Value Creation Model

OMRON value creation is anchored to future social needs as we work toward our vision of a better society. Innovation driven by social needs means creating new value through inspired solutions to social issues. At OMRON, we base value creation on the OMRON Principles and the SINIC Theory (future predictive model). We commercialize innovations as products and services for our customers, contributing to a better society as these solutions are put into use. Our value creation model results in business growth and sustainable corporate value improvement. As we grow, we generate larger amounts of management capital for use in creating innovation driven by new social needs.

Business Creation Process at OMRON

1. Identify Social Issues
2. Near-Future Design
3. Core Technology Evolution and Business Model Design
4. Develop Products and Services
5. Launch and Monetize Businesses

Innovation Driven by Social Needs

Demographic Trends
Limited Resources
Technological Innovation

The OMRON Principles

Management Capital (Input)

Human Capital
Employees 28,006
(As of March 2020)

Social and Relationship Capital
No. of Countries Around 120 countries/regions
(As of March 2020)

Financial Capital
Ratings AA-(R&I)/A(S&P)
(As of March 2020)

Intellectual Capital
Patents 10,087
(As of March 2020)
R&D expenses ¥46.0 billion
(FY2019)

Manufactured Capital
Capital expenditures ¥33.1 billion
(FY2019)

Intellectual Capital, Manufactured Capital, Social and Relationship Capital
Growth Investment* ¥100.0 billion to ¥200.0 billion
*FY2017 to FY2023 plan
\*NoM & Alliances

Natural Capital
Energy Consumption 362,475 MWh
Water Consumption (Water Intake) 1,626 km³
(FY2019)
## Business Creation Process at OMRON

### Innovation Driven by Social Needs

1. **Identify Social Issues**
   Identify signs of change in the world and search for social issues (including customer issues) in key areas of focus.

2. **Near-Future Design**
   Develop near-future design for the next three to ten years, anchored to our future vision of social issues, technological innovation, and developments in science.

3. **Core Technology Evolution and Business Model Design**
   Evolve core technologies and design business models necessary for achieving our vision of the near future.

### Commercialization

4. **Develop Products and Services**
   Develop products and services for customers and society.

5. **Launch and Monetize Businesses**
   Incubate and grow businesses to solve social issues, while identifying new and emerging social issues.

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### Domains

<table>
<thead>
<tr>
<th>Domains</th>
<th>Products and Services (Output)</th>
<th>Social Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factory Automation</strong></td>
<td>Industrial Automation Business (IAB)</td>
<td>- Improve productivity at manufacturing plants through the innovative-Automation</td>
</tr>
<tr>
<td></td>
<td>Factory Automation Device</td>
<td>- Increase added value in secondary industries through innovative-Automation</td>
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<tr>
<td></td>
<td>Customers: Manufacturers</td>
<td>- Reduce the incidence of cerebrovascular and cardiovascular diseases by wider use of home blood</td>
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<td></td>
<td>- Digital</td>
<td>pressure monitors in emerging countries (especially India)</td>
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<tr>
<td></td>
<td>- Automotive</td>
<td>- Environmental contribution by OMRON products: 971kt-CO₂</td>
</tr>
<tr>
<td></td>
<td>- Food and more</td>
<td>- Greenhouse gas emissions: 166 kt-CO₂</td>
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<tr>
<td><strong>Healthcare</strong></td>
<td>Healthcare Business (HCB)</td>
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<td></td>
<td>Healthcare &amp; Medical Device</td>
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<tr>
<td><strong>Social Solutions</strong></td>
<td>Social Systems, Solutions and Service Business (SSB)</td>
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<tr>
<td></td>
<td>Station and Traffic Equipment Maintenance / Services</td>
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<tr>
<td><strong>OMRON Device Modules</strong></td>
<td>Relays, Other</td>
<td></td>
</tr>
<tr>
<td><strong>Support Growth</strong></td>
<td>PV Inverters, Other</td>
<td></td>
</tr>
<tr>
<td><strong>Electronic and Mechanical</strong></td>
<td>Customers: Users including healthcare professionals and consumers</td>
<td></td>
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<tr>
<td><strong>Components Business</strong></td>
<td>Railway / Roads, Housing Makers, and more</td>
<td></td>
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<tr>
<td><strong>(EMC)</strong></td>
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</tbody>
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### Open Innovation

- Human Resources Management
- Manufacturing Environment
- Risk Management

### Corporate Governance