

Data Solutions Briefing

October 3rd, 2024

OMRON Corporation

Hello, everyone. I'm Tsujinaga, the President of OMRON. Thank you very much for taking the time out of your busy schedules to join our Data Solutions Briefing today.

It has been about a year since JMDC joined the OMRON Group. Today, Mr. Noguchi and I would like to explain to you the data solutions we are developing in collaboration with JMDC.

1. Group Growth Through Data Solutions

2. Progress in Creating Data Solutions

3. Future Earnings Outlook

Now, let me explain today's agenda.

First, I will discuss how we position data solutions in OMRON's growth strategy. Next, I will provide a detailed update on our efforts over the past year and the progress we have made in creating data solutions, along with the growth potential of the business. Finally, I will outline our mid- to long-term quantitative goals, after which we will move on to the Q&A session.

While time is limited, we hope to answer as many of your questions as possible. Thank you for your attention.

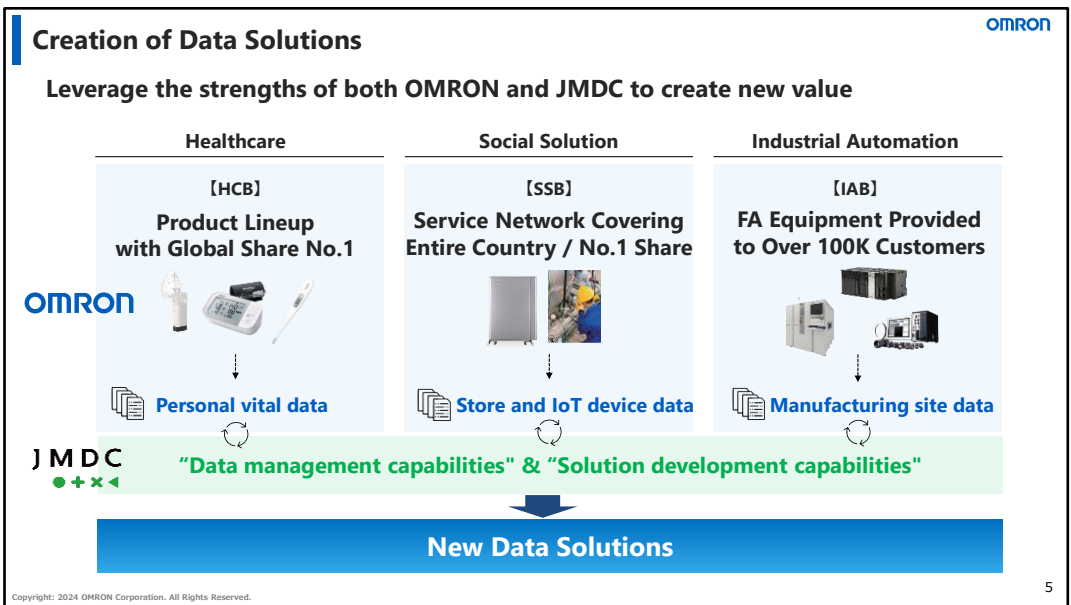
1. Group Growth Through Data Solutions



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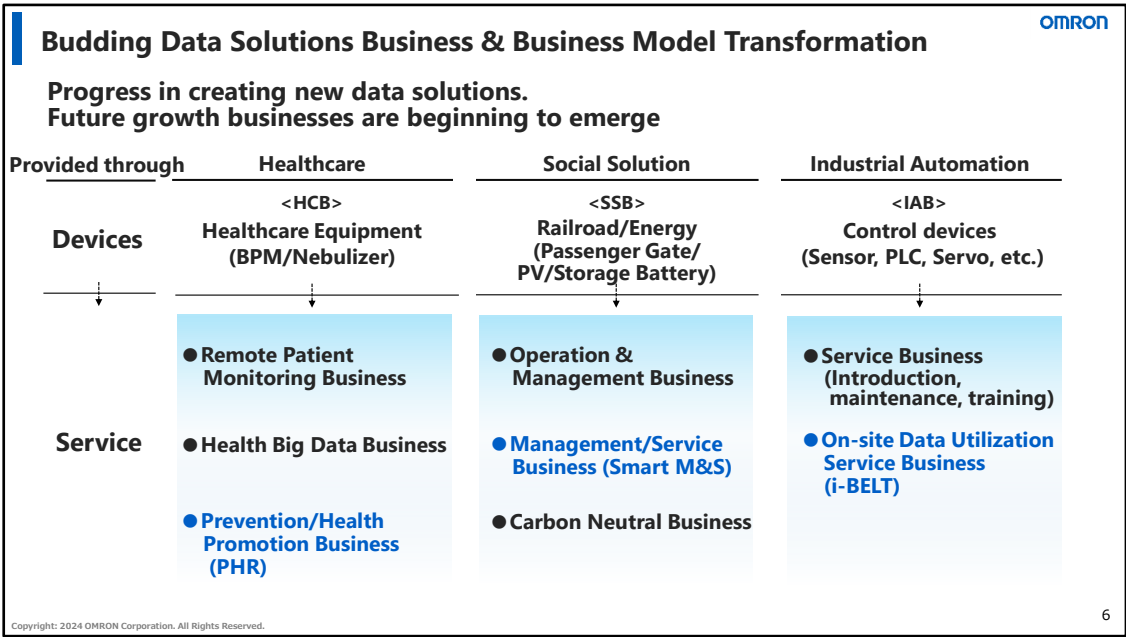
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First of all, in OMRON's long-term vision "SF2030," we have identified three key societal challenges: achieving carbon neutrality, realizing a digital society, and extending healthy life expectancy. By addressing these challenges through our business activities, we aim to maximize corporate value.



In order to fundamentally solve increasingly severe and complex societal challenges, we are not only leveraging our strengths in devices but also creating solutions that incorporate services. The key to this effort is our collaboration with JMDC. Currently, alongside our ongoing structural reforms, we are also strengthening and accelerating our collaboration with JMDC. OMRON has achieved growth by globally expanding its devices and establishing a strong market position. Many customers continue to use our products, and through these deployed devices, we have accumulated a wide variety of on-site data and healthcare data.

However, simply possessing data does not solve our customers' problems. By utilizing JMDC's expertise in data management and solution development, we are advancing data solution development not only in healthcare, but also in the areas of social solutions and industrial automation.



Up until now, OMRON has worked to expand its service businesses, such as telemedicine in the healthcare field and maintenance services in the industrial automation field. Over the past year, we have advanced the validation of new services in each area, and we are seeing promising results.

In healthcare, in addition to JMDC's health big data business, we are making progress in developing new businesses focused on prevention and health promotion using individual healthcare data.

In social solutions, the management services business that we introduced last year is steadily taking shape, and we are also making headway in the development of carbon-neutrality-related businesses.

In industrial automation, we have established the direction for the evolution of the i-BELT business, which utilizes data, and our initiatives to strengthen the competitiveness of IAB are making steady progress.

Today, we would like to share with you the concrete progress we have made in these areas.

Now, let's start with healthcare. Mr. Noguchi will provide more details.

Mr. Noguchi, please go ahead.

2. Progress in Creating Data Solutions

Thank you, Mr. Tsujinaga. Once again, I'm Noguchi from JMDC. I would like to take this opportunity to introduce JMDC's business and discuss our future growth with all of you.



Healthcare Solution

J M D C
● + × ◀

"Providing a Healthy and Rich Life for All Individuals"

Leveraging data and ICT solutions
to create a sustainable healthcare system

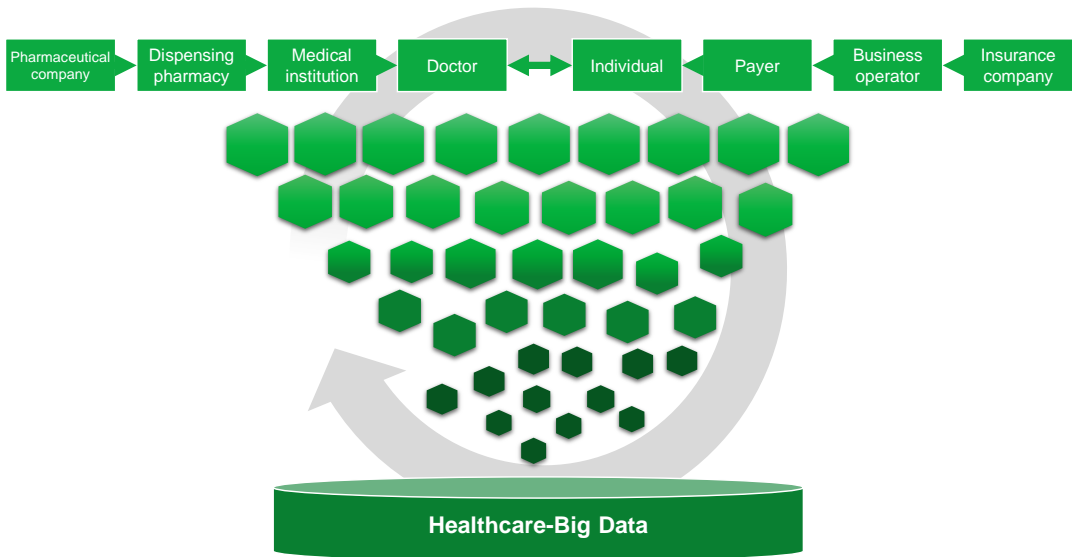
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JMDC is a company that handles big data in the healthcare field. As shown here, we have been driving our business with the mission of "Providing a healthy and rich life for all individuals."

Ambition for Healthcare-Big Data

JMDC will support the evolution of medical care by gathering various data on healthcare in Japan and creating an environment where all healthcare players can utilize the data.



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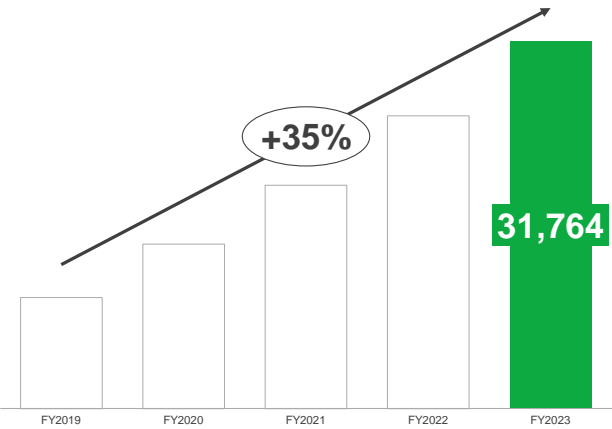
The data we handle is extremely diverse. We provide data-driven services to various healthcare players, and with the aim of creating a comprehensive healthcare data platform by aggregating data from these entities, we have been pushing forward with our business.

JMDC's Growth Path: Strong Growth Potential

We have achieved strong growth in the five years since our listing.

Consolidated Revenue Trends (Yearly)

(Unit: Million JPY)



Note: IFRS-based
The above revenue does not include the contribution the performance of subsidiaries transferred in FY2023.

In the five years after listing...

Revenue
expansion

over
3x

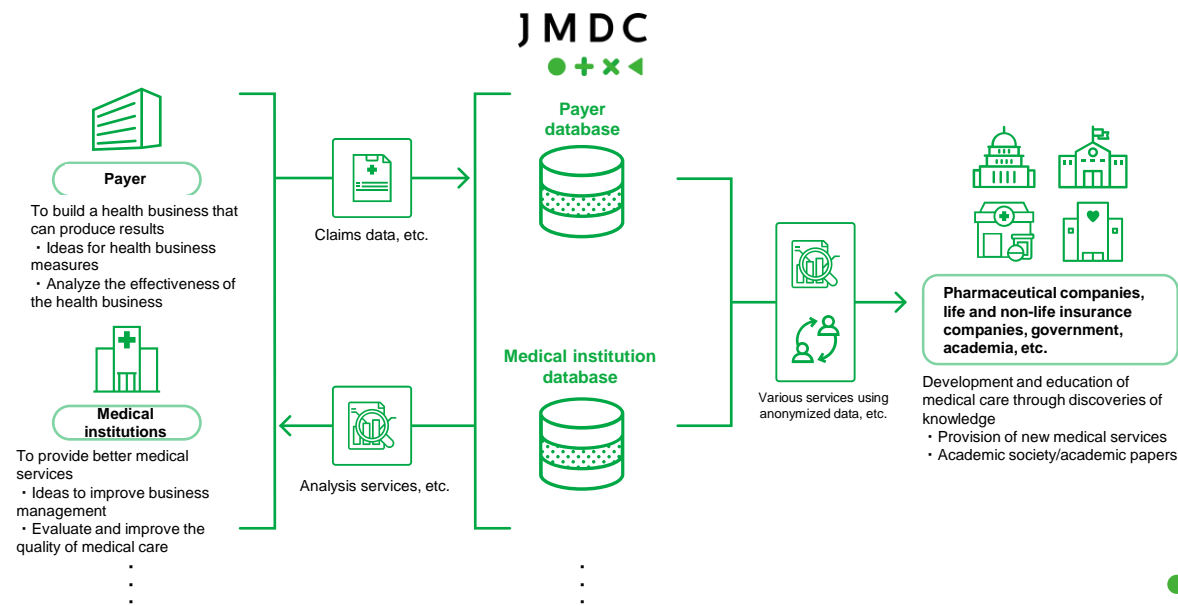
annual
average
growth rate

35%

JMDC went public in 2019, and over the past five years, we have achieved robust growth. During this period, our sales have more than tripled, with an average annual growth rate of 35%.

JMDC's Healthcare-Big Data Business Model

We accumulate data through the provision of services that utilize data to payers, medical institutions, etc., and then, after anonymizing the data, we provide various data utilization services to the industry, including pharmaceutical companies and life and non-life insurance companies, etc.



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Our business model can be somewhat difficult to understand, so I'd like to take a moment to explain it briefly.

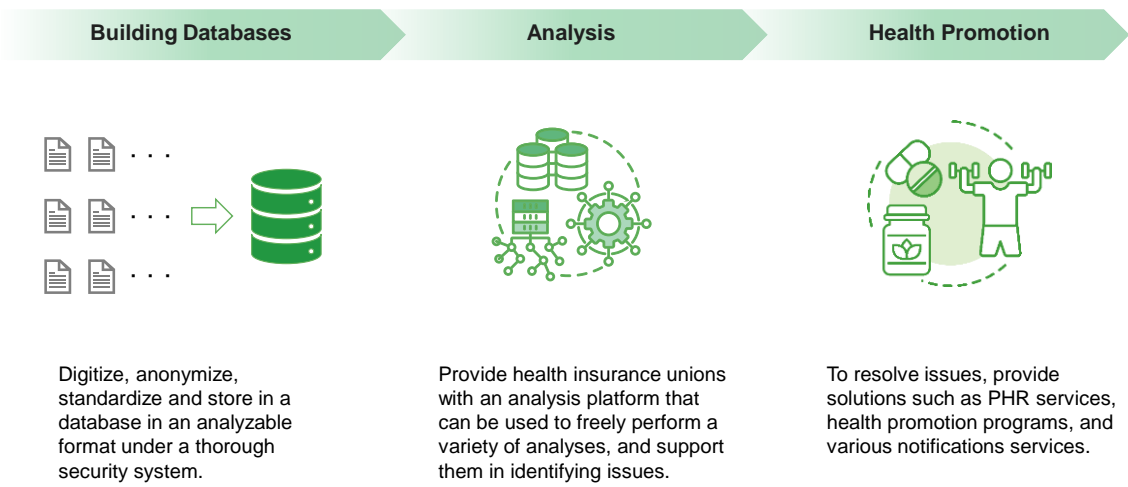
JMDC started its business just over 20 years ago by providing services to health insurance associations, as shown at the top-left corner of the diagram. We began by collecting data from these health insurance associations and offering services based on that data. In doing so, we anonymized the data, allowing it to be utilized by other healthcare players through a structured platform.

As you can see on the right side of the diagram, the anonymized data has since been made available to a wide range of entities, including pharmaceutical companies, life and non-life insurance companies, academia, and government agencies.

Although our data business began with health insurance associations, we have since expanded to meet various needs, collecting data from a diverse range of healthcare players, such as medical institutions and pharmacies.

[Reference] Example of Support for Payers: Promoting Health Business Using Data

We comprehensively support the building of databases for claims and health checkup data, as well as subsequent analysis and the promotion of health improvement.



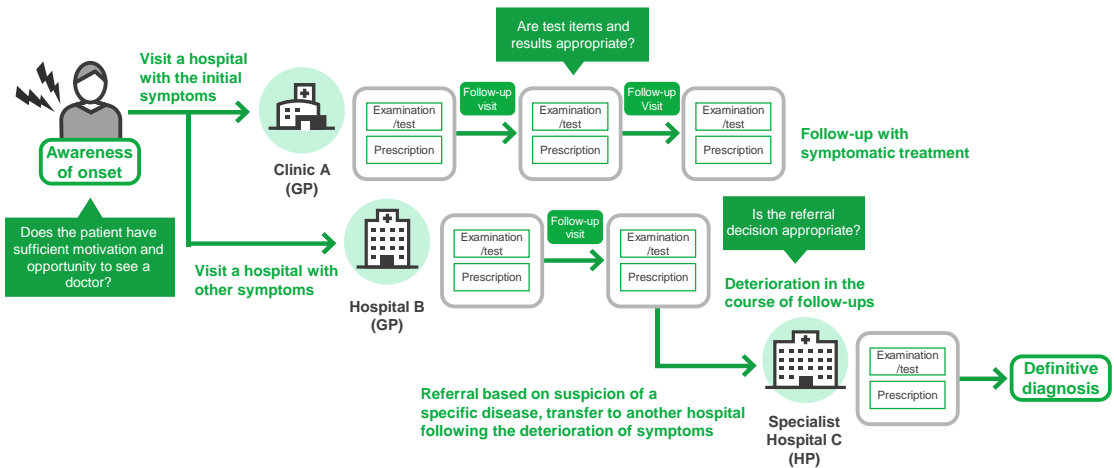
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Let me explain more concretely what we have been doing. These are the services we provide to health insurance associations. Over 20 years ago, the healthcare data handled by these associations—such as medical claims (referred to as "receipts") and health checkup data—were still in paper form. We initially helped by digitizing this paper-based information, then cleaning the data so that it could be analyzed, and offering it back in a usable format. Furthermore, we developed a platform that allows this digitized data to be easily analyzed using web-based tools. This enables health insurance associations to identify specific disease-related issues among their members, and based on this data, we now also offer solutions to help address those issues. While providing these services to health insurance associations and handling their data, we have steadily advanced this as one side of our business.

[Reference] Example of Support for Pharmaceutical Companies: Understanding the Patient Perspective Using Data (Patient Journey)

For diseases with low diagnosis rates, we use data to understand the actual state of medical care from the patient's perspective, and support the identification of issues and the consideration of measures.



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Now, let me explain how the anonymized data we've collected is being utilized by various players, with an example from the pharmaceutical industry. Originally, pharmaceutical companies often used our data for epidemiological research. It was mainly within their medical departments, where they conducted research using this data.

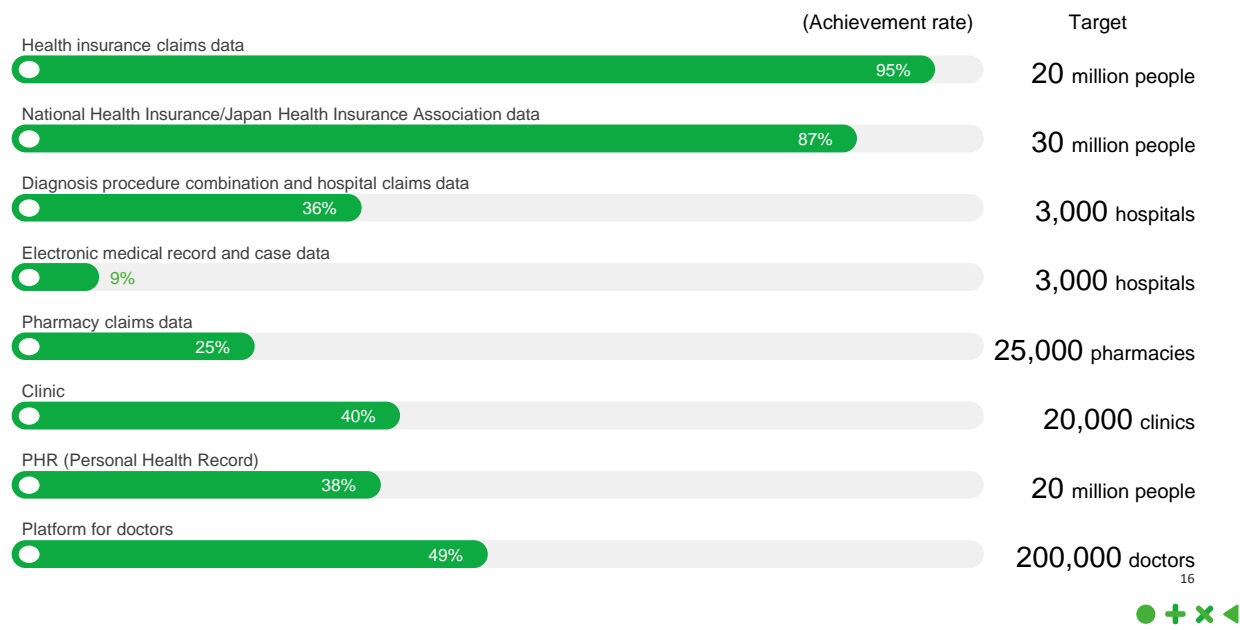
However, over time, as they explored the data, they discovered more applications, and now it is being used by a wider range of departments. For instance, our data is now also being utilized in marketing.

In the past, pharmaceutical marketing was primarily focused on what is known as primary care, where medications were used by a broad range of patients. The typical approach was for medical representatives (MRs) to visit healthcare institutions and promote the products directly to doctors on a large scale. However, in recent years, more medications have been developed for specialty care, targeting rarer and more specific diseases with fewer patients. As a result, pharmaceutical companies now recognize the importance of understanding the actual treatment landscape more accurately and providing appropriate information based on that. In this evolving environment, our data has become increasingly valuable. For example, as shown here, we provide what we call "Patient Journey" data, which allows companies to track the specific course of treatment patients undergo—what facilities they visited, what treatments they received, and so on, based on data from health insurance associations.

With this information, companies can identify where there are unmet medical needs during a patient's treatment process. By understanding these gaps, they can make more targeted and appropriate efforts in their outreach. This is just one example of how our data is being widely used by the pharmaceutical industry, but our services have been expanding, allowing various healthcare players to benefit from the insights provided by our data.

JMDC's Source of Growth: Diverse Data Assets

We are accumulating a wide variety of data assets related to healthcare in Japan, with a focus on health insurance claims data.



As mentioned earlier, we have been working to gather various types of healthcare data into one unified platform, and we have already collected a substantial amount of healthcare data in Japan.

This slide shows the goals we set last year for collecting medical data and the progress we've made toward those goals. The targets shown on the right aim to cover about half of the available healthcare data in Japan.

For example, at the top, we have data from health insurance associations. There are just under 40 million people enrolled in health insurance associations and mutual aid associations across Japan. Our goal is to gather data from half of these individuals—around 20 million people—since reaching that level would significantly increase the value of the data as a whole. As of now, we are getting very close to achieving that target with the health insurance association data.

Similarly, we are making strong progress in collecting the other types of data shown here, steadily moving toward our goals in each category.

JMDC's Source of Growth: Human Resources Who Can Handle Data Correctly, Know-how and Technology that Supports Data Strength

In addition to the volume of data, the human resources who can handle that data correctly, and the know-how and technology to ensure the quality of the database that has been accumulated over a long period of time, are leading to high entry barriers and competitive advantages in the field of data utilization.

Human resources who can **handle data correctly**



Data cleansing: **approx. 50 people**



Database Engineer: **approx. 50 people**



Data Scientist: **approx. 30 people**



Doctors, nurses, and other medical professionals: **approx. 130 people**



Data Consultant: **approx. 50 people**


Know-how and technology that **support the strength** of the data



Act on the Protection of Personal Information
Always up-to-date in responding to the latest personal information protection laws and regulations, while building an optimized business model.



Data cleansing/standardization
Construct DBs through our proprietary and large-scale processes that we have been building up through more than 15 years of DB utilization.



Data security
Safely manage and store sensitive personal data entrusted to us.



Analytics/data science
Data utilization technology that is powered by both technologies and healthcare knowledge



Anonymization
Keep an appropriate balance between protecting the privacy of individuals and the use of data while complying with applicable laws and regulations.



Service/solution development
Design services and solutions to meet the needs of data providers by leveraging our in-depth knowledge of data characteristics

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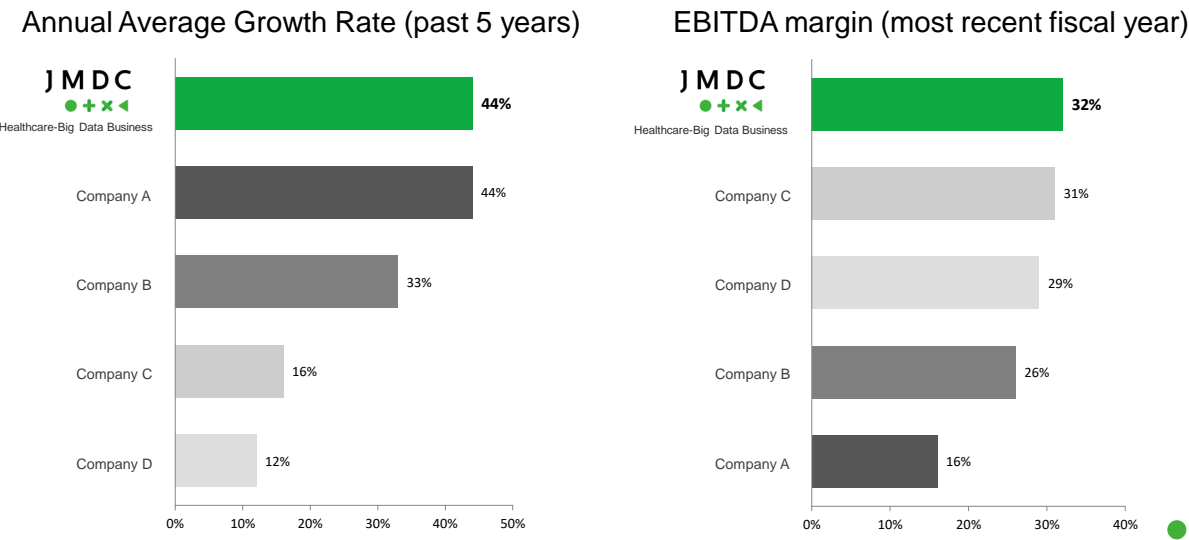
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To elaborate on why we are able to collect this data, it's important to note that handling data properly requires skilled personnel, expertise, and the right technology. Over the past 20 years, we have built a strong foundation in this field, assembling a team that is highly capable of handling data appropriately. We have a team of 50 dedicated to data cleansing, 50 database engineers, 30 data scientists, 130 healthcare professionals, and 50 data consultants. These diverse and talented individuals have been drawn to our company, attracted by the scale and quality of the data we manage. Additionally, since we handle sensitive healthcare data, we've also accumulated substantial knowledge and built a robust infrastructure for handling it. This includes expertise in personal information protection laws, comprehensive data security measures including cybersecurity, and anonymization technologies. All of these factors have made it possible for us to securely manage and safeguard this data, and they also serve as key differentiators for our business.

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JMDC's Overwhelming Presence in Japanese Healthcare Tech

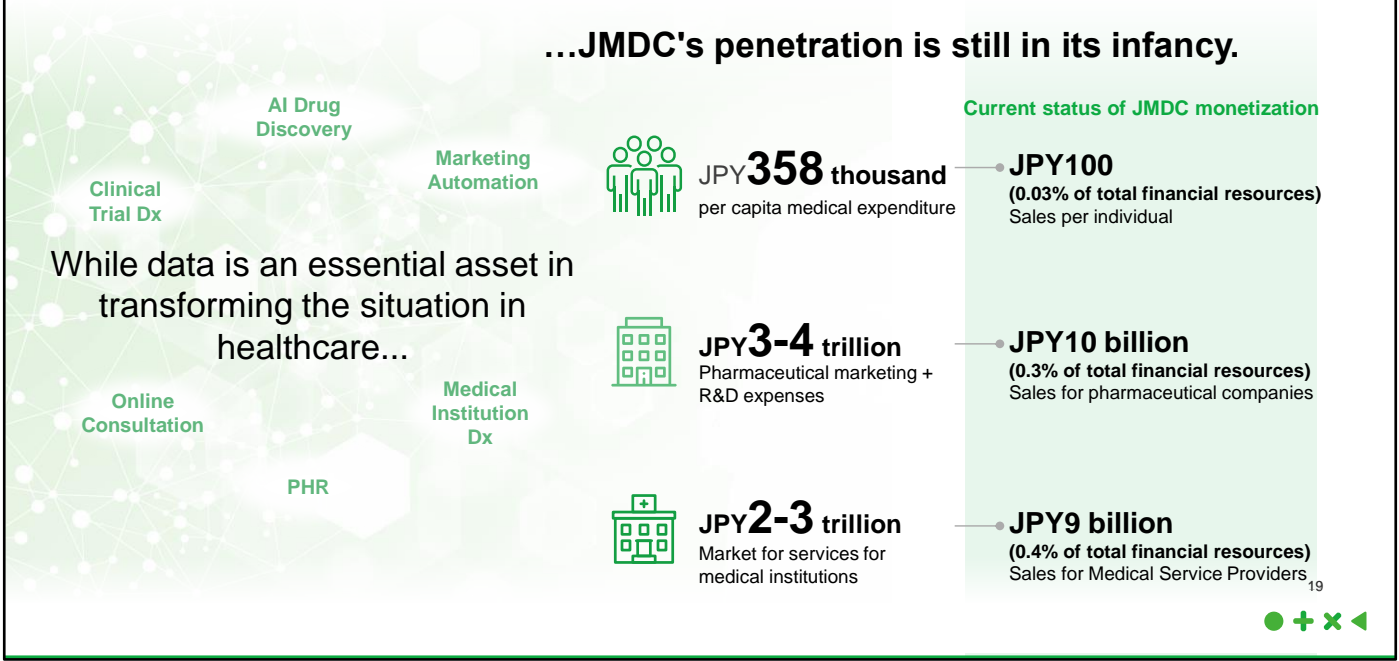
We have achieved both growth potential and profitability, which are balanced at a high level compared to other companies.



Through these efforts, we believe that JMDC has established a strong presence within Japan's health-tech sector. When looking at our growth rate and profit margins over the past five years, we have been able to maintain a very balanced level compared to other companies in the health-tech field.

The Scale of Social Impact and the Current Situation: Room for Growth is Expanding

Data-driven, high-value-added services are still marginal compared to potential. The room for growth is large.



So far, we've shared our achievements, and as I mentioned, we believe we've successfully accumulated a significant amount of data and built a solid foundation.

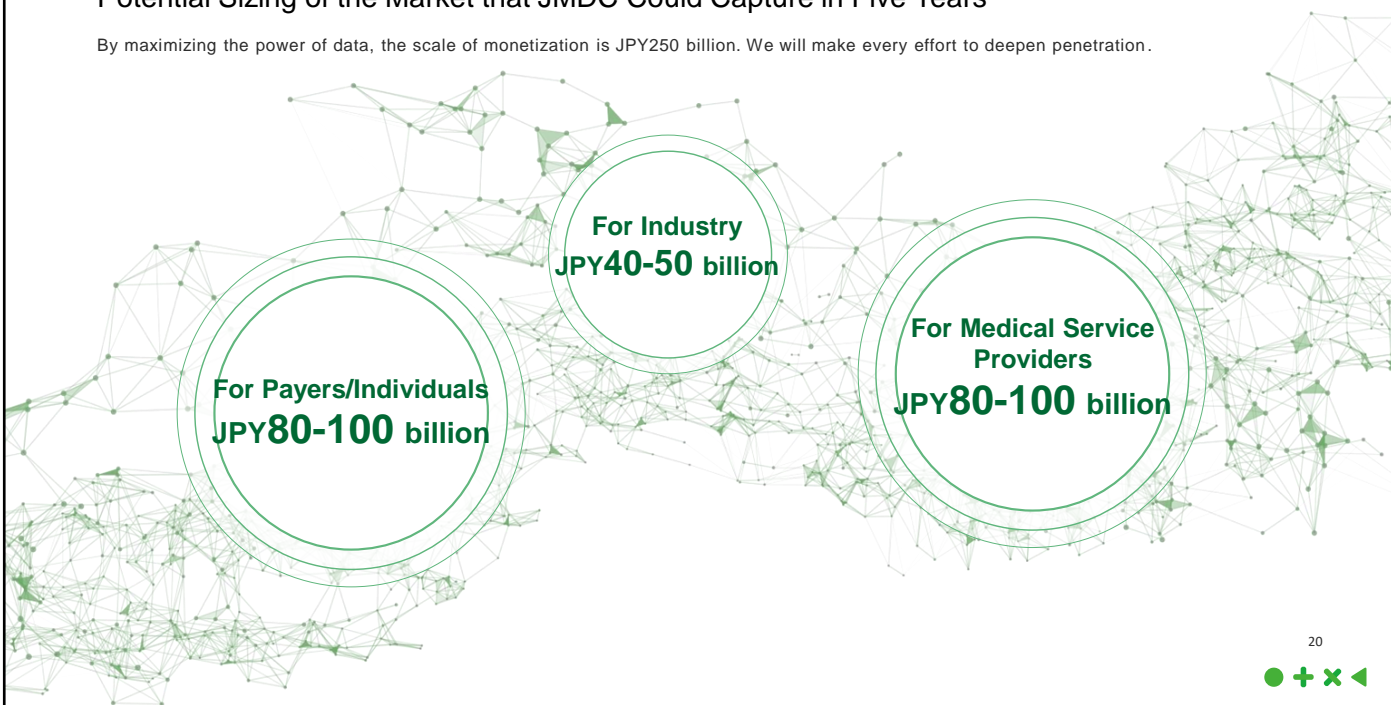
However, when it comes to translating this data into tangible value, we believe we are still only halfway there. As various initiatives in healthcare continue to develop, we see data becoming an essential asset. Yet, when we look at our penetration, as shown on the right, we still have a long way to go. For example, the average healthcare cost per person in Japan is said to be JPY358,000.

While we manage data for around 20 million to 30 million people, as I mentioned earlier, the average compensation we currently receive per individual is only about JPY100.

If we can truly return the value of our data to society and offer services that contribute to the optimization of healthcare costs, we believe this figure could increase significantly. This applies not only to services for individuals but also to services for pharmaceutical companies and medical institutions. In all these areas, our penetration is still in the early stages, and we are just beginning to tap into the potential of returning the true value of the data we hold.

Potential Sizing of the Market that JMDC Could Capture in Five Years

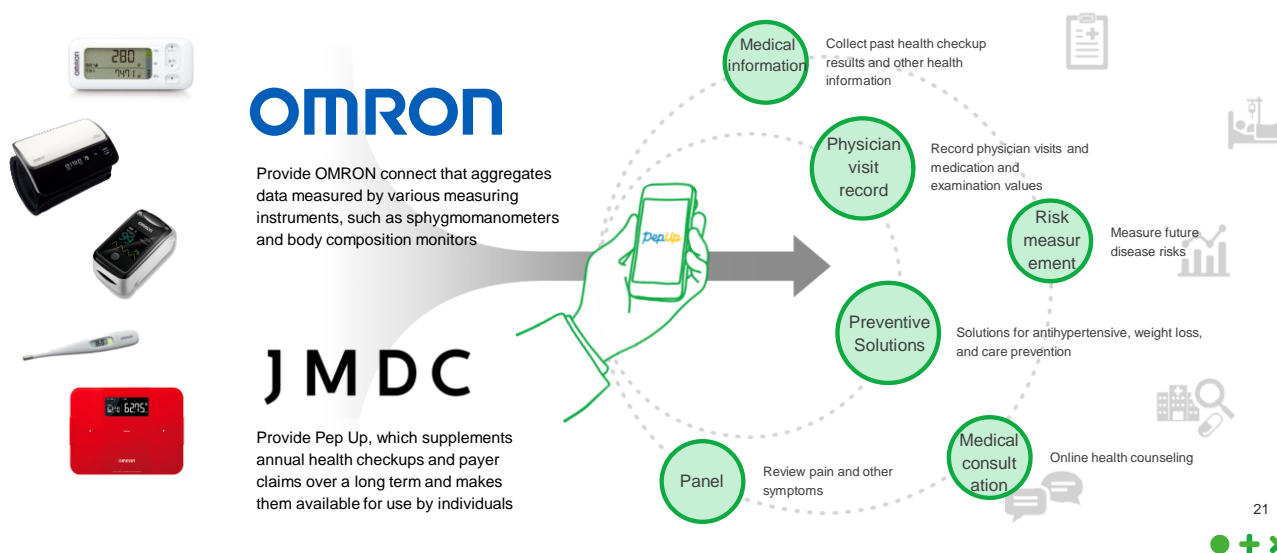
By maximizing the power of data, the scale of monetization is JPY250 billion. We will make every effort to deepen penetration.



We've outlined a potential sizing of the market that we could capture in the next five years, which is an estimate based on the idea that other users of our data could approach the same level of utilization as our most active users across various fields. For example, in the industrial sectors such as pharmaceutical companies and life and non-life insurance companies, we see business opportunities in the range of JPY40 billion to JPY50 billion. Similarly, we believe there is significant potential in the health insurance association and medical institution sectors as well. When we combine all these opportunities, we estimate that the total market size we could capture within five years amounts to approximately JPY250 billion.

Business Opportunity Expanded through Co-Creation with OMRON (1): Promoting Health Promotion and Optimization of Medical Expenses by Evolving into a Nationwide PHR

Through the evolution of PHR, we will promote individual medical cost appropriateness initiatives in health insurance unions and companies.



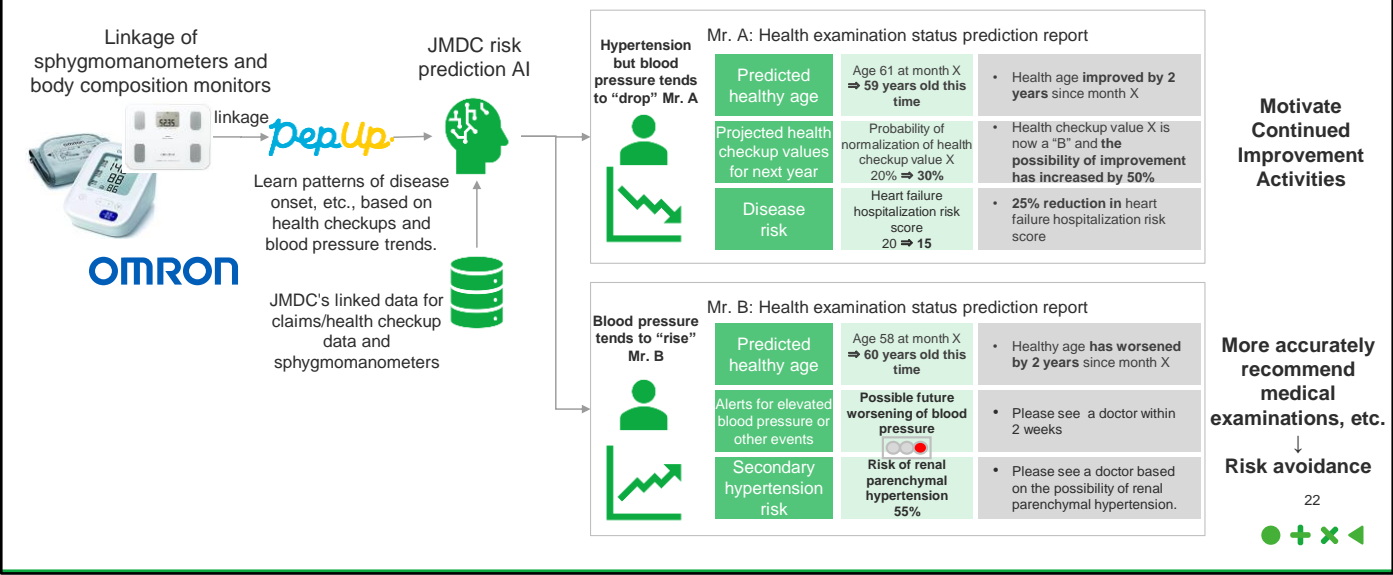
As we move forward, we aim to maximize the potential sizing we've discussed, but I'd also like to highlight some new opportunities that have emerged through our collaboration with OMRON.

One example is the PHR (Personal Health Record) service we offer as part of our services to health insurance associations. This service is already used by nearly 7 million individuals, allowing us to access their medical claims (receipts) and health checkup data.

We are now working to combine this with the vital data that OMRON collects—such as blood pressure, weight, and body composition. Through the integration of OMRON's "OMRON Connect" service with our PHR service "Pep Up," the merging of these datasets is progressing rapidly. By combining these types of data, we are gaining new insights that were previously unavailable through medical claims data alone. This will enable us to provide new kinds of services moving forward, allowing us to uncover information that was previously unseen.

[Reference] Examples of solutions in collaboration with OMRON

Efforts are underway to develop new data solutions by linking vital data obtained from OMRON devices with JMDC's claims and health checkup data, and to return the data to individuals.

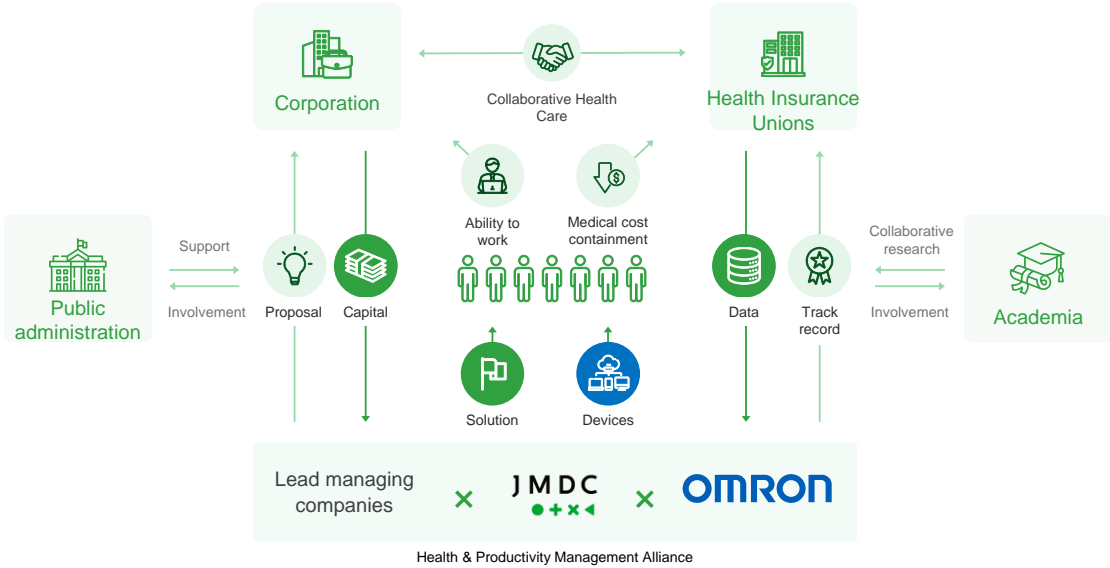


Here's an example of a solution concept we're working on. By combining blood pressure data with the medical claims and health checkup data we already possess, and then analyzing this using AI algorithms, we can provide more tailored recommendations. For instance, even among individuals with hypertension, the actions they should take could vary depending on whether their blood pressure is trending upward or downward. We are developing algorithms that can analyze these trends and deliver appropriate recommendations based on the individual's condition.

As these capabilities expand, for example, we could offer personalized services to individuals through our PHR platform, which could potentially become a new business opportunity. Additionally, by integrating these insights, OMRON's devices could be further enhanced with added value, potentially accelerating device sales. We are moving forward with these initiatives, keeping these possibilities in mind.

Business Opportunity Expanded through Co-Creation with OMRON (2): Launch of Health & Productivity Management Alliance

Omron and JMDC initiated the Health & Productivity Management Alliance. The Alliance is an organization for companies to share their expertise in utilizing data and implementing specific initiatives to improve the health of their employees. More than 400 companies and organizations have already joined the Alliance, which has become a major movement toward extending healthy life expectancy.



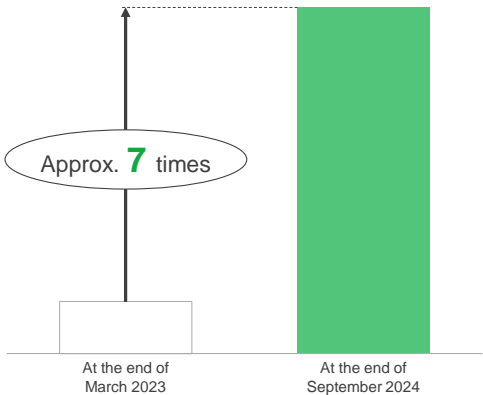
In addition, through our collaboration with OMRON, we have launched the Health & Productivity Management Alliance. Over 400 companies have already joined, and we are supporting corporate efforts to promote employee health and productivity, leveraging data to drive these initiatives forward. By utilizing the relationships we have built through this alliance, our efforts toward providing services to companies are also evolving.

Business Opportunity Expanded through Co-Creation with OMRON (2): Not only health insurance unions, but also companies are now targeted to provide our services

Since the launch of the Health & Productivity Management Alliance, our transactions in the domain of corporate health have expanded significantly in order to promote health management and increase working life expectancy.

Number of companies introducing our services in the corporate health domain

(based on number of companies)



Services for corporate health domain

-  • Development of PHR services for health insurance unions to corporate customers as well
-  • Support companies' promotion of employee health and wellness activities
-  • Support services for industrial health operations of companies (stress check, health checkup management, etc.)
- Data linkage with Pep Up to promote collaborative health
- One of the largest online counseling platforms in Japan
- Support for corporate mental health care

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JMDC has not only been providing services to health insurance associations but has also expanded into corporate health services aimed at companies. Since the launch of the Health & Productivity Management Alliance, the number of companies adopting our services has grown about sevenfold.

We've expanded the use of our PHR service, "Pep Up," making it available to companies, and we've also introduced services in occupational health that integrate with "Pep Up," as well as services like mental health care. This has led to a significant increase in the number of companies using our services.

In this way, JMDC is growing rapidly within healthcare on its own, and we are also aiming for further development through collaboration with OMRON.

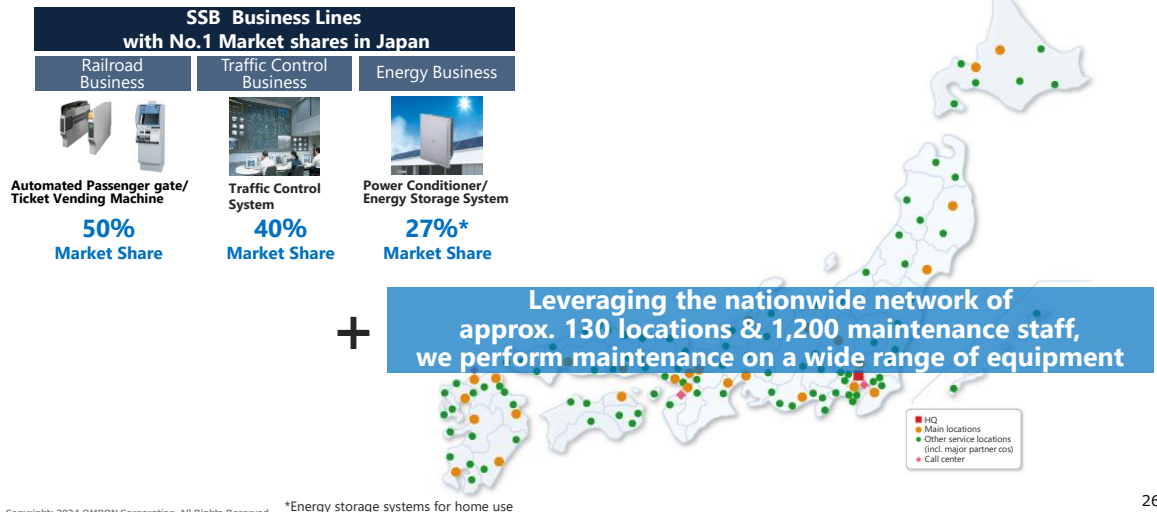
That concludes my presentation.

An aerial photograph of a city, likely Dubai, with a network of glowing blue lines and circular icons overlaid. The icons include a lightbulb, a location pin, a cloud, a gear, a magnifying glass, and a person. The text "Social Solution" is centered in white.

Social Solution

Strengths of Social Solutions

OMRON is engaged in various businesses that support social infrastructure.
We have the maintenance networks that cover the entire country



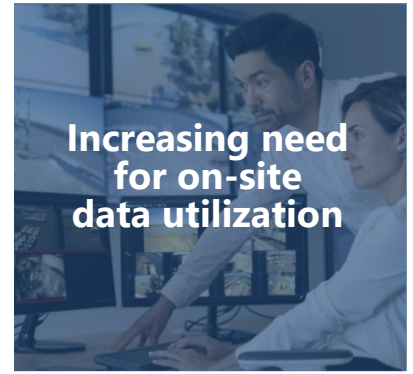
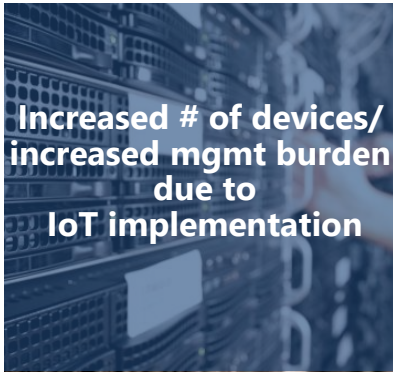
Thank you, Mr. Noguchi.

Next, I will provide an update on the progress of our social solutions initiatives.

First, let me briefly introduce our social solutions business.

OMRON provides equipment and services to various industries that support Japan's social infrastructure, such as railways, transportation, and energy. These devices require regular maintenance, and to meet that demand, we operate maintenance and support services across the country.

As you can see, we hold the number one position in the industry for devices, and our extensive nationwide service network for maintenance and support is one of our key strengths.



Expansion of maintenance business opportunities

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On the other hand, the environment surrounding the maintenance and support business is undergoing significant changes.

With the increasing number of devices driven by IoT adoption, the management burden on the field has grown substantially. At the same time, a shrinking workforce has led to a serious labor shortage at many sites. Additionally, there is a growing demand to effectively utilize the data collected from devices for future product planning. These factors present a major business opportunity for us as we work to evolve our maintenance and support services.

Evolution of the Maintenance Business

Combining on-site data obtained from devices with JMDC's strengths to create new data solutions

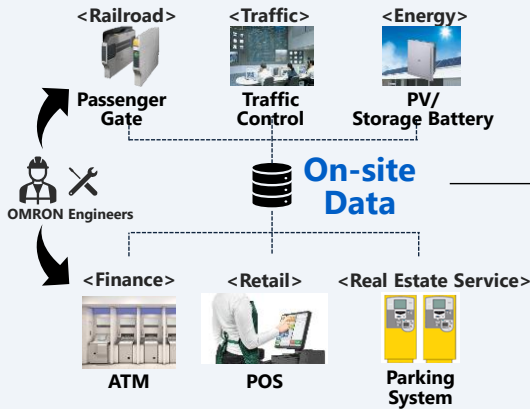
OMRON

JMDC

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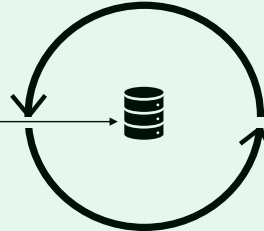
New Solutions

Manage IoT devices provided by both OMRON & other companies, in various industries



Data Management Capabilities

- Standardization of a wide variety of data
- Data analysis



Solution Development Capabilities

- Build services utilizing data
- Establish monetization methods

Smart M&S*

Mechanizing on-site operations through data utilization

Optimizing and streamlining the field "instead of people"

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* Management & Service

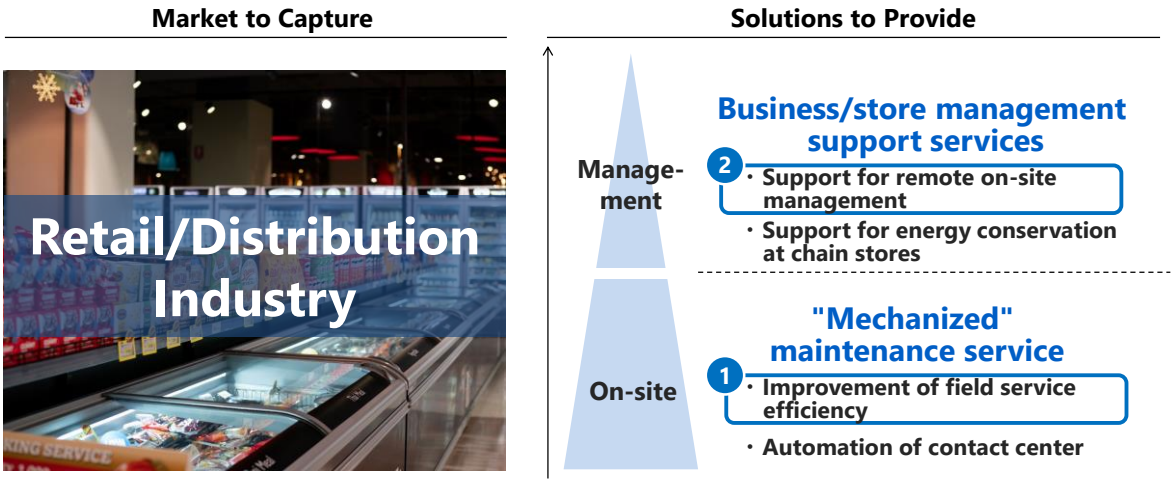
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To seize this business opportunity, we have been leveraging on-site data to create new solutions.

As shown on the left, OMRON engineers work across various industries, including railways, transportation, finance, and retail. Due to labor shortages, they are not only maintaining our own IoT devices but also those from other companies. This allows us access to a vast amount of on-site data. By combining this with JMDC's strengths, we are able to develop unique solutions. One such result is "Smart M&S." This solution uses data to automate tasks, optimizing and streamlining on-site operations by replacing human involvement where possible.

Smart M&S

Solving the challenges facing the retail and distribution industry with new solutions



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Currently, we are advancing the provision of solutions to companies with nationwide store networks in the retail and distribution industries.

Today, I would like to introduce two case examples from these efforts. First, let's look at the solution for improving field service efficiency.

Case 1: Field Service Efficiency Solutions

Customer Issues in Maintenance

Improvement of efficiency in troubleshooting



- Since the only option is to have maintenance staff resolve the problem on-site, we want to find a new option to reduce costs
- In the event of an emergency, we want to minimize the time lost until maintenance staff arrive

Prevention of breakdowns



- In the first place, we want to be alerted in advance to prevent breakdowns from occurring

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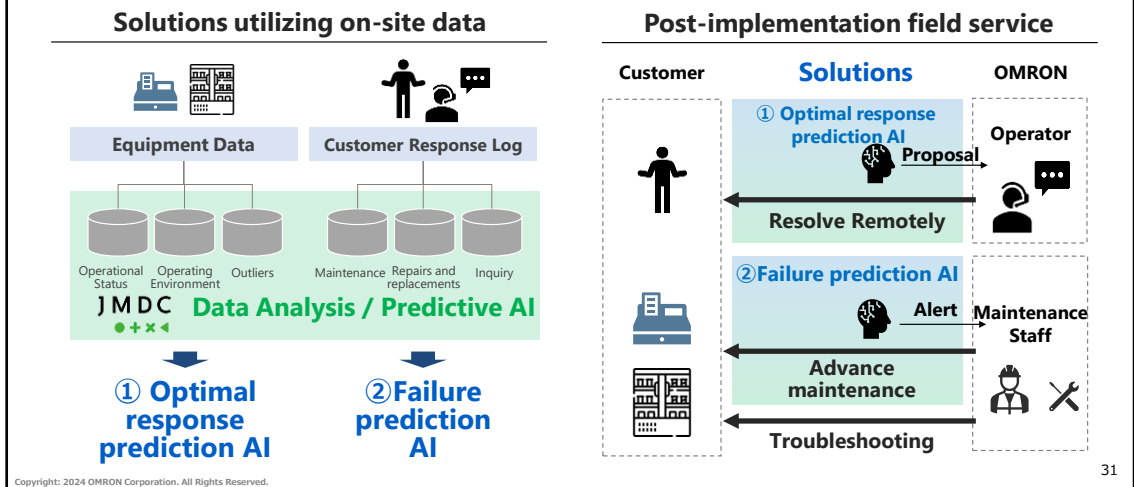
Here, I will explain the on-site challenges related to equipment management.

Currently, when issues or malfunctions occur with equipment or facilities at customer sites, it is standard practice for maintenance personnel to be dispatched to handle the problem. However, even for minor issues, a technician must be sent out, and in urgent cases, such as a breakdown of a POS system, customers must wait for the technician to arrive, which is a significant source of frustration.

Additionally, there is a growing need to prevent malfunctions proactively in order to avoid downtime and maintain store operations.

Case 1: Field Service Efficiency Solutions

Using on-site data and AI to streamline and optimize responses when malfunctions occur



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To address these challenges, we developed the field service efficiency solutions.

Please look at the left side of the slide. We analyzed equipment data, such as operational status and usage environments at each store, along with customer service logs, including repair histories, in collaboration with JMDC. Based on this, we have advanced the development of solutions utilizing new AI technologies.

Let me explain the details on the right side of the slide.

The first solution is the "Optimal Response Prediction AI." This AI suggests the best course of action for operators to take when responding to customer inquiries and issues. With this AI, operators can remotely resolve minor malfunctions, significantly reducing the need for maintenance personnel to be dispatched. The second solution is the "Failure Prediction AI." This AI detects signs of potential malfunctions and sends alerts to maintenance personnel, enabling preemptive maintenance and preventing sudden equipment failures.

These solutions for improving the efficiency of issue resolution have already been concretized, and we aim to deliver them to more customers in the future.

Customer Issues in Retail / Distribution Store Operations

**Increase of
sales/profits per store**

Sales and profits are plateauing and there is little room for improvement



- We want to understand the bottlenecks in expanding sales and improve store performance through operational improvements
- We want to find new ways to reduce operational costs

**Improvement of
store mgmt efficiency**

As the number of stores increases, it becomes difficult to keep up with management. Operation also depends on the skills of the area manager



- We want to reduce the amount of work required for store management
- Want to improve and standardize store performance regardless of the skills of the area manager

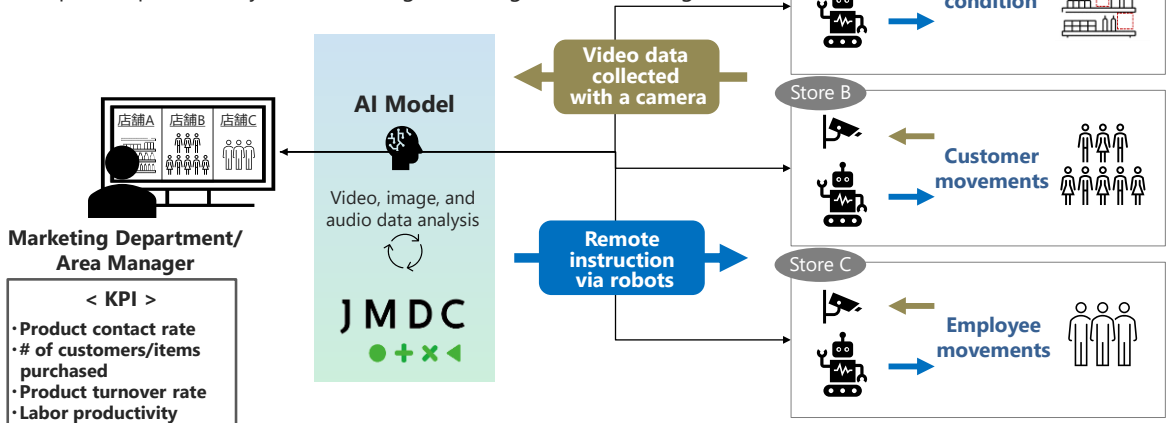
Next, let's discuss remote on-site management support. Managers and executives in the retail and distribution industries face various challenges related to store operations. One major challenge is increasing sales and profits per store. Customers are constantly searching for new ways to improve store operations and pursue cost reductions.

Another significant challenge is streamlining store management. Traditionally, area managers visit stores to provide guidance, but as the number of stores increases, the burden on these managers grows. Moreover, there is a need to eliminate performance discrepancies between stores, which often arise due to differences in area managers' skills.

Case 2: Remote On-site Management Support Solutions

Utilizing store video and image data to remotely manage stores and optimize store operations

- Optimize store and product layout based on sales floor conditions and customer movements
- Improve staffing across stores based on employee movements
- Improved productivity of area managers through remote management



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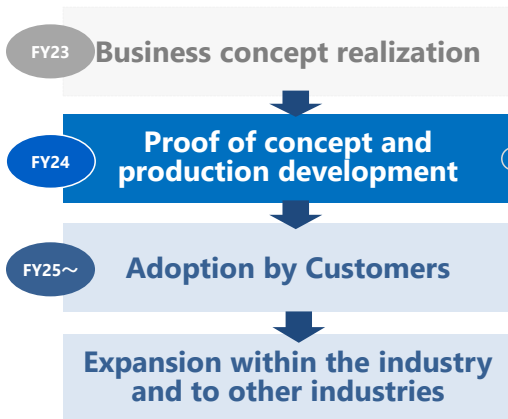
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To address these challenges, we developed remote on-site management support solutions. Let me explain the details. Please look at the right side of the slide. First, we use cameras to collect video data on the state of the sales floor, the movement of customers, and the actions of employees at each store. This data includes information like customer movement paths, time spent at different shelves, and employee behavior patterns. The AI analyzes this data and provides feedback to the marketing department and area managers. By using this information to optimize store layouts, product displays, and staffing, we can help increase sales and profits per store. Furthermore, area managers can reduce the time spent on site visits by communicating with store employees remotely through robots equipped with cameras placed at each store. This solution reduces the workload associated with store inspections and enables more efficient management.

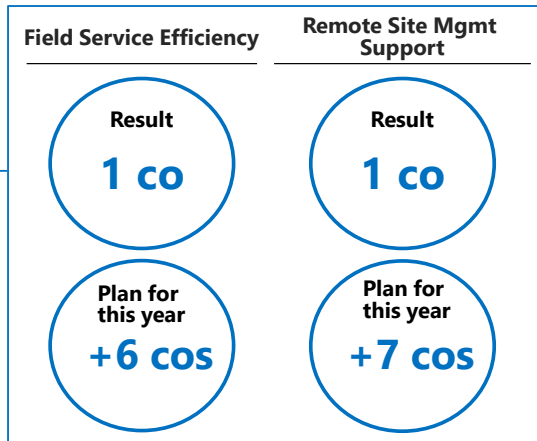
Current Progress for Business Expansion

Currently working on proof of concept and production development, and will commercialize the project sequentially from next year onwards

Retail and Distribution



Results and Plans



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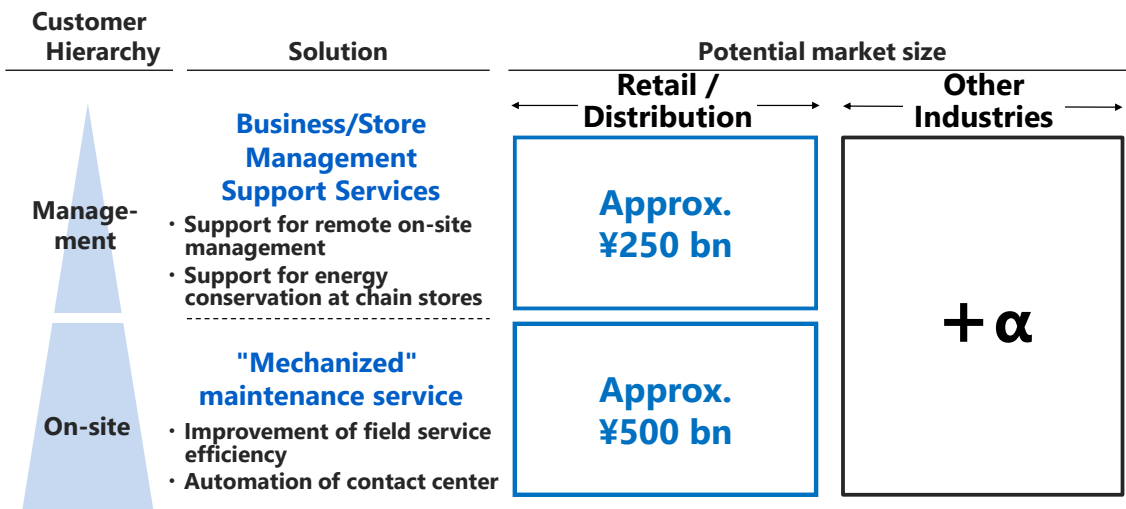
The business concept for this solution has been completed and we have already moved on to the proof-of-concept (PoC) stage with customers. On this page, I would like to share the current achievements and future plans for each solution.

At present, we are primarily in the PoC stage, where we are discussing areas for improvement with customers to maximize the impact of the solution and preparing for full-scale implementation.

As shown on the right, we are conducting trials with major chain companies, but there are still many other companies facing similar challenges. We believe that this business can support not only the retail and distribution sectors, as highlighted in today's examples, but also customers in industries such as dining and consumer goods, where IoT devices are widely used, and national expansion is common.

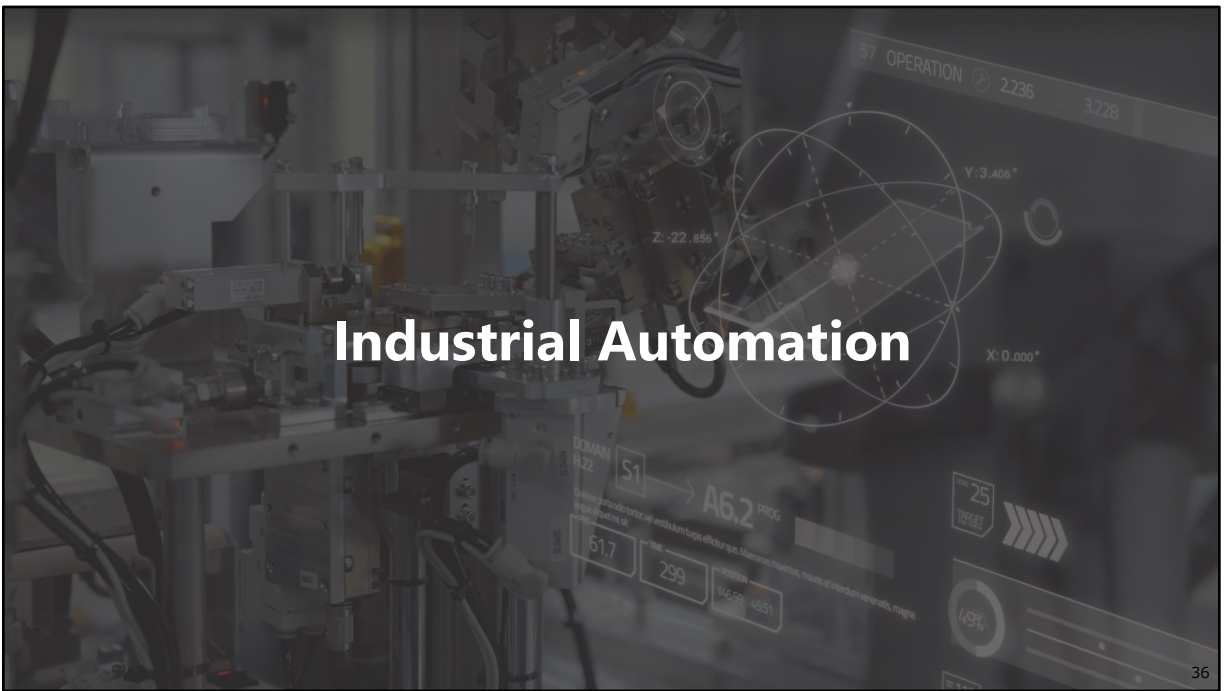
Given this, we see significant potential in the market, and we expect this business to contribute greatly to the future growth of the Group.

Business Growth Potential



Please proceed to the next page.

We estimate the potential market size in the retail and distribution industries to be around JPY500 billion in services targeted at on-site operations, and approximately JPY250 billion in services aimed at management and executives. Moreover, we recognize that this solution can be expanded to other industries as well, leaving room for further growth. We are committed to nurturing this as a key growth business moving forward.



Lastly, let me explain the progress we have made in the area of industrial automation.

"i-BELT": Service Utilizing On-site Data to Revolutionize Manufacturing Sites

Consulting Service

Define the ideal state



System Deployment Services

Identify issues, solve problems, and achieve results



Operational Support/
Improvement support services

Maintain and evolve effectiveness



Installed in over 200 cos

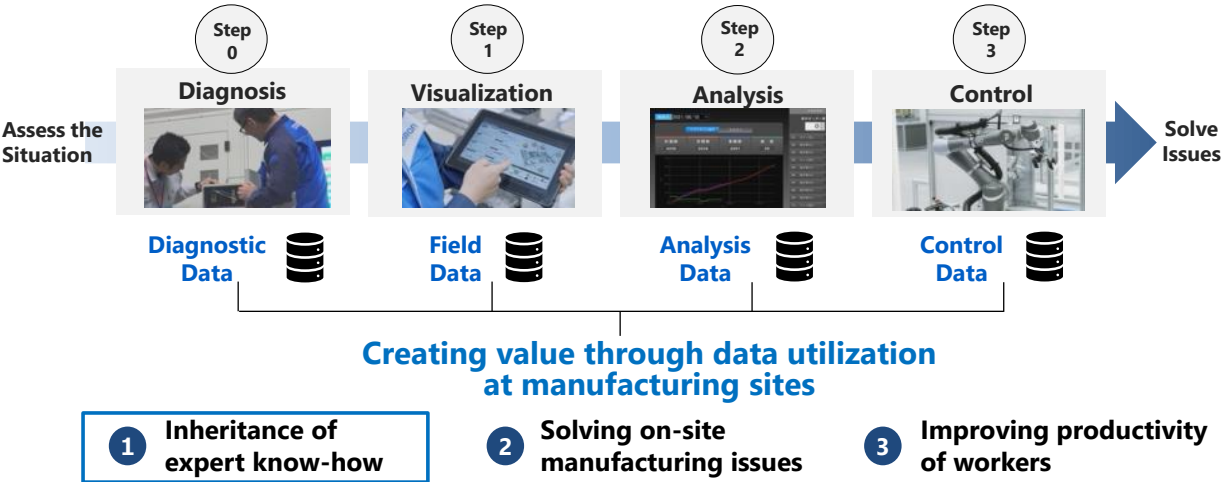
Major automobile/automotive parts manufacturers, major electronics manufacturers, etc.

Even before our collaboration with JMDC, OMRON had been offering data-driven services to many customers through i-BELT. i-BELT is a service business that allows for the easy collection, analysis, and utilization of data from a wide range of control devices owned by OMRON, as well as those from partner companies, at the manufacturing site level. This service began in 2017 and has since been implemented at over 200 customer sites.

i-BELT Services & Data Utilization

Creating value by solving on-site issues using various manufacturing site data

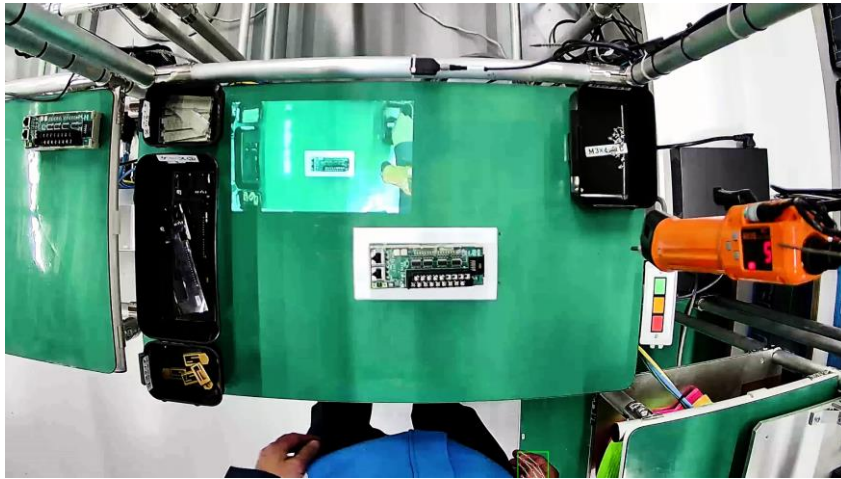
i-BELT Service & Manufacturing Site Data



The i-BELT service helps customers solve their challenges through four key steps. Please take a look at the slide from left to right.

We begin with diagnosing the customer's equipment, then proceed to visualizing the operational status, followed by analyzing problem areas, and finally providing optimal control solutions based on that analysis—all in a seamless, end-to-end process.

So far, we have delivered a variety of data solutions to our customers. Today, I would like to introduce one of these solutions—designed to support the transfer of expertise from experienced workers—through a video demonstration.



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The solution I'd like to introduce utilizes generative AI to replicate the skills of experienced workers.

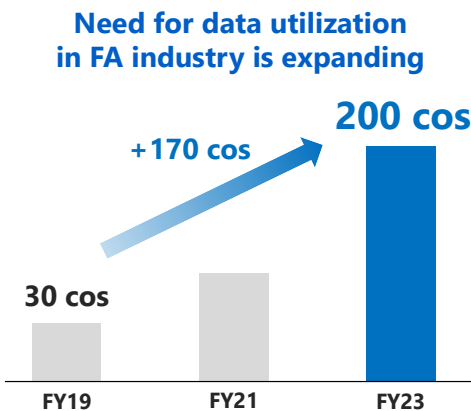
This example focuses on the screw-tightening process. The AI analyzes the worker's movements in real-time as they follow the assembly guide. Once the task is complete, the AI immediately evaluates the accuracy of the work and provides feedback.

As you can see, after the task is finished, the AI autonomously seeks advice from experienced workers on any necessary corrections. The advice received from these skilled workers is stored as knowledge, enabling the AI to offer improvement suggestions to the same worker or others performing similar tasks in the future.

Now, let's move on to the next day. The advice gathered from the previous session is incorporated into the updated work guide, and you can see how the process has improved. By providing task guides tailored to the worker's skill level, this solution enhances the reproducibility of the expertise held by seasoned workers.

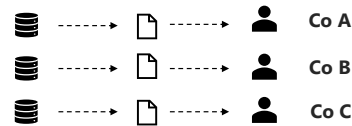
Adoption of i-BELT continues to expand. However, standardization of non-standardized data is necessary to expand the capabilities.

of i-BELT adoptions



Challenges in deploying i-BELT

Lack of horizontal expansion due to one-of-a-kind solutions



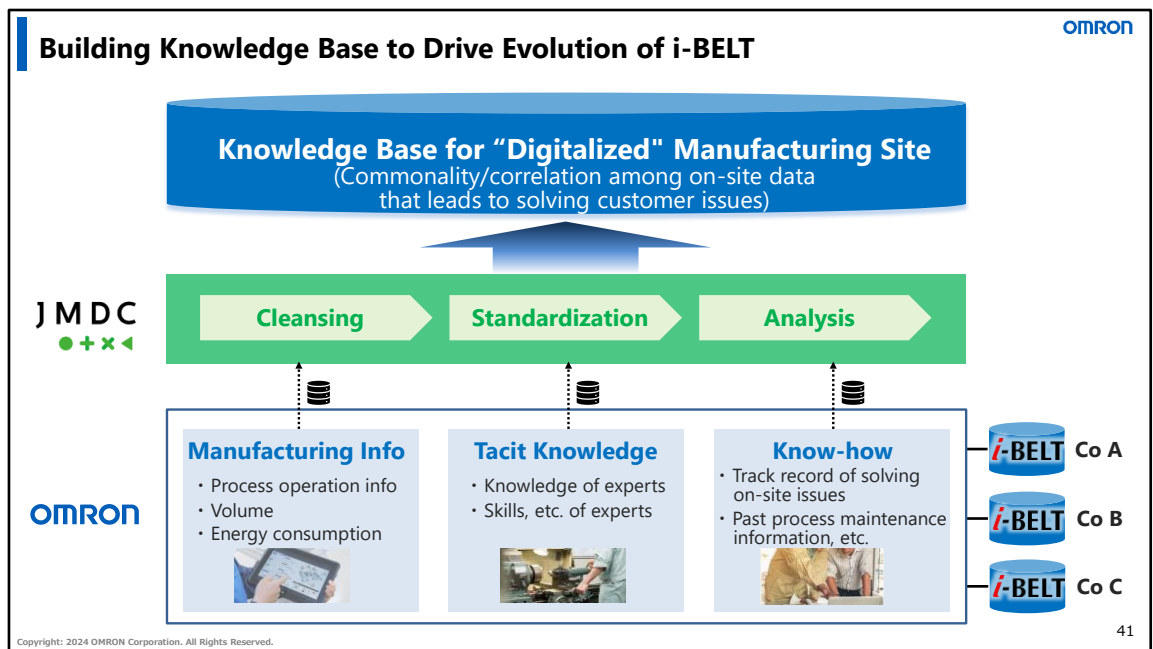
Wide variety of manufacturing data with complexly different assumptions for each industry and customer
(Manufacturing equipment, manufacturing processes, etc.)

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As we have just introduced, the adoption of data solutions like this has been increasing year by year. In 2019, the number of companies adopting these solutions was 30, but by last year, that number had grown to over 200. Many customers are now utilizing our services. However, we recognize that the i-BELT service is still a work in progress.

Please look at the right side. One of the key challenges i-BELT faces is the standardization of unstructured data. Currently, each solution is tailored to the specific needs of individual customer sites, making it difficult to scale horizontally across multiple sites. The reason behind this is the wide variety of data found in manufacturing environments. The manufacturing items, equipment, and processes vary greatly from site to site, making it extremely challenging to standardize and analyze the data.



To address this challenge, IAB has started a new initiative in collaboration with JMDC. This initiative focuses on building a knowledge platform for digitized manufacturing sites. Please take a look at the bottom of the slide. The information used in i-BELT services includes manufacturing data, such as operational status and production output, as well as unstructured data known as tacit knowledge, such as the insights and skills of experienced workers. On the other hand, JMDC's expertise in data standardization, developed in the medical industry, along with its advanced analytical capabilities, can be effectively applied to the unstructured data from manufacturing sites.

By leveraging this data management expertise, we aim to identify commonalities and relationships within the diverse data across different industries, customers, product categories, and processes. As a result, OMRON's on-site data will be transformed into a knowledge platform that can enhance manufacturing across similar industries, product types, and processes. By utilizing this new platform, we aim to evolve i-BELT into a more versatile data solution than ever before, providing new value to a broader range of customers.

i-BELT services evolved with knowledge base will strengthen competitiveness and contribute to sales and profits

Strengthening Competitiveness

i-BELT

OMRON × JMDC
● + × ◀

- Expansion of solutions business
- Expansion/speed up of customer coverage
- Strong relationships that continue to connect

As explained today, the i-BELT service is still in the growth phase, but by combining it with JMDC's capabilities, we anticipate significant advancements. This business is positioned as a key initiative to enhance IAB's competitiveness, and its development will lead to the expansion of both our solution business and customer base.

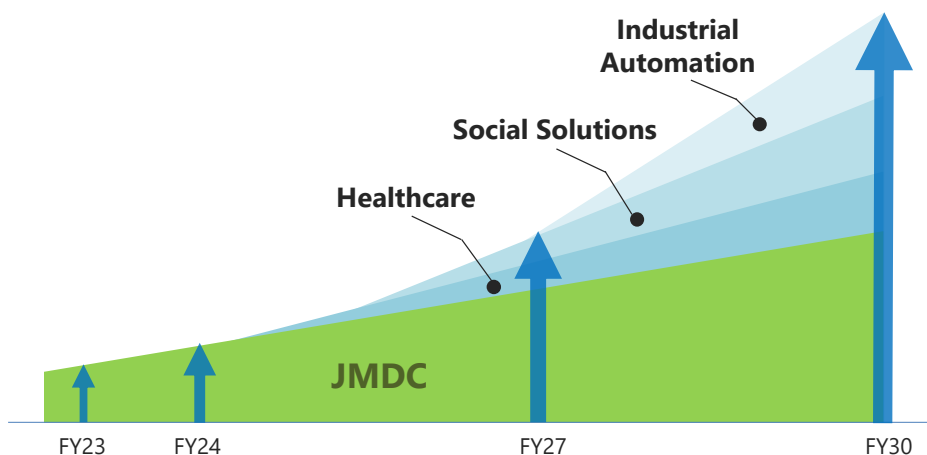
Digitalization in manufacturing is a challenging theme. But by leveraging the combined technologies and expertise of OMRON and JMDC, we are committed to making steady progress. Please look forward to the evolution of i-BELT.

That concludes this section of the presentation.

3. Future Earnings Outlook

Growth Timeline

JMDC continues to grow at a high rate.
In addition, data solutions will be launched in stages in each domain



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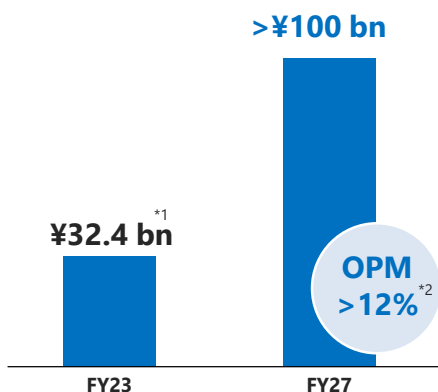
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Next, I will provide an outlook on our future performance. First, I would like to share the growth timeline for our data solutions.

As you can see, JMDC expects strong growth in its existing businesses over the medium to long term. In healthcare, we aim to drive growth in the health promotion business, a joint effort between both companies. Additionally, we will gradually launch new data solutions in social solutions and industrial automation, strengthening the sustainability of our growth.

**Aim to create a business with sales of over 100 billion yen
and OPM of over 12% in FY27**

Data Solution Business Sales



Target performance levels for each domain in FY27

Business Domains	Sales/OPM	
Healthcare Solutions	Sales	>¥80 bn ^{*3}
	OPM	>18%
Social Solutions	Sales	>¥20 bn
	OPM	>8%
Industrial Automation	To be announced after formulating growth strategy	

* 1. JMDC's FY23 full-year results (OMRON's consolidated impact is ¥17.4 bn)

* 2. Includes approx. -¥4 bn for amortization of intangible assets associated with the consolidation

* 3. Includes JMDC

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First, let me explain our targets for FY2027, which we have set as the first milestone. Please look at the left side of the slide. For the overall data solutions business, we are aiming for sales exceeding JPY100 billion and an operating profit margin above 12% by FY2027. While these are ambitious targets, considering JMDC's growth and the progress of the solutions business, we believe this is an attainable level.

On the right, we have outlined the performance targets for each domain.

In healthcare, including JMDC, we are targeting sales of over JPY80 billion with an operating profit margin of over 18%.

In social solutions, we plan to grow the Smart M&S business to a scale exceeding JPY20 billion.

Lastly, in industrial automation, we are accelerating our efforts within our ongoing growth strategy, ensuring that we clearly define our targets and position ourselves to capture potential upside.

This concludes the explanation of the plan.



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To close the presentation, I would like to share my thoughts with all of you.

Over the past year, members of OMRON and JMDC have held numerous discussions and taken swift action towards commercialization. As a result, as I have explained today, we have made tangible progress, and I feel very encouraged by the outcomes. The creation of these data solutions is a critical initiative to strengthen the Group's growth potential in the medium to long term. While we anticipate facing some challenges along the way, we will form a strong partnership with JMDC and ensure that this initiative becomes a driving force for OMRON Group's growth.

United as a group, we are committed to making continuous progress and delivering even better results, and we sincerely ask for your continuous support.

With that, we conclude the presentation. Thank you very much for your attention.