

# The Direction of Our Next Long-Term Vision

## Positioning of Fiscal 2020 and 2021

In 2011, OMRON started Value Generation 2020 (VG2020), a plan that outlines a 10-year vision for our company. Marking the plan's final stage and last four years, fiscal 2017 was also the year we launched VG2.0, a medium-term management plan which additionally defines our growth strategy to respond to social change beyond the timeframe of VG2020. VG2.0 forecasts future world trends and social changes, incorporating these projections of the future into our strategies. VG2.0 also reflects considerations of the SINIC theory (OMRON's unique future predictive model) and the international initiative Sustainable Development Goals. In VG2.0, we tackled the creation of social needs through co-creative activities with customers and partners, while focusing on three anticipated business growth domains: Factory automation (FA), healthcare, and social solutions. These are three domains in which we can expect to experience business growth by contributing to the resolution of social challenges while at the same time demonstrating OMRON'S strengths.

In response to the COVID-19 pandemic, we have positioned the two years from fiscal 2020 to fiscal 2021 as a period of business reform with an eye not only on responding to the immediate crisis but also on the post-COVID world. We see this as a time in which to accelerate business reform in order to realize sustainable growth in the coming age of the new normal. Our next long-term vision will begin in fiscal 2022.

## The Coming 10 Years as Perceived by OMRON

The world is facing extensive and unpredictable social change unlike anything which has come before, including natural disasters becoming more powerful and frequent, a headlong plunge into a super-aging society, increasing economic disparity, and an increasing risk of global division caused by US-China conflict. In addition, the COVID-19 pandemic has caused people to question just what society and they truly need, transforming people's values from a focus on material to emotional wealth, and accelerating the creation of a new, sustainable society and economic system.

OMRON sees the next 10 years as a transition period during which time we will move from a socioeconomic system predicated on increasing growth through mass production and mass consumption, to a socioeconomic system aiming to realize a sustainable society. Going forward, in the process of realizing that sustainable society, OMRON perceives that clashes between old and new values and the strain generated by the existing socioeconomic system will result in a wealth of social issues which will need to be solved.

## OMRON'S purpose

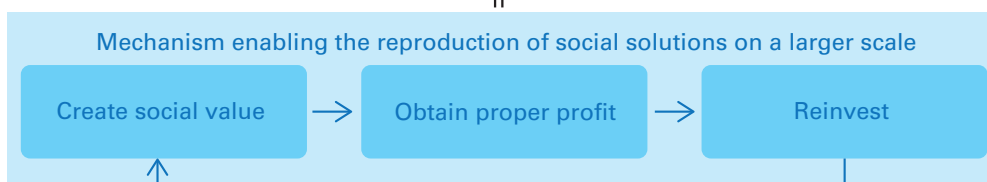
Looking back on our past, whenever the socioeconomic system has undergone great change, OMRON has always built up its business and grown by identifying social issues and creating social needs. During the period of rapid economic growth, OMRON solved the social issues found on production floors and at the sites of transportation infrastructure with new solutions that used machines and systems to automate human work, bringing innovation to peoples lives and creating an abundant society in which people can live in safety, security, and comfort. Further, in the time of the advanced information society, OMRON has supported the development of lifestyles, industry, and society by applying the extensive value it had generated to widely deployable system components and providing them to the global market. In ways such as these, OMRON has identified the burgeoning social issues of the day and, by transforming them into economic value, achieved growth together with society. When looking back on the challenges we have overcome using the OMRON Principles as our driving force, we can perceive our *raison d'être* clearly. The purpose of OMRON's existence is to create social value through our businesses and continue to contribute to society. The next 10 years will be a time when social issues well forth in the realization of a sustainable society, and they will be a time for OMRON to demonstrate its *raison d'être* so that it may remain OMRON. In our next long-term vision, we aim to demonstrate our reason for existing and respond flexibly to change even in a highly unpredictable society, identify social issues, create social value and, at the same time, transform social value into economic value and maximize our corporate value.

OMRON Principles: To improve lives and contribute to a better society

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Raison d'être: Create social value through our businesses and continue to contribute to society

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## Social Issues Being Tackled by OMRON

In our next long-term vision, based on the perspective of the business domains we are engaged in and the technologies which are OMRON's strengths, we have identified the following social issues: Curbing CO<sub>2</sub> emissions, extending health expectancy, and cooperation and harmony between humans and machines.

In addition, in the resolution of those social issues, OMRON has established the following four solutions as business opportunities to pursue and will be creating new value accordingly: Increasing sophistication on the production floor, automating primary and tertiary industries, providing preventative medical support for chronic diseases, and delivering energy solutions toward carbon neutrality.

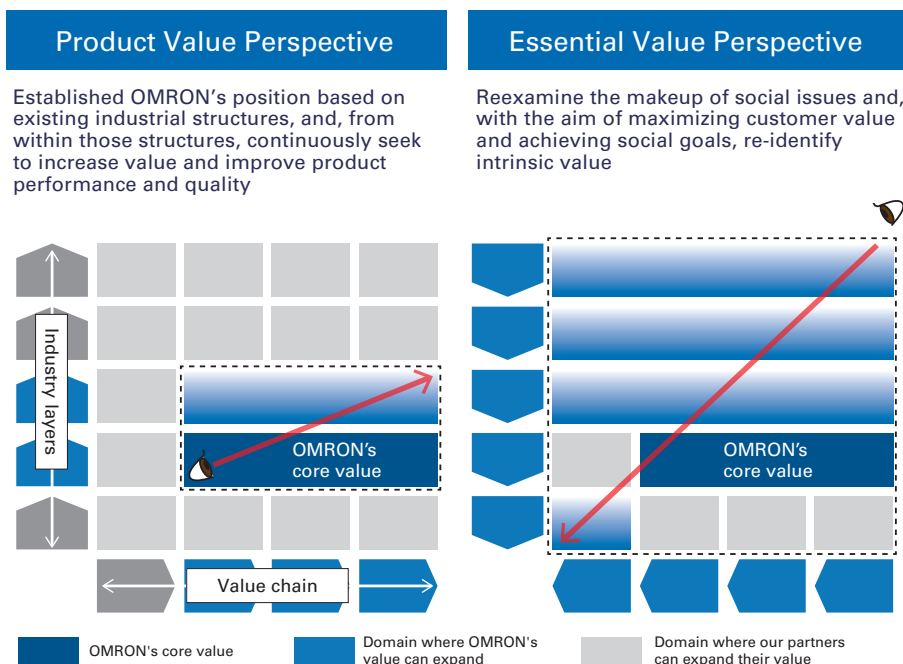


## OMRON's Value Generation

What is needed in the transition period to a new socioeconomic system is a change in perspective. Industrial structures will undergo drastic change, and so too will sources of value change. It is essential that we shift away from a value generation system derived from a product value perspective and look at markets and ascertain the essence of issues from the perspective of re-identifying intrinsic value, what we call a essential value perspective. From this essential value perspective, OMRON will strive to maximize customer value and achieve social goals. To this, OMRON will also be changing the forms in which value is implemented. In addition to conventional value implementation in the form of goods, we will also be combining goods and services for each business and selecting the implementations which offer the highest value.

At the same time, when one has an overarching view of the makeup of social issues from such a essential value perspective, one can see that the requirements for realizing a sustainable society are complex, and that at times the entire social system may need to be redesigned. Resolving these social issues and producing new value will be difficult for OMRON to do alone. Accordingly, we will be accelerating our efforts to tackle the creation of new value with a focus on collaboration with our partners.

### Perspectives Needed for Value Generation



### Implementation Needed for Value Generation

Social implementation for business value for which disparity between goods continues to be important



Social implementation for business value for which product use is high

