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Announcement on New Long-Term Vision and Medium-Term Management Plan

OMRON Corporation (TOKYO: 6645; ADR: OMRNY) announced today the formulation of its new long-term vision for fiscal 2030, "Shaping the Future 2030 ("SF2030")," and the three-year medium-term management plan (FY2022 - FY2024) ("SF 1st Stage") as follows. The investor briefing on the long-term vision and the medium-term management plan is scheduled for Wednesday, March 9, 2022 (Japan Standard Time).

1. About the Long-Term Vision

Since its inception in 1933, OMRON has adhered to its corporate philosophy to solve social issues through business and contribute to the realization of a better society. As our society undergoes a period of rapid transformation, we believe that we should lay down stories for our transformation and new value creation in order to make our presence felt more and solve more social issues, thus contributing to our stakeholders, which include investors and the general public. The long-term vision SF2030 underscores OMRON's sincere desire to shape a sustainable society through our activities while at the same time enhancing our corporate value as we advance business growth and sustainability in an integrated manner.

In view of the need to leverage our automation technology, which is one of our strengths with a significant social impact, and customer and business assets over the next ten years when numerous social issues are expected, we have chosen the following three social issues that we will address and four domains where we will create social value by solving the three social issues.

<Vision Statement>

Automation to empower people, continually creating social needs

<Three social issues (= Growth opportunities) that OMRON addresses>

"Achievement of carbon neutrality", "Realization of a digital society", "Extension of healthy life expectancies."

<Social value that OMRON creates>

- 1) Industrial automation: Contributions to the "advancement of manufacturing that underpins a sustainable society"
- 2) Healthcare solution: Contributions to the "achievement of Zero Events of cardiovascular disease"

- 3) Social solution: Contributions to the "spread and efficient use of renewable energy and the sustainability of infrastructure of a digital society;"
- 4) Device & module solution: Contributions to the "spread of new energy and high-speed communication"

2. About the Medium-Term Management Plan

Below is the overview of the three-year medium-term management plan, SF 1st Stage (FY2022-FY2024).

<Group Policy>

An attempt at value creation by accelerating transformation

<Group strategies>

In the SF 1st Stage, we will strengthen our initiatives for transformation in two domains, as well as and sustainability initiatives.

- 1) Business transformation
 - Evolution of the four core businesses: Industrial Automation Business (IAB), Healthcare Business (HCB), Social Systems, Solutions and Service Business (SSB), and Electronic and Mechanical Components Business (EMC)
 - Expansion of the service business utilizing customer assets
 - Creation of new social issue-based businesses
- 2) Transformation of corporate management and organizational capabilities
 - Acceleration of diversity & inclusion
 - Data-driven corporate management through DX
 - Improvement of supply chain resilience
- 3) Strengthening of sustainability initiatives
 - Reduction of greenhouse gas (GHG) emissions for de-carbonization and lower environmental impact
 - Instillment of respect for human rights globally

Evolution of the Four Core Businesses (Focus Businesses)

IAB: Digital, environmental mobility (NEV), food & daily necessities, medical, and logistics

HCB: Cardiovascular, respiratory, pain management, and remote patient monitoring services

SSB: Energy (housing, industry), management & services

EMC: Products for DC-powered equipment and high-frequency equipment

Management Targets (Financial)

Overall	FY2021 Forecasts ^{*1}	FY2024 Targets ^{*2}
Net Sales	760.0 billion yen	930.0 billion yen
Operating Income	88.0 billion yen	120.0 billion yen
Operating C/F, 3-year total	217.9 billion yen ^{*3}	250.0 billion yen
ROIC	More than 9%	More than 10%
ROE	More than 9%	More than 10%
EPS	284 yen	More than 400 yen

By Business Segment	FY2021 Forecasts ^{*1}	FY2024 Targets ^{*2}
IAB	Net sales: 430.0 billion yen Operating income: 79.0 billion yen (OP margin) (18.4%)	Net sales: 530.0 billion yen Operating income: 106.0 billion yen (OP margin) (20.0%)
HCB	Net sales: 134.0 billion yen Operating income: 19.5 billion yen (OP margin) (14.6%)	Net sales: 180.0 billion yen Operating income: 28.0 billion yen (OP margin) (15.6%)
SSB	Net sales: 90.0 billion yen Operating income: 6.5 billion yen (OP margin) (7.2%)	Net sales: 100.0 billion yen Operating income: 10.0 billion yen (OP margin) (10.0%)
EMC	Net sales: 103.0 billion yen Operating income: 8.0 billion yen (OP margin) (7.8%)	Net sales: 110.0 billion yen Operating income: 11.0 billion yen (OP margin) (10.0%)

^{*1} As announced with Q3/FY2021 earnings results ^{*2} Forex assumptions: 1USD = 113 JPY, 1EUR = 130 JPY, 1RMB = 17.8 JPY

^{*3} Excluding impact of the transfer of the Automotive Electronics Components Business

Initiatives to Achieve De-Carbonization and Lower Environmental Impact

Key Initiatives	FY2024 Targets
Reducing GHG ^{*1} emissions from Company (Scope1・2)	To achieve "Carbon Zero" by 2050, reduce total GHG emissions by 53% from the base year of FY2016 by FY2024. To achieve this goal, we will work to expand energy conservation and energy creation, and achieve Carbon Zero at all 76 sites in Japan ^{*2} .
Reducing GHG emissions from use of products that Company sold (Scope3, Category 11)	In order to achieve the FY2030 target of a 18% reduction (compared to FY2016), we implement energy-saving designs for new products in each business at 1st Stage. At the same time, during the 1st Stage period, a scenario will be formulated to achieve the FY2030 target ^{*3} .

^{*1} GHG=Greenhouse Gas

^{*2} GHG emissions from in-house power consumption at 13 production sites and 63 non-production sites (HQ, R&D, sales) are covered

^{*3} Scope 3 targets for 2050 have not yet been determined. It will be formulated after further verification and examination

Management Targets (Non-Financial)

FY2024 Targets
1) Increase "sustainability-related sales" ^{*1} , an indicator of contributions to the resolution of the three social issues, by 45% vs. FY2021
2) Increase the ratio of women in managerial roles to 18% or higher (globally)
3) Realize employment of persons with disabilities at 28 overseas sites and maintain the ratio of employees with disabilities at 3% in Japan
4) Reduce Scopes 1 and 2 GHG emissions by 53% vs. FY2016
5) Achieve Carbon Zero ^{*2} at all 76 sites ^{*3} in Japan
6) Conduct human rights due diligence in line with the relevant UNGP ^{*4} and build a human rights redress mechanism into the value chain
7) Continue implementing sustainability initiatives steadily to maintain our listing in the Dow Jones Sustainability™ World Index (DJSI World)
8) 9) 10) Group targets to be determined by vote by global employees
+1 A top manager from each region declares their commitment to their host community in accordance with the OMRON Sustainability Policy

*1 Sales from focus businesses that contribute to "Achievement of carbon neutrality", "Realization of a digital society", and "Extension of healthy life expectancies"

*2 GHG emitted from the use of electric power by OMRON (Scope 2)

*3 13 production sites and 63 non-production sites (HQ, R&D, sales)

*4 The UN Guiding Principles on Business and Human Rights

Strategic Targets

FY2024 Targets	
IAB	- Customers adopting the innovative-Automation concept: 5,000 accounts (+100% vs. FY2021)
HCB	- Blood pressure monitor unit sales: 94 million units (globally) - Users of remote patient monitoring services: 600,000 persons
SSB	- Energy management equipment connected: 50,000 units
EMC	- Unit sales of products contributing to the spread of new energy and high-speed communication For DC-powered equipment: 60 million units For high-frequency equipment: 170 million units
Expansion of service business utilizing customer assets	- Ratio of service business sales to total sales: over 10%
Creation of new businesses	- New businesses created: 3 businesses or more
Diversity & Inclusion	- Personal creativity: *1 +7% (vs. FY2021) - Investment in human resource development: 6.0 billion yen (3 year total) - VOICE SEI: *2 70P or higher
Enhancement of earnings power	- Gross profit margin: over 47%

*1 Amount of added value per unit of labor cost (production, SG&A, development)

*2 Sustainable Engagement Index, OMRON's employee engagement survey

3. Cash Allocation and Shareholder Returns Policy During the SF 1st Stage

<Cash allocation policy>

- 1) Aiming to maximize corporate value through the realization of the long-term vision, OMRON prioritizes the necessary investments to create new value from the medium- and long-term perspectives. During the SF2030 1st Stage, priority will be placed on investments for solving social issues, creating social needs, developing human resources, promoting research and development, capital investments to ramp up production capacity and advance the digital transformation (DX), and investments in growth initiatives such as M&A (merger, acquisition, and alliance), as well as investments in sustainability initiatives such as de-carbonization and reduction of our environmental impact and incorporation of respect for human rights in the value chain, while at the same time returning profits to shareholders in a stable and sustainable manner.
- 2) Such investments for value creation and shareholder returns will be, at least in principle, sourced from internal reserves and operating cash flows that are generated continually, as we use appropriate financing facilities when necessary. We will maintain a degree of financial soundness that allows us to seek financing regardless of the current financial situation.

<Policy on shareholder returns>

- 1) With priority being placed on the investments necessary for value creation over the medium- and long-term, annual dividends will be based on "dividends on equity (DOE) of around 3%." With the past dividend records also being taken into account, we will ensure stable and sustainable shareholder returns.
- 2) OMRON will distribute retained earnings accumulated over the long term after making the above investments and profit distribution to shareholders through strategic share buybacks and other measures.