long-Term Vision SF2030
3. Medium-Term Management Plan 1st Stage (FY2022 – 2024)
 - SF 1st Stage Strategies & Policies
 - Transformation of Business
 - Transformation of Corporate Management and Organizational Capabilities
 - Strengthening Sustainability Initiatives
 - Management Targets

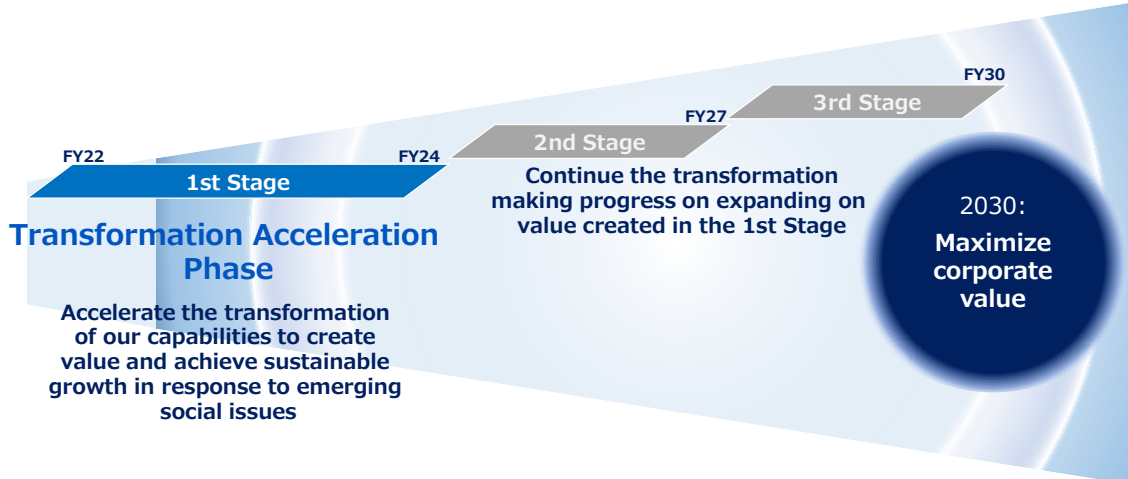
Next, I will explain our Medium-Term Management Plan.

In this section, I will discuss the Medium-Term Management Plan policy, the transformation of business, the transformation of corporate management and organizational capabilities, the strengthening of sustainability initiatives and management KPIs, in this order.

I will start with the Medium-Term Management Plan Policy.

Positioning of 1st Stage

OMRON positions 1st Stage as a period of accelerating the transformation of its capabilities to create value in response to social issues and to grow sustainably



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We have positioned the 3 year period from 2022 as the transformation acceleration phase where we accelerate the transformation of our capabilities to create value that addresses social issues and achieve sustainable growth.

We will achieve strong growth by demonstrating the competitiveness cultivated during the VG period to capture the many newly emerging growth opportunities. At the same time, we will also promote the transformation of our organizational capabilities to adapt to a changing society to raise the sustainability of our growth.

1st Stage Overall Policy and Group Strategy

1st Stage Overall Policy Taking on the challenge of value creation by accelerating transformation

1. Transformation of Business

- Evolution of 4 core businesses
- Expansion of customer asset-type service businesses
- Creation of new businesses sparked by social issues

2. Transformation of Corporate Management and Organizational Capabilities

- Acceleration of diversity & inclusion
- Data-driven enterprise operations through DX
- Improvement of supply chain resilience

3. Strengthening Sustainability Initiatives

- Reduce GHG emissions toward decarbonization and lower the environmental burden
- Thoroughly address human rights issues on a global basis

This is the 1st Stage policy and the Group Strategies.

The overall policy is to 'Take on the challenge of value creation by accelerating our transformation'.

There are 3 group strategies.
Please see the highlighted blue boxes.

First is transformation of business.
Next is transformation of corporate management and organizational capabilities.
The third is the strengthening of sustainability initiatives.

I will explain each in more detail.

1. **Review of VG2020 (FY2011 – 2021)**
2. **Long-Term Vision SF2030**
3. **Medium-Term Management Plan 1st Stage (FY2022 – 2024)**
 - SF 1st Stage Strategies & Policies
 - **Transformation of Business**
 - Transformation of Corporate Management and Organizational Capabilities
 - Strengthening Sustainability Initiatives
 - Management Targets

I will start with business transformation.
Today I will discuss in detail the evolution of our 4 core businesses.

Creating Social Value

Create social value through our business by developing solutions to social issues in 4 domains

Domain [Core Business]	Social Issues	Achieving Carbon Neutrality	Realizing a Digital Society	Extending Healthy Life Expectancy
Industrial Automation [IAB]		Contributing to the advancement of manufacturing which will support a sustainable society		
Healthcare Solutions [HCB]				Contributing to "Zero Events" for cardiovascular diseases
Social Solutions [SSB]		Contributing to the adoption and efficient use of renewable energy and sustainability of infrastructure to support a digital society		
Device & Module Solutions [EMC]		Contributing to the adoption of renewable energy and high-speed communications		

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As stated in the Vision section of the presentation, we aim to create social value through the growth of our businesses, as a result of addressing the 3 social issues in 4 domains.

Starting with the next page, I will describe the initiatives of each of the 4 core businesses, which represent the 4 domains.

First is IAB.

Evolution of 4 Core Businesses: IAB

Achieve high growth by shifting business domains to growth industries where manufacturing is changing as the world migrates toward a sustainable society.

Achieve strong growth on continued evolution of innovative-Automation

Focus Domains



Digital



NEV



Food/ Household Goods



Medicine

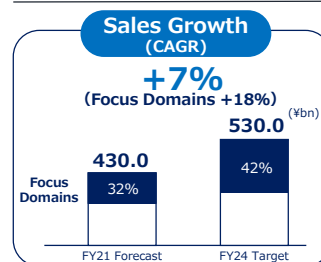


Logistics

Key Initiatives

- Strengthened competitive edge through evolution of innovative-Automation
 - Enhanced Automation Centers/SEs
 - Accelerate global deployment of i-BELT which maximizes productivity and energy efficiency
- <Co-creation with Partners>
- Accelerate acquisition of AI/5G/Robotic technology

Targets



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IAB is a core business that will continue to lead the group's growth in 1st Stage.

Please look to the left side of the slide.

In conjunction with the transition to a sustainable society, we have identified the focus businesses as areas where manufacturing will change: Digital, NEV, Food/Household Goods, Medicine and Logistics.

Key initiatives are to step up co-creation with partners by strengthening in-house resources through the evolution of innovative-Automation, which is a key strength for OMRON. I will discuss this in more detail later.

Please look to the right for our targets.

We aim to achieve a 7% sales CAGR, mainly driven by the focus businesses.

Specifically, we aim to grow sales from 430 billion yen to 530 billion yen over the 3-year period, for a 100 billion yen increase. In addition, we have also set a new KPI in the form of a target for the number of customers adopting innovative-Automation. We aim to double the number of companies from FY2021 to 5,000 by FY2024.

Evolution of 4 Core Businesses: HCB

Further growth of the device business on a global basis and expanding the remote medical service

Focus Domains



Cardiovascular



Respiratory



Pain Management

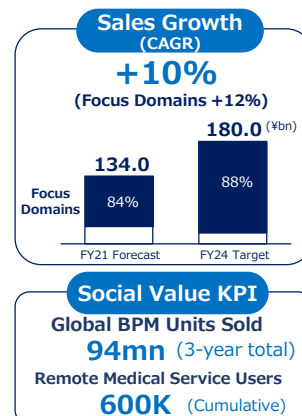


Remote Medical Service

Key Initiatives

- Strengthen marketing in regional cities in China and the India market
 - Evolution from BPMs to cardiovascular devices
 - Creating innovative devices to expand the value of the respiratory equipment business
- <Co-creation with Partners>
- Alliances with service providers to lay the foundations for expansion of the remote monitoring service

Targets



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Next is the Healthcare business.

As I did with the IAB business, I will start on the left.

We have identified Cardiovascular, Respiratory, Pain Management and the Remote Medical Service as the focus businesses for HCB.

In the center, we show the key initiatives.

First, we will strengthen marketing for China and India, which we believe have high growth potential.

We will also transform BPMs into cardiovascular measurement devices. We will also create innovative devices to expand the value of respiratory equipment.

We will also accelerate co-creation with partners by engaging in alliances with strong service providers on a global basis to further expand the remote medical service.

Please look to the right for our targets.

We aim to achieve a sales CAGR of 10%, mainly driven by the focus businesses, raising sales from 134 billion yen to 180 billion yen over 3 years.

We expect a significant increase in BPM sales volume to 94 million units to be sold over the next 3 years.

For the remote medical service, which is of keen interest to many of you, we aim to have 600,000 users by FY2024.

Evolution of 4 Core Businesses: SSB

Expand the renewable energy control business and accelerate transformation of the business model for the core railway-related business

Focus Domains



Renewable Energy Control (Housing/Industrial)



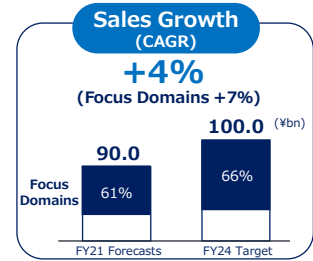
Management & Service

Key Initiatives

- Introduce/expand storage system enabled for remote control
 - Create/expand recurring service businesses
 - Complete restructuring of railway-related business
- <Co-creation with Partners>
- Accelerate adoption of storage system for industrial PPA* business through alliances with electric power retailers

* Power Purchase Agreement

Targets



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Next is SSB.

As you can see on the left, the focus businesses are Renewable Energy Control and Management & Service, where we provide maintenance and operational support services.

Next are the main initiatives.

First, we aim to increase the adoption of storage systems that are enabled for remote control.

We will also focus on developing and expanding a recurring service business which leverages customer assets.

We will also move forward on changes to the business model for the railway-related business, which is a platform business.

Under co-creation with partners, we will accelerate the deployment of the storage battery system business through alliances with electric power retailers.

We aim to achieve sales of 100 billion yen.

We aim to have 50,000 connected energy management units over the 3-year period.

Finally, EMC.

Evolution of 4 Core Businesses: EMC

Establish growth path by capturing growing needs for high function devices driven by migration to DC to ease environmental burden, and digitalization of society

Focus Domains



DC (Direct Current) Equipment

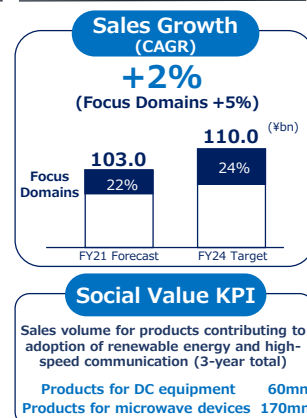


Microwave Devices

Key Initiatives

- Create new products that make it possible to safely control direct current
 - Create new products that enable stable connectivity for microwave signals
- <Co-creation with Partners>
- Early participation in new designs for leading companies and alliances with think-tanks and technology ventures

Targets



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Earlier in the discussion of the Long-Term Vision, I said we expected to see a significant migration to direct current on the back of the digitalization of society. Our aim is to anticipate this trend.

We will also concentrate management resources on microwave devices that are enabled for 5G and 6G.

We aim to achieve growth over the medium- to long-term by creating high-performance, high quality new products that leverage the sophisticated technological capabilities we have developed to date.

We will also promote co-creation efforts with partners by focusing on alliances with think tanks and technology ventures, and design-ins with leading companies.

In addition to sales growth, we have set sales volume targets for products that contribute to raising the penetration of new energy and high speed communications.

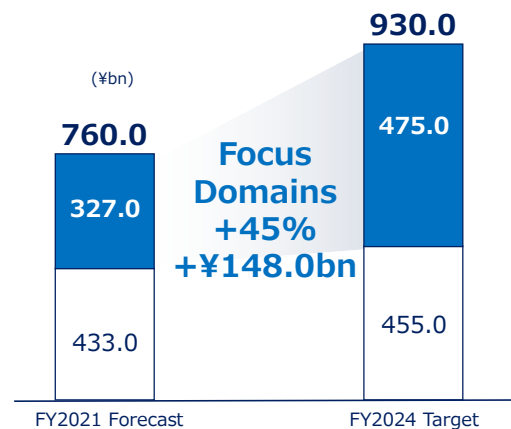
We are targeting sales volume for DC equipment of 60 million units and microwave devices of 170 million units.

Evolution of 4 Core Businesses: Sales Growth in Focus Domains

OMRON Group's growth to be led by the focus domains, primarily by the IAB business

Focus Domain Sales Growth and Growth Rates (versus FY2021)

Industrial Automation (IAB)	Digital, NEV, Food & Household Goods, Medicine, Logistics	+ ¥87.5 bn
Healthcare (HCB)	Cardiovascular, Respiratory Equipment, Pain Management, Remote Medical Service	+ ¥45.5bn
Social Systems, Solutions & Service (SSB)	Renewable Energy Control (Housing/Industrial), Management & Services	+ ¥11.5bn
Electronic & Mechanical Components (EMC)	DC Equipment, Microwave Devices	+ ¥3.5bn



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This slide shows the focus businesses for the 4 core businesses and the incremental revenue that we expect to generate from them.

Please look to the left side of the slide.

As explained so far, we have identified focus businesses for the 4 core businesses that will drive sales growth.

The bar chart on the right shows the expected trend for overall sales.

The blue part of the bars reflect sales from the focus businesses. We are projecting substantial topline growth of 45%, for an absolute increase of 148 billion yen.

Of the 148 billion yen incremental increase, we expect IAB will account for more than half, at 87.5 billion yen. Growth will be centered on the IAB business.

Evolution of 4 Core Businesses: IAB's Growth Opportunities

Capturing growth opportunities: 5 focus domains where investment levels are high

Growth Opportunities in Focus Domains



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I will now explain how we will grow sales in the IAB focus businesses.

We will capture new growth opportunities in each of the 5 focus businesses. Each of these areas is seeing active investments.

Starting with Digital, we will pursue opportunities related to the expansion of semiconductor production capacity on the back of global shortages, and elevated investments for ultra-miniaturization related to fabrication of next-generation semiconductors.

Next, for NEV, we target investments in high efficiency EV component production, on the back of rising penetration for NEVs which is boosting investments in rechargeable batteries.

In Food and Household Goods, we target investments in packaging and processing equipment, driven by technological innovation aimed at eliminating the use of plastics.

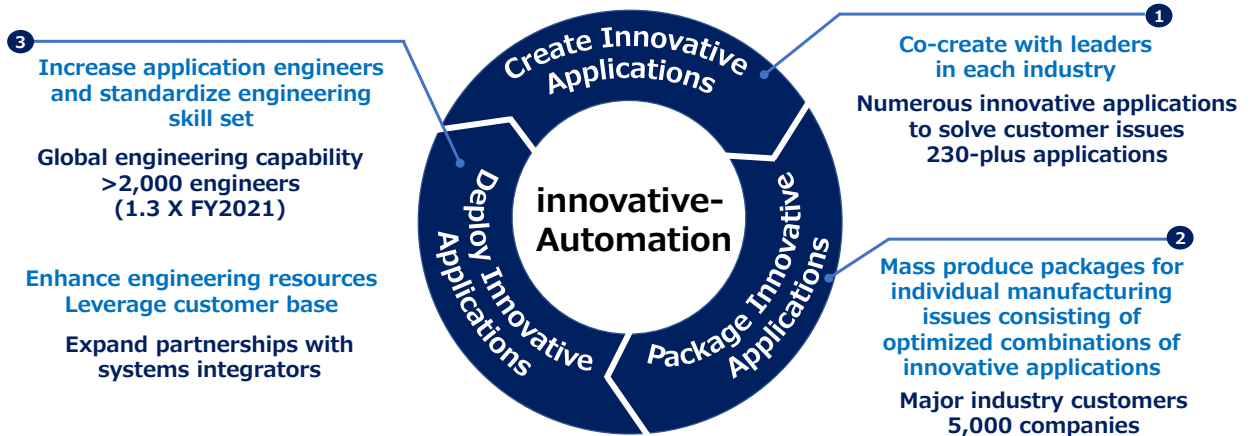
In addition, for Medicine, which is a new growth area for IAB, we target investments to enhance traceability as pharmaceutical companies accelerate efforts to combat the spread of counterfeit drugs. For Logistics, we aim to capture opportunities related to rising investments for the automation of logistics operations, in response to the increase in distribution volumes and serious shortages of workers.

As well, we are seeing an acceleration in investments across all industries designed to make manufacturing more sustainable, in areas such as improving energy efficiency, addressing the shortage of workers on manufacturing lines and creating pleasant manufacturing workplaces.

Evolution of 4 Core Businesses: Advances in the IAB Application Business

The application business embodies innovative-Automation. Powerfully leverage the application business virtuous cycle to achieve FY2024 sales target of 530 billion yen

Unique Application Business Enabling OMRON Wins in Growth Opportunities



In the 1st Stage, OMRON will powerfully leverage the virtuous cycle of the application business which embodies innovative-Automation, in order to maximize its success in capturing the growth opportunities just discussed.

We depict here the application business cycle.

Please look to the upper right.

OMRON will continue to create leading-edge, innovative applications through co-creation with industry leaders.

Then, as we show on the lower right, we will optimally combine the created innovative applications by manufacturing themes, developing packages that will allow broad and effective implementation.

We will focus on the rapid deployment of these packages.

We will expand our global engineering capability 1.3-fold to 2,000 engineers.

We will also fully leverage the 37 Automation Centers located around the world.

In order to leverage the deployment of this value, we will also proactively engage in alliances with external system engineers.

By powerfully engaging this cycle, we believe we can achieve 530 billion yen in sales in FY2024.

I will showcase some representative examples of the innovative applications we have created on the next page.

Evolution of 4 Core Businesses: Innovative Applications Created by IAB

Automation which exceeds human capabilities



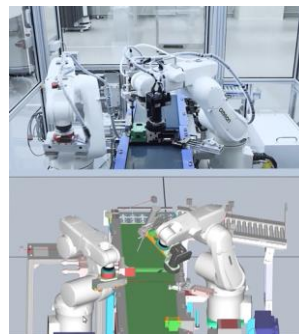
- Production lines enabled to achieve both energy control and improved productivity
- Facilities able to autonomously detect changes
- Replicate master craftsmanship

Sophisticated human-machine collaboration



- Intelligent machines to support workers on the shop floor
- Lines where workers and machines flexibly collaborate
- Seamless cooperation between humans and machines

Innovation in digital engineering



- Manufacturing management combining robotic integrated controller and digital twinning
- Digital maintenance which exceeds the ability of master craftsmen
- Virtual facility design integrated with production lines

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In the 1st Stage, OMRON will create innovative applications under the manufacturing concepts of 'Automation which exceeds human capabilities', 'Sophisticated human-machine collaboration' and 'Innovation in digital engineering'.

OMRON has already released or is in the process of validating many applications.

We show some of the representative examples of applications on this slide.

Today, I will talk about an example of innovation in digital engineering, as shown on the right.

We have a short video.

Using OMRON's robotic integrated controller and digital twinning technology, we are able to virtually replicate the actions of all of the equipment on a production line.

This makes it possible to conduct maintenance and ramp up facilities anywhere in the world, while being physically located at the mother plant.

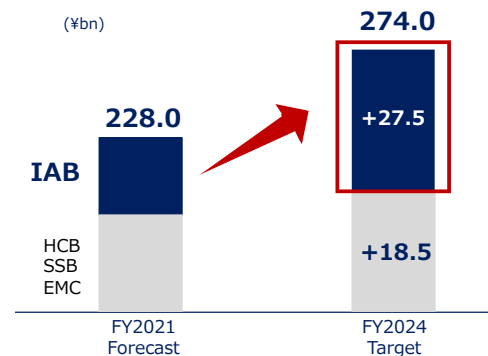
This will dramatically improve productivity as well as advance the digitalization of the manufacturing shop floor.

In this way, we believe OMRON will be the only player to create unique value for a wide number of customers through the development of numerous applications in the 1st Stage based on these manufacturing concepts.

Evolution of 4 Core Businesses: Allocation of Management Resources to IAB

Proactively invest in IAB's high growth potential. Allocate resources to the creation of new applications and human capital to generate new value

4 Core Businesses: SG&A and R&D Expenses



Major IAB Investments

- Product development, such as new applications and robots
- Investment in human capital, such as hiring application engineers and improving capabilities
- Developing the foundations for expanding service businesses

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As we state on this slide, we will raise the SG&A and R&D expenses of the 4 core businesses to rise to 274 billion yen.

Within this, we will prioritize investments in IAB given its high growth potential.

We show the major investments on the right-hand side of the slide.

We will invest in product development such as new applications and robots. We will invest in human capital by hiring application engineers and improving capabilities. We will also develop the foundations for expanding service businesses.

So far I have focused on IAB in talking about the transformation of business and evolution of the 4 core businesses.

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 - Strengthening Sustainability Initiatives
 - Management Targets

I will now talk about the transformation of corporate management and organizational capabilities.

Transformation of Corporate Management and Organizational Capabilities

Establish 3 areas for accelerated transformation. Evolve operational foundations for corporate management/business operations and organizational capabilities

Acceleration of Diversity & Inclusion

- **Accelerate global initiatives to attract diverse human resources and implement strategies that allow each individual to fully live up to their potential** to support the expansion of business areas and creation of new value

Data-driven Enterprise Operations Through DX

- **Expand data-driven value creation and improve operational productivity** through the adoption of digital technologies (Establish DX platform model, implement in selected regions)

Improvement of Supply Chain Resilience

- **Evolve supply chain management for all businesses, based on assumptions of a high level of uncertainty**
 - Develop supply network optimized for regions where demand is growing
 - Elevate the sustainability of the overall supply chain (Step up initiatives for decarbonization and human rights)

We will transform corporate management and organizational capabilities in order to continue to create value while adapting to a changing operating environment.

We show here the 3 areas we will tackle.

We will focus on the acceleration of diversity and inclusion, data-driven enterprise operations through digital transformation and improvement of supply chain resilience.

Today, I will describe in more detail our efforts to accelerate diversity and inclusion.

OMRON's Concept of Diversity & Inclusion

Diversity

Attract diverse people
who will take on the challenge
of the creation of a better
society

&

Inclusion

Unleash the passion and
ability of each individual,
create innovation by
bringing our diverse
personalities together
and share the fruits
of our labor

Image of Required Human Resources

- Individuals passionate about solving social issues
- Individuals who continue to hone their specialties to realize their ambitions
- Individuals who care about the team as a whole and who are self-starters that demonstrate leadership

This is OMRON's concept for diversity and inclusion.

I will discuss the initiatives for accelerating our efforts on the next page.

Initiatives to Accelerate Diversity & Inclusion

Accelerate implementation of HR policies to accelerate D&I. Improve human creativity by 7%

	Evolution of Human Resource Policies	Performance Indicators	FY2024 Target
	Global hiring of specialist human resources to lead value creation	HR portfolio sufficiency rate	<p>Human Creativity* (vs. FY2021) +7%</p> <p><small>*Added value per unit cost of employee</small></p>
	Promote localization of globally important positions	>80%	
	Promote career advancement for women by developing next-generation leaders	Global ratio of women in management roles >18%	
	Implement and expand diverse career, employment status and working styles choices	VOICE SEI >70 points	
	Invest in individuals keen to grow	HR development investments ¥6 bn 3-year total	
	Establish Jobs program with defined roles, responsibilities and specialties	Complete introduction of defined Jobs program	
Cultivate a workplace environment that supports personal growth and motivated individuals	VOICE & bottom-up FB Scores		
Initiatives and programs to share achievements which solve social issues	<ul style="list-style-type: none"> • Evolution of TOGA • Adoption of MT equity linked compensation for global management positions 		

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On this slide, I have highlighted the 3 key takeaways in bold.

The first is to invest in individuals that are keen to grow. OMRON will more than triple its investments to 6 billion yen.

The second is the defined jobs HR system. We have already implemented this for management level positions, but we are expanding this program to encompass employees.

The third is the adoption of equity-linked performance-based compensation. This will be implemented for all managers on a global basis.

Through these human capital initiatives, we aim to improve Human Creativity by 7% versus FY2021. Human Creativity is defined as added value divided by labor costs.

This is a metric that looks at the value created as a result of each individual operating to their full potential. We position this as a key strategic metric.

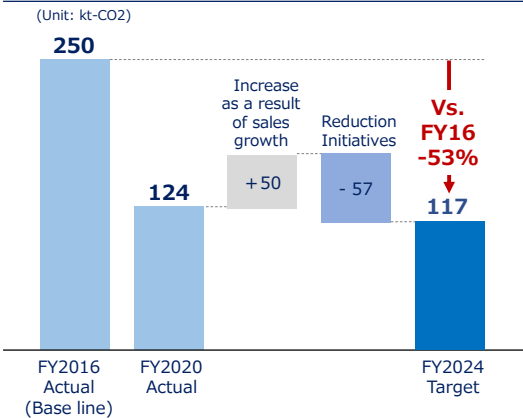
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 - Management Targets

Next, I will discuss the strengthening of sustainability initiatives.

Accelerate Initiatives for Decarbonization, Lowering the Environmental Burden: Scope 1 & 2

Target 53% reduction of GHG emissions by FY2024. Aim to achieve Carbon Zero at domestic locations. Lead efforts to realize carbon neutrality for society as a whole; leverage into product competitiveness

GHG Emissions Track Record and Targets



Objectives and Initiatives

Domestic

Achieve Carbon Zero* at all 76 locations

- Expanding energy savings/generation
- Leverage J Credits accumulated by SSB's energy business

Global

Expand energy savings/generation at all locations

- Upgrade energy-saving facilities at production plants
- Add new on-site solar power generation facilities, etc

* Targeting GHG emissions resulting from in-house use of electric power (Scope 2): 13 production bases, 63 non-production bases (HQ, R&D, Sales)

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The first are our initiatives for achieving a carbon neutral society.

OMRON seeks to fulfil its social responsibility to the Earth and society while also translating initiatives to achieve carbon neutral into competitive advantages.

Please look at the graph on the left.

In the 1st Stage, we aim to reduce in-house Scope 1 and 2 GHG emissions by 53% versus FY2016.

Next, please look at the domestic initiatives shown on the right. Over the next 3 years, we will achieve Carbon Zero for scope 2 power consumption at all 76 domestic locations.

Achieving Carbon Zero at all locations means OMRON's PLCs, BPMs and other products will be products that are manufactured at carbon zero plants.

Beyond functionality and price, OMRON products will also have environmental value.

Going forward, customers will increasingly demand carbon zero products.

OMRON's environmental initiatives will translate into product strengths.

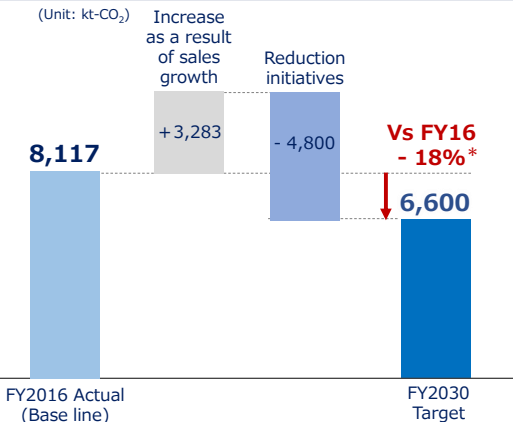
We aim to achieve further growth by being faster to act than our peers and expanding social value into economic value.

The next is our Scope 3 initiatives.

Accelerate Decarbonization/Environmental Initiatives: Scope 3 Category 11

Set FY2030 target for Scope 3 Category 11. Aim for 18% reduction compared to FY2016. To achieve this, implement energy-saving designs and other measures for new products in each business at 1st Stage

GHG Emissions: Track Record and Target



Major Initiatives

IAB	Power-saving design in new products that support the realization of innovative-Automation
HCB	Development and adoption of power consumption reduction technology for new BPM products
SSB	UPS, which account for 2/3 of emissions: ·Promotion of the replacement with low power consumption products ·Development and sales of energy-saving products
EMC	Provision of products that contribute to energy savings in customer products (No standby power consumption, low power consumption, compact and lightweight)

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*Background to Scope 3 Category 11 target of FY30 -18%: Under 2°C scenario, reduction of approx. 1.23%/yr ×14 yrs. (from FY16) =18%

As you see here, we have set new reduction targets for Scope 3.

We aim to achieve an 18% reduction in FY2030 versus FY2016.

In 1st Stage, each business will initiate measures toward achieving this target.

Thorough Respect for Human Rights Throughout the Value Chain

Committed to establishing a global human rights governance framework and implementing human rights due diligence in line with the UN Guiding Principles on Business and Human Rights

Major Ongoing Initiatives

Actively manage both internally and across the supply chain

- Continue to undertake human rights risk analysis at all production bases and remedy abuses
- Continue 100% implementation of sustainability self-checks for all key vendors

+

New Initiatives

Enhance value chain initiatives in line with UNGP

- Implement human rights due diligence in alignment with UNGP
- Develop a mechanism for remedying human rights abuses across the global value chain

Next is the implementation of a thorough respect for human rights throughout the value chain.

In addition to measures already enacted, we will launch 2 new initiatives.

Please look at the right-hand side of the page.

The first is to implement human rights' due diligence in alignment with UNGP. The second is to develop a mechanism for remedying human rights' abuses across the global value chain.

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 - **Management Targets**

The final part of this section is management metrics.

This time we have established management metrics which integrate financial and non-financial targets. Even more than before, we will intertwine our initiatives for business growth and sustainability in seeking to achieve our targets.

First are the financial targets.

SF 1st Stage Management Metrics (FY2024 Financial Targets)

	FY2021 Forecasts	FY2024 Targets	FY2021→FY2024 * CAGR
Net Sales	¥760.0 bn	¥930.0 bn	+7%/year
Operating Income	¥88.0 bn	¥120.0 bn	+11%/year*
Business C/F 3-year total	¥217.9 bn <small>(Excludes impact of AEC transfer)</small>	¥250.0 bn	+¥32.1 bn
ROIC	>9%	>10%	+1% pt.
ROE	>9%	>10%	+1% pt.
EPS	¥284	>¥400	+12%/year*

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Forex assumptions for FY2024 targets: USD/JPY ¥113, EUR/JPY ¥130, RMB/JPY ¥17.8

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We show the 6 management targets for the overall company.

We are targeting a sales CAGR of 7%, chiefly driven by the focus businesses explained today.

Next is operating income.

While executing on proactive investments, we aim to generate double-digit annual growth.

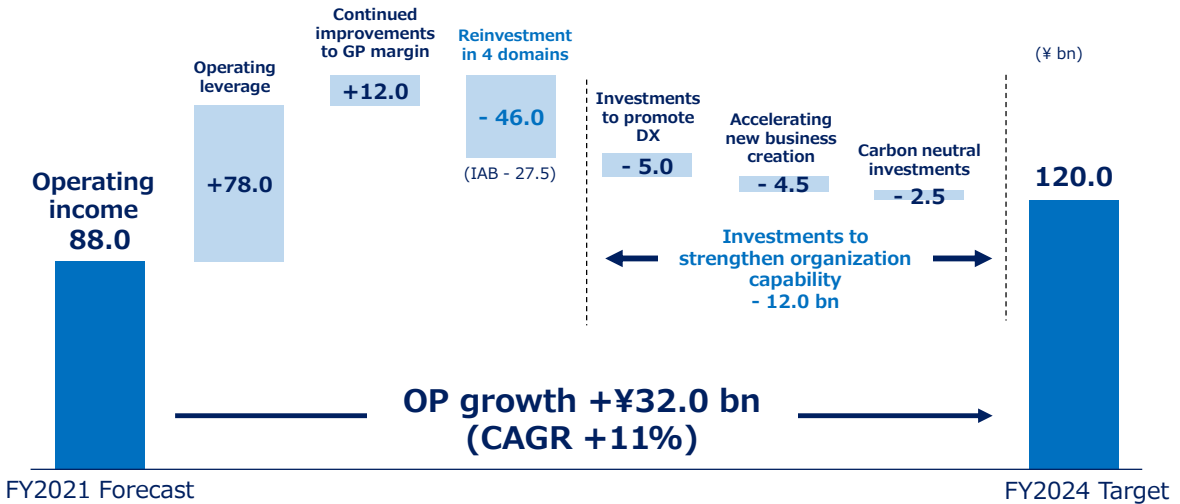
The third is operating cash flow.

We target 250 billion yen in OPCF on a cumulative basis for the 3-year period.

For ROIC and ROE, we have group targets of more than 10%; we also aim to increase EPS by more than 400 yen or a 12% CAGR.

Operating Income Growth (FY2021→FY2024)

Project strong profit growth in 4 core businesses by capturing growth opportunities. In addition to reinvestment to drive new value creation, proactively investing to enhance organizational capability



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This is the waterfall chart for operating income, bridging the FY2021 forecast and the FY2024 target.

On the left, we show the FY2021 forecast of 88 billion yen.

On the right is our FY2024 target of 120 billion yen.

As you can see, we aim to leverage the profits generated by topline growth and gross profit margin improvements. We will proactively reinvest, primarily in the IAB business, and invest in strengthening our organizational capabilities.

Sales and Operating Income FY2024 Targets by Segment

		FY2021 Forecasts	FY2024 Targets	FY2021→FY2024 Annual Growth rate
IAB	Sales	¥430.0 bn	¥530.0 bn	+7%
	OP (%)	¥79.0 bn (18.4%)	¥106.0 bn (20.0%)	+10% (+1.6% pt.)
HCB	Sales	¥134.0 bn	¥180.0 bn	+10%
	OP (%)	¥19.5 bn (14.6%)	¥28.0 bn (15.6%)	+13% (+1.0% pt.)
SSB	Sales	¥90.0 bn	¥100.0 bn	+4%
	OP (%)	¥6.5 bn (7.2%)	¥10.0 bn (10.0%)	+15% (+2.8% pt.)
EMC	Sales	¥103.0 bn	¥110.0 bn	+2%
	OP (%)	¥8.0 bn (7.8%)	¥11.0 bn (10.0%)	+11% (+2.2% pt.)

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Next are the segment targets.

We aim to achieve growth in all of our segments.

Within this, IAB and HCB will drive topline and profit growth.

While we will be proactively investing in IAB, we are targeting 7% sales growth and an OPM of 20%.

For HCB, we are targeting 10% sales growth and an OPM of 15.6%.

For SSB and EMC, we are targeting OPMs of 10% by making progress with structural reforms and capturing growth opportunities.

Next are the non-financial metrics.

SF 1st Stage Management Targets (Non-financial Targets)

1. Grow Sustainability Sales*¹ 45% versus FY2021 (reflects contribution to solving 3 social issues)
2. Raise ratio of women in management roles above 18% on a global basis
3. Hire disabled individuals at 28 overseas bases; maintain 3% level achieved in Japan
4. Reduce Scope 1 & 2 GHG emissions by 53% versus FY2016
5. Achieve Carbon Zero*² at all 76*³ domestic locations
6. Implement human rights due diligence in alignment with UNGP*⁴ and develop mechanism for remedying abuses in the value chain
7. Continue to make solid advances on sustainability initiatives to maintain inclusion in DJSI World
- 8.
- 9.
- 10.

Group targets to be set based on global vote by employees (to be finalized at the end of April)

- + 1. Top management of each region to declare their commitment to contribute to local communities in alignment with OMRON's Sustainability Policy

*1 Focus domain sales related to 'Achieving Carbon Neutrality', 'Realizing a Digital Society', 'Extending Healthy Life Expectancy'

*2 Scope 2 GHG emissions resulting from internal use of electric power

*3 13 production bases, 63 non-production bases (HQ/R&D/Sales)

*4 UN Guiding Principles on Business and Human Rights

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From the 1st Stage, we have set 11 targets, 10 + 1, which reflect the social value the group will create and the competitive capacity we will acquire and maintain into the future.

First we will aim for 45% growth versus FY2021 in Sustainability Sales, defined as the focus business sales that contribute to solving the 3 social issues.

We are targeting a significant impact on society: this will be a group-wide initiative.

The 6 metrics, from number 2 to 7 are targets that show how we are stepping up our initiatives related to transforming corporate management and organizational capabilities as well as environmental and human rights issues.

The 3 targets from number 8 to 10 are targets that will be determined through a vote by our employees around the world. Having our employees participate in the process on a global basis will elevate buy-in and will tie in to the actions of each and every employee, which we believe will elevate our competitiveness.

With the final plus-1 target, we have asked top management of each region to declare their commitment to their local communities in alignment with OMRON's Sustainability Policy.

Investment Plan

In addition to business investments to create value, OMRON will proactively invest to achieve carbon neutrality for itself and society

	Forecast for FY2019 – 2021 (cumulative)	1st Stage Plan FY2022-2024 (cumulative)
Growth Investments (Includes M&A)	¥140.2 bn	¥200.0 bn
R&D Investments	¥134.2 bn	¥165.0 bn
Capex (Includes DX investments)	¥93.6 bn	¥130.0 bn
Investments for Carbon Neutral	¥3.8 bn	¥20.0 bn
Investments to Develop Human Capital	¥2.0 bn	¥6.0 bn

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Next is our investment plan.

We will proactively invest for growth, particularly prioritizing IAB, in order to drive growth in the 1st Stage and lay the foundations for sustainable growth in the 2nd Stage.

We are currently planning for 200 billion yen in growth investments but if there are opportunities for M&A, we would consider a further increase.

We are increasing our investments not only for the businesses through growth investments, R&D, and capex, but also to achieve our non-financial targets.

We will substantially increase our investment for achieving carbon neutral to 20 billion yen and are tripling our investments for the development of human capital to 6 billion yen.

Cash Allocation Policy / Shareholder Returns Policy

Cash Allocation Policy

- To create new value, prioritize investments for growth and sustainability initiatives
- Basic policy to fund investments and shareholder returns from retained earnings and OPCF

Shareholder Returns Policy

- Basic policy to target DOE of around 3%
- Surplus cash retained over long periods of time may be used from time to time to buy back shares

Finally, our cash allocation policy and shareholder returns.

Our cash allocation policy is to prioritize investments for growth and sustainability initiatives to create new value. We will also focus on stable and continuous shareholder returns.

Our basic policy will be to fund investments and shareholder returns from retained earnings and sustainably generated OPCF.

Next is our shareholder return policy. We have shifted to focus only on DOE rather than the combination of dividend payout ratio and DOE. Excess cash retained over long periods of time may be used from time to time for share buybacks.

This covers the Medium-Term Management Plan.

SF 2030

Shaping the Future 2030

**Continue to create innovation
driven by social needs with automation
which empowers people**



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In closing, I would like to take this opportunity to share my thoughts.

Under SF2030, OMRON seeks to continue to create social needs with automation that empowers people. With this vision, we aim to put the OMRON Principles into practice to shape a sustainable society along with our stakeholders. Through this, OMRON aims maximize its corporate value.

The next 10 years represent an inflection point, with many opportunities to create social needs.

We will achieve further growth by providing automation which empowers people to serially create value that is necessary to society.

OMRON is prepared to successfully capture growth opportunities that will arise from social issues.

We will create value that integrates our businesses and sustainability through the evolution of the capabilities nurtured and developed during the VG period.

We will continue to improve corporate value by achieving strong, long-term growth.

We hope you are excited by OMRON's prospects. This completes my presentation. Thank you.

OMRON

Reference

Strategic Objectives

Industrial Automation (IAB)	Healthcare (HCB)	Social Systems, Solutions & Service (SSB)	Electronic & Mechanical Components (EMC)
<p>Customers using innovative-Automation 5,000 companies (2X vs. FY2021)</p>	<p>Global BPM Sales 94 mn units (3-year total) Remote Medical Service Users 600,000 users (Cumulative)</p>	<p>Connected Energy Management Devices 50,000 units (3-year total)</p>	<p>Product sales contributing to raising penetration of renewable energy/high speed communications DC eq. products 60 mn units Microwave device products 170 mn units (3-year total)</p>
Expanding Customer Asset Service Businesses	Creating New Businesses	Diversity & Inclusion	Enhancing Profit Generating Capability
<p>Ratio of Service Business Sales >10%</p>	<p>New Businesses Created 3 or more</p>	<p>Human Creativity +7% (vs. FY2021) Investment in Human Resources ¥6.0 bn (3-year total) VOICE SEI >70 points</p>	<p>GP Margin >47.0%</p>

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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 Investor & Brand Communications
OMRON Corporation

Email: omron-ir@omron.com
Website: www.omron.com/global/en/