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

Investor Briefing

March 9, 2022
OMRON Corporation

2. Long-Term Vision SF2030

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

### Portfolio Evolution

**FY2011 Actual**: 54%

**FY2021 Forecast**: 75%

### GP Margin

- **FY11**: 36.8%
- **FY21 Forecast**: 45.7%
- **+8.9% pts.**

### Operating Income

- **FY11**: ¥40.1bn
- **FY21**: ¥88.0bn
- **+8.2% (CAGR)**

### ROIC

- **IAB**: 57%
- **HCB**: 18%
- **SSB**: 12%
- **EMC**: 13%
- **Other**: 0%

- **FY11**: 54%
- **FY21 Forecast**: 75%
- **(+4.2% pts.)**

### OPM

- **FY11**: 6.5%
- **FY21 Forecast**: 11.6%
- **(+5.1% pts.)**
2. Achieve Self-sustaining Growth Capability

Still more to do, partly as a result of externalities

Sales Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>619.5</td>
</tr>
<tr>
<td>2012</td>
<td>650.5</td>
</tr>
<tr>
<td>2013</td>
<td>773.0</td>
</tr>
<tr>
<td>2014</td>
<td>847.3</td>
</tr>
<tr>
<td>2015</td>
<td>833.6</td>
</tr>
<tr>
<td>2016</td>
<td>794.2</td>
</tr>
<tr>
<td>2017</td>
<td>860.0</td>
</tr>
<tr>
<td>2018</td>
<td>859.5</td>
</tr>
<tr>
<td>2019</td>
<td>678.0</td>
</tr>
<tr>
<td>2020</td>
<td>655.5</td>
</tr>
<tr>
<td>2021</td>
<td>760.0</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>54.8</td>
</tr>
<tr>
<td>FY20</td>
<td>62.5</td>
</tr>
<tr>
<td>FY21 Forecast</td>
<td>88.0</td>
</tr>
</tbody>
</table>
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.

**Ratio of local staff in key overseas positions**

- **+44% pts.**
- FY11: 31%  →  FY20: 75%

**Reduction of GHG emissions**

- **-50%**
  - (Scope 1 and 2)
- FY16: 250kt  →  FY20: 124kt

**Women in management roles (Domestic group companies)**

- **+4.8% pts.**
- FY14: 1.9%  →  FY20: 6.7%

**Employees with disabilities (Domestic group companies)**

- **+0.6% pts.**
- FY14: 2.4%  →  FY20: 3.0%

**Human rights across the value chain**

**Achievement of key supplier RBA*¹ standards**

- 85 points or more
- FY20: 65 points or more

**Promotion of wellness (Domestic group companies)**

- **+12.2% pts.**
- Achievement of three or more Boost5*² items
- FY17: 33.1%  →  FY20: 45.3%

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*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
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.

**Practicing OMRON Principles**
- Revision of OMRON principles
- Pushing to exercise OMRON principles on site through TOGA*

**Enhancing Corporate Governance**
- Established the OMRON Corporate Governance Policy
- Strengthen to improve effectiveness of Board of Directors

**Enhancing Integrated Risk Management**
- Establishing global integrated risk management

TOGA (The OMRON Global Awards): Sharing and recognizing examples of putting the OMRON Principles into practice in everyday work.
Key External Evaluations During VG Period

- **Dow Jones Sustainability Indices**: Member of DJSI World, Selected for 5 consecutive years.
- **S&P Global Sustainability Award**: Top 1% in the sector.
- **ecovadis**: Gold.
- **GPIF**: Selected in all 4 ESG indices.
4-fold increase

Market cap ¥1.6 tn*

Market Cap ¥400 bn

* As of February 28, 2022
**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

<table>
<thead>
<tr>
<th>Achievements</th>
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<tbody>
<tr>
<td>Transformation of profit structure</td>
</tr>
<tr>
<td>Demonstrated resilience in the face of change</td>
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<tr>
<td>Implemented sustainability management initiatives</td>
</tr>
<tr>
<td>Practiced OMRON Principles and enhanced corporate governance and integrated risk management</td>
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<tr>
<td>Enhanced Corporate Value</td>
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</table>

### Challenges

<table>
<thead>
<tr>
<th>Challenges</th>
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<tbody>
<tr>
<td><strong>Improving Resilience to Change</strong></td>
</tr>
<tr>
<td>• Elevating ability to detect change</td>
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<tr>
<td>• Rebuilding value chain</td>
</tr>
<tr>
<td><strong>Achieving Self-Sustaining Growth</strong></td>
</tr>
<tr>
<td>• Growth through value creation</td>
</tr>
<tr>
<td>• Achieving discontinuous growth through M&amp;A</td>
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<tr>
<td><strong>Evolution of Corporate Management</strong></td>
</tr>
<tr>
<td>• Accelerating/completing development of DX platform</td>
</tr>
<tr>
<td>• Promotion of diversity and inclusion</td>
</tr>
</tbody>
</table>

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)
**Value Creation Achieved to Date**

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

- **Traffic Control System**: 1960
- **Non-contact Switch**: 1964
- **Automated Station Ticket gates**: 1967
- **Ultrafast Fuzzy Controller**: 1987
- **Substrate Inspection Equipment**: 1996
- **BPM Enabled for ECG**: 2018
- **Wearable BPM**: 2019
- **Robotics Integrated Controller**: 2020
OMRON’s Fundamental Purpose

Continue to contribute to society through the creation of social value
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

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**

**Industrial Society (To Date)**
- Value system focused on material wealth
- Social and economic systems based on ever-increasing growth through mass consumption and mass production

**Optimization Society (Present)**
- "Clash" between old and new values
- "Tensions" in social and economic systems

**Autonomous Society (2030 and Beyond)**
- Value system focused on spiritual wealth
- Social and economic systems based on the pursuit of global sustainability

Emerging social issues
- Opportunities to create innovation driven by social needs
SF 2030
Shaping the Future 2030

Continue to create innovation driven by social needs with 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.
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.
Create social value through our business by developing solutions to social issues in 4 domains

- **Industrial Automation**
- **Healthcare Solutions**
- **Social Solutions**
- **Device & Module Solutions**

**Sensing & Control**

**Think**
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
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
Social Solutions

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
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
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

Products + Services
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)
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

Consumers and Patients

- Pharma Company
- Medical Institution
- Insurer
- Business Operator
- Food Manufacturer

Solutions to improve health and prevent progression to severe conditions

OMRON

Health Data Platform

Data from Daily Life

- Activity/vital data

Medical Data

- Treatment billings / checkup data
- Billings for medication
- DPC/EPRs

JMDC

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

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   - SF 1st Stage Strategies & Policies
     - Transformation of Business
     - Transformation of Corporate Management and Organizational Capabilities
     - Strengthening Sustainability Initiatives
     - Management Targets
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.
# 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

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     - Management Targets
Creating Social Value

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

<table>
<thead>
<tr>
<th>Domain [Core Business]</th>
<th>Social Issues</th>
<th>Achieving Carbon Neutrality</th>
<th>Realizing a Digital Society</th>
<th>Extending Healthy Life Expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Automation [IAB]</td>
<td>Achieving Carbon Neutrality</td>
<td>Contributing to the advancement of manufacturing which will support a sustainable society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Healthcare Solutions [HCB]</td>
<td>Social Issues [SSB]</td>
<td>Contributing to the adoption and efficient use of renewable energy and sustainability of infrastructure to support a digital society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Device &amp; Module Solutions [EMC]</td>
<td></td>
<td>Contributing to the adoption of renewable energy and high-speed communications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Contributing to "Zero Events" for cardiovascular diseases
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

<table>
<thead>
<tr>
<th>Focus Domains</th>
<th>Key Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>● Strengthened competitive edge through evolution of innovative-Automation</td>
</tr>
<tr>
<td>NEV</td>
<td>● Enhanced Automation Centers/SEs</td>
</tr>
<tr>
<td>Food/ Household Goods</td>
<td>● Accelerate global deployment of i-BELT which maximizes productivity and energy efficiency</td>
</tr>
<tr>
<td>Medicine</td>
<td>&lt;Co-creation with Partners&gt; ● Accelerate acquisition of AI/5G/Robotic technology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Targets</th>
<th>Sales Growth (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21 Forecast</td>
<td>+7% (Focus Domains +18%)</td>
</tr>
<tr>
<td>FY24 Target</td>
<td>(¥bn)</td>
</tr>
<tr>
<td>430.0</td>
<td>530.0</td>
</tr>
</tbody>
</table>

Social Value KPI

No. of companies that have adopted innovative-Automation

5,000 (2X FY2021)
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

Sales Growth (CAGR)

+10%

(Focus Domains +12%)

Focus Domains

FY21 Forecast: 134.0 ¥bn

FY24 Target: 180.0 ¥bn

Social Value KPI

Global BPM Units Sold

94mn (3-year total)

Remote Medical Service Users

600K (Cumulative)
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

**Targets**

- **Sales Growth (CAGR)**
  - +4% (Focus Domains +7%)
- **Social Value KPI**
  - Connected Energy Management Devices
  - 50K (3-year total)

* Power Purchase Agreement
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
- Early participation in new designs for leading companies and alliances with think-tanks and technology ventures

**Targets**

- Sales Growth (CAGR)
  - +2% (Focus Domains +5%)

<table>
<thead>
<tr>
<th>Focus Domains</th>
<th>FY21 Forecast</th>
<th>FY24 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>22%</td>
<td>103.0</td>
<td>110.0</td>
</tr>
</tbody>
</table>

- Social Value KPI
  - Sales volume for products contributing to adoption of renewable energy and high-speed communication (3-year total)
  - Products for DC equipment 60mn
  - Products for microwave devices 170mn

<Co-creation with Partners>
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)

<table>
<thead>
<tr>
<th>Domain</th>
<th>FY2021 Forecast</th>
<th>Growth Rate</th>
<th>FY2024 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Automation (IAB)</td>
<td>327.0</td>
<td>+¥45.5bn</td>
<td>475.0</td>
</tr>
<tr>
<td>Healthcare (HCB)</td>
<td>433.0</td>
<td>+¥87.5bn</td>
<td>930.0</td>
</tr>
<tr>
<td>Social Systems, Solutions &amp; Service (SSB)</td>
<td>760.0</td>
<td>+¥11.5bn</td>
<td>455.0</td>
</tr>
<tr>
<td>Electronic &amp; Mechanical Components (EMC)</td>
<td>433.0</td>
<td>+¥148.0bn</td>
<td></td>
</tr>
</tbody>
</table>

Growth Domains
- Digital, NEV, Food & Household Goods, Medicine, Logistics
- Cardiovascular, Respiratory Equipment, Pain Management, Remote Medical Service
- Renewable Energy Control (Housing/Industrial), Management & Services
- DC Equipment, Microwave Devices

Forecast FY2021: ¥760.0bn

Target FY2024: ¥930.0bn

Growth Rates:
- IAB: +45% +¥87.5bn
- HCB: +45% +¥45.5bn
- SSB: +25% +¥11.5bn
- EMC: +3.5% +¥3.5bn
Capturing growth opportunities: 5 focus domains where investment levels are high

Growth Opportunities in Focus Domains

**Digital**
- Production capacity expansion and ultra-miniaturization

**Environmental Mobility**
- Highly efficient production of EV parts

**Food & Household Goods**
- Technological innovation to eliminate plastic in packaging

**Medicine**
- Enhanced traceability to prevent distribution of counterfeit drugs

**Logistics**
- Automation of logistics operations

Common Themes Across Industries
- Improve energy efficiency, address labor shortages and create 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

1. Co-create with leaders in each industry
   Numerous innovative applications to solve customer issues
   230-plus applications

2. Mass produce packages for individual manufacturing issues consisting of optimized combinations of innovative applications
   Major industry customers
   5,000 companies

3. Increase application engineers and standardize engineering skill set
   Global engineering capability
   >2,000 engineers (1.3 X FY2021)

Enhance engineering resources
Leverage customer base
Expand partnerships with systems integrators
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
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.

<table>
<thead>
<tr>
<th>4 Core Businesses: SG&amp;A and R&amp;D Expenses</th>
<th>Major IAB Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IAB</strong></td>
<td>• Product development, such as new applications and robots</td>
</tr>
<tr>
<td><strong>HCB</strong></td>
<td>• Investment in human capital, such as hiring application engineers and improving capabilities</td>
</tr>
<tr>
<td><strong>SSB</strong></td>
<td>• Developing the foundations for expanding service businesses</td>
</tr>
<tr>
<td><strong>EMC</strong></td>
<td></td>
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<tr>
<td>FY2021 Forecast</td>
<td></td>
</tr>
<tr>
<td>228.0 (¥bn)</td>
<td></td>
</tr>
<tr>
<td>FY2024 Target</td>
<td></td>
</tr>
<tr>
<td>274.0</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td>+27.5</td>
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<td></td>
<td>+18.5</td>
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   - Management Targets
Establish 3 areas for accelerated transformation. Evolve operational foundations for corporate management/business operations and organizational capabilities

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acceleration of Diversity &amp; Inclusion</strong></td>
<td>• 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</td>
</tr>
<tr>
<td><strong>Data-driven Enterprise Operations Through DX</strong></td>
<td>• Expand data-driven value creation and improve operational <strong>productivity</strong> through the adoption of digital technologies (Establish DX platform model, implement in selected regions)</td>
</tr>
</tbody>
</table>
| **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) |
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

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**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
Initiatives to Accelerate Diversity & Inclusion

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

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   - Management Targets
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

(Units: kt-CO2)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016 Actual (Base line)</th>
<th>FY2020 Actual</th>
<th>FY2024 Target</th>
</tr>
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<tbody>
<tr>
<td>Increase</td>
<td>250</td>
<td>124</td>
<td>117</td>
</tr>
<tr>
<td>as a result of sales growth</td>
<td>+50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction Initiatives</td>
<td></td>
<td>-57</td>
<td></td>
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<tr>
<td>Vs. FY16</td>
<td></td>
<td></td>
<td>-53%</td>
</tr>
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### 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)
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**

<table>
<thead>
<tr>
<th>FY2016 Actual (Base line)</th>
<th>FY2030 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,117 (Unit: kt-CO₂)</td>
<td>- 4,800</td>
</tr>
<tr>
<td>Increase as a result of sales growth</td>
<td>- 4,800</td>
</tr>
<tr>
<td>Reduction initiatives</td>
<td>6,600</td>
</tr>
<tr>
<td><strong>Vs FY16</strong> - 18%*</td>
<td></td>
</tr>
</tbody>
</table>

**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).

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

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

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
### SF 1st Stage Management Metrics (FY2024 Financial Targets)

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2021 Forecasts</th>
<th>FY2024 Targets</th>
<th>FY2021→FY2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥760.0 bn</td>
<td>¥930.0 bn</td>
<td>+7%/year *</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>¥88.0 bn</td>
<td>¥120.0 bn</td>
<td>+11%/year *</td>
</tr>
<tr>
<td><strong>Business C/F</strong></td>
<td>¥217.9 bn (Excludes impact of AEC transfer)</td>
<td>¥250.0 bn</td>
<td>+¥32.1 bn</td>
</tr>
<tr>
<td><strong>ROIC</strong></td>
<td>&gt;9%</td>
<td>&gt;10%</td>
<td>+1% pt.</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>&gt;9%</td>
<td>&gt;10%</td>
<td>+1% pt.</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>¥284</td>
<td>&gt;¥400</td>
<td>+12%/year *</td>
</tr>
</tbody>
</table>

* CAGR

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

- **Operating Income Growth (FY2021→FY2024)**
  - **Operating leverage:** +78.0
  - **Continued improvements to GP margin:** +12.0
  - **Reinvestment in 4 domains:** - 46.0 (IAB - 27.5)
  - **Investments to promote DX:** - 5.0
  - **Accelerating new business creation:** - 4.5
  - **Carbon neutral investments:** - 2.5
  - **Investments to strengthen organization capability:** - 12.0 bn

**OP growth +¥32.0 bn (CAGR +11%)**

**FY2021 Forecast**

**FY2024 Target**

(¥ bn)

120.0
## Sales and Operating Income FY2024 Targets by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2021 Forecasts</th>
<th>FY2024 Targets</th>
<th>FY2021→FY2024 Annual Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAB</td>
<td>Sales OP (%)</td>
<td>Sales OP (%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥430.0 bn</td>
<td>¥530.0 bn</td>
<td>+7% (+1.6% pt.)</td>
</tr>
<tr>
<td></td>
<td>¥79.0 bn</td>
<td>¥106.0 bn</td>
<td>+10%</td>
</tr>
<tr>
<td></td>
<td>(18.4%)</td>
<td>(20.0%)</td>
<td></td>
</tr>
<tr>
<td>HCB</td>
<td>Sales OP (%)</td>
<td>Sales OP (%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥134.0 bn</td>
<td>¥180.0 bn</td>
<td>+10%</td>
</tr>
<tr>
<td></td>
<td>¥19.5 bn</td>
<td>¥28.0 bn</td>
<td>+13%</td>
</tr>
<tr>
<td></td>
<td>(14.6%)</td>
<td>(15.6%)</td>
<td>(+1.0% pt.)</td>
</tr>
<tr>
<td>SSB</td>
<td>Sales OP (%)</td>
<td>Sales OP (%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥90.0 bn</td>
<td>¥100.0 bn</td>
<td>+4% (+2.8% pt.)</td>
</tr>
<tr>
<td></td>
<td>¥6.5 bn</td>
<td>¥10.0 bn</td>
<td>+15%</td>
</tr>
<tr>
<td></td>
<td>(7.2%)</td>
<td>(10.0%)</td>
<td></td>
</tr>
<tr>
<td>EMC</td>
<td>Sales OP (%)</td>
<td>Sales OP (%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥103.0 bn</td>
<td>¥110.0 bn</td>
<td>+2% (+2.2% pt.)</td>
</tr>
<tr>
<td></td>
<td>¥8.0 bn</td>
<td>¥11.0 bn</td>
<td>+11%</td>
</tr>
<tr>
<td></td>
<td>(7.8%)</td>
<td>(10.0%)</td>
<td></td>
</tr>
</tbody>
</table>
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. Group targets to be set based on global vote by employees (to be finalized at the end of April)
9. 
10. 
+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
In addition to business investments to create value, OMRON will proactively invest to achieve carbon neutrality for itself and society.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Forecast for FY2019 – 2021 (cumulative)</th>
<th>1st Stage Plan FY2022-2024 (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth Investments (Includes M&amp;A)</strong></td>
<td>¥140.2 bn</td>
<td>¥200.0 bn</td>
</tr>
<tr>
<td><strong>R&amp;D Investments</strong></td>
<td>¥134.2 bn</td>
<td>¥165.0 bn</td>
</tr>
<tr>
<td><strong>Capex (Includes DX investments)</strong></td>
<td>¥93.6 bn</td>
<td>¥130.0 bn</td>
</tr>
<tr>
<td><strong>Investments for Carbon Neutral</strong></td>
<td>¥3.8 bn</td>
<td>¥20.0 bn</td>
</tr>
<tr>
<td><strong>Investments to Develop Human Capital</strong></td>
<td>¥2.0 bn</td>
<td>¥6.0 bn</td>
</tr>
</tbody>
</table>
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
Continue to create innovation driven by social needs with automation which empowers people
Reference
<table>
<thead>
<tr>
<th>Strategic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial Automation (IAB)</strong></td>
</tr>
<tr>
<td>Customers using innovative-Automation 5,000 companies (2X vs. FY2021)</td>
</tr>
<tr>
<td><strong>Healthcare (HCB)</strong></td>
</tr>
<tr>
<td>Global BPM Sales 94 mn units (3-year total)</td>
</tr>
<tr>
<td>Remote Medical Service Users 600,000 users (Cumulative)</td>
</tr>
<tr>
<td><strong>Social Systems, Solutions &amp; Service (SSB)</strong></td>
</tr>
<tr>
<td>Connected Energy Management Devices 50,000 units (3-year total)</td>
</tr>
<tr>
<td><strong>Electronic &amp; Mechanical Components (EMC)</strong></td>
</tr>
<tr>
<td>Product sales contributing to raising penetration of renewable energy/high speed communications</td>
</tr>
<tr>
<td>DC eq. products 60 mn units</td>
</tr>
<tr>
<td>Microwave device products 170 mn units (3-year total)</td>
</tr>
<tr>
<td><strong>Expanding Customer Asset Service Businesses</strong></td>
</tr>
<tr>
<td>Ratio of Service Business Sales &gt;10%</td>
</tr>
<tr>
<td><strong>Creating New Businesses</strong></td>
</tr>
<tr>
<td>New Businesses Created 3 or more</td>
</tr>
<tr>
<td><strong>Diversity &amp; Inclusion</strong></td>
</tr>
<tr>
<td>Human Creativity +7% (vs. FY2021)</td>
</tr>
<tr>
<td>Investment in Human Resources ¥6.0 bn (3-year total)</td>
</tr>
<tr>
<td>VOICE SEI &gt;70 points</td>
</tr>
<tr>
<td><strong>Enhancing Profit Generating Capability</strong></td>
</tr>
<tr>
<td>GP Margin &gt;47.0%</td>
</tr>
</tbody>
</table>
Notes
1. The consolidated statements of OMRON Corporation (the Company) are prepared in accordance with U.S. GAAP.
2. Projected results are based on information available to the Company at the time of writing, as well as certain assumptions judged by the Company to be reasonable. Various risks and uncertain factors could cause actual results to differ materially from these projections.

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