

STRATEGY & BUSINESS

Resolving Social Issues through Our Business

Creating social value and driving OMRON's sustainable growth by resolving social issues through our business

Industrial Automation Business (IAB)

Market Environment

Manufacturing processes are becoming increasingly sophisticated worldwide and major changes are afoot, such as the shift from gasoline-powered to hybrid vehicles and EVs. At the same time, soaring labor costs and labor shortages due to a shrinking workforce are becoming more pronounced. Moreover, initiatives to promote decarbonization of production processes and introduce energy management are underway in response to customer needs for more sustainable products and services. In fiscal 2024, as these factors continue to reshape society, recovery in demand for factory automation (FA) is expected to commence, gaining traction from the second half of the year onward. In particular, capital expenditure in the semiconductor industry is recovering thanks to rapid growth in global demand for AI, and we expect continued expansion of investment in the technology sector, especially in Japan, South Korea, and Taiwan. In addition, we anticipate a further rise in demand, coupled with investment in semiconductor production in each country and region. Attuned to this market environment, we aim to grow our business by resolving issues at manufacturing sites.

Our Strengths

We have a threefold value proposition that can resolve issues at our customers' manufacturing sites. Firstly, the most extensive product lineup in the industry. We will begin strengthening our core products, such as various sensors for monitoring equipment status and collecting other information, and controllers and robots enabling high-speed, high-precision control of equipment. Drawing on the wealth of knowledge that OMRON has cultivated at manufacturing sites, we will further enhance our product lineup to contribute to the progress of manufacturing.

Secondly, control applications that are an elegant solution for advanced control. Our control applications, created through the combination of OMRON's product lineup and software technology, are widely used at manufacturing sites where advanced production technology is required, such as in semiconductor manufacturing where unceasing technological innovation is the norm, as typified by three-dimensional device structures including chiplets, and in the manufacture of rechargeable batteries, which are a key enabler of a decarbonized society. In addition, our experienced application engineers deployed worldwide provide field technical services to implement tailored solutions that meet individual customer needs. In cooperation with our customers, we will continue making a concerted effort to resolve new issues at manufacturing sites by leveraging OMRON's automation technology. Thirdly, the provision of services to help resolve issues related to energy management and human resources engaged in manufacturing, which are directly related to customers' business management. Notable examples are i-BELT and the Industrial Automation Academy (IA Academy). As a service that utilizes on-site data while leveraging the customer's knowledge, and through consulting, i-BELT is highly regarded for its ability to facilitate identification of on-site issues and thorough implementation of improvement activities. Many of our customers have incorporated IA Academy into their human resources development programs. The unique curriculum, which covers not only conventional training for FA devices operation but also manufacturing and equipment management methods, is customizable according to customer needs.

Growth Strategy to Achieve SF2030

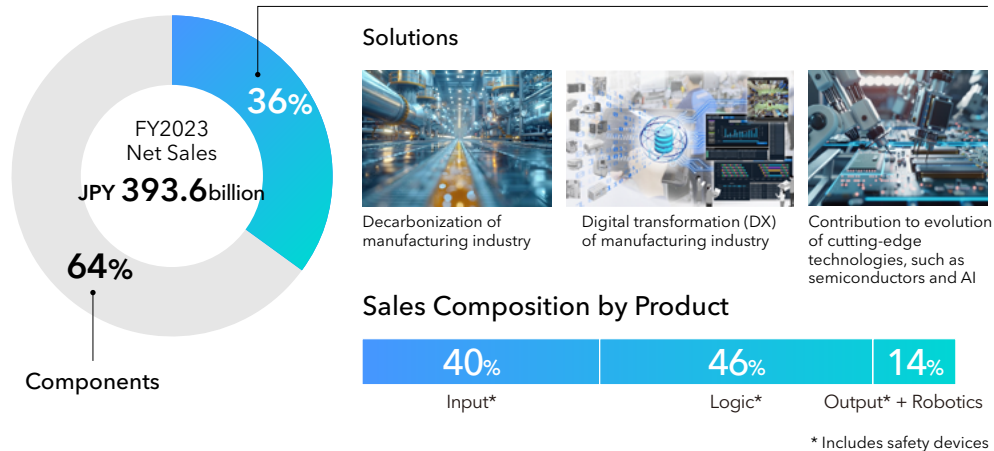
Production sites previously concentrated in China are rapidly being dispersed to Europe, the U.S., Asia, India, and elsewhere in light of soaring labor costs, geopolitical risks, and the trend toward local production for local consumption. Furthermore, with manufacturing technology

evolving at an ever-faster pace, we assume that responses to labor shortages in manufacturing industry and structural transformation of the sector through such inexorable trends as decarbonization and digitalization will remain a defining feature of the industrial landscape for the foreseeable future. In response to the burgeoning needs for FA, IAB aims to increase sales by steadily resolving customers' manufacturing issues one by one. In particular, we aim to achieve regionally balanced sales growth by deploying our automation technology, which we have established in response to changes in manufacturing mainly in China and Asia, to production sites worldwide.

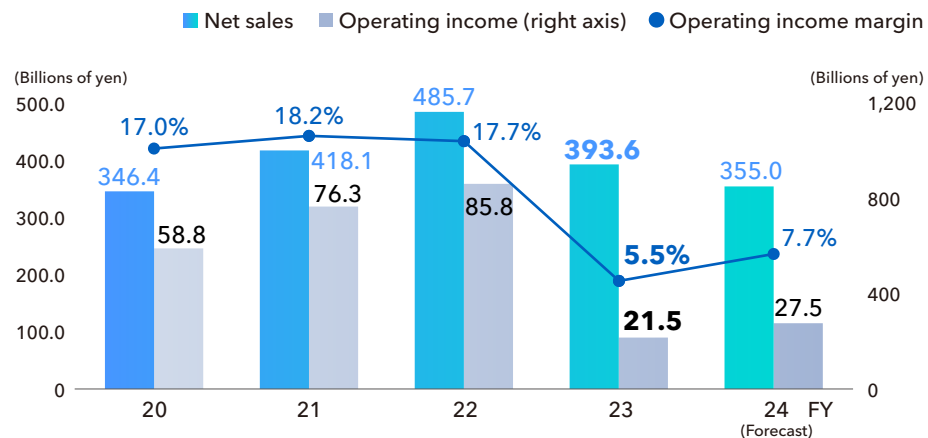
To this end, under NEXT 2025, we will reinforce our capabilities for resolving customers' manufacturing issues. Firstly, we will pursue optimization of our product portfolio, centering on core products. We will focus companywide development resources on creation of a highly competitive product lineup to amplify our growth potential. Secondly, we will continue to enhance our control applications in response to the evolution of manufacturing technology, which is tantamount to structural transformation. Our field engineers deployed around the world will work with customers at their sites, resolving issues with them as control applications continue to evolve. Furthermore, we will refine our services to effectively resolve issues using our products and control applications. For example, OMRON invested in SALTYSTER, Inc.*, whose technology is capable of integrating all types of data at manufacturing sites at unparalleled speed. Through co-creation with SALTYSTER, we intend to expand i-BELT services that utilize on-site data for such purposes as "predictive maintenance," "manufacturing that does not produce defective products," and "energy-saving production." There is an urgent need to address issues arising from increasing consumer demand for high-quality, sustainable products and the ongoing changes in manufacturing. Capitalizing on its industry-leading product lineup and automation technology, OMRON will create a stream of innovations that resolve social issues and contribute to the progress of manufacturing that supports a sustainable society.

*Investment in SALTYSTER was executed in October 2023.

Sales Composition by Business Domains



Net Sales / Operating income / Operating income Margin



Net Sales for Fiscal 2023

Demand for capital investment in manufacturing industry was sluggish globally throughout the year. In particular, we saw a significant negative impact stemming from postponements or reductions in investments related to rechargeable batteries for EVs and semiconductors. Inventory at distributors, which had been an issue, remained at high levels, despite a trend toward drawdowns. As a result, net sales were JPY 393.6 billion, significantly lower year on year.

Operating income for Fiscal 2023

Operating income was JPY 21.5 billion, significantly lower year on year due to lower sales, changes in the sales composition by product, write-down of slow-moving inventories, and other factors affecting gross profit margin negatively.

INPUT	OUTPUT	OUTCOME
<ul style="list-style-type: none"> R&D cost: JPY 25.9 billion (results for FY2023) Capital expenditure: JPY 7.3 billion (results for FY2023) Invested in SALTYSER, Inc., which has high-speed data integration technology applicable to any product data at manufacturing sites (October 2023) Launched CT-type automatic X-ray inspection systems that enable one of the highest-speed inspection in the industry (November 2023) Strengthened product supply capabilities by implementing SCM reform, including design changes, enhanced procurement of components, and parallel production at multiple sites (July 2024) Proactively pursued strategic alliances to respond to diversifying robotics needs (Lowpad BV in November 2023, NEURA Robotics GmbH in April 2024) 	<ul style="list-style-type: none"> Net sales: JPY 393.6 billion (-19.0% YoY) Operating income: JPY 21.5 billion (-75.0% YoY) Number of customers using innovative-Automation: 4,315 companies Sales of the solutions business as a proportion of total sales of IAB: 36% (+1% points YoY) The high-definition, high-speed in-line CT-type automated X-ray inspection technology for semiconductor chiplets received the Minister of Education, Culture, Sports, Science and Technology Award at the 53rd Japan Industrial Technology Awards. (March 2024) 	<ul style="list-style-type: none"> Contributed to the progress of "manufacturing that will support a sustainable society" through the combination of products and services to resolve essential issues facing society <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>SDGs 8.2.1</p> </div> <div style="text-align: center;"> <p>SDGs 9.2.1</p> </div> <div style="text-align: center;"> <p>SDGs 17.16</p> </div> </div>



SF2030 Topics "Realization of a Digital Society"

OMRON's Board Inspection Solutions Supporting Evolution of Digital Technology

Under SF2030, OMRON aims to contribute to "realization of a digital society," where people are free from restrictions and can pursue individual fulfillment. For example, this will be a society where the evolution of automation combined with control devices supports the spread of advanced technology, allowing everyone to be creative in their own way. Generative AI and high-speed communication technologies such as 5G/6G are shaping the digital society of the near future, as are smartphones and IoT devices that are now integral to our lives. Semiconductors are incorporated in these products and technologies, underpinning technological innovation. The strategic importance of semiconductors has gained widespread recognition. Semiconductors, which are at the heart of myriad products, are always subject to quality issues. Semiconductor chips have traditionally achieved higher performance through miniaturization of the wiring width of

device and circuits, but the technical challenge of microfabrication technology has increased with the passage of time, making it increasingly difficult to produce non-defective products. In the case of advanced semiconductors, the costs of R&D and production equipment have soared, pushing manufacturing costs ever higher. Therefore, improvement of pass yields has become a crucial challenge. To address such technological issue, a new technology, the "chiplet" (See [Figure 1](#)), which involves fitting multiple tiny semiconductor chips into a single package, is attracting attention as a means of improving performance in addition to miniaturization. On the other hand, in contrast to conventional planar designs (monolithic), 3D mounting makes chiplets' structures more complex. This means that transmission images obtained by 2D X-ray inspection systems are of limited effectiveness as a basis for determining whether chiplets are non-defective. A means of inspection offering greater precision is required. The VT-X950 high-speed in-line CT-type X-ray automatic inspection system unveiled in November 2023 enables high-speed,

high-precision inspection. (See [Figure 2](#))

Resolving industry's technological issues with inspection systems that revolutionize the semiconductor manufacturing process

By combining OMRON's proprietary control and image processing technologies, VT-X950 achieves high-speed, high-precision inspection of advanced semiconductor packages. Utilizing state-of-the-art 3D CT technology, the system captures images with resolution as small as 0.2 μm (1 μm is 1/1000 of 1 mm), visualizes the quality of minute amounts of solder inside semiconductor packages, and enables automatic judge of good/defective by means of quantitative inspection. Through utilization tailored to customers' specific applications, the VT-X950 will contribute to higher development speed, yield improvement, and stabilization of mass-production quality in all phases of semiconductor manufacturing, from R&D through to mass production. (See [Figure 3](#))

The VT-X950's high-definition, high-speed in-line CT-type

Figure 1 Semiconductor Industry's Evolution and Challenges

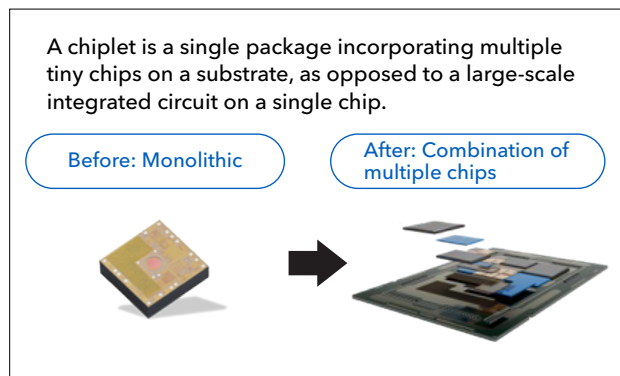


Figure 2 VT-X950 CT-type Automatic X-ray Inspection System and X-ray Images

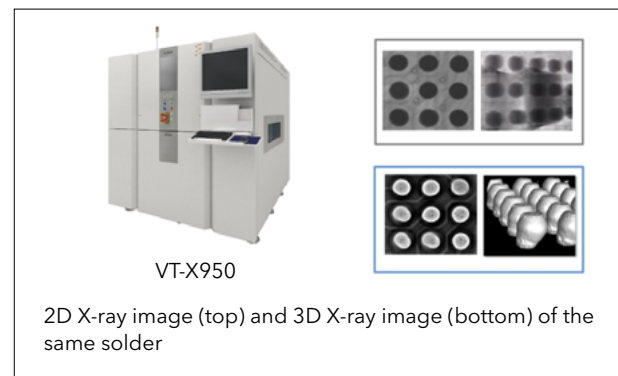
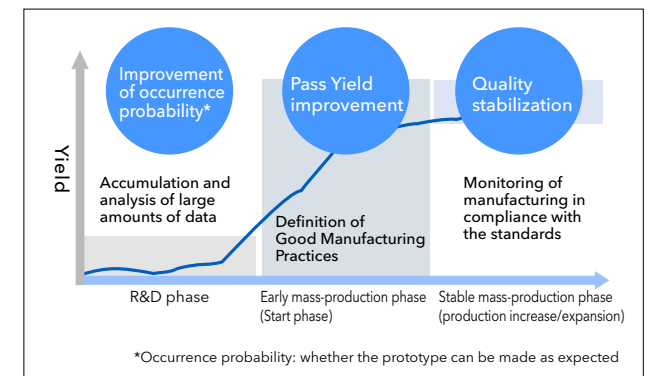


Figure 3 Contribution to Every Phase of Semiconductor Manufacturing



automated X-ray inspection technology for semiconductor chiplets received the Minister of Education, Culture, Sports, Science and Technology Award at the 53rd Japan Industrial Technology Awards. Comments of the panel of judges included the following: "It is a technology necessary for the advancement of the semiconductor industry and an important automated inspection technology for the improvement of semiconductor performance," and "The minimum resolution per pixel for CT type X-ray inspection has been improved from 0.3 μm to 0.2 μm."

Addition of new models for power semiconductor modules and for data centers contributes to the spread of advanced technologies

In addition to the model for advanced semiconductors, OMRON developed the VT-X850, a model for power semiconductor modules, to meet the inspection needs of the automotive industry. With their excellent environmental credentials, EVs will be a primary means of transportation in the emerging digital society. Integration (X in 1) of components that combine multiple functions, such as the "eAxle," which is an integrated unit comprising major power

devices such as gears, motors, and inverters in EVs, has become the technological mainstream. As more items must be inspected because of the increasing complexity of the internal structure, the need for high-resolution 3D inspection is increasing. The VT-X850 uses a high-power X-ray tube suitable for large, thick power semiconductor modules, and improves semiconductor yields through in-line high-speed inspection that is not burdensome for production lines. (See [Figure 4](#))

By applying our proprietary AI technology, inspection settings have been automated and AI image processing technology for generating high-definition images that facilitate determination of good/defective products has been reinforced. Moreover, the creation of inspection programs for image processing, which was previously reliant on the expertise of experienced technicians, has been automated. This function will help address labor shortages in the semiconductor industry, which are becoming more pressing as a result of technological innovation. Devices indispensable for an advanced digital society offer higher performance and greater ease of use, but at the same time, their technical structures have become more

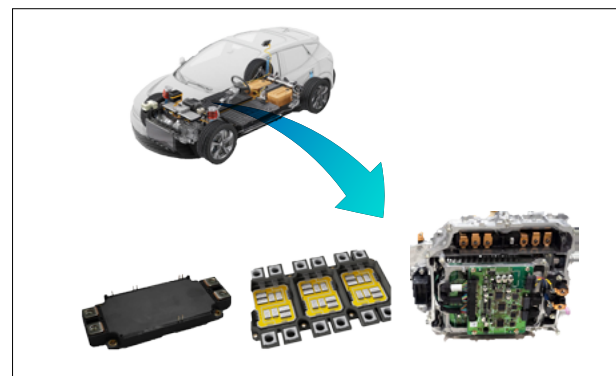
complex, and from a manufacturing perspective, quality assurance through appearance and functional inspections is becoming more difficult. Going forward, as technological innovation propels semiconductor performance to new heights, advanced inspection technology will remain essential for stable production and high quality. OMRON presented these technologies at SEMICON TAIWAN held from September 4 to September 6, 2024. In Taiwan, a hub of advanced semiconductor manufacturing, we presented our innovation-driven value proposition to numerous customers from the semiconductor industry. OMRON's offering is by no means limited to PCBA inspection systems, but encompasses many other products and solutions for improving productivity and quality in the semiconductor industry. By continuing to create solutions that underpin technological innovation, we aim to support the digital society, creating a better society and a brighter future.

Received the Minister of Education, Culture, Sports, Science and Technology Award at the Japan Industrial Technology Awards



(Far right) Kazuhisa Shibuya, Senior General Manager, Inspection Systems Business Division HQ, Industrial Automation Company, OMRON Corporation

[Figure 4](#) Power Modules and Automotive electrical components



OMRON's booth at SEMICON TAIWAN





Healthcare Business (HCB)

Market Environment

There are estimated to be 1.28 billion hypertensive patients and 46 million atrial fibrillation (AFib) patients worldwide. As these numbers are increasing globally in the context of accelerating population aging in developed countries and a growing middle class in developing ones, demand for healthcare products is destined to grow. We believe growth potential is high in developing countries such as India and other nations in Asia, where the penetration rate of blood pressure monitors is low.

In addition, we believe digital technology and AI will become increasingly prevalent, and will be introduced not only for personal health management but also as new medical infrastructure for treatment and diagnostic support. Meanwhile, as consumer purchasing behavior shifts online globally, the market environment is changing faster with the emergence of new ecosystems as well as the new entrants from different industries and startups.

Our Strengths

One of our strengths is the trust of medical professionals, patients, and consumers that we have cultivated through the market penetration of blood pressure monitors. This is also reflected in our new initiative, “to develop an at-home electrocardiogram (ECG) recording culture.” Though it is yet not widely known that AFib is a risk factor for stroke or that an ECG can be obtained at home, we are participating in related academic conferences, raising consumer and media awareness of the disease and of ECG. We conducted joint research with Kyoto Prefectural University of Medicine on

the effectiveness of home ECG recording in early detection of AFib and prevention of its recurrence. Of 94 patients with AFib, we detected recurrence of AFib in 31 patients. Our blood pressure monitors satisfy the safety and accuracy standards required for medical devices and they are available in more than 130 countries and regions. We are advocating deregulation to promote the devices. Provision of product information on ECGs to general consumers was previously prohibited in Japan. However, leveraging relationships with governmental and other organizations that we have cultivated through our activities to obtain regulatory approval, OMRON was involved in drafting the Guidelines for Appropriate Advertising and Labeling of Cardiac Activity Recording Devices and Programs for Cardiac Activity Recording Devices during Events. The introduction of the Guidelines means it is now allowed to provide information on blood pressure monitors with ECG and portable ECGs directly to consumers.

Growth Strategy to Achieve SF2030

Inspired by our vision, “Going for ZERO, Preventive Care for the Health of Society,” we aim to resolve health issues concerning cardiovascular diseases, respiratory diseases, and pain management.

In the device business, we will work to further strengthen sales channels both offline and online, so that customers can purchase products at their preferred timing and place. In the new business, we are focusing on promoting ECGs. In Europe, we visited more than 1,500 cardiologists and developed some 1,600 sales outlets in a year. Moreover, we launched a global campaign to raise awareness of AFib in February 2024 and produced a movie featuring an AFib sufferer who comments on her experience, commentary by a cardiologist, and a piece of music expressing the

irregular heartbeat to highlight the risk of AFib.

In April 2024, OMRON made Luscii Healthtech B.V., a Dutch company that provides remote patient monitoring services, a wholly owned subsidiary. Luscii offers care at home programs for over 150 conditions to healthcare institutions, many of which have proven to be effective. Luscii has a flat “holacracy organizational structure,” which we will refer to when considering future organizational reform. In the digital health domain, we will strengthen our health management service “OMRON connect,” which is currently distributed in more than 130 countries and regions worldwide. In Japan, data linkage of OMRON connect with JMDC Inc.’s lifestyle modification solution service for corporate health insurance associations has started.

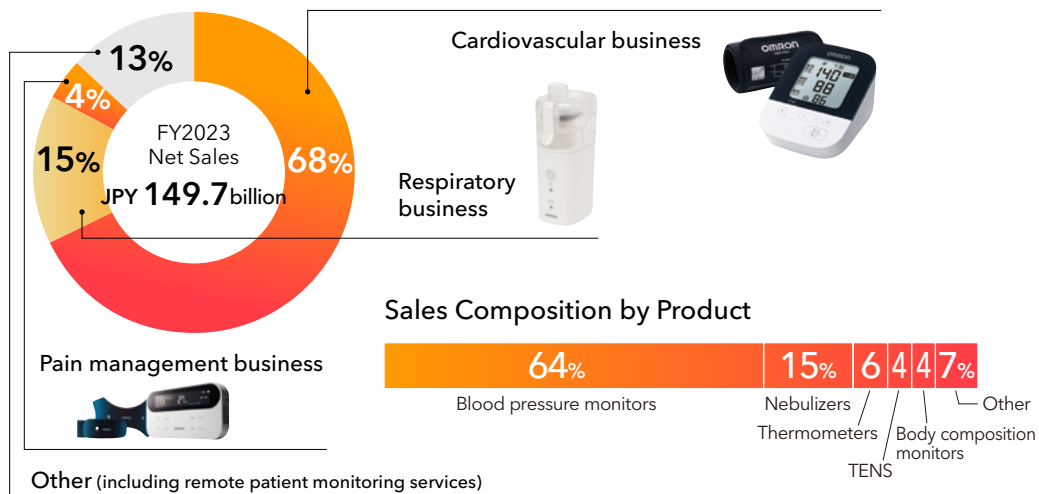
To quickly identify customer needs in the digital health domain and accelerate the pace of business, we consolidated planning and development functions of digital health services into a single organization, which has started operation, based in North America. We will continue evolving our services from a global perspective.

To achieve carbon neutrality, an energy consumption visualization system and air conditioning and lighting control systems were installed in the office space and on the production lines at the Matsusaka Factory in April 2023. Energy control according to the operating conditions of each space is implemented through DX.

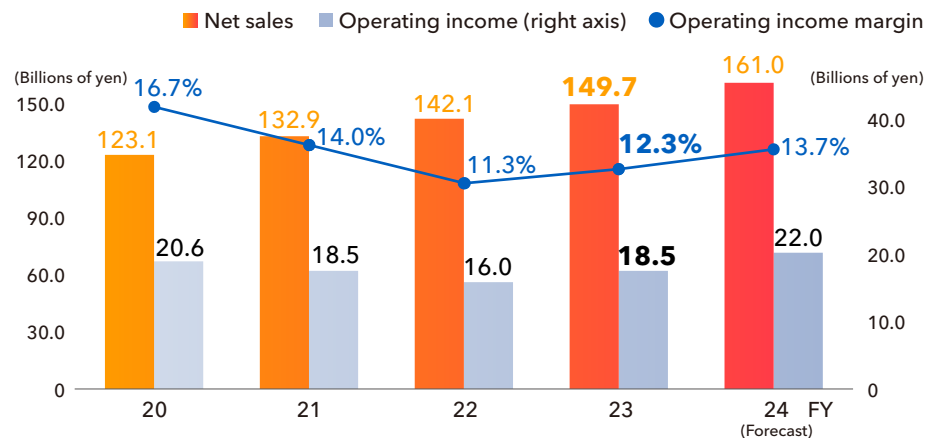
[➔ SF2030 Topics “Achievement of Carbon Neutrality”](#)

In January 2024, we launched Vision Link Meeting, a forum for the management team and employees to freely exchange opinions. We will endeavor to foster a culture geared to creation of customer value to become an organization capable of acting more quickly and flexibly. Through these initiatives, HCB will create new preventive care solutions.

Sales Composition by Business Domains



Net Sales / Operating income / Operating income Margin



Net Sales for Fiscal 2023

Demand for mainstay blood pressure monitors remained strong, particularly in Europe. In addition, demand for nebulizers increased significantly in China due to an increase in pneumonia and other respiratory diseases. As a result, sales increased year on year to JPY 149.7 billion, due in part to the depreciation of the yen.

Operating income for Fiscal 2023

Operating income significantly increased year on year to JPY 18.5 billion due to the increase in sales, as well as cost reductions for logistics and components.

INPUT

- R&D cost: JPY 8.3 billion (results for FY2023)
- Capital expenditure: JPY 3.9 billion (results for FY2023)
- Started data linkage between the OMRON connect smartphone health management app and JMDC Inc.'s Pep Up personal health record (PHR) service. (April 2023)
- Introduced an energy consumption visualization system and air conditioning and lighting control systems in the office space and on the production lines at the Matsusaka Factory. Implementation of energy control according to the operating conditions of each space to achieve carbon neutrality (April 2023)
- Launched a portable ECG in Japan that can record ECG data useful for physicians' diagnosis (April 2023)
- Began domestic procurement of parts for blood pressure monitors manufactured at the Matsusaka Factory. Aim to reduce greenhouse gas emissions and coexist with the local community (July 2023)
- New factory in Dalian, China, began operation (August 2023)
- Launched a global campaign "Listen to Your Heart" to raise awareness of AFib

OUTPUT

- Net sales: JPY 149.7 billion (+5.3% YoY)
- Operating income: JPY 18.5 billion (+15.3% YoY)
- Cumulative global sales of blood pressure monitors: 22.46 million units (FY2023)
- Number of countries where portable ECGs and blood pressure monitors + ECG are marketed: 45 countries

OUTCOME

- To advance health and empower people worldwide to live life to the fullest by creating eco-systems for preventive medicine to decrease the onset of chronic heart disease events



SDGs 3.4.1



SF2030 Topics

“Extension of Healthy Life Expectancy”

Helping People Fulfill Their Desire to Stay Healthy through Preventive Care

For “extension of healthy life expectancy,” as one of the targets of SF2030, OMRON aims to contribute to a society where people can pursue individual fulfillment by staying healthy.

■ **Health management at home as preventive care for serious diseases**

OMRON Healthcare, in charge of the healthcare business, is implementing initiatives to extend healthy life expectancy centering on cardiovascular diseases, respiratory diseases, and pain management under the vision “Going for ZERO, Preventive Care for the Health of Society.” For cardiovascular diseases, OMRON has been partnering with healthcare professionals to promote home blood pressure monitoring for more than 40 years. Today, home blood pressure monitoring has become standard practice for hypertension management, and its market is expanding globally. We will continue to focus on further market penetration of home blood pressure monitoring in cooperation with academic societies in various countries. This year we again extended cooperation for the May Measurement Month; a global blood pressure screening awareness campaign held every May in more than 100



countries around the world on the initiative of the International Society of Hypertension (ISH). To date, OMRON has donated a cumulative total of more than 20,000 blood pressure monitors and more than 4 million people have had their blood pressure measured in this campaign. In addition, we are working to encourage ECG recording at home for early detection of AFib, which is one of the causes of stroke. In February 2024, we launched a new portable ECG device that can easily record ECG when subjective symptoms such as chest pain or palpitations are felt at home or when out and about. By making ECG checks, which are normally performed at healthcare institutions and during medical checkups, more accessible, we will help reduce cerebrovascular and cardiovascular events.

In fiscal 2023, demand for nebulizers for healthcare institutions increased due to a sharp rise in the number of patients with respiratory diseases in China, and the sales marked a record high in the online market. A nebulizer is a medical device used to deliver medications for asthma, etc. to the bronchi and lungs in the form of a fine mist. The number of patients suffering from asthma and other respiratory diseases continues to increase, especially in China and other developing countries where air pollution persists. We are contributing to the treatment of asthma and prevention of aggravation through the global provision of nebulizers, which are useful in the treatment of respiratory diseases.

Regarding pain management to alleviate chronic pain, we are working to create a new market in the sports recovery domain for alleviating muscle fatigue and muscle pain after exercise by applying TENS. Through partnerships with professional soccer and basketball teams, as well as universities and high schools with notable clubs, we aim to expand product recognition in the sports recovery market. From the treatment of chronic pain to conditioning for

athletes, we aim to help more people lead their daily lives without worrying about pain.

■ **Remote patient monitoring service to support medical treatment**

In April 2024, OMRON Healthcare acquired all issued shares of Luscii, provider of a remote patient monitoring service in Europe. We entered a business partnership with Luscii in 2018, linking our devices with Luscii’s treatment support programs. By making Luscii a wholly owned subsidiary, we strengthen and accelerate the remote patient monitoring service business in Europe.

Healthcare support solutions provided by Luscii include care plans based on biometric data measured at home and care at home programs to help maintain treatment. This service has been introduced in about 70 major hospitals, mainly in the Netherlands and the U.K., and is used to improve the efficiency of medical care and prevent aggravation. The greatest strength is that the programs offered by Luscii cover more than 150 diseases including not only cardiovascular and respiratory diseases but also COVID-19, cancer, inflammatory bowel disease, and diabetes. By integrating the strengths of our devices and know-how with Luscii’s healthcare support solutions, we will develop remote patient monitoring services to provide appropriate treatment to more patients.

■ **Creating new value through preventive care and extending healthy life expectancy**

OMRON Healthcare will continue striving to extend the healthy life expectancy of people around the world by providing devices and services that facilitate early detection of disease and early intervention for treatment, to “prevent illness,” “prevent aggravation,” and “prevent recurrence of serious illness.”

Social Systems, Solutions and Service Business (SSB)

Market Environment

In fiscal 2024, in view of global warming and continued investment in upgrading and renewal of existing social infrastructure facilities, the social infrastructure market is expected to be firm, led by greater investment in energy facilities. In the energy market, especially in the residential and industrial domains, demand for solar power generation systems and energy storage systems is expected to continue increasing as the need for consumption of renewable energy for homes persists, reflecting the trend toward carbon neutrality and soaring electricity prices. In the distribution and retail market, we expect demand for store operations and management to continue over the medium term, as labor-saving needs persist in view of rising labor costs and labor shortages. We aim to grow the business by providing solutions that help resolve customer issues, while ensuring that we retain a sure grasp of the market environment.

Our Strengths

SSB is a one-stop provider of product value through products and systems that resolve on-site issues in each social infrastructure market, from development to maintenance. Our products and systems support stable operation of social infrastructure by responding to various site environments and operating conditions and we hold a high share of each market. These are our strengths. Going forward, while strengthening and utilizing products, we will create “service” solutions from an “essential value perspective” that resolve issues facing the market and management. “Products and services” constitute SSB’s strength and we intend to reinforce it.

In energy solutions, we will widely deploy storage battery systems in the market while enhancing their functions to promote the spread of renewable energy. In addition, to address the soaring cost of electricity procurement due to soaring oil prices, which is an issue from a market perspective, we have launched a service that reduces the cost of electricity procurement by controlling storage battery systems and recharging and discharging them with optimal timing during each day. We will address the challenges of adjusting electricity supply and demand while enhancing and utilizing storage battery systems.

Moreover, regarding management and service solutions (M&S), we are implementing continuous improvement in maintenance services for store equipment. In addition, in order to develop these services and respond to the needs for energy-saving management and labor saving, which are issues from a management perspective in the distribution and retail market, we are working with OMRON’s Data Solution Business HQ (DSB) to create a menu of proposals for optimizing store operations based on environmental data, such as store electricity usage, and equipment maintenance trend analysis.

In this way, we will continue to strengthen the products that hold a high share in each market, and by creating services from an essential value perspective that resolve issues facing the market and management, and furthermore by combining such services with products, we will apply our strengths based on such combination in each social infrastructure market.

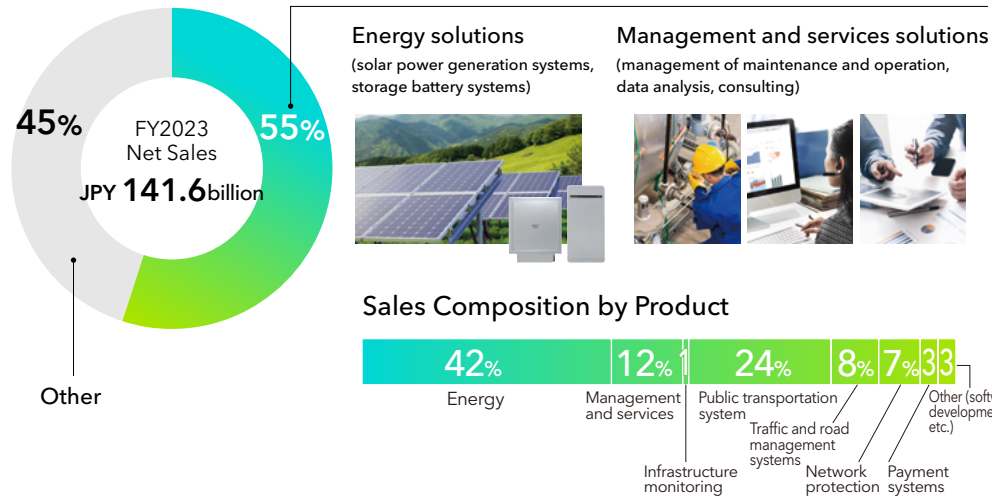
Growth Strategy to Achieve SF2030

Toward 2030, we expect society to pursue decarbonization with a mounting sense of urgency in view of global warming while also emphasizing labor-saving and manpower-saving in line with the labor shortages caused by the declining birthrate and population aging. In these circumstances, SSB aims to create social values that “contribute to the spread and efficient use of renewable energy and the sustainability

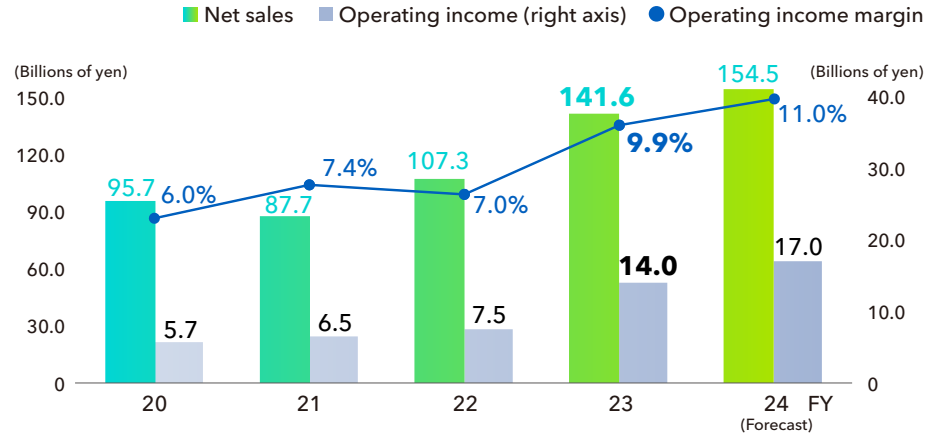
of the infrastructure supporting a digital society.” SSB’s SF2030 vision is “Design Next Social Structure – Creating “Social Good” by Organically Linking People and Society through Social Automation.” This vision reflects our will to continue designing “next-generation social systems” by responding to customer needs from the customer’s perspective, always mindful of the issues confronting the world, and illuminating a path toward the social systems that the future requires.

SSB has three targets under SF2030. Firstly, “provision of control systems that stabilize power generation.” In addition to the deployment of solar power generation systems and storage battery systems, which are our current strengths, we have begun offering power purchase agreement (PPA) services, for which SSB owns power generation facilities, which are assets that also serve as control systems to stabilize power generation, and provide a stable supply of electricity. We have also begun offering energy management systems for smart control of electricity. Secondly, “development of management and service systems that support efficient use of on-site systems.” We provide swift and uniform services by utilizing our nationwide maintenance network and multivendor support regardless of the manufacturers of the equipment installed at the customer’s premises. In addition, in the distribution and retail market, we are conducting demonstration tests of management and services to improve the efficiency of store operations by analyzing and evaluating various data, including maintenance data, equipment operation data, and the store facility environment. We are focusing on these two targets as medium-to long-term growth drivers of SSB. Thirdly, “enhancement of operational efficiency of the social infrastructure business.” In the railway market, we are promoting “predictive maintenance” to optimize maintenance based on on-site equipment operation data. SSB will continue to design next-generation social systems and help achieve a future full of smiles by creating “social good.”

Sales Composition by Business Domains



Net Sales / Operating income / Operating income Margin



Net Sales for Fiscal 2023

The storage battery systems and other businesses within the Energy Solutions Business performed well as a result of an increase in needs for captive consumption of renewable energy and subsidy programs, as well as increased investments in the industrial and commercial domains as part of accelerated efforts toward carbon neutrality. The Public Transportation System Business saw robust demand for capital investment amid strong performance among railway companies in response to a recovery in passengers and fare revisions. As a result, sales increased significantly year on year to JPY 141.6 billion.

Operating income for Fiscal 2023

Operating income increased significantly year on year to JPY 14.0 billion, mainly due to the increase in sales

INPUT

- R&D cost: JPY 4.3 billion (results for FY2023)
- Capital expenditure: JPY 5.6 billion (results for FY2023)
- Started providing a three-phase system for self-consumption of electricity and sale of surplus electricity compatible with the new output control regulation (February 2024)
- Started providing a centralized energy monitoring service (February 2024)
- Started demonstration of a remote recharge/discharge control service using storage batteries for home use (September 2023)
- Launched POWER JUGGLING, a solution to reduce electricity procurement costs (August 2023)
- Signed a partnership agreement with a local government to revitalize the forestry industry (August 2023)
- Started providing a three-phase system for full self-consumption of electricity for commercial solar power generation (April 2023)

OUTPUT

- Net sales: JPY 141.6 billion (+32.0% YoY)
- Operating income: JPY 14.0 billion (+87.2% YoY)
- Connected energy management devices: 80000 units (March 2024)
- Cumulative shipped capacity of solar power systems: 12.0 GW (March 2024)
- Cumulative shipped capacity of storage battery systems: 1.4 GW (March 2024)
- Cumulative total of carbon offset volume certified under J-Credit Scheme: 56 GW/5647 t-CO₂ (March 2024)
- Started introduction and operation of solar power generation systems at OMRON factories in Japan

OUTCOME

- Contributed to realization of better societies in which people worldwide can enjoy safer, more secure and more comfortable lives through expanded provision of renewable energy and people-friendly next-generation systems



SDGs 7.1.2



SDGs 11.2.1



SDGs 13.2.1

Device & Module Solutions Business (DMB)

Market Environment

Demand for electronic components in fiscal 2024 is patchy, depending on industries and areas. In the first half of the fiscal year, demand was somewhat weak due to the continued impact of inventory adjustments in the market and by customers. A resolution of this issue is expected in the second half due to an improvement in demand for factory automation equipment and building facilities, and in addition to a recovery in the semiconductor market, moderate recovery in demand is expected. In addition, while environmental issues are becoming increasingly pressing due to the ongoing global warming, the energy management market is expanding, such as for solar power generation systems, storage batteries, and EVs, all of which contribute to the spread of renewable energy. In particular, the EV charger market is growing, underpinned by policies such as subsidies and tax incentives to promote the spread of EVs in various countries, and demand for electronic components to install in EVs is also increasing. As for the semiconductor market, growth is expected globally in the second half of fiscal 2024 amid the spread of data centers and the expansion of digital transformation (DX) initiatives among companies that utilize the latest technologies such as generative AI. Notably, we expect similar growth in business for semiconductor inspection in line with expansion of demand, especially for advanced semiconductors such as those for generative AI. Thus, demand for electronic components is expected to grow steadily. DMB will strengthen its approach targeting rapidly growing applications in industries, capture orders, and aim for business growth that exceeds the rate of market growth.

Our Strengths

DMB has three strengths. Firstly, a global sales network

capable of providing leading companies in a wide range of industries with optimal solutions corresponding to customer assets and requirements. Having swiftly identified social changes and needs, we have been able to develop and provide products globally and ahead of our competition. Our customer base is a significant element that supports DMB. Our second strength is quality and performance reliability, which we have continued to refine in the course of transactions with leading companies. We provide products with stable quality by thoroughly evaluating quality in all manufacturing processes from development and design to completion, and by visualizing the quality status of our production lines worldwide. In terms of product performance, we are working to provide value that anticipates trends through product development based on a backcasting approach to capture the market and customer needs. This approach has enabled us to earn the trust of our customers and build long-term partnerships. The third is our technologies based on “connecting” and “switching.” In addition to the technology for stable on/off switching, we possess microfabrication technology that we have cultivated since our founding as well as the technology for enabling various functional features packed in a compact-sized product. With a broad array of technologies, we can create unique, highly functional devices and modules that differ from those of specialist manufacturers. To further reinforce and leverage these strengths in the future, we practice high-cycle management, aiming to “strengthen our ability to make proposals and realize them quickly” and “improve our ability to effectively respond to change through data-driven decisions.” Specifically, our aim is to shorten the lead time until new product releases by 50% through concurrent activities and to quadruple the speed of business control including procurement, production, and sales. We will further reinforce these three strengths to ensure that DMB is always the first choice among customers.

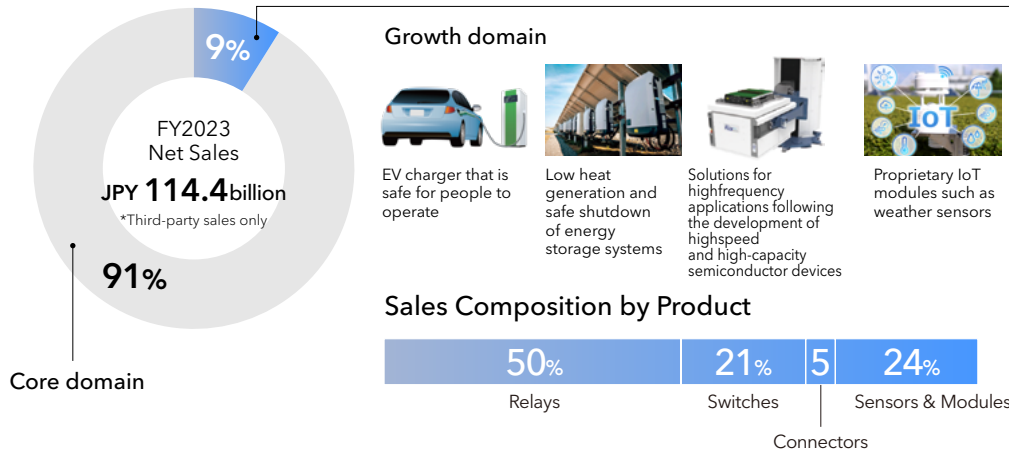
Growth Strategy to Achieve SF2030

Under NEXT 2025, we will strengthen our business portfolio and earnings structure to achieve SF2030. Our first objective is the “creation of new pillars for growth.” By focusing on the

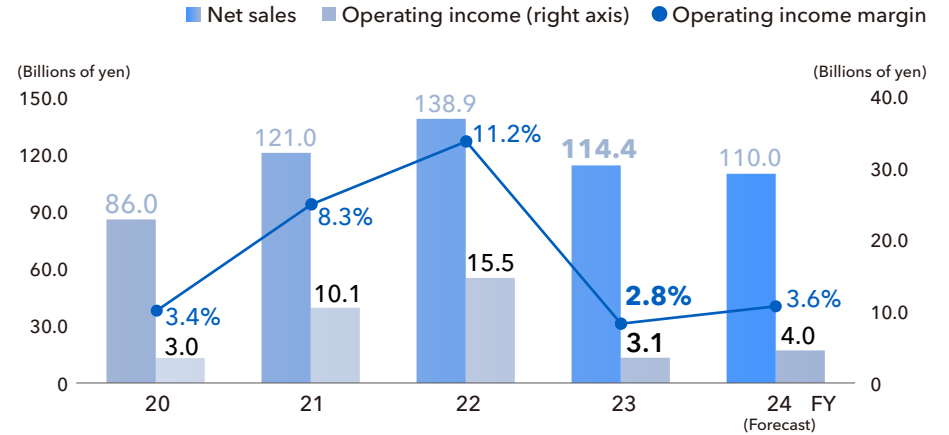
domains that contribute to the achievement of carbon neutrality and the realization of a digital society as new pillars for growth, we aim to achieve sales of JPY 50 billion in these domains, accounting for 30% of DMB’s net sales by fiscal 2027. The spread of new energy devices, such as solar power generation systems and EV chargers, is making advancements to accomplish reduced environmental impacts, and we are promoting high-capacity relays and modules to respond to these needs. In response to the demand for products for device testing due to the spread of advanced semiconductors for generative AI and high-speed communications, we will strengthen the provision of high-frequency relays and modules for testing equipment to increase sales. We are also engaged in the co-creation of modules that incorporate IoT communication technology to realize our customers’ new data businesses, such as weather IoT sensors that contribute to effective responses to extreme weather events.

Our second objective is to “re-strengthen our core businesses.” In addition to the strengths in quality and technical support that we have cultivated, we will enhance flexible delivery management in response to demand fluctuations by transitioning to an AI-based statistical forecasting model and investing in increased production based on demand forecasts. With a view to new value propositions as a step toward re-strengthening our core businesses, we are working to create new value based on “Green,” “Digital,” and “Speed.” For example, as a Green value proposition, we are accelerating initiatives such as the provision of carbon footprint information of our high-capacity relay products in order to contribute to the reduction of CO₂ emissions throughout the supply chain. Finally, our last objective is the reform of the earnings structure. DMB is also working to establish a strong earnings structure that can maintain ROIC of 10% or more by improving production efficiency through consolidation of commercial logistics, consolidation and elimination of product item numbers, and introduction of statistical demand forecasting, in addition to improvement of productivity through automation of production lines and digital transformation (DX) of indirect operations.

Sales Composition by Business Domains



Net Sales / Operating income / Operating income Margin

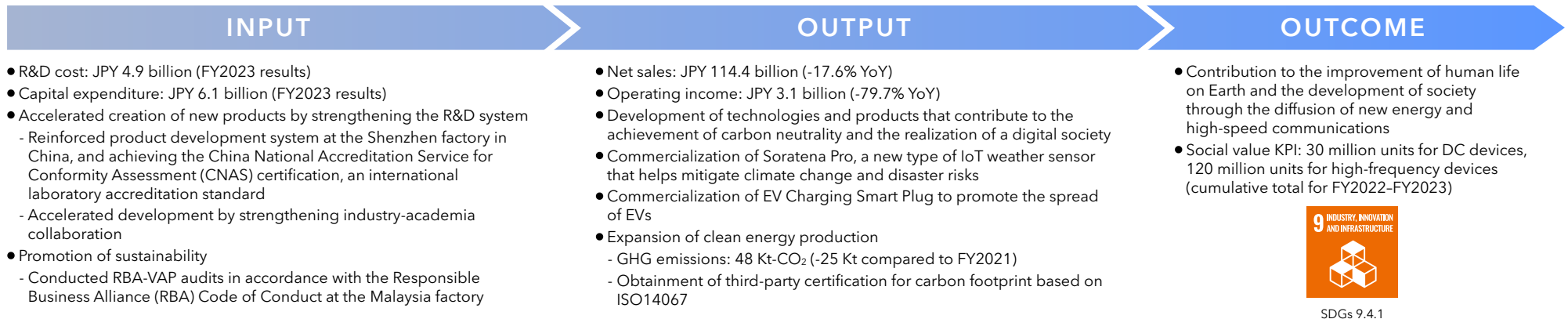


Net Sales for Fiscal 2023

Demand for components for the consumer industry fell sharply, particularly in the Americas and China. This decrease was largely due to controlled investment, stagnant production activities, and inventory adjustments among our customers. Demand for automotive components was sluggish in general, although automobile production volume showed signs of recovery in certain markets in the second half of the year. As a result, sales were JPY 114.4 billion, significantly lower in terms of year-on-year.

Operating income for Fiscal 2023

Operating income declined significantly year-on-year to JPY 3.1 billion as a result of the decrease in sales and other factors.



Data Solution Business (DSB)

Market Environment

The mission of the Data Solution Business HQ (DSB) is to “Go beyond the boundaries of products. Transform OMRON and create true customer value.” We will transform the OMRON Group’s value creation away from manufacturing to data-driven solutions.

Penetration and diversification of digital devices have led to a sharp increase in the number of data-driven companies and data-driven services, regardless of the industry, that utilize data owned by individuals and companies to achieve business results.

DSB is eyeing markets in three domains, namely, industrial automation, healthcare solutions, and social solutions, which are OMRON’s focus domains. These domains have plenty of social issues related to such matters as sustainability of the global environment, the super-aging society, and labor shortages. DSB sees the three social issues identified in SF2030 as business opportunities, and through its unique approach of building an ecosystem based on open innovation and developing and providing data-driven solutions, will contribute to the optimizing of social costs, which are increasing as society matures, and achieve business growth.

Our Strengths

DSB is the cornerstone of collaboration between JMDC Inc. and OMRON’s existing businesses. We will lead the business growth of the entire OMRON Group by integrating the strengths of OMRON, JMDC Inc., and DSB. OMRON’s strengths lie in the hardware installed base established by

the four existing business companies, on-site data that can be obtained from such hardware, and the customer base, which spans a wide range of industries worldwide. On the other hand, JMDC Inc. has the data management capabilities to utilize large amounts of different types data for business purposes, and the solution development capabilities to convert the data into customer value and monetize it. DSB’s strengths are the business development capabilities to create new value by integrating OMRON’s business assets and JMDC Inc.’s capabilities and the DX promotion capabilities to transform the business models of existing businesses.

DSB started with six businesses and will further accelerate collaboration with the four business companies in order to transform OMRON’s value creation from businesses centering on products to data-driven solution businesses (combination of products and services).

Growth Strategy for SF2030

There are three growth drivers for DSB. The first is to “accelerate the growth of JMDC Inc.,” the second is to “create a data solution business in the healthcare domain,” and the third is to “create a data solution business outside the healthcare domain.” The growth strategy for each item is described below.

1) Accelerate the growth of JMDC Inc.
JMDC Inc. has achieved annual growth of almost 30% in sales and profit to date. DSB will help JMDC Inc. accelerate its growth by offering OMRON’s business assets required for JMDC Inc.’s further growth. For example, the Health & Productivity Management Alliance®, which was established in June 2023 and has 424 member companies and organizations*, has adopted JMDC Inc.’s data analysis

method for its “health & productivity management assessment” service, showing the potential for wider use as a service for companies.

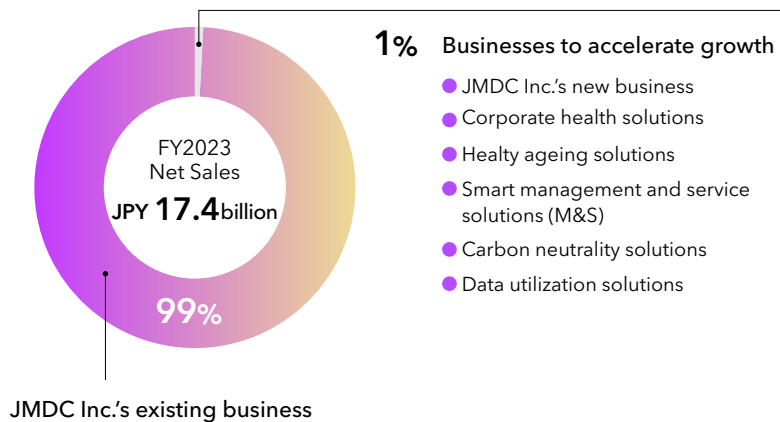
*As of August 29, 2024

2) Create a data solution business in the healthcare domain
We are promoting various themes, including the development of services that combine JMDC Inc.’s medical data with OMRON Healthcare’s vital data, and the launch of a business through collaboration among JMDC Inc., OMRON, iCARE Co., Ltd., which operates the health management cloud service “Carely.” OMRON Healthcare and iCARE formed a capital and business alliance in July 2024.

3) Create a data solution business outside the healthcare domain
We will also accelerate business development in the industrial automation and social solutions domains by leveraging JMDC Inc.’s data management capabilities. In the smart management and service solutions (M&S) business, which has already been launched, we plan to expand DX services in wide-ranging fields, starting with retail and distribution, which are suffering from significant labor shortages, and then infrastructure monitoring, railways, etc. With these three growth drivers, DSB aims to achieve data solution business sales of JPY 100 billion in fiscal 2027.

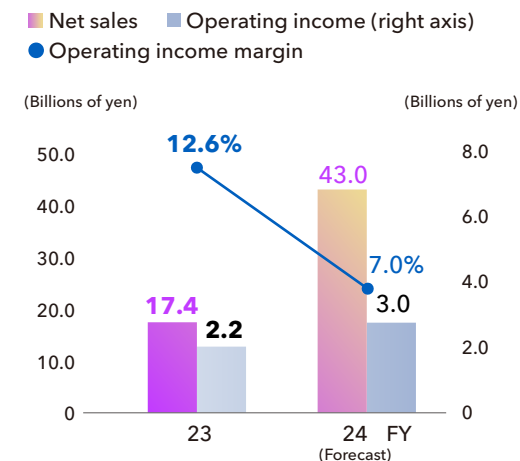
Health & Productivity Management Alliance® is a registered trademark of OMRON Corporation.

Composition of business domains



* The figures for the Data Solution Business include the financial figures of JMDc Inc. from October 16, 2023, onward, the date on which it became a consolidated subsidiary of the Company.

Net Sales / Operating income / Operating income Margin

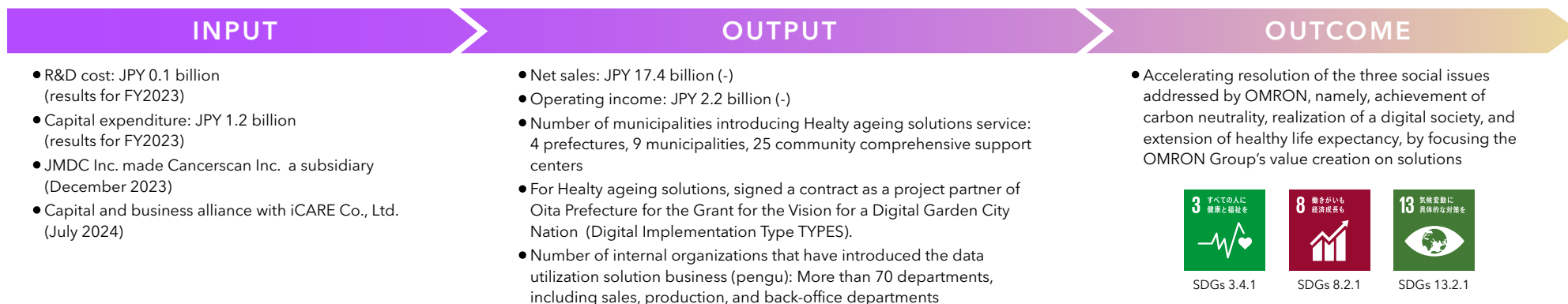


Net Sales for Fiscal 2023

Sales continued to be firm with ongoing growth in the number of health insurance association contracts at JMDc Inc., increasing transaction volume with pharmaceutical companies and insurance companies for whom we provide data, and growing numbers of medical institutions utilizing remote image interpretation services. Sales amounted to JPY 17.4 billion.

Operating income for Fiscal 2023

Operating income was JPY 2.2 billion, remained firm, supported by sales growth.





Discussion: OMRON x JMDC toward Evolution



Senior General Manager,
Data Solution Business HQ and
Senior General Manager,
Innovation Exploring Initiative HQ

Hidetaka Ishihara

President and CEO,
Representative Director,
JMDC Inc.

Ryo Noguchi

Outcomes of Collaboration to Accelerate Solutions Business and Expectations for Both Sides

— OMRON and JMDC concluded a capital/business tie-up agreement in February 2022 and JMDC joined the OMRON Group in October 2023. Please share your respective expectations regarding this partnership.

Ishihara: We are truly thankful that JMDC joined the Group. JMDC is a company that develops solutions using data and has generated great value in the healthcare field. On the

other hand, OMRON's business is focused on manufacturing, but we aim to evolve into a company that offers value through solutions that provide services in addition to products. This means that we intend to first help JMDC realize considerable growth, and then link this to the growth of the OMRON Group. To achieve this, we will take a "give and give" approach to JMDC. We want it to use our Group assets freely to achieve a high level of growth that it would not be able to realize alone. The growth of JMDC is directly connected to the sales and profit growth of the OMRON Group. As we gain a better understanding of skills and capabilities possessed by JMDC, we will evolve and become able to provide customers with business and value that differ from what we could offer before. In the medium- to long-term, we also think it will help OMRON's corporate culture to change for the better. Taking a long-term perspective, I think this collaboration will create a ripple effect that will have a huge impact on the Group.

Noguchi: Thank you for expecting so much of us. We see OMRON as an incredibly reliable partner and shareholder. You respect our autonomy and independence and since starting the capital/business tie-up, we have built a strong relationship of trust. At JMDC, we will first work to achieve firm growth, while also incorporating OMRON's corporate culture so we can fully benefit from the positive effects. The way our mutual perspectives are in alignment is very reassuring and I look forward to furthering our collaboration.

Ishihara: I think a big part of why our perspectives align is that our visions for healthcare are focused on the same area. Over half a century, OMRON HEALTHCARE has built up a blood pressure monitor business that has a share of over

50% of the global market. However, in order to realize our goal of eliminating events of cardiovascular disease (Zero Event), we need to find a way to encourage changes in the behavior of patients. We think the key to this is data. JMDC gathers a wide variety of healthcare data in large volumes and uses it to prevent the worsening of medical conditions. It is the strongest and most appropriate partner for realizing our Zero Events vision and that is why we wanted to work together.

Noguchi: Our mission is "A healthy and prosperous life for all people" and we aim to realize this through data and information and communication technology (ICT). OMRON's assets are a good fit for achieving this mission. We want to get closer to solving these social issues.

— How do you plan to grow existing businesses through the collaboration?

Noguchi: In regard to which of OMRON's assets we can use to grow our business, we would like to engage in the development of new services and devices that combine OMRON HEALTHCARE's devices with our data and solutions. Also, the Health & Productivity Management Alliance we are currently advancing together will be extremely important for JMDC going forward in regard to expanding into the corporate health field. Furthermore, OMRON also engages in an extremely wide range of business areas other than healthcare, so we would like to realize growth by working together on the challenge of applying JMDC's data science and data solution capabilities in these areas. We would also like to use OMRON's diverse global footprint to accelerate the global development of JMDC.



Ishihara: The assets we could use together in the healthcare field were clear from the very start of the collaboration. What is becoming clearer as we advance the collaboration into non-healthcare fields is the interest in healthcare among non-healthcare customers and the size of the challenge in regard to data usage. The former is because every industry is beginning to focus on the health of its people while the latter is because data use is a key technology in regards to advancing digital transformation (DX). I feel that the data usage expertise that JMDC has accumulated in the healthcare field is a strong asset that can potentially be used in a wide range of non-healthcare fields.

Business Growth Realized Through the Health & Productivity Management Alliance

— Collaboration between OMRON and JMDC started with the Health & Productivity Management Alliance. Please share some examples of how this alliance has created business growth.

Noguchi: JMDC's business started with the handling of data from health insurance associations and then providing support for its use within those associations. Health insurance associations still account for a large part of our business and we currently handle the data of about 19 million people a month for over 400 associations. The next stage will be to expand our business into the corporate human resources field. As the number of working-age people falls due to population decline and the aging of society, extending the healthy life expectancy of employees will lead to greater profitability in the future. More companies are advocating health and productivity management and the importance of human capital, so we want to engage the corporate health business field. For JMDC, entering the corporate human resources field is a

challenge but our activities as part of the Health & Productivity Management Alliance with OMRON have increased our opportunities to provide services to companies. For example, we are receiving enquiries from companies we have not interacted with before. This is an important initiative for our business growth, and we have great expectations.

Ishihara: The alliance started because OMRON did not have any healthcare business assets that we could offer companies, but JMDC has solutions that can promote the health of individuals based on data analysis. Therefore, by working together, we can approach member companies with confidence. We truly complement each other.

Evolving 4BC to a Combination of Products and Services through the DSB

— Please tell us about the Data Solution Business HQ (DSB), which was established in December 2023 as an organization under the direct supervision of the President and CEO.

Ishihara: OMRON originally comprised four business companies (BCs) but we have established the DSB as a fifth. As it is a BC, it naturally has a commitment to generate sales and profits. It will work to create its own sales and profits in the same way as the other four BCs, but it also has another unique role. This is to drive the evolution of the four BCs toward a business model that combines "products and services." In other words, the DSB has a "vertical" role that involves the realization of growth through the creation of its own data solution business and a "horizontal" role that involves leading the business model transformation of the other four BCs. These two roles are what makes it unique. OMRON's business models have traditionally focused on manufacturing and selling products, and although we have

always had access to huge volumes of data, we have not moved beyond the provision of product value. We intend to dramatically change this situation.

Noguchi: It has an important role.

Ishihara: Since our establishment, the OMRON Principles have included that "creating a better society through our business." We are facing an "optimization challenge" in which we have to find ways to balance economic growth with global environmental conservation, the super-aging of society, and efforts to overcome labor shortages. There are limits to the solutions that can be achieved through the provision of product value alone. Data will be the key to overcoming this challenge. Specifically, we will use data to explore optimal solutions, as well as to create solutions through repeated "Try & Learn." This will result in value for customers and turn our business into services. The role of the DSB will be to drive these initiatives at a high cycle. During the period of our current long-term vision, SF2030, we will attain social recognition by evolving to business models that combine products and services on a Group-wide basis. This will raise the proportion of total sales accounted for by the Data Solution Business from about 20% to 30%. That is what we are envisioning. Considering the above, it is likely that JMDC's sales and profits will occupy a significant portion of the Group's overall results. We are determined to make the DSB into an organization that can lead the Group forward by further accelerating the growth of JMDC and driving the transformation of the OMRON Group's business models.

Noguchi: It is an ambitious vision. We will work to realize the firm growth of JMDC so we can make a contribution.

— From the DSB's perspective, what kind of growth do you want to see at JMDC?

Ishihara: We want JMDC's first priority to be the growth of



its own business. It is already recording sales at levels of over JPY 40.0 billion and its performance in terms of profit margins is exceptional. If we can grow these to two or three times the current levels, then the impact of JMDC alone will be considerable. Additionally, we are combining the assets of both JMDC and OMRON to create new businesses. For example, we are currently collaborating over a corporate health business, and I am confident that this will contribute to the considerable further growth of JMDC. We want to lead the creation of a large framework, like the Health & Productivity Management Alliance, while working together to strongly cultivate preventive medicine and health promotion markets. We are also collaborating in the social systems and industrial automation sectors to advance the use of data in the DX of social infrastructure and in the realization of carbon neutrality of manufacturing industry. As part of this initiative, data science teams from JMDC are participating in each of OMRON's businesses to support business model evolution. It is still early, but we are already seeing considerable results. After seeing JMDC create value by demonstrating its data usage capabilities in fields other

than healthcare, I feel reassured that it still has plenty of growth potential.

Noguchi: Providing support in non-healthcare fields has also had positive effects on JMDC, including increasing the size of our data science team. As we engage in a wider range of fields, we are able to incorporate people with more acute expertise into the team. The addition of these personnel has also made our existing engagement in the healthcare field more dynamic and enhanced our ability to take on new initiatives. I think this is a very positive result of the collaboration.

Ishihara: I am glad to hear that. At the start of the collaboration, we were worried that the data scientists who joined JMDC to work in healthcare would not be motivated to engage in initiatives in different areas.

Noguchi: It is true that we have many members whose ambitions lie in healthcare, but being able to deepen knowledge and engage in a wider range of initiatives by participating in OMRON projects is by no means a negative.

Ishihara: I am impressed at how the data scientists take on the challenges in front of them with a sense of curiosity and

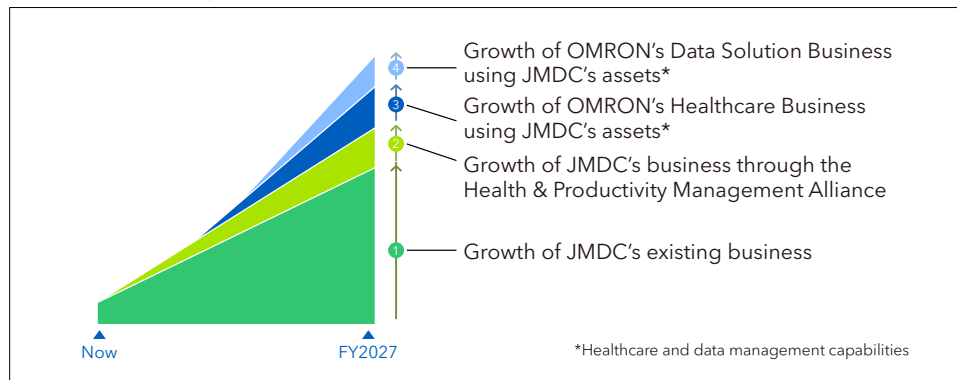
a forward-looking attitude. They also show a hunger to solve problems using data. They actively take part in our discussions regarding any field. I think this sense of togetherness is really special.

Using Data to Raise Productivity with the Aim of Solving Social Issues

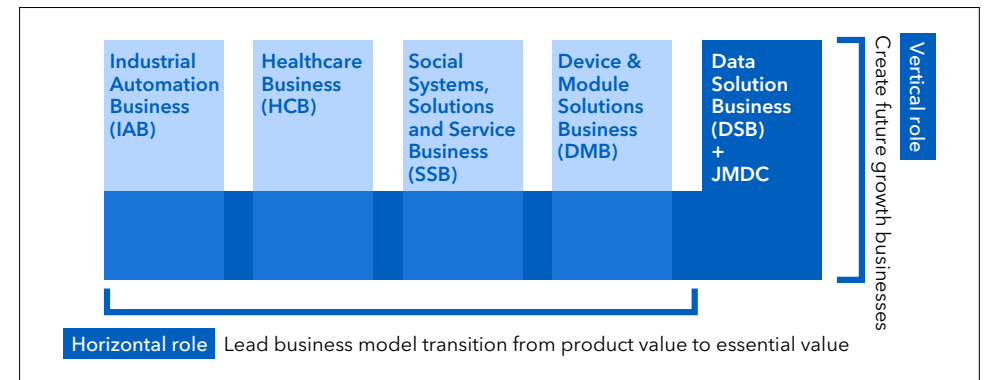
— The DSB has established five business fields where it will aim to create the next growth businesses. One of these is the Smart management and service (M&S) solutions. Please describe the current situation in this field. Also, what is your evaluation of the current state of the collaboration with JMDC?

Ishihara: The smart M&S solutions has its basis in the repair and maintenance business that OMRON FIELD ENGINEERING Co., Ltd. (OFE) has been engaged in for a long time. We are currently tackling how to raise productivity using data, how to create greater value through management services that go beyond just repairs and maintenance, and how to deliver this value to customers. It

Business Growth Projection



Role of the Data Solution Business (DSB)



is one of the projects that is progressing extremely smoothly, and we are already seeing big results. For example, our past records concerning enquiries for customers represent a huge volume of data and they contain knowledge accumulated over many years of experience, such as “For this kind of case, you should do this.” Previously, the handling of this operation was just left to the relevant staff, but now, we have started using this data comprehensively to raise productivity. It looks like this initiative will lead to the saving of at least 1000 man-hours per year at a certain contact center. If we can roll it out at other locations, we will raise productivity across the entire OMRON Group and the results will be incredible. At the same time, we are starting work on the development of services for raising the net sales and profit margins of customers through the implementation of digitalization at their business sites. Four or five data scientists from JMDC are involved in both of these initiatives. There has been a great response and we are already getting enquiries from multiple customers. We want to advance the development of these services and realize social applications as quickly as possible.



Noguchi: It's really amazing. It is also having a positive impact on our data scientists. It is truly a win-win situation. I think we are advancing extremely well-made projects together.

Ishihara: It really is win-win. To supplement the areas in which we do not have capabilities, we have to ask external partners for help. In this case, we can pay JMDC the appropriate price for services without any cash outflow from the Group, and this leads to JMDC investing in new personnel. That leads to making the data science team bigger, enabling it to support OMRON in other projects. I think it is generating a positive spiral.

— Please explain how the solutions businesses created by OMRON and JMDC are differentiated from other companies.

Ishihara: Even before the OMRON and JMDC collaboration, OMRON had a significant advantage due to being a conglomerate carrying out business in a wide range of fields. This is mainly because data usage is not just limited to one field. The value provided by solutions needs to cover multiple fields. For example, the use of data concerning peoples' health and lifestyle habits should not be confined to just the healthcare field. Also, something that happens often is that we will make a proposal in a certain field, such as social systems, and the customer will then request a comprehensive proposal that includes various solutions from across the OMRON Group, including areas such as automation and healthcare. If we only pursued data use in a single field, then we would not see this kind of broadening of scope. The importance of business that provides solutions combining products and services is being recognized by many manufacturing businesses, but there are not so many companies that can use data to provide solutions that have social applications in multiple fields. So that is a major point of differentiation.

Noguchi: At JMDC, we do not have any experience of manufacturing products, such as devices, but our strong point is that we possess various internal assets, including knowledge and expertise, particularly in the healthcare field, and we know how to monetize these. Another of our major strengths is the large volumes and variety of healthcare data we have accumulated. Even if you have various solutions or plan to create them, nothing can begin without the data. This is where a lot of healthcare services trip up. We handle the data of about 19 million people and about seven million of them use our PHR service. I think there are places where these capabilities overlap with OMRON's abilities as a conglomerate to provide products in a wide range of fields. There are virtually no other organizations that can offer both of these businesses, so that is a point of differentiation.

Ishihara: One of the things that I think makes us a good combination is that at OMRON, with our history of providing products, we tend to take a product-oriented approach that starts with how a product will be used, while JMDC, which is not a manufacturing business, takes a customer-oriented approach that starts by looking at how a problem can be solved. The combination of these two differing approaches provides an excellent stimulus.

Driving the Growth of the Data Solution Business

— JMDC's business results are growing smoothly but there has been feedback saying that it should be receiving a higher evaluation of its intrinsic value from the markets. What are your views on this point? Additionally, what action do you plan to take?

Noguchi: Our business itself is growing vigorously and there are strong signs that this growth will continue going forward, so it is important that the markets receive a correct understanding of our value. Due to the COVID-19



pandemic, we have not had many opportunities to speak with investors directly, so this year we are taking steps such as going on a tour to provide explanations to investors, including overseas investors, in person. We feel that we have not conveyed the current state of the Japanese health tech market sufficiently to overseas investors. Therefore, we will strive to enhance information provision so that they can understand the sound growth potential of our business.

Ishihara: After two and a half years of collaboration with JMDC, I am only now fully understanding the essence of JMDC's business. There is a wide range of stakeholders in the healthcare industry, including data owners, service providers and receivers, and parties who bear the expenses, and regulations also differ between countries. The variety and volume of the data handled by JMDC is also literally growing day by day, and the scope of its business model is broad. This is difficult enough for Japanese investors to understand so it must be even more challenging for overseas investors. I think dialogue will be extremely important to ensuring a correct understanding of JMDC's intrinsic value.

Noguchi: JMDC's asset is the healthcare data itself. We can find out in detail what kind of ailments patients of different ages or genders are suffering from and what treatments they are receiving. This data is essential to refining judgements. During the COVID-19 pandemic, various undertakings between pharmaceutical companies took a DX route, so using data and making it more visual became extremely important for refining judgements.

— Additionally, it cannot be said for certain that evaluations of OMRON's corporate value incorporate the effects of synergies with JMDC. What kind of challenges and initiatives do OMRON need to take on?

Ishihara: There are limits to the extent that synergies can be

represented quantitatively in business results, so they are not always appreciated. We need to find ways to generate visible results as quickly as possible. The smart M&S solutions is beginning to produce visible results. Steady progress is being made on the development of new services that coordinate JMDC's medical data with OMRON's healthcare vitals data. The immediate challenge is to reflect this achievement in business results so that it can be converted into a sense that OMRON is growing. Then the next big challenge is to create ripples that will spread across the entire Group. If we do not create a situation in which a noticeably large proportion of OMRON's net sales are accounted for by products combined with services, then the fundamental evolution of our business will not be reflected in market evaluations. Therefore, we will create a Group-wide data solutions business model that brings together the four BCs. I think that will be our greatest challenge.

Outlook: Aiming to Develop Higher Dimension Solutions After Joining the Group

— From JMDC's perspective, what kind of company is OMRON? Also, please describe the growth scenarios you are envisioning as a member of the OMRON Group and your expectations regarding OMRON.

Noguchi: We see OMRON as a partner we can really rely on. As we collaborate on shifting from product value to a combination of products and services, we are creating win-win situations. While the growth of our own business is our first priority, we will work to connect this growth to the growth of the OMRON Group.

Ishihara: From my perspective, JMDC is extremely thorough in handling information and practicing compliance, possibly because its business involves handling sensitive information about people's health. It is very serious, in a good way.

Furthermore, it is agile at using information to develop services and it provides customers with value at an exceptional speed. I think this sense of speed and a culture of just trying things out first are extremely positive. It contains many members who engage in business with sincerity and focus on trying new things, and I think it is on the same wavelength as the organization the DSB is aiming to become. I look forward to taking on challenges and growing together.

Noguchi: OMRON is surprisingly eager to add JMDC's characteristics to its own. It has a culture of taking on new challenges while also working with an understanding that it is important to produce results. We look forward to continuing our collaboration.

> Website exclusive content available here

